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MEMORANDUM

To: Wilf Stevenson
Barrie Ellis-Jones
Chet Shukri

From: Irene Whitehead

Date: 9 January 1989

FUNDING AND DEVELOPMENT BUDGETS 1989/90 - 1991/92

At our recent budget meeting, I was asked to prepare a schedule of F & D grant-aid budgets, assuming a 3% increase annually, and to detail the implications of funding at this level. As follows:

Budget Head	1988/89	1989/90	1990/91	1991/92
RAAs	1,436,310	1,465,036	1,494,337	1,569,054
Direct Grants	931,300	973,000	973,000	953,540
Development (inc R.E.P.F.)	287,035	296,248	348,975	378,207
TOTALS	2,654,645	2,734,284	2,816,312	2,900,801

IMPLICATIONS

1. 1989/90

RAAs - +2%. Second year of 3-year cycle of guaranteed increases. It was hoped that we would be able to create a small contingency to assist RAAs in equal opportunities projects not appropriate to incentive funding criteria. This will not be possible.

Direct Grants - +4.4%. In 1988/89, this budget head was cut to enhance the Development Budget. An increase of this order has been necessary to provide certain one auditorium RFTs and London workshops with increases on "unavoidables" and to bring Nottingham Media Centre on stream, whilst retaining remaining representative bodies, some RFTs and the media centres at cash standstill. WFTVN cut entirely.

Development Budget - +3.2%. Forward planning in this area of incentive funding has been seriously undermined by the Directorate decision to provide Broadway Ltd. with £60,000 which becomes a charge on the DB in 1989/90. The ability to forward plan is the key to the success of incentive funding, which means that one has to be able to predict, with some confidence, successive years levels - Broadway Ltd was an unexpected and undesirable impediment to forward planning. Existing forward commitments on the Budget (inc. Broadway and REPF) total approx £252,000. This means that we will only be able to part-fund one major project (probably the Sheffield Media Centre) additionally in 1989/90 at a time when applications are also anticipated from Leeds, Leicester, Bradford (for exhibition), Fantasy Factory and as a result of the GLA survey (national facilities network) plus smaller requests. F & D urges that the Directorate review the grant level decision by at a minimum restoring the £60,000 appropriated for Broadway Ltd.

2. 1990/91

RAAs - +2%. Third year of 3-year cycle of guaranteed increase. For implications, see 1989/90 above.

Direct Grants - 0%. Cash standstill will be achieved by putting both Cornerhouse and Watershed on three-year decreasing funding and, probably, by cutting a further representative body, in order to provide some flexibility to give "unavoidable" increases to certain RFTs and to provide seed funding to others (Sheffield and Leicester being the most likely candidates).

Development Budget - + 17.8%. It is anticipated that this substantial increase will be necessary to keep pace with the OAL's increased incentive funding targets. Forward commitments in 1990/91 are likely to be to the order of £152,500 (assuming that Sheffield is capital-funded in 1989/90), and it is believed that this budget will still be under pressure because of problems stored up from 1989/90 and the need to bolster existing revenue clients with the means to increase self-generated income to safeguard them against direct grant cuts to come.

3. 1991/92

RAAs - 5%. Because of the potential ramifications of the OAL RAA Review it may be that the whole fabric of the RAA network has altered by this date; or it may not! Assuming that it is still in place, and that our relationship to them has to be maintained, it will be necessary to increase funding to this level at a minimum for film and video activity budgets which will have become dangerously eroded during the 3-year funding cycle.

Direct Grants - (2%) Continuing the process of "sunset" funding for the Media Centres (also to include Nottingham) and cutting smaller London workshops. I still believe that it is a risky process to sacrifice on-going subsidy to one-off incentive funding, but given the OAL position, I cannot see a viable option.

Development Budget - + 8.3% for implications see 1990/91 above. It is difficult to accurately predict forward commitments so far in advance as many of them will be dependent on long-term commitments entered into in 1990/91, but they could be to the order of £150,000.

In Conclusion

Given the difficulties predicted in the "Implications" section above, F & D would like to request the following:

1. That the overall increase on total F & D budgets be 4% rather than 3%.
2. That a one-off £60,000 is added to the Development Budget to replace the Broadway Ltd grant and to allow another exhibition project (and valuable small projects) to be funded in 1989/90.

Irene Whitehead

P.S. At the time of writing, I had yet to receive the annual submissions from the RAAs. This year, I asked them to identify potential development budget applications from their regional clients to the BFI. The number of responses already received indicate an approximate total request of £200,000+

in addition to the projects already logged by BFI. Whilst not all of these projects are likely to meet the criteria of/attain priority in the Development Budget, they are an added indicator of the need to increase this budget head without a knock-on detrimental effect on Direct Grants.

CONTINUED AND ENCLOSED IN SEPARATE SHEET

As a recent budget has been considered, it appears that the Development Budgets, as a result of the current financial situation, are likely to be reduced in the coming financial year.

Budget Head	1974-75	1975-76	1976-77	1977-78
RAs	1,100,000	1,100,000	1,100,000	1,100,000
Direct Grants	1,100,000	1,100,000	1,100,000	1,100,000
Development Budget	1,100,000	1,100,000	1,100,000	1,100,000
YOLLS	2,300,000	2,300,000	2,300,000	2,300,000

RECOMMENDATIONS TO THE BOARD

The Board is recommended to consider the above proposals and to decide whether to approve the proposed increase in the Development Budget for 1977-78.

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