

Departmental Minute for Film & TV Production Restart Scheme Contingent Liability

Departmental Minute dated 15 November 2021 reporting a contingent liability in relation to the Film & TV Production Restart Scheme

It is normal practice when a government department proposes to undertake a contingent liability in excess of £300,000 or for which there is no specific statutory authority, for the Minister concerned to present a Departmental Minute to Parliament giving particulars of the liability created and explaining the circumstances; and to refrain from incurring the liability until fourteen parliamentary sitting days after the issue of the Minute, except in cases of special urgency. The Film & TV Production Restart Scheme is one such occasion.

The Film & TV Production Restart Scheme was announced by the government on 28 July 2020 and supports film & TV production across the country that are at risk of being halted or delayed due to an inability to obtain Covid-19 insurance. HMG has established a discretionary compensation scheme which will provide cover for losses associated with certain Covid-19 related delays including Civil Authority restrictions and Cast Losses. Cover is available to purchase for an additional premium. The duration of the cover is from July 2020 to 30 June 2022.

The scheme provides cover for up to £500m in claims with a current maximum contingent liability of £732m. This figure is based on the abandonment of all productions using the scheme, an extremely unlikely scenario. The amount will increase and decrease as productions come on and off the scheme. This is an extremely unlikely scenario and would require all live productions to abandon. While the contingent liability is theoretically unlimited, to retain control of the fiscal risk, the terms of the scheme allow DCMS to close the scheme to new registrations and/or review the value of the Scheme Limit, if it determines that the aggregate value of estimated claims payable is nearing the Scheme Limit of £500m. Our internal central estimate of costs is significantly below this figure.

It is normal that any contingent liabilities should not be incurred until 14 sitting days after Parliament has been notified of the government's intention to incur a contingent liability. There is an exception in cases of special urgency. This is one such occasion.

This policy was developed and implemented at great speed in a time of emergency, while the department was also delivering other innovative support packages. In order to make timely progress, it was necessary that production companies were certain of DCMS's funding commitment in order to restart immediately, as DCMS worked on implementing the scheme. While Parliament was informed via the significant budget cover secured at Supplementary Estimates (which would more than cover the likely costs), a procedural oversight which has only recently come to light, has meant Parliament was not informed of the theoretically unlimited contingent liability.