

BFI LOCKED BOXES FACT SHEET

The BFI Locked Box initiative enables UK-filmmakers supported through the BFI Film Fund to benefit from their film's success. In short, a share of income from supported film productions is put aside (into a [BFI Locked Box](#)) and can be used by the filmmakers for the development and/or production of their future projects or towards staff training. This ensures that revenue from successful BFI backed films is invested directly back into the British film industry.

This Fact Sheet sets out how this initiative operates.

What goes into a BFI Locked Box?

There are three types of funds which may accrue to the [BFI Locked Box](#) in respect of any film:

1. [BFI Corridor](#): when the BFI makes a production funding award in respect of a film, a corridor from the BFI's recoupment income in respect of that award is allocated to a [BFI Locked Box](#) for that film. The corridor is calculated as follows:
 - a. 25% of the BFI's recoupment income until an amount equal to 50% of the BFI's production funding award is recouped (including the amounts paid into the [BFI Locked Box](#)); and thereafter
 - b. 50% of the BFI's recoupment income until the BFI's production funding award has been recouped in full (as above, including the amounts paid into the [BFI Locked Box](#)).

This means that, if the BFI is repaid 100% of its production funding award on any film, an amount equal to a 'blended' percentage of 37.5% of the total award will be paid into and held in the [BFI Locked Box](#) for such film.

Any [BFI Corridor](#) sums accruing to the [BFI Locked Box](#) (the [BFI Corridor Amount](#)) are allocated to each of the UK [producer](#), [writer](#) and [director](#) of that film according to minimum percentages agreed in 2015 by PACT, WGGB and DUK. These minimum percentages are as follows:

- a. 12.5% of 100% of the [BFI Corridor Amount](#) must be allocated to the [writer](#);

- b. 12.5% of 100% of the [BFI Corridor Amount](#) must be allocated to the [director](#); and
- c. 12.5% of 100% of the [BFI Corridor Amount](#) must be allocated to the UK [producer](#).

The UK [producer](#), being the direct recipient of the BFI Film Fund production award, may then determine (in producer's sole discretion) what amounts (if any) of the remaining 62.5% of 100% of the [BFI Corridor Amount](#) should be allocated to the [writer](#) and [director](#) (e.g. if, for example, the [writer](#) and/or [director](#) has been particularly instrumental in developing and financing the project, then the [producer](#) may choose to allocate part of the remaining 62.5% of the BFI Corridor Amount to that 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 the BFI has been repaid 100% of its production award *and* the film subsequently reaches net profits, then any sums due to each of the UK [producer](#), [writer](#) and [director](#) from such net profits will be paid directly to the BFI until the BFI has recouped an amount equal to the [BFI Corridor Amount](#) held in the [BFI Locked Box](#) and allocated to the UK [producer](#), [writer](#) and [director](#) respectively. The [producer](#), [writer](#) and [director](#) shares are all treated separately, so that, for example, the BFI will only seek repayment of the UK [producer's](#) share of the [BFI Corridor Amount](#) from the UK [producer's](#) share of net profits, and not from any share of net profits payable to the UK [writer](#) and/or [director](#).

In the event that the aggregate sum of the [BFI Corridor Amount](#) and the [UK Tax Credit Entitlement](#) (if applicable) and any [Recycled Development Funding](#) (if applicable) held in the [BFI Locked Box](#) for a film reaches £1,000,000, then the UK producer will no longer be entitled to any part of the [BFI Corridor](#) i.e. the UK producer's share from the [BFI Corridor](#) will effectively be 'switched off'.

- 2. [UK Tax Credit Entitlement](#): independently of, and in addition to the [BFI Corridor](#), the UK [producer](#) may receive an equity entitlement position in the film's recoupment schedule in an amount equal to the lower of a. the UK Tax Credit advance included in the film's finance plan; and b. the actual UK Tax Credit proceeds, once received.

This producer equity entitlement is available only to the UK producer (in contrast to the [BFI Corridor](#), the [writer](#) and the [director](#) have no entitlement to any share of this) and is subject to all financiers' approval. We will always support the [producer](#) in requesting such approval, but we cannot guarantee that it will be given in every case. Any income derived from this equity entitlement position will be paid directly into the [BFI](#)

[Locked Box](#) for the film to be drawn down by the [UK producer](#) for [Locked Box Specified Uses](#) (as set out below).

3. [Recycled Development Funding](#): when the BFI makes a development funding award to a [UK producer](#) in respect of a film, any sums which are repaid to the BFI in respect of such award will be allocated to a [BFI Locked Box](#) for use by that [UK producer](#), subject to a maximum allocation per film of £100,000. This means that, if the BFI makes a development award of £120,000 in respect of a film, only £100,000 of any sums repaid to the BFI in respect of such development award will be held in the [BFI Locked Box](#) for the benefit of the original [UK producer](#). This [Recycled Development Funding](#) initiative does not include sums repaid to the BFI in respect of BFI Vision Awards, or development funding provided for the creation of pilot films, or pre-pre production funding.

For the avoidance of doubt, the [BFI Locked Box](#) only relates to monies repaid against the BFI's original development or production awards, and not to any net profits payable to the BFI in respect of any film.

Who can access a BFI Locked Box?

The purpose of the [BFI Locked Box](#) initiative is to ensure that revenue from BFI backed films is invested directly back into the British film industry, and to enable those responsible for the Film's success to become more self-sustaining and to develop as much creative and financial independence as possible when developing and producing projects. As such the [BFI Locked Box](#) can only be accessed by someone who continues to be active in the UK film industry.

The [BFI Corridor](#) for a film can only be accessed by the film's [producer, writer and/or director](#) if they are a UK national or resident and provided that the film has been funded through a UK registered production company. If the film is a co-production treaty or European Convention film the [BFI Corridor](#) is only available to the [UK producer](#) (not its co-producing partners).

The [UK Tax Credit Entitlement](#) can only be accessed by the UK national or resident [producer](#) of the film through their UK production company. If the film is a co-production treaty or European Convention film the [BFI Corridor](#) is only available to the [UK producer](#).

The [Recycled Development Funding](#) can only be accessed by the [UK producer](#), through the UK production company that was awarded the funding (not a producer that has taken on the project after turnaround - unless BFI exercises its discretion to allow this in exceptional circumstances) and provided that:

- (i) they are a UK national or resident; and
- (ii) they are still involved in developing and producing the film (i.e. over the potentially lengthy term of development the rights in the project have not transferred to a wholly independent third party).

If two [UK producers](#) (through separate production companies) are joint recipients of the original BFI development or production award then the entitlement(s) may be split 50/50 between them (unless they elect to have a different apportionment)

and provided that both are actively involved in the development and production of the film rather than acting only as a financing partner. The **BFI Locked Box** is not available to a non-UK co-production or co-development partner.

What are the **Locked Box Specified Uses**?

BFI Locked Box funds can only be used for one or more of the following specified uses:

- (i) feature film development costs;
- (ii) feature film production costs; and
- (iii) staff training costs and expenses.

The feature film proposed to be funded with **BFI Locked Box** monies must be:

- a feature length fiction or documentary film intended for theatrical release (feature length being a minimum of 69 minutes);
- capable of obtaining theatrical and video release certificates no more restrictive than BBFC '18'; and
- capable of qualifying for certification as a **British Film** through:
 - i. Schedule 1 to 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 1992.

Full guidance on British certification and tax relief can be found here:

<http://www.bfi.org.uk/film-industry/british-certification-tax-relief>.

Feature film development costs can include: commissioning original ideas including writer fees and director development costs; payments to acquire or option rights to adapt works for the screen; research costs; a contribution towards overhead costs or fees of the producer (but these cannot be the sole use of the **BFI Locked Box** funding); reasonable legal costs associated with commissioning the development project; script readings with cast; script editor; executive producers/mentors; preparation of visual references, storyboards or trailers; recce or location scouting; preparation of production budgets and schedules; casting.

Feature film production costs will mean the direct investment into the film as demonstrated by the finance plan for that film. Please note that if you use **BFI Locked Box** money for feature film costs it will count as 'state aid' investment in that film - this is permitted but we will first need to verify the total amount of state aid in the film in question in order to comply with European Commission requirements. This is quite simple for us to work out (we will need a copy of the budget and the finance plan for the film) and we will discuss it with you at the relevant time.

Staff training costs and expenses should be associated with skills development particularly in film-related activity.

How do I know if I have a BFI Locked Box?

If you are the UK [producer](#) of the film you will have a discussion with our Business Affairs department at the time you are repaying the BFI's development funding or are offered a BFI production award about the [BFI Locked Box](#). If you are eligible you will be sent a [BFI Locked Box Contract](#) confirming your entitlement(s) and setting out the terms and conditions of access to the funds. If the BFI has allowed you to defer repayment of the BFI development award then you will not be issued with a [BFI Locked Box Contract](#) until BFI has recouped at least £10,000 of the original development award amount.

If you are the UK [writer](#) or [director](#) of a BFI funded film you will be told by our Business Affairs department, most often via the UK [producer](#), at the time that the film goes into production that you are entitled to a share of funds from BFI Locked Box. You will then be sent a [BFI Locked Box Contract](#) confirming the entitlement and setting out the terms and conditions of access.

If we have not contacted you in this way you will not have access to a [BFI Locked Box](#).

How can I get funding from my BFI Locked Box?

If monies have accrued to you in a [BFI Locked Box](#) you will need to submit an application to draw-down those funds. The application form and instructions on how to submit it will be attached to your [BFI Locked Box Contract](#).

The application form will ask you for details on how you propose to spend the [BFI Locked Box](#) monies together with sufficient information to enable us to determine that it is an allowable [Locked Box Specified Use](#). If your request is for feature film development or production we will not have a creative say or input into the project (unless we are also a development and/or production funder of the project through a separate Lottery award) but we will need sufficient information to be able to determine if the Film project is capable of qualifying as a [British Film](#) and that the proposed spend is legitimate.

As a minimum we will ask for the following:

For feature film development - title of project, details of writer, underlying work (if any), storyline of approximately 20 words, information about any other attached elements.

For feature film production - title, details of writer and director, budget, finance plan, storyline of approximately 20 words, brief information about other attached elements or copy of interim British Film certificate.

For staff skills training - details of the trainee, trainers (including brief outline of course details) and evidence of the cost of course.

How does the BFI monitor this spending?

Depending on the [Specified Use](#) we will cashflow the funding in instalments with payments being made upon receipt by BFI of certain deliverables. These might include copies of invoices relating to budgeted expenditure, a draft of the script to verify that work has been done, a copy of an underlying rights agreement (if

funding is for the acquisition of rights), a copy of the interparty agreement evidencing your investment in the film (if funding is for the production of a film).

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

I am a writer and don't invest in feature film production. What can I spend my Locked Box money on?

You can apply to draw-down your [BFI Locked Box](#) monies for any of the [Locked Box Specified Uses](#) but we acknowledge that you will most likely want to apply for writing fees to allow you to work on a new screenplay. In order to ensure that the funding is being spent correctly:

- we would only allow you to pay yourself the same amount of funding (per draft/set of revisions) that you received on the film that earned you the Locked Box monies (unless your quote has increased substantially as demonstrated by your last two commissions in which case you will need to show us your last two writer agreements with third party producers); and
- we will ask you for evidence of the completed work for monitoring purposes.

I am a director. What can I spend my Locked Box money on?

You can apply for funding for any of the [Locked Box Specified Uses](#). If you want to apply for development funding to enable yourself to work on a new screenplay then we would look at the same items as we have for the writer above.

When does money go into the BFI Locked Box and how do I find out how much has accrued?

The money goes straight into the [BFI Locked Box](#) when we receive it. Balances are monitored by our Production Finance department and they will notify you from time to time if and when more than £5,000 has accrued to your [BFI Locked Box](#).

Can I have more than one BFI Locked Box?

Yes. You can have a [BFI Locked Box](#) in relation to any of your films that are funded by the BFI and have gone into production (subject to the dates for commencing these initiatives).

Do I have to apply to spend my Locked Box money on projects with the original team for the film?

No. The [BFI Locked Box](#) is personal to you or your company and you can select projects for funding without involving the original team of filmmakers from the film which first generated the [Locked Box](#) monies.

Do I have to pay the BFI Locked Box funds back?

If your entitlement is from the [BFI Corridor](#) then the funds are technically repayable from any net profits you receive from the original film.

If you use the [BFI Locked Box](#) funds on feature film development or production you do not have to repay the funds to BFI from the exploitation of the film - ie. the [BFI](#)

[Locked Box](#) funds are effectively a grant to you rather than a repayable loan from us.

What are the terms and conditions of the BFI Locked Box Contract?

In addition to the terms outlined above, the basic terms and conditions include the following:

1. You can draw-down any [BFI Locked Box](#) monies that have accrued to you in tranches of no less than £5,000 each (unless a lower sum is agreed with BFI or to close the [BFI Locked Box](#)).
2. If you draw-down [BFI Locked Box](#) monies for feature film development and production our standard terms of finance do not apply so we will not require a share of copyright, repayment or net profit participation. No VAT will be payable on these [BFI Locked Box](#) grants.
3. Access to the [BFI Locked Box](#) is available from the date the [BFI Locked Box Contract](#) is signed until 10 years from the date that funding is first received into the [BFI Locked Box](#) account.
4. In the case of a [Locked Box](#) to the UK [producer](#) (which will be in the name of the UK [producer's](#) company), the UK national or resident [producer](#) will be named as a key person in the [BFI Locked Box Contract](#) and the entitlement will terminate if he/she ceases to be actively involved in the UK film business through that production company.
5. If an aggregate amount of more than £20,000 has accrued or is shortly to accrue to you (as UK [producer, co-producer, writer or director](#) (as applicable)) in all of your [BFI Locked Boxes](#) then you will need to apply to us to use any excess over £20,000 before you can apply for further BFI Film Fund money for any of your projects.
6. The UK [producer](#) must ensure that a portion, if not all, of any monies accrued to its BFI Locked Boxes are included in any finance plan to be submitted as part of any general application to the BFI Film Fund for production funding (whether general production, documentary or completion). Where only a portion is included, BFI may require that such proposed portion be increased.
7. As the [BFI Locked Box](#) money comes from the National Lottery funding you will be required to acknowledge the source of funding by placing the BFI National Lottery logo together with the following strapline "Made with the support of the BFI Locked Box initiative" (or as otherwise advised by BFI) in the end credits of any film that has used [BFI Locked Box](#) development or production funding.
8. On termination or expiry of the [BFI Locked Box Contract](#) any sums outstanding in the [BFI Locked Box](#) shall be retained by BFI and treated as recouped lottery funding (i.e. applied towards future projects promoting film in the UK).

If you require further information about the [BFI Locked Box](#) initiative please send an email with your question to filmfundcoordinator@bfi.org.uk.

