Culture, Tourism, Europe and External Relations Committee

Scotland’s Screen Sector

Written submission from Caledonia TV

Introduction

Glasgow based Caledonia TV is celebrating its 25th anniversary this year. We make quality popular factual programmes for all the major UK broadcasters and have a growing international slate. Caledonia has produced hundreds of hours for the BBC – Channels 2 and 4, Scotland, Alba, Wales, Northern Ireland and BBC America - ITV, Channel 4, Five, Sky, Foxtel, The History Channel Europe, USA and Australia, the Crime & Investigation Channel and Germany’s ZDF.

We now employ 14 people full time, along with various freelancers. We currently have a four year output deal for 24 hours per year of programming from BBC Alba.

Leadership, Strategy and Support

How can the industry successfully implement the recommendations outlined in the Screen Sector Leadership Group report?

The core message of the SSLG recommendations is increased investment. There is no doubt Scotland has creativity, business expertise and talent. But Scotland is also lagging behind, not just the rest of the world, but other parts of the UK. In our submission, we focus on our experiences of previous investment – good and bad - and strategies for the future.

How can we ensure that the Screen Unit has the remit and responsibility for providing the strategic vision and leadership across the sector?

The screen sector – with its own wide range of conflicting remits from cultural to commercial – sits within a still wider arts body Creative Scotland (CS). It is critical that the Screen Unit (SU) adopts a coherent targeted approach to our complex and fast changing industry with its different, sometimes competing, priorities. Business development and production investment must complement each other and this may sit better together in the SU’s remit. The SU must address the failings of the current funding patterns across different agencies – for example, there should be staff in the SU who specialise in funding TV non scripted programming and drama documentaries, as well as Film and TV drama.

What is your view of the current leadership of the screen sector through Creative Scotland and other supporting bodies?

There is a feeling in the factual TV world that CS does not relate to us. We acknowledge that CS has a vast array of funding priorities in the cultural field but, in the commercial area, film and TV drama has always been prioritised for funding due to Lottery funding. CS’s role has not been focused on company growth but funding film and TV scripted production. With the arrival of FAANG – Facebook Apple
Amazon Netflix and Google – on the scene, there is increased demand for high end drama and documentaries.

It is a difficult balance to strike – growing indigenous film and TV companies and generating Scottish content while also investing in bringing outside productions to Scotland with an accompanying impact on jobs and a halo effect for Scotland as a prime filming destination. There is still a sense that Film is a cultural activity that needs public support and TV is profitable. But these are Scottish indigenous businesses, creating jobs and programming, that need investment to grow in the world of continuing London dominance, the superindie and the international market. Scotland could be a creative powerhouse.

**What are your views on the availability of funding and support for all content development?**

Creative Scotland’s investment funds are Lottery based – so there has to be a focus on film and TV drama. Funding for factual programming, even very high end blue chip drama documentaries, is always predicated on cinema release and feature length. We no longer even think of applying for CS funding for factual or drama documentary productions as so few projects meet their criteria.

In the absence of other public or private funds, this puts us at a serious disadvantage when trying to leverage co-productions with other parts of the world. Programme flexibility in shape and content is all. Caledonia TV has worked on TV factual co-productions with Australia, Germany, Canada and Ireland. Their funding options are far superior to ours – both in public funding and tax breaks. With no CS funding and only broadcaster input, we bring less to the table and become the junior partners in the deal, even with our own IP, and gain less from international distribution of the production. Our partners want our ideas and access to our English speaking market, but we cannot boost our portion of the finance plan the way our co producers can. And the budget threshold for UK tax credits is set at £1 million per hour. Even the very highest end factual productions are rarely budgeted at over £500,000.

We understand that the funding patterns in Northern Ireland Screen are far more sympathetic to factual programming, match funding with broadcasters and growing indigenous companies. Screen Wales has a joint project with Sky Vision to fund TV programming and their Media Investment Fund is managed, alongside the Isle of Man fund, by Pinewood Studios. Both nations have larger screen funds than Scotland. The figures in late 2015 were NI £43m, Wales £30m and Scotland £4m. Recent Scottish Government funding for CS has closed the gap marginally. NI also benefits from the combination of Irish and UK tax credits.

We believe it is foolish to rely on growing our business through Scotland and the fiercely competitive UK network alone – which is why we have targeted the international market with some success. While we have made considerable progress in international factual co-productions, it is difficult to justify further company investment without better Scottish production funding. Our recent co-producer in Ireland has stated that he has built his business on leveraging international series through the Irish Tax Credits system and the Broadcast Authority of Ireland (BAI) public funding.
Do you consider the support provided by Scottish Enterprise to be adequate?

There is a general sense that Scottish Enterprise (SE) do not understand our industry and how we operate. Basic business training flip charts – which we do not need, having survived for 25 years – and consultants, who know much less about our business than we do, are not the answer.

Caledonia did benefit in the 2000’s from two excellent SE schemes. Firstly, the Network Development Programme paid £25,000 over 2 years – which we matched – towards hiring an experienced development executive to fast forward our network production. In 18 months, the executive increased our turnover by £1 million with new broadcasters and new genres. Secondly, the Co Investment Fund, which matched broadcaster and investor funds with SE funds to co fund factual programmes with international potential, backed our biggest ever selling documentary.

These successful schemes have never been repeated. The SSLG called for “increased and appropriate business development support for screen businesses”. SE is failing to provide this. Our company has now been told by SE that we cannot even be account managed by them unless our turnover is £4 million upwards. There appears to be a trend in SE to regard companies close to or above the £10m turnover level as the favoured area for investment. Of indigenous companies, only STV (broadcaster backed) and IWC (part of the Banijay group) have turnovers over £10 million. Two are above £5 million, but the vast majority are below that. We would argue that growing companies of our scale – and 25 years of experience and job creation - is also important.

Scotland appears to have many more London branch offices than Northern Ireland and Wales. Is this caused by SE investment policies? With the potential increase in Scottish quotas and network funding from both the BBC and Channel 4, we may well see a growth in superindie Scotland offices yet again, all competing for a slice of the Scottish broadcast market. The BBC’s policy of “lift and shift” – bringing large productions from London to Scotland to speedily fill the quota - has been identified and will hopefully recede.

SE has a tendency to prioritise large companies from London setting up Scottish bases for “inward investment” funds. It is an easy hit to throw money at companies who are already prosperous and with substantial broadcaster track record and relationships. These companies are not here for the long haul if the profits do not justify it. SE have also funded Scottish based start-ups, often with London backing, and no turnover while they will not look to invest in Scottish companies of many years standing with turnovers below £4million. How many jobs were created? How many of the start-ups funded by SE survive? Our trade association Pact’s figures for start-ups are around 100 per year, of whom 50% survive.

How might they or other bodies work to provide appropriate support for the industry?

The funding schemes – for programme development and investment - that worked for us are still valid.

An increase of dedicated development personnel, increasing the quality and number of pitches and building broadcaster relationships, are Scottish companies’ life blood.
It is the main element we all invest in to grow in this competitive market and the biggest drain on every production company. Investment in that area will lead to growth.

Production investment funds like those of Screen Australia, the Broadcasting Authority of Ireland, Telefilm Canada, the various French and German funding agencies and regions - even those in Wales and Northern Ireland - are superior to ours and interesting models.

The UK tax credit system does not benefit factual TV so a reform of that system is much needed.

_How can Ofcom work to support the sector in its new role as regulator?_

Ofcom must make sure the qualification for a Scottish production is rigorously policed. The criteria need to be re-evaluated.

_What are your views on the state of commissioning for Scottish content?_

Commissioning opportunities are limited. As the Scottish Broadcasting Commission in 2007-8 pointed out, there needs to be some other commissioning outlet for independent production apart from the BBC. Their proposal was a publicly funded digital channel on the lines of S4C in Wales.

The local programming STV makes is very low budget. They almost never commission programming from an external independent company. STV Productions, their in-house production arm, is an independent producer who can co-produce with or are commissioned by broadcasters and other platforms. The ITV system used to have a 25% quota for independent productions but has now built up production arms.

BBC network and Channel 4 have both stated that they need – post Brexit – to reflect other parts of the UK apart from the south east and London. It remains to be seen whether Scottish production companies will benefit from this trend.

The BBC is certainly increasing the drive to commission more network programming from Scotland with a new £20 million fund announced. Competing for that with the wider industry and STV, will of course be BBC Studio’s new independent company in Glasgow Pacific Quay productions. The outcome of that investment has yet to be measured.

_How might the newly proposed BBC channel help support the industry in Scotland?_

Caledonia TV is in principle very much in favour of the new BBC Scotland channel. A country with a national parliament needs a national broadcaster. The failure to extend the S4C concept to Scotland and Northern Ireland in 1982 was a mistake as Welsh audiences and the Welsh creative industries have all benefitted.

A new channel should give Scottish licence fee payers a much needed new range of content and Scotland’s domestic television production market a shot in the arm extending the limited current opportunities to serve the Scottish audience. But quality content requires investment.
We have however significant concerns about the level of content funding announced by the BBC to date and the decision to transmit in standard definition (SD). We are not convinced that the £30 million per annum content budget is sufficient to produce the required number of hours of original, high quality, primetime content the BBC proposal suggests and the audience will expect from Scotland’s new national broadcaster. Once the cost of the 9pm news hour is factored in, the £30 million budget is reduced to £25,000 per hour – hardly sufficient to fund the comedy or drama proposed, let alone compete with network or digital channels. We also believe that the modern audience, with access to HD channels on every platform, expect content to be delivered in HD. Lastly, we have a concern about the viability of the 9.00pm hour long news, given the slot and digital competition.

In addition the total of the £30 million on offer and the £20 million earmarked for Scottish network content still does not address the shortfall in the Scottish licence fee spend. The average Licence Fee spend % by the BBC across both Wales and Northern Ireland is 98.00% - and Wales is 110% if S4C is included. In Scotland it is 72.42%. If the BBC in Scotland was to spend 98.00% of the Licence Fee revenue it raises in Scotland an additional £82.26m would be invested in Scotland’s creative economy each year. This would allow for a significant increase - by around two thirds - in the content budget of the new BBC Scotland channel.

How might Brexit impact the Scottish screen industry?

In our experience, companies outside London and the south east are much more inclined to look to Europe for funding and co production. Our local broadcast map is smaller and the commissions on the network have been more limited. So working with Europe has always been on our agenda.

Creative Europe provides production grants for single programmes or series co produced across the bloc. Caledonia has twice won substantial slate development funding from the EU Media and Creative Europe programmes – which allowed us to run a larger development team and win more commissions and increase our co production slate. Brexit will put an end to that.

Talent Development, Skills and Training

How can Scotland nurture and retain domestic talent?

Our experience is that skills training in Scotland is good. The problem is whether the indigenous industry can provide regular employment.

Our staff have taken part in several courses at Glasgow’s excellent TRC Media – in research, production, business affairs and international development. We have also hosted trainees from Sabhal Mòr Ostaig in Skye – two of whom we then employed as staff. There is also a good range of university and college courses in Media Studies. There could be an argument that there are perhaps too many courses for the jobs available on graduation.

In 25 years we have only employed one media studies graduate, preferring to train on the job. There is a lack of diversity in the university and college training courses. There is too much focus on directing and producing and little or none on other necessary technical and management skills, let alone media business skills.
Professional courses in production management, for example, are only available in London. Perhaps the NFTS coming to Scotland will address this issue.

In diversity, Scotland has the same issues as the rest of the UK. There is currently no outreach from the industry to the BAME community. Hence we may be losing out on attracting a large pool of new talent. But we do need a Scottish solution, working with local communities, to recruitment and training, not a UK imposed one.

*Does Scotland have the requisite level of domestic talent to accommodate an increase in productions coming to the country?*

In the factual area, nurturing or training is not the problem - retaining is. We have talent here but if there is not enough regular work here in Scotland for people to gain experience or regular employment and career advancement, they will go where the work is – often to London. So boosting production is critical to keeping and advancing skills. In reverse - the requisite level of talent to bring in commissions and production will only exist if there is a home market to sustain it. Once we have the ‘go to’ talent broadcasters want, as well as the right ideas, we will win more commissions.

**Infrastructure, Intelligence and Maximising Benefit to Scotland**

*What improvements to the current studio infrastructure are needed? How might this be achieved? What kinds of facilities are needed and where?*

In general we would support whatever infrastructure and incentives are required to make high level productions in, and bring production to, Scotland for the benefit of the wider industry and the country. The experiences of Ireland and Wales are worth studying to see what optimum scale of studio facility was required to bring in high level production. We must remember that Ireland’s tax credit system was also a large factor in bringing productions there. The UK tax system is differently structured.

The Pentland plan, as approved, seems to be very large scale with extra facilities added in. Is that scale necessary and is it in the right place? Lack of an all singing all dancing facility did not prevent Outlander coming to Scotland. Are pop up studios just as useful and more cost effective? We do not need a giant white elephant when and if work dries up.

**Data Collection**

*The need for more reliable data about the sector and how it might be collected.*

The industry needs data about how the broadcasters spend their budgets, how they adhere to quotas and how their spend relates to their public service remits.

We need specific figures on the spend of Scottish Enterprise on inward investment in startups and London offshoots, as well as indigenous companies. We also need analysis of the growth and success of these companies and which still operates in Scotland.