On behalf of our tenants, please accept my thanks to you and the Committee for taking the time to visit Film City Glasgow. The ongoing work of the Committee has been conspicuous and well received by the industry, and I look forward to hearing how your inquiry is progressing.

In terms of the discussion we had in relation to infrastructure, despite the challenges the sector has faced in resolving the ‘studio’ question, I believe more now than ever there is a confluence of opportunity that will allow us to create the foundation on which the sector can build. The SSLG report; the creation of the Screen Unit; the doubling of Creative Scotland’s screen budget; the NFTS’s flag in the ground in Scotland; and the FOCUS business development project which Film City is managing; all initiatives that will lead to what I see are the two overriding ambitions for the sector - growth and volume.

As you will recall, my presentation to the Committee paid particular attention to infrastructure and the success of Manchester City Council in their delivery of production facilities for the screen and creative industries, primarily through an arms-length organisation MCDA Ltd, which is 100% owned by the local authority. I also drew parallels with Film City Glasgow, and how both our respective projects in Glasgow and Manchester have been founded on the principles of ‘sectoral clustering’ and ‘attracting both indigenous and international productions’ – and both very successfully.

In my opinion, if we were to proceed with a production facility in Scotland with public sector investment, then both elements would need to be considered – another stand-alone screen sectoral cluster is merely a duplication of Film City, and a stand-alone studio complex is a precarious proposition. However, having both together would create a viable mixed income model and the long-term sustainability required, not to mention the clear opportunities and synergies enjoyed by having people and talent sharing resources and working together in close proximity.

The strategy and mixed income model employed by Manchester City Council is one I have long been an advocate for, and one I would describe as creating ‘screen production facilities’ rather than the apparently preferred shorthand of ‘film studio’. My advocacy for this model has been presented to the government and public sector agencies on many occasions:

- In December 2012, I led a delegation of representatives from Creative Scotland, Scottish Enterprise, and the Scottish Government Culture Division, that visited Belfast, met with NI Screen, and toured the Paint Hall and Titanic Studios complex. This was quickly followed up in January 2013 by a visit (with the same delegation) to the Sharp Project in Manchester, essentially Phase One of the expansion in Manchester and the proof of concept of what was to come. Even at that early stage of our thinking around screen production facilities, it was clear that the Sharp Project and its proposed expansion
strategy addressed the broader needs of the screen and creative sectors, from indigenous film production, to television, games, freelancers, and bleeding out to the wider digital and creative industries.

- Indeed, the Manchester and Film City sectoral clustering model was the key tenet of our proposal to the Film Studio Delivery Group tender in May 2014, and a similar bid to a Scottish Enterprise land development proposal at Pacific Quay in June 2015.

- In January 2015, my letter to The Herald (30 Jan 2015, ‘We could deliver more than a stand-alone film studio for Scotland’, enclosed) again reiterated the opportunity missed in Scotland to think not just of stand-alone four-wall studio spaces, but in a more ambitious and strategic manner to offer something for all levels and sub sectors of the screen industry in Scotland, with Manchester and the Sharp/Space Projects referenced.

- In March of 2015, my submission to the Scottish Parliament’s Economy, Energy and Tourism Committee sector inquiry1 (‘The role of public sector agencies and the effectiveness of the support they provide’), again used Manchester as the benchmark, which by this point saw expansion of physical space double in size, and remarkably, plans for a brand new 30,000 sq. ft. studio space now on the table (since completed).

I would therefore encourage the Committee to consider the following statements:

- We have repeatedly referenced the state aid case of the Ciudad de la Luz studio complex in Valencia as precedent in blocking public sector investment in studio space. MCDA Ltd now has over 130,000 sq. ft. of studio production space, including a recently completed new build 30,000 sq. ft. studio, compared to Valencia’s 120,000 sq. ft. Therefore, Manchester’s portfolio has eclipsed the Valencia site, with 100% spend via the local authority.

- On 7th March 2016, in a letter to the Economy, Energy and Tourism Committee, the Cabinet Secretary for Culture, Europe, and External Affairs stated that “Scale is not the issue, so even though our ambitions are more modest than the Ciudad de la Luz, we are still constrained by the judgement”. This contradicts what has taken place in Manchester. You may during your inquiry have some detractors talk about how, in Manchester, they’ve only repurposed warehouses and it’s only for television, but a brand new, 30,000 sq. ft., 12m high, state of the art studio, built from the ground up by a Manchester City Council ALEO, and advertised as ‘Space Studios is a purpose-built facility for high end TV, film & commercials’ is something that Scotland needs and can deliver. Scale or state aid are clearly not barriers.

- Remarkably, there’s more planned. Adrian Bleasdale, chief executive of Manchester Creative Digital Assets (MCDA Ltd), the company that runs Space Studios Manchester, said: “This is phase two of the development but we want to grow. We’re already talking about what phase three might look

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1 www.parliament.scot/S4_EconomyEnergyandTourismCommittee/Inquiries/Tiernan_Kelly_-Film_City_Glasgow_-_Creative.pdf
like. Currently, it’s initial thoughts around building on the local eco-system and getting more supply chain businesses around us. If the level of demand continues, we’ve got space to build more.” Note the emphasis on eco-system and supply chain – this is what a screen production facility provides, rather than stand-alone big boxes.

- In the document ‘Evaluating the Economic Impact of The Sharp Project, October 2013’ John McCreadie, Director of ekosgen said: “The Sharp Project is a remarkable phenomenon combining considerable economic impact with a powerful brand that has the potential to secure further investment and employment in the city. The Sharp Project also now provides a tried and tested model for digital media production hubs.” This describes only one phase of the Manchester expansion - there are now two further iterations and 100,000 sq. ft. of space added since this earlier statement.

- The same document highlighted the following successes of the Sharp Project:

  o Exceeded its target by creating 375 (full time equivalent) jobs.

  o Now home to more than 50 businesses.

  o Generates an annual GVA impact of £21.4 million.

  o Despite being in a period of recession, tenants surveyed as part of the research showed encouraging growth with 92% experiencing increased turnover, 89% increased productivity and 85% developing new products and services since arriving at The Sharp Project. Also 75% of tenants surveyed had created new jobs. Over the next 12 months 100% of tenants expected turnover to increase and 61% expected to take on more staff.

The key theme here is that, in plain sight, the Manchester model is one that we in Scotland could have adopted at any point in the last five years, and it would appear contradictory to our interpretation of how we as a nation can move forward investing in sector infrastructure vis a vis state aid.

Frustratingly, despite the submission of evidence, inquiries, committees, and reports since 2012, the Manchester delivery model via a route one, public sector investment vehicle has been repeatedly overlooked, engulfed by the noise of other speculative projects, planning permission, should it be east or west, the need for backlots, public agency performance compared to Northern Ireland etc. All of course pertinent to the matter at hand, but in hindsight a distraction, when in plain sight (again!) there was a realistic delivery model.

If there is an appetite for the public sector to intervene, then the other issue at hand is the roles of Scottish Enterprise and Creative Scotland, and who within the Scottish public sector framework should take such a project further.

Creative Scotland do not currently manage or administer large scale capital funds, so other than advocacy and lobbying, are limited on this issue. Equally, Scottish Enterprise are not tasked with investing speculatively in businesses that do not meet their growth criteria (for the avoidance of doubt, any investment SE may be making
in Wardpark Studios is within state aid regulations, and will I imagine meet their current investment criteria – certainly at least 50% match funding from the private sector investor).

The feedback from SE on the Sharp Project after the delegation visit was that it was indeed impressive, but their intelligence was that it was running at a loss – which in context of their modus operandi, immediately and inherently limits their participation (the subsequent further expansion in Manchester would suggest that there remains an overriding longer term value to the city and creative sector, over and above their financial position). Indeed, I would be surprised if a Scottish version of any of the Manchester/MCDA Ltd projects could have received investment from either CS or SE given their current respective operating remits and resources available.

Therefore, in my opinion, it is the Scottish Government who must be the enabling party, either by giving CS or SE the tools to deliver such a project as an extra-ordinary activity, or by providing the financial resources for a local authority to do so. You may argue that such responsibility is devolved to the respective cities, but whilst local authorities seek to be autonomous, the current central government party in Scotland has significant influence in our two largest cities, and therefore common sense and an alignment of policy and resources should, you would imagine, be achievable.

When we met, I also referred to an emphatic case for a Glasgow screen production facility based on Olsberg SPI’s sector baseline figures, created for the establishment of the Screen Unit² (and drew your attention to the Facilities, Post, and VFX figures for Glasgow being substantially underestimated).

One would hope that regardless of anyone’s personal alliances, in the case of public money being spent on a facility, and in terms of risk mitigation and building on an existing critical mass, the evidence is overwhelmingly in Glasgow’s favour – the city is far ahead in terms of television production company turnover and employment, film production company turnover and employment, local film office production spend figures, and Facilities, Post-Production and VFX turnover and employment (to reiterate, I believe this has been incorrectly reported in the Screen Unit document).

There are of course the complexities of economic factors such as diminishing public sector budgets, austerity, uncertainties around Brexit, core funding of existing cultural activity etc., but I do hope that I’ve demonstrated that any decision the government could make on funding screen production facilities is clearly an economic one, not a legislative one i.e. state aid, as has been indicated on numerous occasions. Perhaps, as Mariana Mazzucato has suggested³, future economic growth must include a focus on promoting risk-taking and experimentation from the public sector?

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³ [www.livemint.com/Opinion/yLlwEJR05KI2ArZuU3T5ll/Mariana-Mazzucato--Rediscovering-public-wealth-creation.html](http://www.livemint.com/Opinion/yLlwEJR05KI2ArZuU3T5ll/Mariana-Mazzucato--Rediscovering-public-wealth-creation.html)