In advance of our formal evidence session on 8 March 2018, we thought it would be helpful to supplement our submission to ensure that the Committee is fully informed and has a complete picture of business support available to companies and the distinctive support we and our partners provide to the sector.

**Fuelling Growth and Scale**

In terms of the sector's growth and success, we know that we need more companies developing their plans to innovate, internationalise and invest in order to achieve scale. Helping companies grow to scale and compete has been, and continues to be a major challenge for the sector. In response to this challenge, the primary focus for Scottish Enterprise is to work closely with those business with the capacity to scale up. This approach has been developed with, and is endorsed by other public sector agencies and partners.

Some of the companies we are currently working with to help them achieve scale include those noted below (please see previous submission for the specific interventions provided to these companies).

- TV Squared
- Axis Animation
- Blazing Griffin
- iMetadata

Companies participating in the new FOCUS programme which delivers sector specific business development services include: Black Camel Pictures, La Belle Allee, Seventh Crow, Barry Crerar, Bees Nees, Hopscotch Films and Matchlight.

This proactive approach to support companies to invest in their capabilities and capacity should see more of them scale faster in coming years. All of this will be further enhanced by investment by Public Service Broadcasters and the Screen Unit.

As the Committee will be aware, a particular issue for companies in the sector is that, due to the dominance of the larger production companies, only around 20% of UK produced primary commissions are available to the vast majority of companies (PACT 2017 census). This means that most of their energy goes into winning and delivering modest size commissions and they find it difficult to create capacity to invest in growth of the business. The Screen Unit proposal calls on Public Service Broadcasters to ensure these companies win larger and longer commissions, enabling more of them to invest in scaling up their businesses.
The Range of Business Support Available

In addition to the business support services delivered by Scottish Enterprise it is important to note that there are a range of business development services available to companies through our partners in Creative Scotland and the Business Gateway. To help bring this to life for the Committee, we have prepared a visual representation of available business service support and who leads on the various aspects of this, as attached in Annex 1.

Creative Scotland will build new enterprise support capacity within the Screen Unit to ensure “one front door” access to support services which will take account of regional variations and requirements.

Given the role the Screen Unit will play in developing companies’ capability and capacity at early stage growth, it is expected this will result in an increase in the volume of companies able to take advantage of more intensive forms of growth and scale support including those provided by Scottish Enterprise.

Studio Facilities

We are pleased that as part of this Inquiry, the Committee was able to visit the Wardpark Studio and experience first hand the world class facilities on offer. As the Committee will now know from that visit, the Wardpark facilities meet Sony Starz’s exacting standards which will leave a legacy in infrastructure and skills for Scotland’s screen sector to build upon.

It is acknowledged that Scotland needs investment in additional studio production facilities to meet the variety of industry needs. If we are successful in helping businesses to scale up and secure even more production spend, this need will be felt even more keenly in the future. The new Screen Unit will take the lead for boosting future investment in infrastructure, complementing production incentives.

The New Screen Unit

The proposal for the new Screen Unit provides clarity on the distinctive and complementary roles for the public agencies. This ensures that each agency is fully focused on its own remit and how, together, they can drive growth in Scotland’s screen sector.

We acknowledge the importance of a dedicated Screen Unit and we welcome the sharper focus on growth opportunities for the sector plus the additional resources which are needed to deliver sustained growth. We believe this new Screen Unit approach will in time increase the number of screen businesses that can benefit from the scaling support that we offer.

In looking to the future and building a positive environment for progress, we will continue to engage purposefully with the sector, its businesses and our partners to deliver the objectives as set out in the Screen Unit Proposal. We trust that this addendum and the previous submission demonstrate our ongoing commitment. We would be grateful if this letter could be shared with all Committee members in advance of the forthcoming evidence session.
Annexe 1:
Growing to Scale - A Changing Sector Support Landscape

Lead Partner: Screen Unit (CS)
supported by Business Gateway, SDS and the Enterprise Agencies

Screen Unit should be aiming to support around 40-50 companies in this bracket.

Existing projects like FOCUS and DEEP (both part-funded by SE) are of particular relevance to these companies.

Business Base
Many of these 400+ companies are an important part of the overall screen ecosystem.

However, only a relatively small number have the potential to become a large business.

Lead Partner: Screen Unit (CS)

Most appropriate support for this wider ecosystem is to nurture regional innovation networks to enable companies to benefit from experience and insights from industry experts, to showcase new productions, and to encourage more collaborative working across the sector.

Growth Pipeline
companies with growth potential - based on a combination of outstanding creative ability, technical competence and business ambition.

Lead Partner: Enterprise Agencies

High Growth
Successful companies with turnover up to £10m with ambition and potential to grow.

Scale Up
Turnover £10m+ potential to grow to £25m

Lead Partner: Enterprise Agencies

We should aim to see 10-15 companies at this level located in Scotland.

Enterprise Agency resources will feature here to advise the Public Sector Broadcasters and others in approaches to opening up and broadening their supply chains.

Market scanning, networking, knowledge sharing and talent development are also important elements in building and retaining industry advantage in Scotland.