

# GWENT POLICE AUTHORITY

**Date:** 5 February 2010

**Item No:** 8e

**Heading:** Establishment of the Gwent Independent Film Trust

**Report Author:** Chief Constable

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## **SUMMARY**

The report presents progress in maintaining the Intellectual Property Rights (IPR) for the COW DVD and also in the progress made in establishing the Gwent Independent Film Trust (GIFT).

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## **RECOMMENDATION(S)**

The recommendation is to note progress and endorse the approach.

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### **1. BACKGROUND**

- 1.1 The IPR for the COW DVD was secured in agreement between Chief Executive, Gwent Police Authority and Pro Deputy Chancellor of the University of Wales Newport. The agreement confirmed the commitment to establish GIFT and indicated a period of sixty days (from 29 October) at which time a further agreement would be made to assign the IPR to GIFT.
- 1.2 This report presents progress in establishing GIFT and the actions that have been taken to maintain the legal status of the IPR.
- 1.3 The key stages in the development of this project and these are highlighted below.
  - Stage 1 - Secure the IPR for the COW DVD so sales can be progressed.
  - Stage 2 - Develop the GIFT.
  - Stage 3 - Develop UK Sales Strategy.
  - Stage 4 - Develop World Wide Sales Strategy.
  - Stage 5 - Agree and develop the following:
    - short term financial arrangements
    - accounting requirement
    - legal form of GIFT
  - Stage 6 - Establishment of GIFT.

### **2. GIFT**

- 2.1 The Director of Finance & Administration of Gwent Police and Pro Vice Chancellor University of Newport met together with their respective external auditors on 10<sup>th</sup> December to discuss the formation of GIFT. This meeting considered the progress to date with marketing the DVD and the wider governance structure required to complete with legal, financial and corporate requirements.

- 2.2 The main principle in establishing GIFT is to remove a controlling interest from either organisation or any single member. The establishment removes organisational control and establishes, through articles, a true partnership of equal balance formed in a separate legal entity. This joint venture is reflected as such both legally and through accounting convention (FRS 5). The entity would require a secretary to be appointed, independent banking arrangements, legal advice and auditors to be appointed.
- 2.3 The articles will be formed around the concept that resources would be used to develop broadcast productions relating to policing, community, educational and safety issues.
- 2.4 Discussions have suggested that GIFT is established as a company limited by guarantee. Tax implications would determine whether this is a commercial enterprise or a Charitable Trust.
- 2.5 The checklist to consider in the formation of the GIFT are as follows:
- Type of vehicle (legal entity)
  - Ensure no control (must be balanced)
  - Confirm the objects
  - Confirm how this will be reflected in accounts
  - Consider taxation issues
  - Confirm/forecast future business.
- 2.6 The discussion with auditors suggested that prior to progressing further it would be prudent to confirm the sales revenues and the costs to determine whether such an arrangement was necessary.
- 2.7 A subsequent meeting with the University of Wales, Newport on 15 January 2010 confirmed that draft articles would be prepared for discussion in February at which time progress with sales would be clearer.

### **3. IPR**

- 3.1 The GIFT had not been established by the end of December 2009 and so an extension was agreed between Gwent Police Authority and the University of Wales, Newport for a further 4 months.
- 3.2 The extension secures the IPR to allow sales to progress whilst also enabling time for the formation of GIFT.

### **4. Sales Strategy**

- 4.1 Over the past 2 months a UK sales strategy has been developed.
- 4.2 Progress with the worldwide distribution has been disappointing following an invitation to a competitive process, there were no companies that responded. A discussion commenced with a third company, however, this has now also concluded. The Corporate Communications team at Gwent Police has now agreed a deal with Uniview, a company based in the Wirral, to distribute COW to the UK and overseas markets (excluding North America). The Corporate Communications team is also in discussion with Films Media

Group in New Jersey regarding distribution to the North American market.

- 4.3 The success of the emerging marketing strategy remains unclear. To date income has been received from the BBC for £17,000. Copies of 2,500 DVDs have been produced for the UK and European markets that will be marketed through Gwent Police website, the GIFT website, Uniview and direct mail. The cost of the item will range from £100 per copy (for corporate customers) and discounted for public sector bodies and emergency services on a sliding scale to £25. Postage and Packing will be extra. Copies have already been issued to UK Police Forces.
- 4.4 Overall, current estimates suggest income between £30k and £70k based on interest received through emails to the Corporate Communications team and direct marketing/licensing estimates.

## **5. Interim Governance Arrangement**

- 5.1 It has been agreed that regular monthly meetings take place between Gwent Police Authority and the University of Wales, Newport to monitor progress with sales and develop the framework for GIFT.
- 5.2 Both organisations have incurred costs that will remain in the individual organisations accounts for the next month but reported internally for purposes of transparency.
- 5.3 Sales income relating to receipted in each organisation as follows:
- UK Broadcasting – Gwent Police Authority
  - UK Sales – University of Wales, Newport
  - World Wide Broadcasting and Sales - University of Wales, Newport

This arrangement is the most manageable due to sales mechanisms being established through the University Web Page. This information is being captured in specific cost centre codes to maintain transparency.

## **6. STAFFING / PERSONNEL IMPLICATIONS**

- 6.1 Corporate Communications, Finance and Legal staff are supporting this work.

## **7. FINANCIAL IMPLICATIONS**

- 7.1 The current financial position is summarised below:

<b>Narrative</b>	<b>£</b>
Income from sales	<b>17,000</b>
Expenditure incurred by both parties to date (mainly legal)	<b>40,000</b>
<b>Shortfall</b>	<b>(23,000)</b>

- 7.2 The current status is that there is a financial shortfall. With potential further sales of between £30,000 and £70,000 there is a potential to present a surplus.

7.3 However, prior to the formation of the GIFT it is advisable to ensure income covers expenditure. As the UK and worldwide distribution strategies are now complete, this will emerge in the coming months at which time the establishment of the GIFT will be concluded.

## **8. CONSULTATION**

8.1 Consultation has included the Director of Finance and external auditors, University Of Wales, Newport, the Gwent Police COW Team and Gwent Police Authority external auditors.

## **9. PROJECT ASSESSMENT FOR EQUALITY AND DIVERSITY MATTERS**

9.1 This proposal has been considered against the general duty to promote equality, as stipulated under the Gwent Police Authority and Force's Equality Scheme, and has been assessed not to discriminate against any particular group.

## **10. RISK ASSESSMENT**

10.1 The risks have been considered in the development of this report.

## **11. STAYING AHEAD (2011 REVIEW)**

11.1 There are no implications on the Staying Ahead Programme.

## **12. CONCLUSION**

12.1 The conclusions of this report are:

- The background to the GIFT has been presented.
- The issues to be considered in formally forming the GIFT have been discussed.
- The current marketing strategies have been presented.
- The current financial position has been confirmed.
- The next steps have been proposed.

## **13. CONTACT OFFICER**

13.1 Mr Nigel Stephens, Director of Finance and Administration.

## **14. BACKGROUND PAPERS**

14.1 None

## **15. APPENDICES**

None