



BFI  
GUIDE  
TO  
APPLYING  
FOR  
FINANCING  
FOR  
INDEPENDENT  
CINEMAS

Making an application to the  
**CULTURE RECOVERY FUND  
FOR INDEPENDENT CINEMAS**  
IN ENGLAND

Published 10 August 2020



Department for  
Digital, Culture,  
Media & Sport

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# INTRODUCTION

Thank you for your interest in the Culture Recovery Fund for Independent Cinemas in England, which is being administered by the BFI, and welcome to our guidelines. Please read them carefully before applying as they include important information as well as useful links that may be of interest to you.

On 5 July 2020 the UK Government announced a major support package to help protect cultural and heritage organisations from the impact of COVID-19.

The Culture Recovery Fund for Independent Cinemas in England forms part of this package and is intended to recognise the vital work being done by independent cinemas of all sizes in communities across England.

This Fund will provide Grants only.

The global shutdown caused by the COVID-19 pandemic has had a significant impact on the UK cultural and creative sectors including the closure of all cinemas across the UK. The BFI believes that, in order to help secure and maintain a healthy, resilient and world-class film exhibition sector for the future, we need to support independent cinemas through this unprecedented and challenging time. We also believe this is an important opportunity to reaffirm our commitment to a diverse and inclusive film culture – one which offers all audiences the opportunity to experience the full riches of on-screen storytelling. We want cinema to reflect our experiences and our lives as well as to offer us different perspectives and to open up a world beyond our own. The essence of film is to transport us and this is at its most powerful in the collective setting of a big screen cinema venue.

The Culture Recovery Fund for Independent Cinemas in England (the Fund) covered by these guidelines is intended for independent cinemas across England whose businesses have been unavoidably interrupted by the COVID-19 pandemic, and will continue to be disrupted upon re-opening.

The purpose of the funding is to sustain viable and important cultural institutions in the most value for money way possible, addressing the sudden shortage of income arising from the COVID-19 pandemic, but not necessarily operating in the way that they were before the COVID-19 pandemic. Applicants will therefore need to ensure that their organisations are taking any difficult decisions necessary to ensure this funding is delivering value for money whilst continuing to offer a rich film programme to their communities.

Organisations should choose the most appropriate approach for their particular circumstances, considering financial viability, and public benefit, including the economic benefit to the wider eco-system. Organisations should only propose to deliver activities which are good value for money with social distancing in place, and which do not entail significant financial risks for their organisation.

When organisations make this assessment, they should factor in the assumptions about social distancing requirements (details of which are in these guidelines in the section '[Government assumptions about public health context for business](#)'). Organisations should also ensure that they do not propose activity which represents significant risks if the situation worsens, and be aware that they will need to operate for the remainder of this financial year within the funding envelope allocated to them.

We will be offering 'Safety Grants', to enable cinemas to put the necessary measures in place to ensure the safety of their workforce and the public, and 'Business Sustainability Grants' to enable cinemas to reach a break-even point during their first few months of opening, if reopening represents a better value for money option for those organisations compared to staying closed. The Fund will be open until 30 October 2020 and cinemas can apply for either or both grants.

# CAN I APPLY?

The Fund is intended for independent cinemas across England, registered and centrally managed in England.

Due to limitations on funding, this Fund is directed solely at cinemas that are building based and provide a year round film programme. If you are a mixed artform venue you can apply for a Safety Grant and may also be eligible for a Business Sustainability Grant but, in the first instance, you should check if you are eligible for [Arts Council England funding](#). If not, you can apply here but please be specific about which costs are related to cinema as we will not be able to cover any costs that pertain to other artforms. The BFI will liaise with other funding distributors (especially [Arts Council England](#)) to ensure there is no duplication of funding.

You can apply if you are an organisation that runs a maximum of 18 cinema sites, but each individual cinema must meet eligibility criteria B, and also eligibility criteria C if applying for a Business Sustainability Grant, and the application must be able to demonstrate this in the financial accounts provided.

This funding is not intended for other exhibitors such as film festivals or touring providers.

## **PRIORITY FOR FUNDING**

Priority will be given to applicants that play an important role in levelling-up their region, in particular protecting cultural assets in places where there are a limited number of cultural organisations relative to the size of the populations, where they are the only publicly funded organisation and/or a key part of the cultural fabric of that place.

We will recognise any particular cultural significance that an applicant is able to demonstrate. Further details on this and other government priorities for the funding are outlined in the assessment criteria.

## ELIGIBILITY CRITERIA A FOR ALL GRANTS

There is not a single definition of an independent cinema but your organisation will be expected to meet **at least three of** the eligibility criteria below:

**MY ORGANISATION IS NOT A SUBSIDIARY OR AFFILIATE OF A LARGER ORGANISATION**

**MY ORGANISATION HAS CONTROL OVER ITS OWN DECISIONS REGARDING, FOR EXAMPLE, CAPITAL DEVELOPMENTS, OPERATIONS AND PROGRAMMING POLICIES - THERE IS NOT A SEPARATE 'HEAD OFFICE'**

**MY ORGANISATION IS PRIVATELY OWNED AND IS EITHER SOLELY OWNED OR HAS A SMALL NUMBER OF SHAREHOLDERS WHO ARE FAMILY MEMBERS OR PEOPLE CLOSE TO THE BUSINESS - THERE ARE NO CORPORATE SHAREHOLDERS AND WE ARE NOT LISTED ON ANY STOCK EXCHANGE**

**MY VENUE FORMS PART OF A LOCAL AUTHORITY OR HIGHER EDUCATION PROVIDER**

**MY ORGANISATION IS AN INDEPENDENT CHARITY THAT IS OVERSEEN BY A BOARD OF TRUSTEES**

## ELIGIBILITY CRITERIA B FOR ALL GRANTS

You must be able to confirm **all of** the following **eligibility requirements** to be able to apply for a Safety and/or Business Sustainability Grant from The Culture Recovery Fund for Independent Cinemas in England:

**THE CORE BUSINESS OF MY ORGANISATION IS YEAR ROUND EXHIBITION OF FILM, WITH AT LEAST 5 SCREENINGS PER WEEK AND I HAVE NO MORE THAN 18 INDIVIDUAL CINEMA SITES IN MY ORGANISATION.**

**MY ORGANISATION IS AN INDEPENDENT CINEMA IN ENGLAND AND IS A MEMBER OF (OR HAS APPLIED TO JOIN) THE BFI FILM AUDIENCE NETWORK**

**THE BOARD OR OWNER AND OPERATOR OF THE ORGANISATION HAS CONFIRMED AN OPENING DATE FOR THE CINEMA DURING THIS FINANCIAL YEAR** (we understand that this opening date may be dependent on a successful application).

**THIS APPLICATION IS BEING MADE BY ONE OF THE DIRECTORS/ TRUSTEES OF THE COMPANY/CHARITY WHICH IS REGISTERED, AND CENTRALLY MANAGED, IN ENGLAND.**

**MY ORGANISATION WAS NOT 'IN DIFFICULTY' (SEE STATE AID SECTION IN THESE GUIDELINES) AND FINANCIALLY VIABLE ON 31 DECEMBER 2019**

## ELIGIBILITY CRITERIA C FOR BUSINESS SUSTAINABILITY GRANTS ONLY

You must be able to confirm **all of** the following **eligibility requirements** to be able to apply for a Business Sustainability Grant:

**MY ORGANISATION WAS FINANCIALLY VIABLE BEFORE MARCH 2020 AND I AM ABLE TO DEMONSTRATE THAT WE WERE OPERATING SUSTAINABLY AND/OR NOT AT RISK OF NO LONGER TRADING VIABLY THIS FINANCIAL YEAR, PRIOR TO THE COVID-19 PANDEMIC.**

**DUE TO COVID-19, MY ORGANISATION IS AT RISK OF NO LONGER TRADING VIABLY BY THE END OF THIS FINANCIAL YEAR (2020/21).**

**MY ORGANISATION HAS EXHAUSTED ALL OTHER FINANCING OPTIONS, AND CAN DEMONSTRATE:**

- a. that we have explored all options to access the other forms of government support available, including loans
- b. that we have no other source of affordable funding to sustainably support our organisation this financial year, including commercial lending
- c. the current status of our organisation's reserves
- d. that we have taken all appropriate steps to reduce our costs before applying for grants/loans
- e. that we have and are taking full advantage of commercial and other contributed income streams where possible to minimise call on the public purse. We are able to detail these plans and why other commercial options are not viable. This includes consideration of new and/or innovative approaches where possible within HMG COVID guidance, including:
  - I. Making use of regulatory easements<sup>1</sup> to extend an organisation's hospitality or trading offer.
  - II. Diversifying income streams, such as increasing an organisation's digital offer.
  - III. Extending or maximising opening hours.

**MY ORGANISATION PROVIDES A DIFFERENTIATED SERVICE OR CATERS TO A DIFFERENT AUDIENCE TO OTHER CINEMA PROVIDERS IN MY AREA**

**MY ORGANISATION IS ABLE TO DEMONSTRATE THE FOLLOWING:**

- how we are adapting to changing operational practices during the COVID-19 pandemic; and
- that we are able to move towards a break-even position if successful in this application.

The Fund will be open for applications from 10 August 2020 and will close on 30 October 2020. You may apply at any point and we will aim to make a funding decision within 20 working days of receipt of your application.

If you have read these guidelines thoroughly and are still unsure if you are eligible to apply, please email us at [audiences@bfi.org.uk](mailto:audiences@bfi.org.uk)

1. Making it easier for premises in England serving food and drink such as bars, restaurants and pubs to seat and serve customers outdoors through temporary changes to planning procedures and alcohol licensing. Alcohol licensing changes will allow operators to serve alcohol for consumption off the premises.

# CULTURAL POLICY GOALS

For Business Sustainability Grant applications only, we will expect you to respond to questions on **Diversity & Inclusion, Environmental Impact** and **Education Engagement**. Although not all are a requirement for funding, the larger your grant, the more ambitious we expect your proposals to be. Please note that we are not looking for such proposals to be implemented immediately but you should detail your ambitions and, if you seek future financial support from the BFI or the BFI Film Audience Network, you will be asked to provide an update on your progress.

## **BFI DIVERSITY STANDARDS**

Inclusivity for us means having a film culture that stretches across the UK in a meaningful way with everyone able to engage with film, culturally and professionally, regardless of their identity, background, and/or circumstances.

We have developed the [BFI Diversity Standards](#) to help applicants contribute to these aims. We ask applicants to embrace the Standards and consider how they can implement the core principles within their organisations. This means exploring the positive implications and opportunities of supporting meaningful representations of diversity on screen, in leadership and creative practitioners, through providing access and opportunities to industry, and through a commitment to ensuring greater access for as wide an audience as possible.

All applicants will be expected to demonstrate how they plan to actively engage with the BFI Diversity Standards and we especially welcome applications that build on good work already being done in this area.

Some examples of what might be covered include: a commitment to improving the diversity of your Board and senior staff; proposals for working with programmers from minority backgrounds; programming/marketing initiatives designed to reach under-represented audiences; projects to engage local communities in the life of your venue; audience access initiatives. There are resources available to help you develop your ideas including, but not limited to, [Inclusive Cinema](#), [The UK Cinema Association](#) and [The Independent Cinema Office](#).

## ENVIRONMENTAL IMPACT

Applicants will be asked to demonstrate their commitment to reducing negative impact on the environment. We are keen to recognise and build on the work already taking place in this area and to encourage those not yet integrating environmental considerations into their planning to do so.

All recipients would need to demonstrate a commitment to Government targets on achieving Net Zero by 2050 and to climate disclosures.

At application stage you will be asked to include your environmental policy and/or strategy as an attachment. If you don't yet have an environmental policy in place, please create a draft version and describe in your application when you will introduce it. The most useful policies are accompanied by key actions and dates for implementing these.

You can find links on the [BFI website](#) to some resources that you may find useful when considering your organisation's environmental strategy and how to minimise your organisation's impact on the environment.

## EDUCATIONAL ENGAGEMENT AND YOUNG AUDIENCES

The heart of the BFI's purpose is to encourage and deepen audience enjoyment and appreciation of the breadth and depth of moving image culture. We want young people to have access to the full range of filmmaking, wherever they live and whatever their circumstances, and to have the confidence to engage with film as an art form and as an outlet for their own creativity. Such access and confidence often begins with education and it is therefore a priority for us to maximise opportunities for education and engagement with young audiences through this funding.

We understand that some organisations will have difficulty in meeting this cultural goal and we can support organisations that are unable to do so. Although not an absolute requirement for funding, priority will be given to applications that demonstrate a commitment to increasing educational activity and to engaging young audiences.

Organisations will be expected to set out any existing educational work and the young people they work with, and commit to increasing and/or expanding this work. If you do not have an in-house education programme, please focus on how you will boost young audiences and what you can do to increase your educational work in the future (this could be formal or informal education).

Such activity might include, for example, filmmaking workshops, after school/ weekend film clubs, participation in the Into Film Festival, young audience ticket schemes or young programmer groups. You can find information on working with young audiences online at: [ICO](#), [Bigger Picture](#), [BFI Education](#), [BFI NETWORK](#) and [Into Film](#).

Improvements or developments you might undertake could include:

- increased numbers of young people going through existing education programmes
- new or expanded educational programmes
- educational resources being made available e.g. online
- partnerships with organisations such as Into Film, Screenskills, BFI Education and BFI NETWORK.

# WHAT CAN I APPLY FOR?

It is acknowledged that the independent cinema sector will continue to face great difficulties, even with re-opening of cinemas being allowed from 4 July 2020. In particular, the need for social distancing will incur additional costs and there will be a shortfall in earned income (box office, advertising, ancillary trading and private hires) that is not, and cannot be, covered by other sources. Such other sources might include existing or new third party funders, insurance claims or financial support from Government backed COVID-19 schemes such as the [Coronavirus Job Retention Scheme](#).

There are two strands of funding available:

- A. Safety** grants to enable independent cinemas to ensure that their building and environment is safe to open for both the workforce and the public.
- B. Business Sustainability** grants to support independent cinemas to operate viably under the restricted conditions imposed by the COVID-19 pandemic.

Organisations can apply for either of the above, or both. You can also apply for both a Safety Grant and a Business Sustainability Grant at different times. Further details on eligible costs for each are below.

## A. SAFETY

Grants of up to £10,000 directly relating to costs that will ensure your building and the environment are safe for both the workforce and the public in readiness to reopen.

For guidance on safely re-opening your cinema, [please click here](#)

The level of grants will range from £2,500 to £10,000 per cinema site and will be based on demonstrable need. Organisations applying with multiple cinema sites should demonstrate evidence of bulk buying in order to achieve economies of scale.

### Eligible costs for Safety Grants

Eligible costs could include, but are not limited to:

- Small equipment costs to ensure the building meets COVID-19 safety regulations.
- Additional costs to ensure the access provision you have in place for disabled audiences and staff is fully functioning.
- Personal protection equipment for staff, where necessary.
- Staffing costs directly relating (and not covered by other means) to ensuring the building and environment are safe for the workforce and public
- Consultants to assist with your risk register or staff training.
- Tech costs e.g. software upgrades to enable booking systems to take into account social distancing and digital ticketing.

### Ineligible costs for Safety Grants

The following costs are ineligible for Safety grants:

- Costs or losses not incurred as a result of the COVID-19 pandemic.
- Costs for items not relating to safety measures.
- Costs relating to political campaigning or the promotion of religious beliefs.

Safety Grants are solely for costs incurred as a direct response to the COVID-19 pandemic to help ensure your venue is ready and safe to re-open for public audiences, as well as maintaining safety measures for your workforce. Our funding cannot be used to pay other financiers or repay other third party funding sources.

## B. BUSINESS SUSTAINABILITY

Grants will be available to independent cinemas in England to help reopen, when it is viable to do so, by enabling reach a break-even<sup>2</sup> point in their first few months while operating under restricted conditions imposed by the COVID-19 pandemic, such as social distancing and audience attitude. It is envisaged that the majority of grants will be in the range of £30,000 to £200,000 (in total) per cinema site<sup>3</sup>. Larger grants may also be made at the BFI's discretion where there is a demonstrable need and all assessment criteria are strongly met. Organisations applying for multiple cinema sites should pay particular attention to State Aid restrictions, details of which can be found later in these guidelines.

Organisations should only make the decision to reopen on the basis that this represents the most value for money route to long term sustainability. Organisations should factor in risks, and the social distancing guidance as set out below. Organisations which cannot demonstrate this will be encouraged to remain closed.

Grants can only be used to support costs that relate to ensuring the viability of the cinema operations in your venue, such as covering income from box office and concessions lost due to reduced capacity. Successful grants must be made on or before 31 December 2020 and funds must be accessed in full before the end of March 2021. As the grants will be based on forecast figures, we will require regular cost reports against payments, which may alter through the grant period depending on actual figures.

## Eligible costs for Business Sustainability Grants

Eligible costs include:

- Essential business expenditure, such as staff salaries and fixed/operational costs
- The up-front costs of re-starting activities that will drive future income, such as screenings and marketing
- Financial support for income gaps that arise due to lower capacity
- Programme costs for social and education programmes (linked to funding conditions)
- Redundancy pay outs where decisions have been made to reduce staff
- Advice from professionals, for example on risk, how to support staff or on new business models
- Supporting costs that ensure a sustainable future financial recovery, including:
  - i. running an immediate risk management review and testing actions identified as needed to safeguard the organisation
  - ii. reconfiguring business plans, governance and activity needed to help safeguard the future of your organisation

2. The point at which total cost and total revenue are equal. There is no net loss or gain, and one has broken even, though opportunity costs have been paid and capital has received the risk-adjusted, expected return. In short, all costs that must be paid are paid, and there is neither profit nor loss.

3. Organisations applying with multiple cinema sites should note that we are hoping to support as many organisations as possible with this funding so we may offer less funding than requested.

- iii. organisational restructures and mergers where these have been identified as the most cost-effective way of sustaining an organisation

- Costs incurred in stabilising reserves up to the equivalent of 8 weeks of reserves, for example where reserves were previously accessed to meet costs of safely reopening, where it can be demonstrated that this is the best route to long term financial viability.

For equipment costs to enable compliance with social distancing and other public health requirements, please see details of the SAFETY grants detailed above.

### **Ineligible costs for Business Sustainability Grants**

- Anything that contravenes Government's advice on COVID-19.
- Costs incurred or committed before the COVID-19 pandemic or payment of deferred fees.
- Operating costs that organisations incur beyond 31 March 2021.
- Historic debt prior to 1 March 2020 such as interest on bank loans unless in exceptional circumstances where it can be demonstrated that this is the best route to financial viability.
- The remaining salary costs for staff on furlough not covered by the Government's Job Retention Scheme, or any additional salary costs above the furloughing cap.

- Costs that are eligible to be covered by other support, for example:
  - i. The Job Retention Scheme
  - ii. Deferring VAT and other tax payments
  - iii. The Statutory Sick Pay relief package for SMEs
  - iv. The 12 month business rates holiday for retail, hospitality, leisure and nursery businesses in England
  - v. The 12 month business rates holiday for retail, hospitality, leisure and nursery businesses in England
  - vi. Small business grant funding of £10,000 for all businesses in receipt of small business rate relief or rural rate relief
  - vii. The Coronavirus Business Interruption Loan Scheme offering loans of up to £5m for SMEs through the British Business Bank
  - viii. The HMRC Time to Pay Scheme
  - ix. The Self Employment Income Support Scheme.
  - x. Refloating services beyond equivalent of 8 weeks of reserves
- Costs related to political campaigning or the promotion of religious beliefs.

For further information on these schemes and other relevant information, please visit the Government's COVID-19 Support for Business page [here](#) and the BFI's COVID-19 support page [here](#).

# HOW DO I MAKE AN APPLICATION?

Applications can be made at any time up to the closing date of the Fund, and you will need to complete an application [online](#).

You can make an application for a Safety Grant and/or a Business Sustainability Grant and may wish to apply for both at separate times.

When first using the online application tool you will need to create an account: this allows your applications to be saved and reviewed before submission. Once the account is set up, future applications will be pre-populated with your contact details. You will be able to access all your past online applications and in-progress applications at any point by logging into [your account](#).

If you need additional support using the application form please contact us on [audiences@bfi.org.uk](mailto:audiences@bfi.org.uk)

## CONTENTS OF THE APPLICATION

Along with core details about your organisation, the application form will ask you for:

- The amount you are applying for along with an attached itemised list. For Safety Grants this should be a fully costed list of equipment/adjustments and include VAT. For Business Sustainability Grants you will be required to fill in a financial template.
- An overview of your organisation's work demonstrating how you contribute to the UK film exhibition sector and to the local and wider neighbourhood.
- An overview of the expected impact of any support from the Fund.

**If you are applying for a Business Sustainability Grant, you will also be required to supply the following:**

- An outline of your main goals for diversity and inclusion taking into account the priorities of the [BFI Diversity Standards](#), but reflecting your location.
- Your organisation's environmental policy and/or strategy. If you don't yet have an environmental policy in place, please create a draft version and describe in your application when it will be introduced.
- Details of your planned education activity.
- A narrative that explains what income you expect to lose due to COVID-19 and what measures you've taken to mitigate the impact these revenue losses have on income (including applying to Government COVID-19 support initiatives, use of reserves where applicable or new approaches to generating revenue) and a summary of the status of these measures (evidencing that you have exhausted all other reasonable options or are awaiting responses), including philanthropy, commercial and other contributed income streams.
- A clear plan towards future financial viability. This plan must look to the longer-term, not just the next few months, and it is important that decisions are not made to reduce costs in the short term that significantly impact the viability of an organisation beyond that. Plans should show evidence of adaptability and flexibility to a changing external environment over the coming months as per the 'Assumptions about public health context for business planning' from Government included below. Information supplied should include:
  - A plan and a budget showing the most cost-effective route to sustainability; the plan should cover all relevant areas of your cultural business including staffing, cost control, approach to programming, marketing and communication plans, ancillary trading etc. It should also detail any ambitions to build income or diversify into new income streams to ensure your future viability.
  - Detail of the measures you have put in place, or intend to put in place, to ensure your building is COVID-19 secure for workforce, visitors and the public.

- Evidence that robust financial controls are in place along with clear systems for monitoring income/expenditure and internal procedures for reporting and accountability.
  - A recent risk assessment with dates for ongoing review on the template supplied.
  - A copy of your post COVID-19 Health & Safety policy
- Your Financial Information should demonstrate that:
- prior to the pandemic you were operating sustainably, and/or not at risk of no longer trading viably this financial year
  - you have taken all appropriate steps to reduce your own costs before applying
- The majority of the below will be included in the template supplied but financial information should include:
- Re-forecast figures and cash flow statement for 2020-21 based on the assumption of at least 6 months disruption using the template supplied.
  - Most recent audited or independently examined full year statutory accounts.
  - Statutory accounts for 2017/18 and 2018/19 if we have requested them.
  - Management accounts (including income and expenditure statement and balance sheet) as at 31 March 2020 as certified by your Board.
  - Original monthly budget (including income and expenditure statement and balance sheet) by month for the period to 31 March 2021 as certified by your Board.
  - Your revised reforecast by month (including income and expenditure statement and balance sheet) for the period to 31 March 2021 as approved by your board (ie post COVID-19) and including full notes as to the underlying assumptions and changes in this against the budget and details of all new income due or received as a result of other COVID-19 measures (see list above).
  - Monthly cashflow to 31 March 2021.
  - A forecast income and expenditure statement for the period to 31 March 2022 and an explanation of the assumptions underlying this.

You will also be asked to confirm on your application that your organisation has an anti-bullying, harassment and racism policy in place. Please see [here](#) for further guidance on this.

Providing all this information will allow us to process the grant at greater speed if your application is successful.

All information provided is treated in confidence.

Questions regarding the fund or application process should be submitted by email to [audiences@bfi.org.uk](mailto:audiences@bfi.org.uk)

### **Government assumptions about social distancing and the public health context for business planning**

All applicants should provide plans for October 2020 – March 2021 based on the same central assumptions on social distancing and the public health context for England. Applicants should put forward a value for money plan to operate assuming public health guidelines at 10 August 2020 continue. In particular, organisations should assume that settings remain open as currently permitted, in line with the performing arts guidance, the museums, heritage and galleries guidance, and other relevant guidance (including that indoor and performances can resume if social distancing is maintained) and also assume that social distancing continues at 2m/1m+. Organisations will need to consider how their plans can be as flexible and resilient to any further changes as far as this is possible.

- 1 [Social distancing measures](#)**, including the need to maintain distance at 2m or 1m+ as well as mitigations and particular considerations for higher risk groups. We expect this will continue to constrain demand for many organisations, both in terms of venue capacity but also consumer demand. Consumer demand is likely to continue below standard levels for the time being, while gradually picking up if the health situation allows and consumer confidence returns. However, this may vary across demographics, given the different levels of risk that the virus presents for them. Organisations will want to consider how their typical customer base is likely to respond to continued social distancing measures.
- 2 [International travel restrictions](#)**: current advice is that all but essential international travel should be avoided. This means that organisations that rely more heavily on international tourists for their customer base might be more significantly affected. Organisations will want to consider how ongoing travel restrictions both from and into the UK will impact their ability to tour and receive international customers and shows.
- 3 The [Contain Framework](#)**, which sets out how national and local partners will work with the public at a local level to prevent, contain and manage outbreaks. This includes measures to close specific sectors or areas and restrict movement of people, and gatherings.

- 4 The [performing arts guidance](#), [museums and galleries guidance](#), [heritage guidance](#) and [cinema guidance](#), and other relevant guidance for particular organisations, sets out how organisations should undertake activity in a Covid-secure way. Organisations should ensure that any activity in their plan adheres to this, and other relevant guidance.

The path of the virus is uncertain and it is therefore impossible to predict between now and March. The above is not a prediction or a vision for how the context will play out in the remainder of the financial year. As set out in more detail in [the government's roadmap](#) for recovery, any further steps to continue to open up the economy will be dependent on the state of the epidemic at the time, and the trajectory of cases being stable or remaining in decline. Similarly it will be necessary that local outbreaks are identified quickly and quashed; a resurgence in the virus may require tighter restrictions. It is in that context that we ask organisations to prepare plans setting out the most value for money plans within current guidelines, whilst accepting that the exact path may vary.

# WHAT HAPPENS TO MY APPLICATION?

Once you have submitted your application, we will confirm by email that it has been received and a unique reference number will be assigned to the application. You should receive this acknowledgement within 5 working days of submission.

## **A. ELIGIBILITY CHECK**

We will check that your application is eligible for funding using the criteria identified in the 'Can I apply' section. Incomplete applications will be considered ineligible so please ensure that you complete all sections on the application form with the information requested.

If your application is ineligible, we will send you an email to inform you that your application will not be progressing further. Given the tight turnaround needed to assess applications, we will not allow applicants to resubmit, but we may at this stage allow you to rectify an error on your application if this is the sole reason that it is ineligible.

If your application is eligible, it will progress automatically to the assessment stage.

## **B. ASSESSMENT**

We expect a large number of applications to the Fund and priority will be given to applicants that play an important role in levelling-up their region, in particular protecting cultural assets in places where they are the only publicly funded organisation and/or a key part of the cultural fabric of that place.

If your project is eligible, a detailed financial assessment will be undertaken and, for applications to the Business Sustainability strand, we will then assess your application against the following criteria:

- 1** How your cinema contributes to the UK film exhibition sector.
- 2** If your cinema is in a location where there is a limited supply of cultural organisations, relative to the size of the population in that location, and whose loss would reduce any cultural engagement opportunities for audiences.
- 3** If your cinema is in a location with low cultural engagement, and whose loss would reduce engagement opportunities for underserved audiences, including young people.
- 4** If your cinema is a vital cultural organisation in its location, to include:
  - i.** those that provide employment opportunities and drive economic growth in their location
  - ii.** those that are most used and valued by their communities
  - iii.** those that attract tourists to the local area
  - iv.** those that have a key role in enhancing human capital and creative skills within their place including nurturing a diverse and growing talent pipeline
  - v.** those that are anchor institutions within their place
- 5** If your cinema provides a differentiated service, or caters to a different audience, than a cinema multiplex in the area.
- 6** If your cinema has a track record of growing audiences, particularly amongst demographic groups that historically have a lower engagement with cinema.
- 7** If your cinema is supporting participation, particularly amongst under-represented or disadvantaged groups, and has other approaches that support positive social outcomes, such as place-based collaboration.
- 8** Your ambitions for environmental sustainability.
- 9** If your cinema plays an important role in delivering local education opportunities.
- 10** Geographic spread: take into account the need to support cultural organisations across England.
- 11** If your cinema delivers unique programming, film festivals or particularly important audience development achievements.
- 12** If your cinema is recognised as internationally, nationally and or regionally excellent within the exhibition sector.
- 13** If your cinema is nationally important, irreplaceable, or the only cinema in your location.

We may at this point ask you for further information before completing the assessment.

Please note, in some instances, your application documents may be shared with external specialist advisors as well as the BFI in order to ensure a speedy response and accurate evaluation of your position. This will be done on a confidential basis.

Following assessment we will send you an email to tell you that either:

- we have reviewed your application and are not considering it further and that your application is now closed; or
- we intend to take your application forward for funding.

The timeline for this decision is as follows:

<b>STAGE</b>	<b>TIMELINE</b>
Acknowledgement of your application	Within 5 working days of submission
Decision to progress or decline your application	Within 20 working days of submission

We will endeavour to meet, or improve on, the above timeline but due to the number of applications expected there may be delays to response times so please accept our apologies in advance.

To ensure a fair geographic spread of grants, we may have to defer a decision on your application by a number of weeks. If this is the case, we will advise you of this.

A discussion with our Legal and Finance departments will take place and we will undertake due diligence before we are able to formally commit to the project and submit it for approval through the BFI Grant Finance Committee.

## **C. BANK DETAILS AND ID CHECK**

The BFI are required to undertake due diligence assessments of the applications we are recommending to our decision-making committee for funding. Before progressing an application to the committee, we will request the bank details of the organisation.

We will also request the personal address and date of birth of the applicant. Please note that our request for this information is not an indication or confirmation of funding and you will be informed separately of the funding decision on your application. We will use this data to run an identity check on you, as the lead contact person for your organisation. Please note that this is not a credit check and will not affect your ability to receive credit from other organisations. We will be unable to submit your application to our decision-making committee until we have received your completed form.

## **D. GRANTS FINANCE COMMITTEE**

Once the elements are agreed, the BFI Audiences Team will make funding recommendations to the BFI Grant Finance Committee for approval.

Successful and unsuccessful applicants will be informed in writing of our decisions as soon as possible. Our decision on whether we wish to support your project is final.

# FEEDBACK

We aim to make the application process as fair and transparent as possible. Please note that due to the high volume of applications we receive, we do not have the resources to provide detailed feedback on declined applications.

Applications may be declined for a number of reasons including, but not limited to, the following examples:

- the application was not eligible
- we didn't feel the application demonstrated a strong enough 'need' for support
- there was insufficient commitment to cultural policy goals on diversity, sustainability, and education/young audiences
- we didn't feel that, even with our support, the business would be sustainable post crisis.

We welcome constructive feedback from you on our application process so that we can continue to improve.

# RESUBMISSION

This is a time limited fund and no resubmissions can be made to the Culture Recovery Fund for Independent Cinemas in England for projects that are declined in relation to these Guidelines, unless you have requested that we allow you to rectify an error on your application.

# SUCCESSFUL APPLICATIONS

If the application is successful, you will be sent an Offer of Funding setting out the terms and conditions attached to the funding. This Offer of Funding must be countersigned and returned to the BFI within 14 days of issue.

The Offer of Funding will contain, at a minimum, the following terms and conditions.

## USE OF THE GRANT

Any grant must be used exclusively for the purpose for which it was requested, in compliance with the COVID-19 Temporary Framework for UK Public Authorities (see section 10), and in accordance with the timetable, as set out in the application or as modified in subsequent discussions with the BFI and must be spent by 31 March 2021. Any further changes should be agreed in advance with the BFI.

## HM TREASURY CONDITION OF FUNDING

Organisations in receipt of this funding will be required, where contracts allow and organisations are legally able to do so, to freeze pay increases for all senior staff and those on the executive team earning £100,000 or more, for at least 18 months, plus 10% pay reductions to pre-COVID pay for those above a £150,000 threshold including cancelling bonuses.

Organisations may choose to apply the pay freeze more widely, but should protect the wages of the lowest-paid in their organisations, ideally paying National Living Wage or more. In addition:

- All recipients would need to demonstrate a commitment to increasing their organisational diversity and the diversity of their audiences
- All recipients would need to demonstrate a commitment to Government targets on achieving Net Zero by 2050 and to climate disclosures
- All recipients would need to demonstrate a commitment to educational activity and/or supporting young audiences
- Where applicable, all recipients would need to ensure they take reasonable steps to protect the heritage assets they are responsible for, in particular their physical estates.

## **BUSINESS OPERATION**

You will be required to ensure that your business has been operating, and will continue to operate, in accordance with all applicable UK laws and statutes and that you comply with all applicable codes of practice including having in place anti-bullying, harassment and racism policies.

## **BRANDING AND PUBLICITY**

All successful applicants will be asked to publicise the decision in a proportionate manner. You will be required to make clear on your website and via social media that you are being supported during this period by the Culture Recovery Fund for Independent Cinemas in England.

Branding guidance will be included in your agreement and you will be required to follow this. If you have any questions about the implementation of branding, please contact the Audience Fund to discuss this prior to seeking BFI approval for your publicity materials.

## **REPORTING, MONITORING AND PAYMENT OF THE GRANT**

The BFI will disclose details of all grants made through this Fund including name of successful applicant, location and amount of funding in press and publicity, on its own website and on the European Commission's Transparency Aid Module database.

As this programme is administered, awarded and monitored by BFI on behalf of DCMS, all successful applicants will be required to participate in a post-programme evaluation and to comply with proportionate progress reporting and monitoring arrangements (yet to be determined). This means:

- Successful applicants will be required to participate in a monitoring and evaluation of this programme, as well as comply with proportionate regular reporting on progress.
- In order to fully evaluate the programme against its objectives, unsuccessful applicants may be also invited to participate with future reporting and evaluation.

Successful applicants will be expected to stay in regular contact with the BFI and to notify us of any developments that may relate to the grant. For example any staffing changes, changes to your cost needs (e.g. a loan holiday is confirmed) as well as updates on any activity you are undertaking during the period which is being assisted by the funding. As the Grant will be based on forecast figures, the grant and payments may vary depending on actual figures.

Cash flow will depend on the size of the grant but please see the following as a guide:

### **Safety Grants**

90% on signature of agreement

10% on submission of:

- a final cost report (certified by your board) against budgeted equipment. We may also ask you for receipts;
- a short report explaining the impact of the funding on your business and;
- an equality monitoring report

### **Business Sustainability Grants**

60% on signature of agreement

30% on submission of an organisational cost report and reforecast figures

10% on submission of:

- a final cost report (certified by your board);
- a report explaining the impact of the funding on your business along with your progress against the Diversity Standards and your ambitions for environmental sustainability and educational engagement; and
- an equality monitoring report.

You will be required to keep records relating to either Grant for a specified time after receipt and allowing the BFI or its designates, including the National Audit Office, reasonable access to your records and premises in order to monitoring use of the grant.

We are keen to ensure this funding will reinforce cultural policy goals on diversity, sustainability, and education. The goals you have outlined in your application will form part of the assessment on any future applications to the BFI. Any organisation which had been supported by this funding, but not made meaningful progress on meeting its ambitions on diversity, sustainability and education after three years (which allows time for activity to reach normal levels again), would become ineligible for future funding from the BFI and the BFI Film Audience Network until suitable progress has been made.

## Repayment of grant

Grants are intended to be for public benefit rather than private gain. The BFI will expect repayment of all or part of the grant if:

- 1** The full grant is not expended in line with the purpose outlined in the application or by 31 March 2020;
- 2** If the commitment to open your cinema by a set date (or a reasonable date thereafter) is not met;
- 3** If you have received a Business Sustainability Grant against forecast figures and actual figures are higher than anticipated in the opening months of your cinema; or
- 4** Your organisation breaches the conditions for aid granted under the COVID-19 Temporary Framework for UK Authorities (see below);
- 5** Your organisation breaches any of the conditions set out in the Offer of Funding or an event of default (as set out in the Offer) occurs.

Any income received by the successful applicant is expected to be applied against the organisational budget. Anything over the 'break-even' point, in actual figures, will be deemed a profit and should be reimbursed to the BFI as an off-set against the amount of the Business Sustainability Grant.

## Other conditions

The Offer of Funding may be terminated and any funding already advanced may be required to be repaid in the event that any of the requirements set out in these Guidelines are breached.

# STATE AID – COVID-19 TEMPORARY FRAMEWORK FOR UK AUTHORITIES

## **Authorities**

Although the UK left the EU on 31 January 2020, EU State aid law continues to apply throughout the transition period. We are working on the basis that any grant awarded from the Fund constitutes state aid. Grants will be provided under the UK Government's umbrella measure "COVID-19 Temporary Framework for UK Authorities" (as notified to the European Commission) (the Scheme) which requires all such aid to be granted by 31 December 2020 and for aid not to exceed €800,000 per undertaking (applicant organisation) under this Scheme (from BFI or another provider). Funding offered under the Scheme must address the sudden shortage or unavailability of finance arising from the Coronavirus outbreak and can only be granted to undertakings that were not in difficulty (within the meaning of Article 2(18) of the General Block Exemption Regulation - see below) on 31 December 2019.

As part of the Offer of Funding you will be required to complete a declaration to confirm that the aid being offered by the BFI will not breach the aid limit of €800,000 (the Sterling equivalent will be calculated using the Commission exchange rate applicable on the date of the Offer of Funding). This declaration may provide details of what other measures we believe are being provided under the Scheme and therefore need to be declared as counting towards the limit (in that regard note that income received under the Job Retention Scheme or National Lottery awards from the Audience Fund/Film Audience Network do not count towards the limit).

All other funders providing aid under the Scheme are required to comply with this same process so if you have received funds (e.g. direct grants, Bounce Back Loan Scheme, guarantees on loans (Coronavirus Large Business Interruption Loan Scheme), subsidised interest rates on loans) that are designated as being under the UK COVID-19 Temporary Framework for UK Authorities measure then you should have already been issued with a similar declaration from that other aid giver and it is advisable to notify BFI of that aid amount and source in your application form to BFI so that we can take it into account when calculating our allowable grant to you.

If it transpires, after completing the BFI declaration form, that the BFI Grant amount takes you above the maximum level of allowable aid we will discuss with you and can adjust our Grant amount to ensure compliance.

You will be required to retain this documentation from BFI, including the declaration form, for a period of four years after the conclusion of the UK's transition from the EU and produce it on request from BFI, other relevant UK public authorities or the European Commission.

*Undertakings in Difficulty definition (Source: Section 2(18) General Block Exemption Regulations)*

(18) 'undertaking in difficulty' means an undertaking in respect of which at least one of the following circumstances occurs:

- A.** In the case of a limited liability company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its subscribed share capital has disappeared as a result of accumulated losses. This is the case when deduction of accumulated losses from reserves (and all other elements generally considered as part of the own funds of the company) leads to a negative cumulative amount that exceeds half of the subscribed share capital. For the purposes of this provision, 'limited liability company' refers in particular to the types of company mentioned in Annex I of Directive 2013/34/EU (1) and 'share capital' includes, where relevant, any share premium.

- B.** In the case of a company where at least some members have unlimited liability for the debt of the company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its capital as shown in the company accounts has disappeared as a result of accumulated losses. For the purposes of this provision, 'a company where at least some members have unlimited liability for the debt of the company' refers in particular to the types of company mentioned in Annex II of Directive 2013/34/EU.
- C.** Where the undertaking is subject to collective insolvency proceedings or fulfils the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors.
- D.** Where the undertaking has received rescue aid and has not yet reimbursed the loan or terminated the guarantee or has received restructuring aid and is still subject to a restructuring plan.
- E.** In the case of an undertaking that is not an SME, where, for the past two years:
- i.** the undertaking's book debt to equity ratio has been greater than 7,5 and
  - ii.** the undertaking's EBITDA interest coverage ratio has been below 1,0.

# BFI FUNDING GENERAL CONDITIONS

- 1 The information in these guidelines can change. The law and Government regulations on distributing public funds may also change. The BFI therefore reserves the right to review this funding scheme and/or change its policies, procedures and assessment criteria.
- 2 The application form does not necessarily cover all the information the BFI uses to decide which applications to fund. The BFI can ask applicants for extra information.
- 3 All applications are made at the applicant's own risk. The BFI will not be liable for loss, damage or costs arising directly or indirectly from:
  - the application process;
  - the BFI's decision not to provide an grant to an applicant; or
  - dealing with the application.
- 4 Please check your application form carefully. The BFI will not process applications which are incomplete or which do not comply with these guidelines.
- 5 The BFI's decisions on applications are final.
- 6 The BFI will not pay any funding until it has received a fully executed copy of the Offer of Funding and any conditions precedent to that agreement have been satisfied or waived by the BFI.
- 7 The BFI will publicise information on the number of applications it receives and the grants made. This information will include the name of the successful applicant, grant amount, project name and project details.

- 8 The Freedom of Information Act 2000 gives members of the public the right to request certain information held by the BFI. This includes information held in relation to applications to the BFI's Lottery funding programmes or schemes. Therefore if you choose to apply to the BFI you should be aware that the information you supply, either in whole or in part, may be disclosed under the Freedom of Information Act.
- 9 Sometimes the BFI's Governors or members of staff may be involved in some way with applicants. This interest has to be declared in applications from such applicants. The relevant Governor or staff member will not be involved in assessing the application or the decision to make a grant. Applicants are advised not to try to influence the success of their application by approaching a Governor or staff member.
- 10 It is important that applicants carefully check the information given in the application form. The BFI standard terms and conditions entitle it to withhold or reclaim an grant in the following circumstances:
  - if the application was filled in dishonestly or with incorrect or misleading information about the organisation or the project whether deliberately or accidentally; and
  - if the grant recipient acts dishonestly or negligently to the disadvantage of the project.

The BFI will follow up cases of suspected fraud and will pass information to the police

- 11 The BFI requires that any measures taken by applicants to address under-representation are fully in compliance with the Equality Act 2010 – see more [here](#).
- 12 **Complaints and Appeals:** The BFI's decision is final. Inevitably applications will be turned down and applicants may be disappointed by this result. Formal appeals against the final decision will not be considered unless the applicant has good cause to believe that the procedures for processing the applications were not adhered to, or applied in such a way as to prejudice the outcome of the application. A copy of the BFI's Complaints and Appeals procedure can be obtained on request from the BFI's Communications Office.