

**SCREEN SCOTLAND
SGRÌN ALBA**

SCREEN FUNDING

**FILM
DEVELOPMENT
AND
PRODUCTION
FUND**

GUIDANCE 2018/19



Awarding funds from
THE NATIONAL LOTTERY®



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SCREEN SCOTLAND SGRÌN ALBA

Screen Scotland is the new dedicated partnership for screen in Scotland, delivering enhanced support for all aspects of Scotland's screen sector.

Screen Scotland is leading the growth of the sector through increased funding and support for film and television production, an increase in specialist staff and further investment in skills, festivals, audiences and education.

Screen Scotland sits within Creative Scotland and is a partnership with Scottish Enterprise, Highlands and Islands Enterprise, Skills Development Scotland, Scottish Funding Council, with funding from the Scottish Government and the National Lottery.

We are funding, developing and growing Scotland's screen sector by:

- Boosting production by increasing funding and support to grow the number and diversity of film and TV productions from Scotland
- Creating specialist business development provision for screen businesses ensuring that advice and support is appropriate and easy to access
- Improving employment opportunities in the sector through increased and co-ordinated opportunities for training and development
- Developing audiences by improving access to Scottish film and TV productions at home and internationally
- Growing and improving Scotland's screen infrastructure including studio facilities
- Developing Scotland's reputation as a destination for international productions and co-productions, supported by our world-class talent, crews, facilities and unique locations.

What is the purpose of the Film Development and Production Fund?

Through our film development and production fund, we want to balance projects that have a strong cultural impact with those that have strong economic potential. We will prioritise the development and production of projects by filmmakers based in Scotland, as well projects which reflect or promote Scottish culture, creativity and diversity. We will also prioritise projects which offer significant opportunities to people currently under-represented in the sector.

Additionally we will fund the production of projects in Scotland from international producers, but only when working with writing and directing talent based in Scotland.

What will the fund support?

There are two routes in the Film Development and Production Fund. These are:

1. Single Project Development Funding:

Support towards the initial development costs of a single feature film project.

2. Film Production Funding:

Support towards the production costs for a film project.

Does the Film Development and Production Fund support short filmmaking?

If you are seeking funding for the development and production of a short film please refer to the **Scottish Film Talent Network** (SFTN). Supported by Creative Scotland, the BFI and Creative Skillset, SFTN is part of the UK-wide **BFI NET.WORK**.

If you are seeking support to develop a short documentary project, please contact the **Scottish Documentary Institute**.

We will consider supporting filmmakers with short films to attend key markets and festivals through our Markets and Festivals Attendance Fund, if the key criteria are met for that fund. For more information **visit our website**.

Otherwise we do not directly support short films through our screen funds.

What are the key criteria that we use to assess a film development or production project?

This guidance outlines what the funding is for, who can apply and what our priorities are. You should read all the information in this guidance before submitting an application.

The decision on which applications will be funded will be based on an assessment of how far a project meets the following key criteria:

- The project demonstrates the ability to be a high-quality work that promotes Scotland's creativity and can attract a national and international audience; and
- The project provides significant opportunities for the creative and professional development of established and emerging writers, directors, producers and craft and technical talent based in Scotland; and
- The project demonstrates the ability to be successful creatively and reach its audience, and will make a positive contribution to the Scottish economy.

Equalities, Diversity and Inclusion

Additionally, as a lottery distributor and public funder, Creative Scotland is committed to addressing diversity in film and television, as outlined in our review of equalities, diversity and inclusion in Scotland's screen sector, **Equality Matters** (2017) and elsewhere.

A proactive approach to increasing diversity can improve screen projects creatively, fuelling innovation and creativity, and engaging audiences through a wider range of stories, perspectives and experiences. It can also benefit projects commercially, attracting wider audiences and generating greater revenues. Creative Scotland believes that true representation both on and off screen is vital for the sustainability and equity of the screen sector.

Applications for support to all screen funds will be strengthened by a specific and targeted contribution to improving diversity. The BFI's **Diversity Standards** provide detailed guidance to potential approaches.

1. Single Project Development Funding

The aim of this funding is to support filmmakers based in Scotland who are working in live-action, animation and documentary, to develop a range of feature film projects across all genres that reflect Scotland's culture, creativity and diversity.

We will support projects with international appeal that have the potential to be distinctive, high-quality and commercially and/or creatively-driven. We will also support projects that enable artists and filmmakers to take risks creatively.

We will prioritise projects from writers, directors and producers based in Scotland. We will also support projects where producers based outside Scotland are developing projects with writing and/or directing talent based in Scotland.

What can I apply for?

This funding route will support the following list of development activities (please note this list is not exhaustive and is only intended to be used as a guide):

- Payment to option the rights to adapt pre-existing works
- Development of the treatment, outline and/or screenplay
- Script editing and story development
- Research
- Mood boards, concept art work and/or storyboards
- Taster/sizzle reels
- Development costs relating to travel, accommodation and subsistence of key personnel involved in the project
- Budgeting and scheduling
- Casting
- External legal costs associated with rights' options and clearance (eg writers' agreements/option agreements).

Please note that we will consider applications for funding for the later stages of development/pre-production (as it moves towards production), but only if the project has attracted significant interest or confirmed production funding from other private or public sources.

What else do I need to consider before applying for Single Project Development Funding?

- **Feature Documentaries**

Are you making a Feature Documentary? If so, see additional guidance on Page 8.

- **Certification**

Feature films and feature documentaries must be capable of qualifying for certification as a British film through:

- Schedule 1 of the Films Act 1985 (The Cultural Test);
- One of the UK's official co-production treaties; or
- The European Convention on Co-Production.

- **Co-funding:**

You should aim to secure co-funding for your project as it will help strengthen your application, especially if you are seeking funding beyond first draft stage.

- **Provision of a detailed budget:**

You should include a detailed development budget with your application.

- **Producer fees:**

You should include reasonable producer fees and overheads in your budget. Please note we will only make a contribution towards these fees and overheads and we will not cover 100% of the general running costs associated with your business. Producer fees and overheads should be commensurate with the level of work undertaken and the scale and nature of the proposed project.

- **Rights:**

You will need to demonstrate you have, or can, acquire all the rights necessary to produce and exploit your project. We will require certain approvals, including approval of the chain of title for the project. You will be asked to provide all chain of title documentation before an award is made. You will be required to assign a share of all rights in the project, including copyright, to Creative Scotland. These rights will be reassigned to you on repayment of the development funding to Creative Scotland.

- **Repayment of development funding:**

You will be required to repay our development funding on the first day of principal photography if your project goes into production. If this happens, and if you are an independent Scotland-based producer, Creative Scotland will ring-fence this money for you in a 'locked box' and you will be able to draw it down to spend it as if it was your own funding, on the development or production of your next project(s), or on staff training. See Appendix B for more details of Creative Scotland's 'locked box' scheme.

- **Credits:**

You will be required to provide a development credit to Creative Scotland in a form which will be set out in the development funding agreement.

Feature Documentaries – Additional Guidance

We can fund documentary filmmaking in two ways, either through successive development stages or through production funding.

Funding through development stages:

Our Single Project Development funding for documentary can support projects at every stage - from their early stages through to completion.

You can apply to us at any stage in the life of your documentary (e.g. for preparatory work, filming, preparation of rough cut, editing etc.) for one or more stages of funding.

When you make your first application for documentary funding from Creative Scotland, you should give an indication of how much money you are requesting from us in total over the life of the documentary, together with an overall budget to make and complete the documentary. Please also provide the full amount of costs needed for the first stage of documentary filmmaking, and the amount requested from us.

We do not have a minimum budget level (a 'budget floor'), but we will only support projects that are produced in accordance with all applicable UK laws and statutes, and all the requirements of all unions and guilds having jurisdiction (for example rates of pay).

For your application to be eligible for consideration, you will need to have a feasible draft finance plan showing how your film will be funded.

Prior to completion, the funds awarded through this funding route will be converted to production funding (equity), the terms of which will be negotiated at the appropriate time. Applicants in receipt of single project development funding must contact Creative Scotland to agree these terms before the film can be completed and exploited.

Please note - we cannot fully fund the production costs of any project, regardless of the budget. Applications without other market finance attached and seeking to be fully financed by Creative Scotland, or financed only with support from Creative Scotland and the UK Film Tax Credit, will be deemed ineligible.

Funding through production funding:

Applications for feature documentary production funding can also be made directly to the Film Production Fund instead, and will be subject to the Film Production Funding guidance in section 2 (see Page 11).

Whichever approach you plan to take, please contact a member of the Screen Scotland Team prior to application to discuss the most appropriate route for your project.

Who can apply?

We will accept applications for Single Project Development Funding from:

- **Producers based in Scotland**

If your project is a live action feature film, you must have a screenwriter attached to your project who has written a feature film which has been produced and theatrically released. If the screenwriter does not have such a feature film credit, you should visit the www.scottishfilmtalent.com website for details of funding opportunities.

- **Producers based outside Scotland** (but only where the project involves writing and/or directing talent based in Scotland).

You should be an experienced creative producer having produced at least one feature film that has been distributed theatrically and received critical acclaim at international festivals, or a significant television drama project, or have an experienced creative executive producer attached. You must also have a screenwriter attached to your project at the point of application.

- **Individual screenwriters**

We will accept applications from screenwriters based in Scotland who have had at least one full-length feature screenplay produced and where the completed film has been distributed theatrically, received critical acclaim and/or has been screened at recognised international festivals.

Overall we strongly encourage applications from writer, director and producer teams with the application being made by the producer. We would not normally fund projects where the producer is also the sole writer of the project.

Exclusions:

First-time filmmakers

If you are a writer or director that has yet to make your first live-action fiction feature film then you should contact the Scottish Film Talent Network (SFTN).

Projects where the key creative talent are based outside Scotland:

We will not fund the development of a project on which all of the key creative talent (writer, director, producer) are based outside Scotland, even if the project is set in Scotland or based on underlying material which may have originated in Scotland.

Projects whose key creative talent are based outside Scotland, but which will be shot and/or post-produced in Scotland, may qualify for support via the Production Growth Fund. See the [Production Growth Fund guidelines](#) for details.

How much can I apply for?

We will award Single Project Development Funding in the range of £3,000-£50,000.

When can I apply?

Applications are accepted on a rolling basis throughout the year and there are no deadlines.

How long will it take to get a decision on my application?

Decisions will take up to six weeks from the date we receive your completed application form.

For details on how to apply – go to Page 14

2. Film Production Funding

This fund aims to support the production of distinctive and highquality feature films that promote Scotland’s culture, creativity and diversity, and that have the potential to engage and entertain audiences in Scotland, the UK and internationally.

We will fund a proportion of the production costs of live-action, animated and documentary feature films.

All the projects that we support should be relevant to Scotland and have strong audience potential for UK and international distribution.

What do I need to consider before applying for Production Funding?

- **Certification:**

Feature films and feature documentaries must be capable of qualifying for certification as a British film through:

- Schedule 1 of the Films Act 1985 (The Cultural Test);
- One of the UK’s official co-production treaties; or
- The European Convention on Co-Production.

- **Creative Team:**

Your creative team needs to include a director, producer and screenwriter. The team applying must be composed of at least two individuals across the three roles; this means that the same person cannot be writer, director and producer.

- **Creative package:**

You must have a director, a fully developed screenplay and casting plan in place before applying for Production Funding.

- **Budget, finance plan and recoupment schedule:**

You must have a fully developed financing package in place (including a secured written indication of strong interest or confirmed co-funding from other private or public sources) before applying. You should include the latest version of the budget and matching finance plan indicating which finance is confirmed and provide outline terms, sales estimates (if you have them), a proposed recoupment schedule and proposed production schedule.

- **Budget level:**

We do not have a minimum budget level for the projects we fund. However, we will only support projects that are produced in accordance with all applicable UK laws and statutes and all the requirements of all unions and guilds having jurisdiction (for example rates of pay).

- **Sales agents and/or distributors:**

We expect you to have confirmed, or secured, a written indication of strong interest of a sales agent and/or a distributor for your project before making an application. If you do not intend to attach a sales agent prior to completion of the project then you should be able to demonstrate why you have made this strategic choice and also provide a sales and distribution strategy with your application.

- **Offers of Production Funding:**

If we decide to provide production funding we will issue you with an Offer setting out the amount we are prepared to offer the production and any specific terms and conditions of our Offer that must be met before we can confirm the award. The Offer will be valid for 6 months from the date of the Offer. If the production has not started the financial and legal closing process before the Offer has lapsed, the Offer will be reviewed. Upon review, we may decide to extend the Offer or withdraw it.

- **Letters of Interest:**

Depending on what stage you have reached in financing your project, and based on our assessment, we may issue you with a formal, but conditional, expression of interest in funding your project (a 'Letter of Interest'). This may be useful in helping you to secure other co-funding. The Letter of Interest will be for a specified period of time, after which the Letter of Interest will lapse. We will not keep the Letter of Interest 'open' beyond this time period as we want to ensure that our funds are not tied up on projects that may not be continuing to progress timeously toward financial and legal closing. However, we may consider extending the period of time for which the Letter of Interest remains valid. Unless you have received either a Letter of Interest or an Offer Letter then you should not assume that we will fund your project.

- **Creative Scotland legal costs:**

A contribution towards Creative Scotland's legal costs must be budgeted for projects with budgets over £1m. For projects with budgets between £1m-1.5m you will be required to contribute £5,000 and for budgets above £1.5m you will be required to contribute £7,500.

- **Terms and Conditions of Production Funding:**

Because of the often complex financial structures required in film production, there are additional detailed terms and conditions that you must comply with in order to receive our funding. Please read Appendix A at the end of this guidance for further information.

Who can apply?

- Producers based in Scotland, and
- Producers based outside Scotland (but only where the project involves writing and/or directing talent based in Scotland).

In both cases, you should be an experienced creative producer having produced at least one feature film that has been distributed theatrically, or that has received critical acclaim at international festivals. Alternatively, you must have an experienced creative executive producer attached who meets these requirements.

How much can I apply for?

Awards for Production Funding are likely to be made in the range of £100,000-£500,000. If appropriate, we may accept an application for a higher amount, where the project demonstrates exceptional benefits for the film sector in Scotland, as well as strongly meeting all our funding criteria to the highest level.

Please note – we cannot fully fund the production costs of any project, regardless of the budget. Applications without other market finance attached and seeking to be fully financed by Creative Scotland, or financed only with support from Creative Scotland and the UK Film Tax Credit, will be automatically deemed ineligible.

When can I apply?

Applications are accepted on a rolling basis, however, you should apply no later than 12 weeks before you intend to begin pre-production.

How long will it take to get a decision on my application?

Decisions will take up to 10 weeks from the date we receive your completed application form. Please note that as part of the assessment process for Production Funding, you may be asked to attend a meeting with members of the Screen Scotland Team to discuss your project in more detail.

How to apply

Do you need this information in alternative formats or languages, or do you need any access support?

We are committed to offering clear and accessible application processes and programmes that are open to everyone. On request this information is available in alternative formats including translations.

We offer access support to disabled applicants, tailored to individual requests. Support includes Sign Language Interpreters for meetings and scribing support for dyslexic applicants. Officers can offer advice to new applicants and support them to make an application.

The Equalities Team can offer additional one-to-one support to applicants with access requirements. Please note we will accept applications and supporting materials which are written in English, Gaelic or Scots.

For more information, contact our Enquiries Service (see Page 18 for details).

Making an application

Applications must be made on the Film Development and Production Fund Application Form, which can be found at www.screen.scot/funding.

Completed forms should be submitted along with all supporting materials to screen@creativescotland.com.

Creative and Strategic Statements

In your application you will be asked to provide two written statements about your project's potential; the 'Creative Statement' should set out the project's creative potential; the 'Strategic Statement' should outline how you anticipate the project will be developed and managed strategically, along with its potential to engage audiences in Scotland, the wider-UK and internationally.

Your creative statement should address the following questions:

- What is the film/project about (synopsis, story, themes)? The clarity of your story and ideas are key.
- What stage is it at?
- What creative direction will your film take?
- What is the track record and previous work of the writer/director?
- Why do you want to make this film?
- What audience does your project appeal to?
- How would you go about achieving your ideas on film?
- Have you any casting ideas at this stage and how are you planning to approach that cast?
- Where and when are you hoping to shoot the film?

Your strategic statement should address the following questions:

- What budget do you anticipate needing to develop the film and then get it made?
- At this stage can you foresee any unusual or challenging technical or budgetary requirements?
- What is the finance plan for the film and how do you envisage raising that finance?
- How will you go about managing production resources and the budget?
- How will you ensure the film finds its audience?
- Do you see it as a festival-driven film or a film driven by distribution and its performance on opening weekend? We welcome both, but we need you to be clear about what you are trying to achieve and that you can deliver accordingly.
- How might your film be marketed to audiences?
- Who are the potential funders of your project, in either further development or production?
- Is your project intended to be a minority co-production?

Our assessment and decision-making process

What happens when we receive your application?

Once you have submitted your application we will review it for completeness and eligibility. If you have not provided all of the information required, or if you do not meet the eligibility criteria for Film Development and Production Funding, your application will not be assessed. You will be notified of this, and of the reasons why, by email.

Complete and eligible applications will be assessed by Screen Scotland Officers, against the criteria and priorities set out in this guidance.

Assessments will be made on the basis of the information you provide in your application form and any supporting materials submitted. We may contact you during the assessment process to seek further information about your project or clarification on aspects of the information you provide – and, as outlined elsewhere in this guidance, you may also be asked to attend a meeting with members of the Screen Scotland Team to discuss your project in more detail.

How we will make our decisions?

Following an initial assessment and Officer recommendations, decisions on final awards (up to £100,000) will be taken by the Screen Team, chaired by the Director of Screen. For applications seeking over £100,000, the Screen Team and the Director of Screen will make recommendations before decisions are then taken by Creative Scotland's Senior Leadership Team.

As with most funders, we can only fund a proportion of the applications we receive. However we will offer feedback to unsuccessful applicants to strengthen their applications in order for them to re-apply should they wish to do so. We will only accept an application for the same project if the reasons for it previously being unsuccessful have been addressed.

Once a decision is made:

Once we have reached a decision, we will write to you to let you know the outcome of your application. If you are successful, we will send you information that tells you if there are any specific conditions of the award that must be met before we can confirm the award. Once specific conditions, if any, have been met we will issue you with a Funding Agreement. You must note and adhere to all the terms and conditions of the Funding Agreement. At this point we will also ask you for your banking details, and agree a payment schedule and cash-flow with you, which will normally be set against agreed milestones. You will need to return a signed copy of our Funding Agreement. Once all conditions are met, we will release the first instalment of your award. If your application is unsuccessful, we will write to let you know why, and advise you of your next steps.

Complaints Procedure:

If you are not happy with the way we dealt with your application, you can access a copy of our complaints procedure [on our website](#).

Please note that you can only complain if you believe we have not followed our published process when dealing with your application. You cannot use the complaints procedure to appeal against the decision.

Data Protection:

Creative Scotland (CS) requires some personal information about you / your organisation to consider your application for funding. Without such CS will not be able to fund your project.

If you would like to see a breakdown of the personal information CS requires, why it is required, what CS does with that information and how long CS keeps it, please refer to CS's Funding Privacy Notice available online at:

www.creativescotland.com/privacy-policy/funding-privacy-notice

CS may share your personal information with third parties to comply with the law and / or for the legitimate interests of CS and / or the third parties concerned.

Where the personal information you have provided to CS belongs to other individual(s), please refer to CS's Funding Privacy Notice. You are welcome to share this Funding Privacy Statement and CS' Funding Privacy Notice with the respective individual(s).

You have some rights in relation to the personal information that CS holds about you under the General Data Protection Regulation. Information on how to exercise these rights is contained in CS's Funding Privacy Notice or you can contact CS's Data Protection Officer.

If you have any concerns with how CS has processed your personal information, you should contact CS' Data Protection Officer in the first instance, as CS would welcome the opportunity to work with you to resolve any complaint. If you are still dissatisfied, you can submit a complaint to the Information Commissioners Office.

Help, further advice or feedback:

If you require support, further information or have any general enquiries about the application process please contact our Enquiries Service. Our Enquiries Service will be able to advise you or will put you in contact with one of our officers.

Email: enquiries@creativescotland.com

Telephone: **0345 603 6000***

Lines are open 10am-12pm and 2-4pm, Monday–Friday. Voicemail is available outwith these hours. If you want us to call you back, then leave a message with your number and we'll arrange a time to call you.

Web: You can send us a message via the Creative Scotland [website](#)

Twitter: Get in touch [@screenscots](#)

If you are a D/deaf BSL user, you can access our services with the Contact Scotland-BSL programme. Go to:

www.contactscotland-bsl.org/public for more information.

* Please note: Calls to our 0345 number are charged at the same rate as calling national 01 or 02 numbers. Approximate charges are up to 9p per minute from landlines and between 3p – 55p per minute from mobiles. However, calls to this number are also part of inclusive allowances. Please check with your phone line provider for exact charges.

APPENDIX A

Film Production Funding: additional Terms and Conditions of Funding

Creative Scotland Film Production Funding is an equity investment in the project and is recoupable behind debt and mezzanine funding.

Creative Scotland expects to receive a share of net profits generated from the project proportionate to our equity investment.

You will be required to provide Creative Scotland with a presentation credit and a closing credit in a form to be advised in your Funding Agreement. This will include our animated logo and our static funding logos.

Where a member of the Creative Scotland Screen Team has engaged with your project in a meaningful and creative manner through both development and production, you may choose to accord them an Executive Producer credit which will be granted at the discretion of Creative Scotland's Director of Screen.

You will be required to assign a share of copyright in the screen project to Creative Scotland.

We will generally take a security interest over the company producing the screen project and may take a security interest over any co-producer.

You will need to establish a clear chain of title to your project, ie demonstrate you have acquired or can acquire all the rights necessary to produce and exploit the project throughout the world by any means and in all media.

If other production finance in your project is being advanced by a party who anticipates some form of UK tax benefit from their involvement in the production through any tax structure(s) or scheme(s), that party will be required to provide industry standard undertakings and warranties directly in favour of Creative Scotland and Creative Scotland may disclose to Her Majesty's Revenue and Customs any information which it receives in relation to any tax structure(s) or scheme(s) which are utilised in connection with your project.

Creative Scotland may withdraw any offer of funding if it has reasonable concerns relating to the terms of any third party finance.

You will be required to provide a contribution to the Creative Skillset Skills Investment Funds of 0.5% of the project's production budget (subject to a cap of £40,860). You will be expected to put in place all customary production insurances (including errors and omissions insurance) on which Creative Scotland must be named as an additional insured.

Disability Access Materials must be budgeted for within the production budget, regardless of whether a UK distributor is attached at the point of application. This should include the creation of a subtitle file (to include dialogue and sound effects of the Film suitable for use for captioning/subtitling purposes) for the hearing impaired; and an audio description track for the visually impaired in an appropriate format for use in theatrical distribution. These should be supplied in the proprietary format for Dolby Screamtalk and DTS CSS discs.

You will be required to ensure that any agreement for the distribution of your film in the UK provides for distribution of soft-subtitling and audio description materials in cinemas and on any DVD release of the film.

We will require customary security and/or takeover arrangements to be put in place to ensure completion and delivery of the project in accordance with the script, budget and schedule, such as a bond.

All revenues for feature films must be collected by an independent collection agent and any irrevocable payment instructions issued by the sales agent on your film to sub-distributors must cite and direct payment of all minimum guarantee and overages to the collection account.

We will require certain approvals over your project including in relation to the terms of other finance, the identity and terms of appointment of the sales agent and all distributors, and all contractual documentation prepared in relation to the project.

We will not normally agree to contribute to a production budget which includes interest, premium or overhead fees charged by other financiers or investors other than bank interest where gap financing is in place or where sales are being discounted.

We are keen to ensure that you receive your full entitlement to a reasonable producer fee and production company overhead from within the production budget and we do not encourage deferral of such amounts.

If your film is completed and delivered within budget Creative Scotland will support your participation in underspend of up to 50%.

Your project's budget should include sufficient funds to clear worldwide rights in all media from all individuals or organisations who are contributing to, or whose material is to be featured in, the project.

You will be required to ensure that your project is produced in accordance with the requirements of all unions and guilds having jurisdiction and with all applicable laws and statutes.

Priority will be given to projects that provide significant opportunities for production, craft and technical trainees based in Scotland.

We will not commence funding until we are satisfied that you have complied with certain conditions as set out in the Funding Agreement. At our discretion, we may provide an advance in the form of 'pre-closing' funding, but there will be no automatic entitlement to this.

You will be required to provide specified delivery materials to Creative Scotland, the costs of which must be included in the budget of the project.

Creative Scotland will hold back 10% of its funding until delivery to us of specified materials and a final audited cost report certified by an independent auditor.

Creative Scotland's funding must be paid into a separate dedicated trust account.

During production of your project, Creative Scotland will require access to information about the project and to be able to attend all stages of production.

Creative Scotland will require consultation rights over assembly and all cuts of the project and a shared approval over the final cut (alongside other financiers as is customary).

In line with our Environment Policy and Environment Connecting Theme, Creative Scotland supports organisations and projects to reduce their environmental impacts, especially carbon emissions. Carbon measurement and reporting is an established first step to carbon reduction, and is becoming standard practice in screen production. Increased environmental awareness can result in lower costs, through better planning, reduced energy use and waste. Environmental sustainability also has brand and market benefits with audiences.

Applicants should minimise environmental impacts in their production, and account for this in the budget. Guidance on this can be found in the BBC-developed Albert carbon calculator (now promoted by BAFTA), in BS 8909, (the sustainability management system for film promoted by BFI) and the Green Production Guide of some US studios.

Applicants should be able to demonstrate how they will contribute to the Environment Connecting Theme, how they will measure and report carbon emissions, and, where appropriate, how they will spread good practice and influence the wider public.

APPENDIX B

Creative Scotland Locked-Box Scheme

Creative Scotland operates a locked-box scheme (the CS Locked-Box), which mirrors the BFI's Locked-Box initiative, whereby filmmakers based in Scotland benefit from their project's success.

Qualifying producers, writers and directors will receive a share of revenues generated from the feature film and feature documentary projects that they are involved with that Creative Scotland funds through the Screen Funding route ring-fenced for them in a CS Locked-Box.

This Appendix sets out how the CS Locked-Box scheme operates.

There are three revenues streams which are paid into a CS Locked-Box in respect of any feature film or feature documentary project that receives funds through the CS Screen Funding route.

1. **CS Supplemental Corridor:** when Creative Scotland makes a Production Funding award in respect of a project, a corridor from Creative Scotland's recouped revenues in respect of that award is allocated to a CS Locked-Box for the project. The CS Supplemental Corridor is calculated as follows:

- a) 25% of Creative Scotland's recouped revenues until an amount equal to 50% of Creative Scotland's Production Funding award is recouped (including amounts paid into the CS Locked-Box); and thereafter
- b) 50% of Creative Scotland's recouped revenues until Creative Scotland's Production Funding award is recouped in full (including the amounts paid into the CS Locked-Box).

Any CS Supplemental Corridor sums accruing to the CS Locked-Box (the CS Corridor Amount) are allocated to each of the qualifying Scotland-based producer, writer and director of the project according to the minimum percentage agreed in 2015 by PACT, WGGB and DUK. These minimum percentages are as follows:

- a) 12.5% of 100% of the CS Supplemental Corridor must be allocated to the writer;
- b) 12.5% of 100% of the CS Supplemental Corridor must be allocated to the director; and
- c) 12.5% of 100% of the CS Supplemental Corridor must be allocated to the Scotland-based producer.

The qualifying Scotland-based production company, being the direct recipient of the CS Production Funding, may then determine (at the producer's sole discretion) what amounts (if any) of the remaining 62.5% of 100% of the CS Supplemental Corridor should be paid to the writer and the director. For example the producer may choose to allocate part of the remaining 62.5% of the CS Supplemental Corridor to the writer and/or director in addition to their basic 12.5% share.

All three parties are free to reinvest their respective shares collectively or independently of each other but, in each case, funds can only be drawn down for Locked Box Specified Uses (as set out below).

If Creative Scotland has recouped 100% of its Production Funding award and the project subsequently reaches net profits, then any sums due to each of the qualifying Scottish based producer, writer and director from such net profits will be paid directly to CS until CS has recouped an amount equal to the CS Supplemental Corridor held in the CS Locked-Box and allocated to the qualifying Scottish based producer, writer and director respectively. The producer, writer and director shares are all treated separately, so that for example, Creative Scotland will only seek the recoupment of an amount equal to the Scottish based producer's share of the CS Supplemental Corridor Amount from the producer's share, and not from any share of net profits due to the writer and director.

In the event that the aggregate sum of the CS Supplemental Corridor and the UK Tax Credit Entitlement (if applicable) and any Recycled Development Funding (if applicable) held on the CS Locked-Box for a project reaches £1,000,000 the producer will no longer be entitled to any part of the CS Supplemental Corridor.

- 2. UK Tax Credit Entitlement:** subject to agreement of the other financiers of a project, the qualifying Scotland-based producer in receipt of a Production Funding award may be allocated an equity entitlement position in the project's recoupment schedule in an amount equal to the lower of a. the UK Tax Credit Advance included in the project's finance plan: and b. the actual UK Tax Credit proceeds, once received from HMRC.

The UK Tax Credit Entitlement is only available to the qualifying Scotland-based producer (in contrast to the CS Supplement Corridor, the writer and the director have no entitlement to any share of this). The producer's UK Tax Credit Entitlement will be paid directly by the collection agent for the project into the CS Locked-Box for the project.

- 3. Recycled Development Funding:** when Creative Scotland makes an award of development funding to a qualifying Scotland-based producer in respect of a project, all sums which are repaid to CS in respect of such award in accordance with the development funding agreement will be paid into the CS Locked-Box for use by the qualifying Scotland-based producer, subject to a maximum allocation per project of £50,000. This recycled Development Funding scheme does not include sums repaid to CS in respect of late stage development funding or pre-production funding.

For the avoidance of doubt, the CS Locked-Box only relates to monies repaid to Creative Scotland against Creative Scotland's original development or production funding awards, and not to any net profits payable to Creative Scotland in respect of any project.

The CS Locked-Box can only be accessed by qualifying Scotland-based producers, writers and directors, as specified above. To qualify, you must be a UK resident and be based in Scotland, i.e. Scotland is your usual place of residence, and in the case of the producer where your UK registered production company is based, and you must be actively involved in the Scottish screen sector. If the project is a Treaty co-production or a European Convention co-production, any sums in the CS Locked-Box are available to the qualifying Scotland-based producer, writer and director.

If two qualifying Scotland-based producers (through separate production companies) are joint recipients of the original Creative Scotland development or production award then the entitlement(s) may be split 50/50 between them (or in different proportions as may be agreed between the producers and notified to Creative Scotland in writing) and provided that both are actively involved in the development and production of the projects rather than acting only as a financing partner. The CS Locked-Box is not available to producers, writers and directors that are not based in Scotland.

CS Locked-Box Specified Uses

The CS Locked-Box funds can only be used for one of more of the following specified uses:

- (i) feature film, feature documentary and television drama series development costs
- (ii) feature film and feature documentary production costs; and
- (iii) staff training cost and expenses

Any feature film or documentary feature project that you propose to be funded by your CS Locked-Box monies must be:

- A feature length fiction or documentary feature project intended for theatrical release, and capable of obtaining theatrical and video certificates no more restrictive than BBFC '18'; and
- Capable of qualifying as a British Film through:
 - i. Schedule 1 of the Films Act 1985 (the Cultural Test);
 - ii. One of the UK's official co-production treaties; or
 - iii. The European Convention on Cinematographic Co-productions

Full guidance British film certification and tax relief can be found here: [BFI Certification Unit](#)

Project development costs that CS Locked-Box monies can include (Specified Uses):

- Payment to option the rights to adapt pre-existing works.
- Development of the treatment, outline and/or screenplay.
- Script editing and story development.
- Research.
- Mood boards, concept art work and/or storyboards.
- Taster/sizzle reels.
- Development costs relating to travel, accommodation and subsistence of key personnel involved in the project.
- Budgeting and scheduling.
- Casting.
- External legal costs associated with obtaining with rights' options and clearance (e.g. writers' agreements/option agreements).
- Producers' fees and overheads (please note this cannot be the sole use of the CS Locked-Box funding).

Production costs will mean the direct investment into the project as demonstrated by the finance plan of the project. Please note that if you use CS Locked-Box monies for project production costs it will count as 'state aid' investment in the project – this is permitted but we will first need to verify the total amount of state aid in the project in question in order to comply with European Commission requirements. To do this we will need to see a budget and finance plan for the project.

Accessing funds in your CS Locked-Box

If monies have accrued to a qualifying writer, director or producer in a CS Locked-Box an application to draw down funds must be made to Creative Scotland. The application form is available upon request to Creative Scotland and a copy will be attached to the CS Locked-Box Agreement. Please email screen@creativescotland.com for a copy of the application form, remembering to state that it is to access funds in a CS Locked-Box.

The application form asks for details about how the CS Locked-Box monies will be spent together with sufficient information to enable CS to determine that it is an allowable CS Locked-Box Specified Use. Creative Scotland will not take a view on the creative aspects of a project that receives funds from a CS Locked-Box (unless Creative Scotland is also funding the same project in development and production through a separate lottery award) but CS will require sufficient information to be able to determine if the project meets the qualifying criteria and that the proposed spend is legitimate.

As a minimum we will ask for the following:

- Project Development – title of the project, details of the writer, underlying work (if any), synopsis, information on any other attached elements.
- Production – title, details of writer and director, budget, finance plan, synopsis, information on any other attached elements.
- Staff skills training – details of the trainees, trainers (including a brief outline of the course details) and evidence of the cost of the course.

Monitoring

Depending on the Specified Use we will advance the CS Locked-Box funding in instalments with payment being made upon receipt by Creative Scotland of certain deliverables. These might include copies of invoices relating to budgeted expenditure, a draft of the script to verify that work had been done, a copy of underlying rights agreement, a copy of the interparty agreement evidencing the investment in the production of a project.

This is to allow us to properly audit and monitor spend (rather than to comment creatively on the work) and also to ensure compliance with State Aid intensity limits set by the European Commission.

Writers

Writers who qualify for CS Locked-Box monies will be able to draw down funds for any of the Specified Uses but we acknowledge that it is most likely that writers will want to apply the funds towards writing fees to allow for work on a new and as yet un-commissioned project.

In order to ensure that funding is being spent correctly:

- Fees for any such writing must be in line with the writing fees (per draft/set of revisions) as that paid on the project that entitled the writer to the CS Locked-Box monies (unless the quote for fees to that writer has increased substantially as demonstrated by the last two writing commission in which case Creative Scotland will require evidence of the increase such as the agreements for writing with third party producers); and
- Creative Scotland will require evidence of the completed work for monitoring purposes.

Directors

Directors who qualify for the CS Locked-Box monies will be able to draw down funds for any of the Specified Uses. If directors want to apply for development funding to work on a new screen play then Creative Scotland would apply the same conditions as for writers as detailed above.

Repayment

If the entitlement is from the CS Supplemental Corridor then the funds are repayable from the net profits of the original project as set out above if the project goes into profit.

If the CS Locked-Box monies are used on project development or production then they do not have to be repaid.

For further information about the CS Locked-Box scheme please send an email with questions to screen@creativescotland.com.



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