Culture, Tourism, Europe and External Relations Committee

Scotland’s Screen Sector

Written submission from Scottish Enterprise

Introduction

Scottish Enterprise (SE) welcomes the opportunity to contribute to the Committee’s inquiry into how the Screen Sector Leadership Group’s (SSLG) recommendations can be implemented. Our response is structured around an update on the creation of a dedicated Screen Unit with Creative Scotland (CS) and the five report recommendations highlighted by the Committee.

Establishing a dedicated Screen Unit within Creative Scotland

Scottish Enterprise has been working closely with Creative Scotland, Skills Development Scotland, the Scottish Funding Council and Highlands and Islands Enterprise to develop collaborative proposals for how the Screen Unit might be best delivered. We understand these proposals will be published next week.

We welcome the industry-endorsed emphasis on the vital need to build scale in indigenous content production companies, and the agreement that this is the area which SE will continue to focus on.

Recommendation 1: Increased funding for film and television production

Since the publication of the Screen Sector Leadership Group’s report in January this year, two announcements have been made that will see a significant increase in funding for the screen industries:

- In February the BBC announced its “Biggest investment in Scotland in twenty years” which will see spending in Scotland increase by £20m (to £85m) principally supporting a new TV channel in Scotland but also in digital developments and on BBC Alba.
- In September the Scottish Government published “A Nation With Ambition: The Government’s Programme for Scotland 2017-18” which committed an additional £10m of funding in 2018-19 to bring screen development, production and growth funding to £20m next year. This is in addition to the existing £12.8m commitment to BBC Alba/MG Alba.

This increased funding provides a real opportunity to address one of the principal challenges for the sector in Scotland, which is the absence of indigenous companies of scale.

This challenge was identified by the Television Broadcast & Production Working Group in 2009 when it published Growing the Television Broadcast and Production Sector in Scotland calling for an increase in the scale of independent production companies, increasing the number of those companies with a turnover of £10m or over, and with a substantive base in Scotland, from one to six by 2013. Televisual’s Production 100 2017 report (published in September) shows two Scottish based
production companies, IWC Media and STV productions, with a turnover greater than £10m (up from one in 2016) as part of the 56 companies in the top 100 with turnovers greater than £10m.

Overall activity in Scotland compares well to the rest of the UK, outside of London. PACT’s 2017 Census, published in September, states “Scotland and the North West are the two largest regional hubs” with Scotland first in employment and second behind the North West in terms of primary commission value and production budget. This was further developed by Creative Scotland’s September announcement, of a record £69.4m spend on film and TV production; the highest figures since records began, and a £16.7m increase on 2015. Since 2007, spend has increased more than 200% from £23m.

The challenge, from an economic perspective, is how this increased activity can best build the sector in Scotland. In this regard, the PACT 2017 census is helpful. It shows that in every year between 2008 and 2016 approximately 80% of total spend on UK produced primary commissions were awarded to companies with a turnover greater than £10m. In 2008 that percentage was 78%; in 2016 it was 77%. This highlights the importance of company scale in this sector, which is endorsed by the SSLG and the TV, Broadcast and Production Working Group.

We will continue to support companies with high growth ambitions, working alongside the Screen Unit and, vitally, the public sector broadcasters to ensure Scotland develops the companies of scale we need.

Recommendation 2: Increased studio facilities and infrastructure for Scotland

We recognise the importance of encouraging and supporting investment in studio facilities. SE is in regular dialogue with a number of parties regarding proposals to develop purpose built TV and film studio facilities reflecting industry specifications in Scotland. There is good progress being made by Wardpark Studios with the management team remaining committed to further expansion, and Pentland Studios and Guardhouse have also announced their intentions to establish studios in Scotland.

We have provided business infrastructure support to Wardpark Studios Limited to assist with the expansion of existing permanent studio facilities at Cumbernauld which is being used as the base for the Outlander production for a fourth year. Outlander makes a significant contribution to the £69.4m in film and TV production spend in Scotland last year, as well as employing around 300 crew in Cumbernauld and taking on nearly 100 trainees to develop their industry skills. Beyond the direct screen industries benefits, Scotland’s tourism numbers are benefitting from Outlander showcasing Scotland’s landscapes and tourist attractions, with some reporting a 92% rise in visitors.

We are working with Creative Scotland to identify additional possible properties suitable for conversion and pop-up film and TV production locations.
Recommendation 3: Increased investment in talent development, skills and training

SE focuses on helping companies with their **business development and leadership skills**, complementing technical and professional skills development support provided by Creative Scotland, Skills Development Scotland and the Scottish Funding Council. Strong business leadership is crucial to develop sustainable, ambitious and internationally-focused screen companies of scale in Scotland.

We offer a variety of support and services to hone business development and leadership skills which are available to all businesses. We recognise that there are specific leadership development training needs for screen companies and we offer bespoke support through our work with TRC Media, in partnership with Creative Scotland, the BBC and Channel 4.

Through this partnership, we've invested **£500,000 since 2015** in an initiative called Leading Edge and a new three year training programme called Digital Economy Expansion Programme (DEEP). This includes a number of initiatives like “SuperSizer: Big Ideas for Returning Series” targeting factual entertainment, specialist factual or entertainment production companies looking to win high value commissions and the “International Development Programme” that helps senior staff in companies build knowledge and connections in international markets. The **seven Scottish companies** making up the [2017 SuperSizer Programme](#) are BBC Studios Pacific Quay Productions, Firecracker Scotland, Firecrest Films, Raise the Roof Productions, Red Sky Productions, STV Productions and Tern TV.

Over the next three years, the DEEP programme will support around **65 individuals** from creative industries businesses intensively, as well as encourage **500 delegates** to attend relevant industry events. We expect around 40% of these individuals and delegates to be from screen businesses based on previous results with the Leading Edge initiative, which supported 80 delegates from 58 companies, of which 38% were screen businesses.

Recommendation 4: Increased and appropriate business development support for screen businesses

Over the last three years we’ve worked with **28 screen companies** to support their business growth with a range of services. With Creative Scotland and partners on the formation of the Screen Unit, we identified total funding of **£472,000** into screen production companies of which £200,000 was directly allocated to companies for business development support in innovation, international and skills.

We have made **significant equity and grant investments** into digital companies operating in the wider screen sector supply chain to develop new digital products and services. Recent examples of investment in this type of company are:

- **TV Squared** – a data science company that uses analysis to change the way advertisers measure and optimize TV performance. In February this year, it acquired $6.5m in investment with the Scottish Investment Bank (SIB) as a co-investment partner.
• **Axis Animation** – a company which “creates hyper-real animated experiences” for video games, television, and film. We awarded a £250,000 RSA grant in April 2017 to help create 20 jobs and support its drive into new international markets.

• **Blazing Griffin** – a business working in video games, film and screen post production raised £5m in series A funding in February this year to expand its game development portfolio (with the support of SIB) and was awarded an RSA grant of £200,000 in October to support the creation of 14 new permanent jobs.

• **iMetadata** – Leader in digitisation of film content that was supported by SIB in raising more than £600,000 in the past two years to support the expansion of its headcount at a new custom-designed studio in Glasgow city centre.

In partnership with Creative Scotland, we launched a new business development programme, **FOCUS**, delivered through Film City Futures. SE, CS and the industry contribute £250,000 each to the **£750,000 two year pilot project**. This will give companies access to specialist business development services, provide access to expertise in digital distribution, aggregation, financing, international co-production, and audience development. The **first cohort of seven companies** was selected in August and a second will follow in 2018. We expect **20 companies** to benefit from the programme and the outcomes will be crucial in defining future specialist screen business support requirements.

The companies in the first cohort are **Black Camel Pictures, La Belle Allee, Seventh Crow, Barry Crerar, Bees Nees, Hopscotch Films and Matchlight**.

**Recommendation 5: Robust research and statistics on the value of the sector and the impact of funding and support mechanisms.**

Having worked closely with the Broadcast and TV Production Working Group on research into the TV production section (most recently on the **Broadcast and Television Production Strategy Research Report** published in November 2016), SE recognises the scale of the challenge on this particular subject.

As an economic development agency grounded in **data, research and statistical evidence** in our day-to-day work, we consider it to be a high priority area and of significant importance to both the screen sector generally and the Screen Unit in particular. We led the economic baseline workstream for the new Screen Unit which has not completed. This workstream produced an economic baseline report that has informed the Screen Unit proposals development and against which future progress can be evaluated.

**Conclusion**

Scottish Enterprise is fully supportive of the lead role that Creative Scotland has in supporting the growth and development of the screen sectors in Scotland. Our main contribution in line with our remit is to target our activities and expertise to **increase the number of companies of scale** in the sector and encourage **private sector investment in studio infrastructure**.

We are playing a significant role in the development of the Screen Unit contributing resources to all the workstreams which were established to support the work of the Screen Unit Project Board.
Through our business development and leadership activity, and dedicated industry projects, we work with around **70 screen production companies**. This includes **15** in our account management portfolio that have the ambition and capacity to grow and generate economic growth for Scotland. In addition to this, we also provide assistance to **21 screen production companies** through Business Gateway.

Our funding of the dedicated industry projects, Supersizer and FOCUS, is already assisting **14 businesses** (including six that are included in our account managed and Business Gateway portfolios), and will have helped around **40 screen companies** when the projects are complete.

By encouraging and supporting these companies and their business leaders to raise their ambitions for growth through exploring new markets, innovating and diversifying, we are helping the screen industry to flourish and contribute to Scotland’s economic success.