SUBMISSION FROM CALEDONIA TV

Economic Impact of the Creative Industries

CALEDONIA TV makes quality popular factual programmes for all the major UK broadcasters and has a growing international slate. Caledonia has produced hundreds of hours for BBC1, 2 & 4, BBC Scotland, BBC Alba, BBC NI, ITV, STV, Channel 4, Five, Sky, RTE, Foxtel, the History Channel Europe, USA and Australia, the Crime & Investigation Channel and Germany's ZDF. The company's genres range from documentary, drama documentary, history, arts, education and current affairs programmes to factual entertainment and children’s shows. The company has been established for 22 years, are based in Glasgow and employ 7 full time staff and 4 part time staff, along with numerous freelance TV professionals.

Response to Terms of Reference

The role of public sector agencies and the effectiveness of the support they provide.

Caledonia’s view is that TV production, especially in our factual genre, has always fallen uncomfortably between the extremes of Creative Scotland and Scottish Enterprise while fitting neither’s brief perfectly. TV production does not easily fit into CS’s Lottery funded film, TV drama and creative documentary remit. It also does not always fit into the changing strategies or “products” of Scottish Enterprise.

On the whole TV fits better into SE as a creative industry but the organisation needs to recognise the need for targeted strategies, such as investment in ideas development or leveraging external funding, to aid companies in competing in the tough UK and international markets.

From Caledonia’s own experience, this was successfully achieved by a former SE strategy the “Creative Industries Development Programme”. In 2003-5, the CIDP matched funds from Caledonia TV 50/50 to hire an experienced Network Executive to create great new ideas, pitch packages, build network relationships and expand our development and production slate. In 18 months, this executive increased our turnover by £1 million and brought in new genres and new clients. While this form of support for development has demonstrably worked, SE have not repeated the strategy.

Direct public production funding and tax breaks can also boost production and business growth, and attract both private investment and international public and private funding to ambitious projects based in Scotland.

Scotland is woefully poorly funded comparatively within the UK, let alone internationally. Recent figures (for Film) revealed that Scotland’s national production fund was £4 million, while Northern Ireland and Wales had £42.8 million and £30 million, respectively, to promote their cultural currency, as well as business growth and local employment.

We will expand on the international aspect in Point 6 below.
The Scottish Government needs to give SE clearer direction to address the TV industry’s specific needs. The TV industry is fast changing and we need to be flexible and adaptable. Existing models or business finance from SE need to be better shaped to aid the independent TV production sector.

- **The role of private sector investment in supporting the video games and the TV and film sectors.**

  Private sector investment will only be attracted by growing, successful companies. Unless the public sector growth strategies are more successfully evolved and targeted to grow the industry, this investment will not come to Scotland. The Scottish TV industry needs a strategy which would aid production companies to create a ‘critical mass’ of production which will attract investment to Scotland - creating jobs, opportunities, exports and wealth.

  Caledonia TV also benefited from another abandoned SE initiative, the Co-Investment Fund in 2005. The private investment in the fund matched SE investment but failed to find sufficient attractive IP in Scotland to expand the scheme exponentially. Public funding, as outlined in Point 1, can help to create the momentum and growth to attract private investment.

- **How the issues that hinder the growth of creative industries can be overcome and how to capitalise on opportunities.**

  Previous national strategies to grow the TV sector in Scotland have failed. ‘Regional’ quotas, designed to increase the amount of production commissioned in Scotland, were easily subverted by the TV establishment, super indies and London companies, through their opening of ‘branch offices’ in Scotland to qualify for regional funding. Top jobs continued to go to London based staff, and profits flowed south and abroad instead of being re-invested in Scotland. Meanwhile, the BBC’s ‘lift and shift’ strategy – which saw Waterloo Road and Question Time parachuted into Scotland – did nothing to create a vibrant centre of excellence and expertise on the Clyde.

  The extraordinary concentration of power and money in London requires a new and more radical strategy. With the rapid advance of digital technology there is no longer any reason for concentrating the industry in one small corner. It is essential to stimulate an indigenous Scottish production sector that will serve the Scottish audience well and seek to produce quality television for the UK and international market.

  The BBC must abandon the “lift and shift policies and move real commissioning power to Scotland. STV faces no pressure to commission independent production and merely grows its own competing production arm. C4’s investment in Scotland is somewhat narrowly focused on a small number of companies and also has no commissioning base outside London.

  The Scottish industry can capitalise on all the opportunities in today’s international media world – but the issues above must be resolved in its home market.
• **How to retain in Scotland those with the necessary creative skills.**

The local TV industry needs to build a critical mass of large scale and returnable production to retain local talent. Training in Scotland is good but people cannot build their careers without a substantive production base to hone and expand their skills and experience. The result is a talent drain to London. On a local scale, Caledonia has partly grown its staff base to 7 through a returning output deal with BBC Alba. This has enabled us to train and progress staff to senior levels within the company. Training is not the problem; growing the production base is.

• **How to support those in the TV and film and video games industries to develop business skills.**

It is Caledonia’s view that business training in Scotland is of a high standard. TRC Media has exemplary training courses and our Head of Production has benefitted from their Business Affairs programme, added to our own in-house training. But business skills cannot be put into play and grow without the experience that comes with increased production and business growth. It is the lack of real sustainable growth in Scotland that is the problem rather than lack of skills.

• **Examples of successful international strategies for growing these sectors.**

Scotland has always been more outward looking than the TV industry in London – we need to look for other opportunities abroad in the face of tough competition and distance from decisions and commissioning powers. Broadcasters abroad do not care where in the UK you are based; only your track record and ideas count. Caledonia has, for over ten years, been growing its business in the international market, selling completed programming and making co-productions with other territories. The company’s strategy in the international market was supported by SDI, Business Gateway Glasgow and the International Programme of TRC media.

Co-productions are appealing to UK broadcasters working with shrinking budgets – and foreign broadcasters and producers want to work with their UK counterparts like the BBC. This has been very successful up to a point for Caledonia. We have worked on major blue chip drama documentaries with Germany, Australia and Ireland, building new clients, new relationships and new sources of income.

But, while Scottish culture and ideas are an attraction, Scottish companies too often end up as the junior partner in productions they have initiated, due to the level of funding they can bring to the table. On average we only bring between 25-30% of the total budget into the co-production. And, as we pointed out in Point 1 above, Scottish production funds are 10% of the funds from other parts of the UK – let alone countries abroad. This results in less production coming to Scotland, less local employment of freelances and use of facilities, less profit and growth for Scottish companies.
In the countries Caledonia has worked with, the potential of government funding to grow the sector is clear. In the face of the economic difficulties of the last few years, Ireland, for example, has not just maintained but progressively strengthened its support for the sector – through the BAI fund and the Section 481 fiscal incentive – with the resultant business growth.

Until we can match countries like Canada, Australia, Germany and Ireland with their public production funding and tax breaks there can be no real growth in this international area. Fiona Hyslop, Cabinet Secretary for Culture, Europe and External Affairs, made this very point in her RTS lecture in May 2014 and Caledonia TV strongly endorses her proposals.