19th September 2018

Dear Joan,

I am writing in response to the report titled ‘Making Scotland a Screen Leader’ published by the Committee on 28 June.

I note the Committee’s interest in Scotland’s screen sector and the committee’s evidence sessions have been stimulating, informative and valuable as we have continued work to put funding and support in place to allow the sector to make the most of the emerging opportunities.

The Scottish Government shares the Committee’s ambition to maximise growth in the screen sector and it is for this reason that we have substantially increased funding and supported the launch of Screen Scotland, a new partnership between Creative Scotland, Scottish Enterprise, Highlands and Islands Enterprise, Skills Development Scotland and Scottish Funding Council, fulfilling two of the key recommendations of the Screen Sector Leadership Group. I note the recommendations made in your report and am pleased to report on where progress has been made since its publication in June and otherwise comment as relevant.

Screen Scotland

As I know you will be aware, Screen Scotland launched on 21 August with new branding and a new website and is now providing visible and authoritative leadership for the sector. A new Executive Director started on 5 September and a new £3m Broadcast Content Fund was launched last month.

I understand the arguments in favour of a stand-alone model. However I also share the awareness which can be sensed throughout the report that there are opportunities waiting to be seized right now for the screen sector in Scotland.
That is why I feel that the highest priority at this moment is to move from debate to execution, so that creative talent in Scotland can be able to access the support we are putting in place as quickly as possible, and so that Screen Scotland can concentrate fully on delivering the outcomes for which we are all ambitious.

I do not agree that we should undo the hard work already undertaken to establish Screen Scotland and distract it from the immediate focus on helping to develop the screen industry, from organisational and governance issues as well as expenditure.

It is therefore relevant in this context to note that the Scottish Government has a presumption against spending considerable time and effort creating new public bodies. While there are rare exceptions (for example, in response to the Scottish Parliament’s new powers on social security responsibilities), we do not believe that an option involving legislation, interim boards or new bodies would be proportionate for screen particularly when Screen Scotland is being equipped with all the tools and funding that the Committee considers necessary for effective action.

I am not persuaded that current circumstances justify seeking the transfer of funds from screen support, of up to six figure amount, which would be necessary to establish a new stand-alone agency. I remain of the view that Screen Scotland, as it is being established, has the necessary capabilities and resources to achieve the outcomes which the Committee and the Scottish Government both desire.

As stated above, the new Executive Director for Screen Scotland is now in post. I note your recommendation that the post-holder should have a sole focus on Screen and repeat my understanding that this should, for an initial period, be the case.

Allocation of resources within Screen Scotland has already begun. The existing competitive suite of funding available for the sector and for inward investment has begun to evolve with the launching of the new larger Production Growth Fund (£2m) and the completely new Broadcast Content Fund (£3m). These are designed to meet the needs identified by the sector. I look forward to these and any further initiatives helping to drive continued growth.

MoUs across Screen Scotland partners are also in development, which will define the roles of the partner agencies further and provide clarity on the benefits of the partnership approach.

Arrangements also being put in place should guarantee a significant role for the industry, as the Committee recommends. New appointments to the Creative Scotland Board bring undoubted industry expertise to decision making and Screen Scotland’s new Executive Director, Isabel Davis, brings with her a distinguished track record in the development and production of screen projects, as well as in international co-production and the international promotion of UK films.

Industry will continue to be closely consulted and involved in Screen Scotland through the establishment of an advisory body and I believe that Screen Scotland is providing the Committee with information on that, as well as on its plans for delivery more generally.

I believe that the new team in Screen Scotland should now be given the space to deploy the tools and the resources provided to them for the benefit of the sector.
The Scottish Government will monitor the performance of Screen Scotland against the ambitious proposal set out by Creative Scotland and its partners last year, and in the context of the key priorities identified through the work of your Committee, and we will carry out this review at a suitable juncture.

**Studio**

Screen Scotland’s Screen Commission currently markets 136,000 sq ft of full-time converted stage space and 335,000 sq ft of build space and recent productions such as Avengers: Infinity War, T2 Trainspotting and Churchill have used production bases at Pelamis in Leith, the Pyramids in Bathgate and Film Services in Livingston.

However the Scottish Government shares the Committee’s ambition to expand Scotland’s production infrastructure as soon as possible to attract greater volumes of business. Creative Scotland is currently working on a business case for permanent, sustainable studio facilities about which I hope to be able to report further developments in the near future. Meanwhile, as you are aware, planning permission has been granted in principle by Scottish Ministers to develop a mixed-use studio development at Pentland on the outskirts of Edinburgh.

It may be that the timescales for delivery of new infrastructure may be longer than six months, however I note, and share, the Committee’s desire for there to be significant progress on this issue in the near future.

**Broadcasting**

We have responded to Ofcom’s consultation on network production outside of London arguing that the definition of what constitutes a Scottish production is made more robust and that Ofcom audits the data provided. We have asked that – to address the practice of “lift and shift” – a tougher test is made on what constitutes the “substantive” base of a company, and that companies which fail that must meet more demanding criteria on spend and talent. We have asked Ofcom to put measures in place which will ensure that programmes assigned to Scotland return long-term value to the Scottish economy and that there should be sustainable, diverse sectors in each UK nation capable of producing across the whole range of genres. We will also continue to argue that quotas for network production in the nations are set for ITV and Channel 5.

The Scottish Government supports the Committee’s call for the public service broadcasters, especially the BBC and Channel 4, to set out how their approach to commissioning supports the screen industry in Scotland.

Screen Scotland is currently developing strategic partnerships with broadcasters to develop Scottish talent, improve the access of Scottish producers to network commissioners and to maximise opportunities to strengthen our creative economy.

We will continue to work closely with the regulator Ofcom in the coming months to ensure that PSBs deliver maximum benefits for audiences and the sector in Scotland.

I would like to thank the Committee for its contribution on making this an exciting time in the strategic development of the sector in Scotland.
I note that the Committee’s final report makes recommendations for both the Screen Unit and a future agency, and look forward to continuing to work with the Committee to support the new dedicated screen agency as it takes shape, and as it evolves.

Kind regards,

[Signature]

Fiona Hyslop