



OFFICIAL REPORT
AITHISG OIFIGEIL

Culture, Tourism, Europe and External Relations Committee

Thursday 8 February 2018

Session 5



The Scottish Parliament
Pàrlamaid na h-Alba

Thursday 8 February 2018

CONTENTS

SCREEN SECTOR	Col. 1
----------------------------	---------------

CULTURE, TOURISM, EUROPE AND EXTERNAL RELATIONS COMMITTEE
3rd Meeting 2018, Session 5

CONVENER

*Joan McAlpine (South Scotland) (SNP)

COMMITTEE MEMBERS

*Claire Baker (Mid Scotland and Fife) (Lab)
*Jackson Carlaw (Eastwood) (Con)
*Mairi Gougeon (Angus North and Mearns) (SNP)
*Ross Greer (West Scotland) (Green)
*Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con)
*Richard Lochhead (Moray) (SNP)
*Stuart McMillan (Greenock and Inverclyde) (SNP)
*Tavish Scott (Shetland Islands) (LD)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Dr Belle Doyle (Association of Film and Television Practitioners Scotland)
Kenny Glenaan
Tommy Gormley
Wendy Griffin (Selkie Productions Ltd)
Ken Hay (Screen Sector Leadership Group)
Clare Kerr (Mead Kerr)
John McCormick (Screen Sector Leadership Group)
Fiona Miller (Association of Scottish Casting Agents)
Professor Philip Schlesinger (University of Glasgow)
David Smith (Pact)
Iain Smith (British Film Commission)
Chris Young (Young Films Foundation)

CLERK TO THE COMMITTEE

Katy Orr

LOCATION

The Robert Burns Room (CR1)

Scottish Parliament

Culture, Tourism, Europe and External Relations Committee

Thursday 8 February 2018

[The Convener opened the meeting at 09:03]

Screen Sector

The Convener (Joan McAlpine): Good morning and welcome to the third meeting in 2018 of the Culture, Tourism, Europe and External Relations Committee. I remind members and the public to turn off their mobile phones, and I remind members who are using electronic devices to access committee papers that they should ensure that they are switched to silent.

Today, we will have our first evidence-taking sessions in our inquiry into Scotland's screen sector. The focus of the sessions will be on vision, leadership and strategy, and we will hear from two hugely experienced and knowledgeable panels of witnesses about Creative Scotland's proposal for a new screen unit.

I emphasise that today's session provides an opportunity for committee members to hear the industry's reaction to the new screen unit proposals. The committee will consider more specific areas as part of our inquiry over the coming months, and we have built in additional time to examine any issues that might be raised by our witnesses today. With that in mind, I remind members and witnesses that time is very short and that we have a lot of ground to cover. I ask, therefore, that questions and answers be as succinct as possible.

I welcome to the meeting our first panel of witnesses: John McCormick, chair, screen sector leadership group; Ken Hay, also from the screen sector leadership group; Dr Belle Doyle, Association of Film and Television Practitioners Scotland; the director Kenny Glenaan; Chris Young, managing director and producer, Young Films Foundation; and Professor Philip Schlesinger, professor of cultural policy, University of Glasgow.

Some of you have sat on the screen sector leadership group, and I am sure that you are all very aware of its conclusions. I was struck by the priority that it placed on addressing the fragmentation in the industry. Does the screen unit proposal adequately address some of the issues raised by the group, particularly the fragmentation that has dogged support for the industry in Scotland over the years?

Does Mr McCormick want to start?

John McCormick (Screen Sector Leadership Group): Thank you, convener.

We have been very encouraged by the committee's support for our recommendations. Indeed, the fact that the committee is spending time on this consultation is giving support to people throughout the industry.

In the last few months of last year, the screen sector leadership group was consulted on the development of the screen unit proposal on two major occasions by Janet Archer and her colleagues. The final proposal was informed by that consultation; not everything that has been proposed was discussed with or recommended by the group, but a number of the changes that we suggested have been implemented in the final shape. As members will know from previous discussions, we support the creation of the unit.

As time is short, I want to raise just a couple of issues.

Now that we have a structure, we have to be very careful about the detail with regard to governance, accountability and implementation. It is crucial that the detail of the remits—with regard to, for example, accountability, what happens with the protocols around the screen committee and where decisions are taken—is refined.

Your predecessor committee recommended that the screen sector leadership group be set up because of what it felt to be a dysfunctional relationship between Creative Scotland and Scottish Enterprise as the two major public bodies concerned with the screen sector. On paper, the screen committee seeks to address that by bringing the public bodies around the table, but the committee needs a clear purpose and its role needs to be defined. Bringing people around the table does not necessarily lead to agreement or decision making. The committee's role is not clear; clarifying it is the next stage, and we would like to spend some time assessing that matter with Creative Scotland colleagues. It might bring people to the table, but that might mean that it will be nothing other than a monitoring and reporting group that keeps an eye—as this committee has done so intensively—on what is going on and whether people are falling back from their commitments. We need to make it clear in the governance set-up—it is not clear from the paper—where decisions will be taken and what level of discretion the screen unit's leadership team will have to take decisions, make deals and get things moving in the industry.

We also have to make it clear in the small print and in the protocols for the screen committee's relationship with the board of Creative Scotland that, with regard to the areas of influence and

power that, as your predecessor committee highlighted in its report three years ago, Creative Scotland did not have and which were retained within Scottish Enterprise—people described that situation to us when we were doing our work as a roadblock to progress and decision making—everything must be cleared out, there must be no roadblocks and we must have clear decision making and clear accountability. That is not there yet, but the next stage, which will happen between now and March or April, is to get that right. Indeed, last autumn, we had open discussions with Janet Archer and her colleagues about that as the next stage of our work and about their contributing to that discussion and its shape.

The Convener: Has there been enough industry input into the governance structures?

John McCormick: The group said that it would look at the governance structure as part of the next stage. The unit would have to be shaped, that work would have to be published, and we would then discuss governance and accountability issues. We thought that there was time to do that in the first three or four months of the year. That is our next task. We would have had the discussions earlier in January, but it was not propitious to do so at that time. I am looking forward to those discussions. We will have a screen sector leadership group meeting before the end of March to discuss those issues. I fully expect the involvement of Creative Scotland in that.

The Convener: The unit is supposed to be delivered by April. Is that achievable?

John McCormick: Yes. The detail needs to be worked out. That is being worked out, but we would like to test it and contribute. Although the unit must be up and running by 1 April, we have to get it right and spend the time getting it right. We are aware of the changes and the need for a new chair of Creative Scotland. That has delayed things until the new chair is announced. We are very aware that there is no one on the Creative Scotland board with any screen experience. That must change in order for the governance and accountability to work. There have to be new appointments, and that process will take some months. We have to get it right in time, but we do not have to get it all right by 1 April. We will do our best to contribute to the governance structure, and we will make our views clear.

We need to have clear decision making and accountability, and the people who are taking leadership of the screen unit need to be able to take decisions, make deals and be accountable for that. We have not had any discussions about the detail of that in the design of the screen unit as it is on paper.

It will be very important to see the level of attendance at the meeting from the different public bodies, such as the Scottish Further and Higher Education Funding Council and Scottish Enterprise, and whether those are people who can make decisions, support new ventures and recommend exciting new projects or people who are coming to do a checklist and monitor what is being achieved—in other words, people who are part of the accountability rather than the strategic focus for the new screen unit.

The Convener: Belle Doyle, the letter from the Association of Film and Television Practitioners Scotland to the cabinet secretary raises concerns about governance. To paraphrase it rather crudely, there could be more civil servants around the table. Are you still concerned about that?

Dr Belle Doyle (Association of Film and Television Practitioners Scotland): Yes. There are certain practical considerations about how to talk to an entire industry and how we get people on board in what is a very flexible, freelance industry. People are very supportive of the screen unit as an idea, but we are concerned about the ideas around representation, accountability and delivery. We want to see that things will change, that there will be more work for people, and that people will be able to progress their careers in Scotland. That would be the ideal for us. However, we have not yet heard back from the cabinet secretary, so we do not know what is happening.

We wanted to raise our concerns at the very highest level. That does not mean that we are not supportive of the screen unit; as John McCormick suggested, we are concerned about the governance, monitoring and accountability of it.

The Convener: Does anyone else want to come in?

Chris Young (Young Films Foundation): Yes, but I cannot figure out the microphone.

The Convener: It is automatic, so you do not have to worry about it.

Chris Young: Love it.

I do not want to jump ahead, but I want to pick up on the word “fragmentation”. You introduced me as representing Young Films Foundation, convener. That is just one side of what I do; I am also a producer. The foundation has grown out of a recognition that there is a gap in opportunities for new writing, directing and producing talent in particular to stay in Scotland and to have a reason to stay. Many people and institutions are addressing that, but we want to address it up in Skye, where we are based. The foundation came out of a project to make a large number of television drama programmes for the Gaelic channel BBC Alba, which we have been doing in

Skye and for which we needed to train a lot of new craft and talent.

Speaking more as a producer—one of many in Scotland—I think that the news of the screen unit and the proposals that have been outlined are very exciting. Suddenly, we have a dedicated fund that widens the content and what we can apply for. There is no question that the sooner it is up and running, the better.

09:15

All the SSLG's proposals—Creative Scotland seems to have followed a lot of those in its proposals for the screen unit—are to be welcomed. One can think only that this is the beginning of a whole new thing, and I am unequivocally excited by it. However, fragmentation remains a serious issue. Wearing my producer's hat, I make the point that we work in a global market and we go out to fund our projects. The danger of the situation that we are in is that, if a group of significant players in Scotland are not, as it were, joining forces or collaborating effectively with what will be—in public terms—the key screen unit and source of funding in Scotland, there will be a problem.

To put that in concrete terms, it all comes down to autonomy. As a producer, I will want to go to the screen unit and other sources of funding and know that there is autonomy across all the Scottish entities. The BBC—particularly BBC Scotland—remains the elephant in the room. My experience of doing a Gaelic language drama with BBC Alba/MG Alba is a positive one of having worked with an autonomous organisation that makes decisions in Scotland. That is not the case when one deals with BBC Scotland, because decisions are made in London. Tony Hall has talked about a drama commissioner for Scotland, but it is a fact that there is no such autonomous drama commissioner in Scotland. That is one example, but it shows where the fragmentation problem will arise—

The Convener: If I can just butt in, Creative Scotland's collaborative proposal says that its ambition is to have partnership agreements with commissioners in the BBC and other channels—

Chris Young: Which are very welcome.

The Convener: —but are you concerned about how that will be delivered, given your experience?

Chris Young: It is difficult to see how that will be delivered. To look at the broader picture, again from the producer's point of view, the screen unit will be there as a resource, which I will go to as a way of part-funding a project. How can I be sure that the other co-funders have a commitment to the legacy and long-term strategic investment in

Scottish production represented by the screen unit? That is a danger, because this is not just about money. How do we incentivise not just BBC Scotland, but Netflix, Amazon or anyone else? Everyone will be aware that Scotland is a place where they are welcome both to fund work and to make it, but how do we ensure that the screen unit does not end up simply being the tail of the dog—or, rather, being the dog that is wagged by the tail. [Laughter.] That was a very confusing metaphor. Sorry about that, but I got there in the end.

My concern comes back to fragmentation. John McCormick made the point well in that regard. We must get the Scottish Enterprise and Creative Scotland proposal going, but in the wider context—this comes back to the leadership, the strategy and the vision—who will run the screen unit and who will guarantee its success? We cannot just put that down to personality. Although the screen unit will offer many things to many people, we will need to be really careful that it does not end up being used, in some sense, for the purposes of others, because that is the danger here. That all comes back to autonomy, which, of course, reflects the difficulty that we have in our relationship, as a small country within the United Kingdom, with Westminster and all the rest of it. I am stating the obvious, but I wanted to respond on the issue of fragmentation.

The Convener: Kenny Glenaan, you were nodding. Do you share that concern?

Kenny Glenaan: Chris Young articulated it well. I think that the proposal is very adventurous and really exciting. As far as the screen proposals are concerned, there is talk of the screen unit moving into television, as well as representing the film sector. We will need to have people who have experience of working in television on the screen committee. The BBC is central to whatever is taken forward. There is a great opportunity but, unfortunately, we are 20 years behind. In Scotland, we have a commissioning editor who speaks to someone who is the commissioner for the north, who then speaks to the BBC in London. I am not sure that that is the case for BBC Wales or BBC Northern Ireland. In television, we do not have a department that commissions work from up here.

I am a director and I work in television and have made low-budget feature films. All the time, I see a decision-making process that has a frame of reference that does not include Scotland on any level. It is like a war zone out there. That is happening now—this year. That is what we are involved in.

The proposal is fantastic, but there is a lot of positive, wishful thinking in it. We need to bore down into the relationship with the broadcasters and the commissioners so that we have leverage

and do not become a bucket shop or the tail wagging the dog.

The Convener: The committee will hold a session on commissioning, with a view to feeding into Ofcom's consultation on that.

I am aware of time, so I will pass over to Claire Baker.

Claire Baker (Mid Scotland and Fife) (Lab): To be honest, I am quite concerned about what I have heard, notwithstanding the view that the issues can be dealt with. The timescale is such that the screen unit is to be operational from April, when the new appointments will need to be in place. The concerns that have been expressed about governance and decision making are quite worrying. If we look back at what the Economy, Energy and Tourism Committee said three years ago, we see that those were the key issues that all this work was meant to resolve, and I am concerned that there is a feeling that we have not yet got to that stage. It could be argued that we can get there, but we have to contend with the timescale and the fact that Creative Scotland has published proposals that do not go into sufficient detail or deal with the core issues—issues that continue to exist—even though its document runs to many pages and includes lots of technical jargon.

I had planned to ask whether, when it comes to roles and responsibilities, Creative Scotland's proposal will deliver the transformative change that we all want to see, which was the purpose of the report three years ago and the work that members of the industry have done, but I am concerned that we are not at the stage that we were supposed to be at.

The Creative Scotland document identifies 12 action points. Are you confident that they can be delivered? Do those action points take us in the right direction? They include increasing the capacity of studio space, which has been an on-going issue for politicians, perhaps because it is the easiest one for us to grasp when it comes to understanding the screen sector. We still do not have a studio space that is suitable for attracting the business that the industry needs and giving opportunities to the television sector as well as the screen sector.

I am sorry; that was a long question, but I am worried by the feedback that we have heard.

John McCormick: May I respond quickly to Claire Baker's comments? It is fair to say that it is a timing issue. From our discussions about the screen unit with the Creative Scotland team led by Janet Archer, and from discussions that I have had as chair of the screen sector leadership group, I have no doubt that Creative Scotland gets it. I have no reason to doubt its approach to

governance—it knew what needed to be done and it supported our report and the recommendations on fragmentation, and on the need for decision making and to have people in the leadership team who could make deals and quick decisions, and who could respond to the industry's need for quick decision making and proper investment. Creative Scotland gets all of that.

Creative Scotland has come out with a model that was only published in December and that, for various reasons, we have not interrogated yet. I have no reason to doubt that when we discuss that with Creative Scotland fairly soon, it will respond in the way that the members of this committee would want it to, and that it has a system that will work—it is just not there in the paper yet. Because of the past relationships between the public bodies, to which the committee drew attention, we need to be reassured that the working is there and that the different public bodies know what their involvement is and are not getting in the way. Those bodies are there to help support and develop the strategy and to make sure that the different bits are joined up.

If it is not all done by 1 April, it might take a little longer to develop, but I have no reason to doubt that we are all singing from the same hymn sheet and facing in the same direction. However, we have to have the discussion about the governance arrangements to reassure ourselves, especially about the lack of screen knowledge, experience and background in the Creative Scotland board and how that would reflect into the screen unit and, as Kenny Glenaan said, its membership. We need to be reassured about that. However, given the way that the team has responded to the SSLG's recommendations in the past and taken on board what we have said, I think that it will happen.

Claire Baker: How important do you think the upcoming appointments are?

John McCormick: Crucial.

Claire Baker: How likely is it that Scotland will be able to recruit people who can work at the international level that we need them to work at? We visited Northern Ireland Screen and had discussions with other screen sectors, and leadership and decision making seem to be crucial. As well as governance and accountability, there needs to be a clear decision-making pattern and a handful of people who can make crucial decisions. With screen and television, we are dealing with a commercial business, which operates differently from other creative sectors.

Chris Young: I must reply to that. We are in a chicken-and-egg situation here. Of course there are people here with the necessary talent, skill and leadership, but we also have to have the

confidence to believe that there are such people. I really do not want to go back into bad-mouthing BBC Scotland—which seems to be my default, so forgive me—but the danger is that there seems to be a mindset in certain areas of Scotland that we have to bring people in. I have been in Scotland—in Skye—for 20 years making programmes and I work with many extremely talented and able people, but that is not recognised because there is a mindset that, unless you are south of the border, you do not really know anything. I am sorry to say that, but—

Claire Baker: The suggestion is not just to bring people in. We have heard that people start off in Scotland, move down to London and then go to Los Angeles. It is maybe about trying to encourage that cohort to come back and bring their skills.

Chris Young: Of course. As somebody who lives in Scotland, I am very confident that there are people here who can fill those exciting roles. It is also exciting that people will step up to the board of Creative Scotland. As Kenny Glenaan said, for some of us what is being proposed feels like going back 20 years, but the time is very ripe. The proposals have arrived at a moment when I do not think that the timetable is by any means impossible, because we all know what needs to happen. We all want this to happen, so there has to be an element of belief and confidence, which is perhaps lacking sometimes. We need to be more confident about this.

09:30

Kenny Glenaan: How can the committee have leverage with the television industry? We have to get to the nub of the issue. In television, whoever pays the piper calls the tune. If the commissioner says what they want and how they want it, everybody makes the programme with that in mind. The casualties of that approach in Scotland will be Scottish actors, setting and story. Scottish actors will not be used because they are not names, even though they would be good enough, the setting will be generic—it will be set in Edinburgh, but it could be anywhere—and the story will be somewhere in the middle, and not culturally specific. How can we get leverage and go into an honest negotiation with the broadcasters about being culturally represented, as well as creating work? A programme can include both of those things, and there is an opportunity for that approach to develop with the new BBC channel, even though its drama is at risk of being ghettoised because of the amount of money that is being spent on it. We have to be careful that Scotland does not become seen as a place to fill a quota, but only to a certain quality or standard.

Ken Hay (Screen Sector Leadership Group): I will go back a step. The task was how to sort out the public sector in its response to the needs and opportunities of the screen industries. The collaborative proposal, as it is called, is a major achievement. I have worked in this industry for too long and been very frustrated at times when trying to get public bodies such as Scottish Enterprise and others around the table. The fact that they have all signed up to the proposal is a major achievement—there is no disagreement about that.

I pick up John McCormick's point that we have the design and the issue is now about implementation. The screen unit will not solve everything—it is merely the public sector's response to needs and opportunities. The screen unit will have to have core relationships with the BBC, Channel 4, other broadcasters and international platforms such as Amazon and Netflix. For the first time since working back in Scotland, I feel confident that this approach may work, which is a major step forward for me. However, whether it works will come back to the people who end up being appointed to those posts.

The reason why we have focused on governance, which the committee has perhaps perceived as a negative issue, is because we want to look at how to make governance better. There are key questions there, for example how the screen unit will be free to take the necessary decisions in a sensible timescale. I am not confident that it would be a good thing for five public sector bodies to be involved in taking those decisions. How do we create a governance structure that will allow the wonderful people who will come in the freedom to do the jobs that they will be paid to do?

The point about leverage is spot on. Previous iterations of this approach had responsibility in that territory but did not have the necessary money or mandate, whereas the screen unit as set out will have the mandate and the money and will be charged with making this approach work. It is inevitable that the timing will not work for 1 April, but it is a case of how quickly we can get the screen unit up and running and how we can ensure that it works to the best of its ability.

A lot of issues are bigger—the relationship with broadcasters, for example, is huge and has been there forever. However, the proposal is the public sector response to that issue, and it bodes well.

Professor Philip Schlesinger (University of Glasgow): I agree very much with Ken Hay and John McCormick. Getting the design of the new unit right is absolutely crucial. Paperwork with 12 action points is fine and well, but where are the priorities? What is fundamental? I am not clear

whether those questions have found their way through to the thinking.

We are in a period of maximum change in a highly competitive internal UK market, let alone the rest of the world, and I am not clear where the understanding of current trends and future prospects will be situated in the screen unit. We have new distribution systems, new devices, and new audience demographics, and there are new challenges to sustaining national content because of the ambiguities in dealing in the global marketplace. There are new threats to the future of public service broadcasting, which so much in this discussion is being hung on.

There are also questions to be asked about the current structure of tax reliefs and who benefits from that in the UK marketplace, as opposed to the, mainly, US players. In the forward thinking, there needs to be some kind of research capability and a set of strategic priorities, which is different from a set of action points.

I work in a university, so it is really important to me that we think through the relationships with Scottish institutions. When I see film identified as the focus, I think that it is not just film that we need to get up to speed on, as has been said, but the screen industries. The transforming relationships between production, distribution and consumption need to be addressed in a different way, too. How will that be informed by evidence and strategy? I will pause there because, if that is not inscribed into the future of the screen unit right at the beginning, it will be a problem.

I completely agree that the proposal is a public sector solution to a problem; the issue that has not been addressed, though, is how we might access finance that is not in the public sector. That is incredibly difficult, as people know, but it needs to be discussed, at least; otherwise, everything falls back into the same place and gets parcelled out and, when it gets parcelled out, people fall between the cracks.

Tavish Scott (Shetland Islands) (LD): I want to ask the question about trends in the industry again, as it seems to have been a very BBC discussion so far. All our kids are watching Netflix and so forth on tablets; they hardly watch the telly these days. Will the unit have the ability to take into account how we consume the marketplace that is the media nowadays?

Chris Young: The quick answer from me is yes. It is a golden opportunity for us makers, because the platforms are all changing, but the demand for content is still there and is increasing. It is perfectly true to say that we are going elsewhere for funding, but the reason that we talk about structures such as the BBC is that quite a significant number of things that children watch on

tablets are still in some way co-funded by the BBC. Let us not get stuck on the BBC, but that is shorthand for, as Kenny Glenaan put it, how we address the problem of leverage and the ability to convert it.

Picking up on Tavish Scott's point, it is a time of opportunity. As Philip Schlesinger pointed out, we need to keep a clear sense of how things are changing and have on-going research on that, because everything is changing. The film business is in complete turmoil at the moment because our children watch everything online; they do not go to cinemas unless it is a very particular kind of product. There is so much turmoil and that has to represent opportunity rather than chaos. What is very positive about the proposals is that they are framed in a way that allows for breadth and for a sense of change. The times are changing.

Dr Doyle: The fact that it is a fast-changing industry and that jobs are changing is a fundamental problem for freelancers working in the industry.

Tavish Scott: What do you mean by freelancers?

Dr Doyle: People who go from production to production.

Tavish Scott: They do not work for one company; they move about.

Dr Doyle: Yes—they move from production to production. The problem is a major one, which the committee will debate later in the context of training. The crew who work in Scotland need to have access to training and new techniques and skills, because things are changing all the time.

The idea of data collection is really positive and it could feed into Philip Schlesinger's suggestion about research. We have had a problem with collecting data so that we know who is working on what and what kinds of things people are watching, both of which are relevant. Creative Scotland has not had the capacity to collect that data, and that needs to be built into the work of the screen unit. Collecting data is very boring—it is not an exciting job—but it forms the basis for research and it will mean that we know what facilities companies we will need to invest in. We need to be mindful of things such as what skills might be out of date when crew are working on a production, because at the moment we are not collecting that data. The setting up of the screen unit is a good opportunity to do that.

Richard Lochhead (Moray) (SNP): It strikes me that, since devolution in 1999, we have attempted again and again to get this right. While other sectors have prospered following devolution, the screen sectors have unfortunately not quite

achieved their potential, so I hope that we are at a turning point.

I am concerned about the number of public agencies that are involved. We talk about collaboration, but how can we ensure that the public agencies are genuinely focused on the screen sectors? How do we ensure that people from Skills Development Scotland, Highlands and Islands Enterprise, the Scottish Further and Higher Education Funding Council, Scottish Development International and Scottish Enterprise, rather than viewing the screen unit as something to be dealt with at a 10 am Wednesday morning appointment in a few weeks' time, are totally focused on the issue?

John McCormick: That is a very good point, and it is one that we need to interrogate in our discussions with Creative Scotland over the next few weeks. As far as the problem with the dysfunctional relationship between the agencies and the fragmentation are concerned, at least a group has now been created where they will sit around the table, but that is certainly not the solution to everything. It will be a contributing factor in ensuring that communication between those agencies takes place, but that could be a world away from ensuring that there is strategic development, momentum and support for the leadership team, and ensuring that deals happen and funding is leveraged. The creation of the group is part of the solution—it might be a small or a bigger part—but by bringing the Creative Scotland directors and people from the industry on to the group, it might be possible to make things work.

However, I share your concern that it could be—as you said—a meeting at 10 am to attend once a quarter. I am keen to see which representatives are sent from the different organisations. It is fine if the chief executive of Creative Scotland is there in a key role, but the priority that the other public agencies give to the group is key. Considering that their focus is not the screen industry but the funding council or whatever—they have bigger issues in other parts of the territory in Scotland—it is important to ensure that their contributions are focused on the screen industry. Those are the things that we need to interrogate and work out.

Other tweaks might need to be made to the governance structure so that there is strategic development, momentum and support for the leadership team in developing a strategy, understanding the international context and doing whatever it can do to make things happen. Bringing those representatives round the table is part of the solution, but it is just a start.

Chris Young: Richard Lochhead mentioned devolution. Devolution was framed in such a way that broadcasting was taken out of the devolved

powers and we are living with that legacy. I do not know whether that can change. When you said those words, I thought, “Gosh, maybe that can be changed.”

09:45

Richard Lochhead: It can be, of course.

Chris Young: That would be a good thing.

The issue is about strategy. To pick up on Tavish Scott's point, I think that the question that we have to ask ourselves is whether we want to think strategically—the ambition is clearly to do this—about creating an environment in Scotland where, as in other countries such as Denmark and, to some extent, Wales and Northern Ireland, a clear commercial and cultural infrastructure exists indigenously that creates programmes, whether they are on Amazon, Netflix or anything else. That is not happening here.

It will be a problem if a new channel is created in Scotland but it is not properly connected to whatever infrastructure we are going to have in 20 years' time. We need to be thinking in those terms; as we have just mentioned, it is 20 years since devolution. What do we want to have in 20 years' time? What we really want is that indigenous screen culture. We want all those shows that we all watch on Netflix to be coming from here. We want people to identify here, and not simply to be a location where people can come and get some good scenery and a little bit of cash in their pocket from the screen unit. That is the problem. We do not want that.

We want to be creating from the inside. That requires strategic thinking, and we cannot do that without dealing with the public sector. As Philip Schlesinger says, we need to think about non-public money, but we cannot avoid also thinking about the new Scottish channel. We are all together in this small country.

Richard Lochhead: My final point is that there is a sense of urgency. I read that Netflix is commissioning \$8 billion-worth of content in 2018. That is eye-watering, and that is just one company. I tear my hair out thinking about why Scotland is not in a fantastic position to grab a huge chunk of that, albeit that we have done well in some areas and are improving.

Can you assure us that we are not going to turn round in a year's time, see that the good will that we had with the public agencies has turned out not to deliver, and have to revisit that? Should there not be co-location of their staff with the screen unit, or dedicated staff in those public agencies who work full time on the screen sectors?

Ken Hay: If they have the right skills and will bring benefits, then of course that should happen.

You mentioned Netflix and the Northern Ireland example. Northern Ireland has made its name in the past few years with “Game of Thrones”. My question for the committee to consider is whether the screen unit makes it possible for Scotland to have any chance of getting the commission for the next “Game of Thrones” equivalent.

Professor Schlesinger: It is an important question. What is absent from the vision, I think, is any sense of what Scotland is going to specialise in that will give it a particular kind of leverage within the global marketplace.

The proposal contains the idea of growing larger companies, but it is not clear what those companies are going to be. In some respects, although I would not dissent from the proposal, the conglomeration in the marketplace is going on at such a pace that even having larger companies would not solve the problem because, five years down the line, everything will have moved on.

Although we have to think about what we are dealing with now, and public service broadcasting is very important in that respect, we need to remember the point that was made about the scale of commissioning outwith public service broadcasting, which is international. The global marketplaces really dwarf the means that are at our disposal. We need to start thinking in those terms and trying to think creatively beyond them. If we get obsessed with what is here now, we are going to get into a complete stall.

Jackson Carlaw (Eastwood) (Con): Many of the points that I wanted to bring out are coming out now. When the screen sector proposal emerged as a result of the inquiry that began in 2015, such international streaming services were still something of a twinkle in people’s eye; they were a promise of the future.

We were intrigued when we visited Wardpark Studios, which has had £330 million-worth of investment over three years from Sony Pictures Television. The catalyst for that was the fact that we have proven that we can produce high-quality drama at a third less than it could be produced in the United States. It seems to me that that is the selling point.

At the studios, we saw hundreds of Scots being employed in the carpentry shop, in the wardrobe shop, in the painting and decorating shop, in set building and in production. What we saw, really, was the emergence of a genuine Scottish film studio. There was an interesting commentary from Sony Pictures Television that when “Outlander” reaches its natural conclusion, there is now a film studio set, built in Scotland, that it has confidence in and believes is capable of delivering future production.

Will the screen unit be fleet of foot in its ability to move beyond the current set-up? All my life, it has been about the BBC or ITV—we all watched the product. I am gobsmacked by the fact that “Outlander” is the drama production that is most watched by women across the world but nobody in Scotland really knows anything about it. We are almost moving into an era in which there is a huge sector that can employ people, but the content of which we might not actually watch in this country. It could be that the content is watched everywhere else. However, it is a huge opportunity for Scotland. It is that whole dynamic that I want to understand. Will the screen unit be fleet of foot enough to look at that?

From the committee’s point of view, we can summon the BBC here; we have had STV and ITV along. I do not know how we would get Sony Pictures, Netflix and Amazon Prime to come here to be interrogated. Does the expertise exist in Scotland and the proposed screen unit to have such interaction? How do we try to engage in a way that will work? I think that the sector is only going to grow, as Richard Lochhead has said. How can we grab that opportunity?

I understand that studio capacity is a factor, because the production companies have to be able to go somewhere to produce content, but how do we influence development, given that we now have a record and the ability to produce at a lower cost? I do not want to find out in five years that the screen unit has ended up having a five-year row with the BBC over whether we have got up to 43 per cent or 42 per cent of what it is producing, while the rest of the world has been burgeoning all around us and we have missed another boat.

Dr Doyle: You are absolutely right about that. Companies at that level are probably not going to talk to the screen unit. They decide; they have people looking at exchange rates all the time and they know the exact cost of filming anywhere in the world. It is such a global market. It would be nice if the screen unit were fleet of foot enough and sassy enough to get ahead, but if we are talking about Sony, it will come here and shoot because it has the facilities.

To go back to what Chris Young was talking about, we do not want to create enough of a production fund that other people come in to spend our money, with no guarantees of any local talent being used. That would be slightly unfortunate. There would be spend in Scotland, but we would not have any kind of cultural or professional legacy in terms of people getting work on productions.

If we are talking about Netflix, it will not want the production funding of £10 million. We think that it is a lot, but Netflix will not think that it is a lot. I would be very grateful if Sony considers

continuing to work in Scotland, but I do not think that we have any influence over whether Sony does that.

Kenny Glenaan: When it comes to all the big studios such as Amazon and Netflix, it is only in our imagination that they might come here. They will come here only if they can make a profit. That is the only reason that they will come here—they will come for no other reason.

Jackson Carlaw: But that is not a bad reason.

Kenny Glenaan: Yes, but it is out there in the ether. We cannot help but talk about the BBC, because it is here and it is staying here. It is part of the landscape. That has to be a major factor and discussion point.

Chris Young: We need to think about why we are not creating things like “Outlander”. What do those people have that we do not have? They are just ideas and stories—it is the old Jacobite stuff that was drummed into us all at school. That is why I keep coming back to the point about strategic thinking. The markets and platforms might change, but we need to be making plans, and we are not. We have lost another 20 years. The Danish, for example, spent a lot of time getting to the point where they have some of the best writers in the world, and everyone is now copying them. It is the same with the Israelis and “Homeland”.

What is so attractive about this business, as far as making money for people is concerned, is that it all comes down to ideas. We need to think about how we create the environment in Scotland to ensure that “Outlanders” of all shapes and sizes are being made not just by Sony for its profit but by companies based in Scotland that might deliver them to Sony, Netflix or other platforms. In the end, as Kenny Glenaan has said, all these guys want is to make money, and we can make money for them.

However, the problem at the moment is that we are putting ourselves at the lowest possible level and providing what is, in effect, cheap labour. Instead, we want to be originating. I agree with what has been said about the BBC, although I do not really want to talk about that; however, if we are talking about resources and long-term strategic thinking, public broadcasters, Channel 4 and other such outfits have deep pockets, and there are ways in which they could collaborate seriously with public sector units and, strategically, bring us to a point in five or 10 years where we are generating massive global shows. There is no reason for us not to do that.

John McCormick: Following on from Mr Carlaw’s point and from what Chris Young has said, I note the priority given in the screen unit proposal to helping build the business base. That

is crucial, and it comes out of what Belle Doyle and Chris Young have said. It will give us more boots and more productions on the ground. After all, the situation at the moment is very fragile.

The Convener: The proposal talks a lot about content development, screenwriting capacity and so on. Is that the right focus?

Chris Young: Absolutely.

John McCormick: It is all so multifaceted. For example, if crews want to stay and develop their skills in Scotland, they need to have enough work instead of just doing a film here and then having to go to London, Birmingham or Paris to do the next thing. There needs to be enough work to go round so that people can choose to develop their careers in Scotland at every level of creative development.

As for the issue of company development, colleagues on the second panel will be able to give you more detail on what needs to happen to ensure that the small companies get bigger and the ambitions in the screen unit proposal are not seen as unrealistic. However, the company base has to be built, and then you can take the opportunity that comes with Netflix, Amazon and so on. After all, the new delivery models need content, and we can deliver a lot of it. There are more such opportunities available, so we do not have to be stuck with the two or three public service broadcasters and the odd feature film. These people need a lot of content, and a lot of them know about and are very keen on Scotland. The people in the screen unit need to be the kinds of people whom they want to talk to, who can make these kinds of decisions quickly and who can tip them into coming here and ensuring that the next “Game of Thrones” or whatever does not go to Northern Ireland. It is all about getting people whom others can talk to.

People have said to me that when they look up, say, “Making films in Wales” or “Making films in Northern Ireland”, they see a website, an open door and a list of contacts. They do not get that here. They say, “We have to know about the existence of Creative Scotland, and then go and find some link into it.” I think that this proposal is that open door.

The Convener: I am glad that you have raised that issue, because I remember that, some time ago, there was a commitment to having a portal. I know that it was not part of the remit of the screen sector leadership group—somebody else was doing it—but it still has not been delivered. Has anyone heard what has happened to that one-stop shop?

John McCormick: I would like to see it. By the time the new screen unit is up and running and has been modelled—

Dr Doyle: Was Scottish Enterprise not doing it?

John McCormick: You are absolutely right. Some basic things need to be done, but we must make sure that the people who want to invest and develop businesses in Scotland can phone or text someone and say, "Can you help me? What do I need to do about this?" That sort of thing is not there at the moment, but those who have designed the screen unit know that it is necessary. This has got to happen from the most basic level of having a website up to working with the industry and international players to find out what they need and want. The appointment of the leadership team and the governance and accountability elements are crucial to getting that right and ensuring that the right questions are asked.

The Convener: I thank our witnesses for coming. I suspend the meeting briefly so that we can move to our second panel of witnesses. I should say that I am aware that not all members had the opportunity to ask questions of the first panel, so I will ensure that those members get such an opportunity with the second panel.

10:00

Meeting suspended.

10:08

On resuming—

The Convener: I welcome our second panel of witnesses, who are Iain Smith, chair of the British Film Commission; David Smith, national representative for Scotland with the Producers Alliance for Cinema and Television; Clare Kerr, producer at Mead Kerr; Wendy Griffin, producer at Selkie Productions Ltd; Tommy Gormley, first assistant director; and Fiona Miller of the Association of Scottish Casting Agents. Welcome and thank you for giving us your time.

Some of you will have heard the points that were made by the earlier panel, particularly on commissioning, fragmentation and whether we have got the governance of the new screen unit right. Do you have any reflections to make on that evidence before we move on to specific questions?

Fiona Miller (Association of Scottish Casting Agents): The Association of Scottish Casting Agents thanks the committee for the invitation to be here today, and I hope that members have seen our submission to the inquiry.

To be quick, I will just mention some bullet points in feedback on the collaboration strategy. There is not enough funding. Local government was awarded £170 million recently for pay rises, and we need £170 million, which we would double

through jobs, investment and so on. The strategy does not reflect back to me the position of practitioners. I do not hear, see or feel anything in it that represents my experience in the industry. We need to refresh and engage everybody, from the bottom to the top to redo the collaboration proposal.

Collaboration is not enough. I have been working in the public sector for 15 years on community planning. Community planning did not work, and it took 12 to 15 years to work that out. Legislation had to be brought in to make the public sector bodies work. Twelve years is too long. We have already missed the boat. It is clear that Creative Scotland found it hard to engage in a community planning agenda, as did Scottish Enterprise. They also find it difficult to work at a strategic level.

We need legislation. We know that public sector reform has been challenging. To make bodies work together and pool resources, we need legislation and not a collaborative approach. That has been proven—evidence exists to show that a collaborative approach does not work.

The strategy is not ambitious enough. Five to eight dramas between 2020 and 2023 is not enough. There are more than five to eight dramas at the moment.

It is not fast enough. Taking 12 months to come up with an action plan is too long, as is taking six months to come up with a business case. Those timescales will make sure that we continue to fall behind.

There are two issues around collaboration, including the one that I have just drawn to your attention, which is the fact that public sector bodies find it difficult. We need to deal with that. We also need to recognise that this is a commercial interest. It is about making money and telling Scotland that we are open for business.

Tommy Gormley: I thank the committee for letting me be here today. I am the classic wandering Scot who works in the film business day after day and has travelled the planet doing so.

We have not just missed the boat in this country; we have missed an entire fleet. There has been a cataclysmic failure at every level to deliver. It is a disgrace that the amount of production done in Scotland is catastrophically low compared to that in the UK. We have 8.5 per cent of the UK population and the spend is 3.5 or 4 per cent—I do not know the exact figures, but it is less than half of what it should be.

I have certain things that I would like to say. The film business is called a business for a reason. It is a hard-headed financial business—it always has

been and it always will be. It is very fluid in that it goes wherever there are facilities and a crew. That is what draws films. We have great crew in Scotland, although there are not enough of them. From my experience, with every film that I have worked on around the world, there has been a little coterie of Scots working there. That has got slightly smaller in the past few years. There were always eight, nine or 12 Scots on the crew, but now there are four, five or seven. There are fewer skilled crew on the films that I work on.

I left a film studio last night to come here—and almost missed a plane getting here—and I go back tonight to a film studio to start work again tomorrow morning. There is a great misunderstanding, even in Creative Scotland and Scottish Enterprise, of what film making involves. It is a simple industrial process, with its own little factory and it needs that factory. You lovely MSPs come to work in this amazing building. I have got a job and I leave the house at 6 am; where do I go? I go to a film studio. It is not rocket science. We cannot spend every day in Glencoe doing scenery; we need a film studio. It is not rocket science; it is simple.

We do not have to build a Rolls-Royce Pinewood in Scotland. The studio could be small scale and simple, or there could be several facilities. Anything would help. The lack of a studio is crippling, as it was when I first ventured abroad 25 years ago and, despite being discussed endlessly, it is still crippling today. There is a good saying in drama that all character is action. It is not what someone says that matters in films or TV, it is what they do. All character is action, and the lack of action in our industry for many years is staggering.

The previous incumbents at Creative Scotland were rather scathing about studio needs. I remember the comment was made that we do not need a big shiny studio. When you make a film, it starts with three or four people: a location manager, a production designer, the director and a producer. They get in a room and start to discuss where they are going to be and how they are going to hire a crew. The crew gets hired where they are. It does not matter if somebody comes to Glasgow to film for three weeks or to do “Avengers” in Edinburgh, as happened last year; what matters is where the project is generated from, because that is where they hire the crew. They say, “Oh, we will hire him, him and him. He is a great prop guy and she is a great designer. We will get these people together.”

10:15

When they come to Scotland for three weeks, they bring those people with them, because it is a no-brainer. They trust those people, have hired

them and know what they can do. That is how it works—the crew are hired where the project is based. It is a critical misunderstanding to think that it is about having some big shiny studio with nice windows and desks; it is about where the human beings sit, meet and discuss matters like you folks do in the Parliament. Where they meet is where the work is generated from. I have a bugbear about the studio for starters.

I have worked on 54 feature films around the world, and 80 per cent of the work is done in a studio. That is how films are made because it rains sometimes or it is cloudy or too cold. A studio does not solve every problem. It does not create content. There are two strands. The content, about which my dear friends Kenny Glenaan and Chris Young spoke well, is important. Of course we have to generate local content. They are two disparate things, but they can run in tandem and one feeds the other. If there is infrastructure—guess what?—little groups of people get together and start creating content and companies can grow and develop. Developing content and developing the infrastructure are not mutually exclusive. They are slightly different areas, but they can feed into each other.

What has been done at Wardpark Studios tells the story. It is fantastic. We have missed the boat with “Game of Thrones”. Remember that the pilot was shot in Scotland. Some smarter folk than us in Northern Ireland were smart about what to offer studio-wise and facility-wise and got the biggest TV show in history to go to Northern Ireland for the past seven years, along with hundreds of millions of pounds. We will keep on missing the boat because there is a lack of ambition and drive. The people in the jobs at Creative Scotland and Scottish Enterprise are not from the hard end of production and do not really understand how or why films are made. We will continue to miss the boat until we have a film studio and we have film makers and practitioners at the top of the quangos.

Mairi Gougeon (Angus North and Mearns) (SNP): I do not really know how to pick up from that. My question is about the knowledge that you say is needed—the film-making expertise and the people who are involved in the day-to-day working of the industry. Do that knowledge and expertise exist? We heard from the previous panel that they want people from film and television to be involved.

Tommy Gormley: The knowledge exists, but there is a danger of losing it because it is one of the jobs that you get knowledge of only by doing. The best training is on-the-job training.

It is all a bit divisive. We hear that something is film or TV or this or that, but film and TV drama are synonymous now. Look at the quality levels on

“Outlander” or “Game of Thrones”. If you walked on to a film set, you would have no idea whether it was “Game of Thrones” or a movie. They look identical. The assistant directors and the costume guys are the same. The jobs are identical, because the quality is now pitched at such a high level.

High-end TV drama is the great new thing. It is probably what we should be chasing more than anything and then the films will come as well. “Outlander” is developing a great crew base of skilled personnel but, at the moment, we would struggle to have more than two or three films or big TV shows in Scotland. We do not have the crew here and they have to be imported.

It is a self-fulfilling prophecy. The more work that we do, the more skilled crew we will have. In turn, that will attract people to come to Scotland. As Iain Smith will tell you, when films come, people ask what it costs and what the tax breaks are. It is a hard-headed business decision and it is attractive to have a skilled crew and not to have to import crew and put them up in hotels.

I do not know what can be done with the new tax-raising powers. What has made the UK so attractive? I work in Hollywood movies around the world all the time. I lived in Los Angeles for seven years and I came back to the UK because all the big movies are suddenly back here. They are here because they have the facilities, highly skilled crew—perhaps the best in the world—and a beneficial tax rebate. They would go away tomorrow if that changed.

Why do we not look for a clever way for Scotland to get a bit of that action? Are we allowed to adjust the film and TV tax rebate by an extra 1 per cent? That would be a game changer. If folk such as Iain Smith sitting in London looking at their accounts realise that they could save £2.5 million by shooting something in Edinburgh, Glasgow or somewhere else, then—guess what?—they will go in a New York second. That is what we should be doing.

The Convener: Just for clarity, and to avoid getting anyone’s expectations up, I note that the tax breaks are entirely reserved to Westminster.

Tommy Gormley: Well, we should get them back.

David Smith (Pact): I should say that I work in an entirely different industry, in a sense. I actually feel like a bit of a ringer in this mix. I do not work in drama or scripted film or television of any kind—I think that everyone on the panel has been in more studios than I have been. I work in factual television production, which accounts for the majority of the turnover and employment in the Scottish sector.

I hear the points that have been made and agree about the importance of the studio. We have lacked such a facility for a long time and very much need it. I want to reflect on the convener’s original question, which concerned the points from the previous session that are worth picking up on and the things that are missing from the screen unit proposal.

Intellectual property—the ownership of ideas—is vital; it is the mechanism of production. Regardless of the sphere that you are in—scripted or non-scripted—if you own the IP, you have the levers of power. Currently, we do not have the levers of power. In my world, which is television and factual non-scripted production, until the introduction of the Communications Act 2003, producers did not own their IP; it was owned by the broadcasters, with producers working on a for-hire model. The change came when the 2003 act delivered IP back to producers, who were then able to exploit it. Many companies were successfully built on that basis—there was an exponential growth in the TV sector in the UK, particularly in the non-scripted side but also, in London, on the scripted side.

What happened in Scotland was slightly different. We became a place for outsourcing, so production was displaced here, whether it was in the scripted sphere or the non-scripted sphere. Lots of projects were lifted and shifted to Scotland. There is good value in that, but it is not as valuable as owning the IP. It was useful to hear Chris Young and others in the previous session talk about the primacy of ideas. That is something that we need to get back to.

When I read the screen unit proposal, I see lots of talk about the importance of skills and crew. I do not deny the importance of those things, but there is a development skill that we need to focus on. If you do not get development right, nothing else happens. You become guns for hire in the system.

The point about companies and how they grow also goes back to the issue of IP. If you do not have the right idea, you never grow. IWC Media, which is based in Glasgow and for which I worked for a while, grew because “Location, Location, Location” was an idea that sold and sold and sold. Many careers were built on the back of it and many companies were spun out from it. Those careers and companies all go back to that one idea. IWC did not grow because it was IWC; it grew because it made “Location, Location, Location”. That is where we need to return the focus.

With regard to the convener’s original question, I had lots of points to make about governance, but I think that others have made them. The role of industry in the governance structure needs to be given great consideration. At present, the two

industry representatives who work in that governance structure are on the scripted side of the business, and I would like to see a role for the non-scripted sphere in the mix.

Wendy Griffin (Selkie Productions Ltd): I agree with a lot of the points that were made earlier and with what David Smith just said. The issue of developing ideas is important. However, it is difficult for small companies to survive while they are doing that. Therefore, funds for development are crucial, as well as the other things that everyone has mentioned.

Clare Kerr (Mead Kerr): On the issue of how the screen unit is run, who staffs it and who is committed to it, Denmark has a system whereby industry producers work in its screen unit for only three years before they go back to doing what they did before. They get access to international contacts while they are working with the screen unit, and they bring those contacts back into the workplace. That is a useful revolving-door model that Scotland could think about adopting. We should use the talent that we have but make sure that there is a fixed term for the job. Further, it might be best to have people from the factual side and the drama side sitting in the screen unit to ensure that the work that is being done and the kind of engagement that is being undertaken with the industry is realistic and relevant. Having fixed terms would give people a vested interest in building an industry that they want to go back into rather than staying in a job that is comfortable when the rest of us are living in relatively risky times most of the time.

We have two tracks running in Scotland. As Tommy Gormley said, we have to keep ensuring that we can attract the high-end business that we will need to build an amazing industry but, as everyone else has pointed out, we also have to ensure that our indigenous IP is being nurtured. That is all about those people getting access to the broadcasters.

In the suspension, I was talking about the fact that “Outlander” has been here for around five years. Lots of training is going on in “Outlander”, but I do not know who from Scotland has access to the executives at “Outlander” or who understands what the showrunner does. I know that training is looked at by another committee but, when there are big shows in Scotland, perhaps the screen unit could talk to them about new producers or maybe producers who are not very new but who have not yet had the chance to see how such a machine works at the script level. The unit could also talk about Scottish writers. Are any Scottish writers working on “Outlander” yet? We do not know; I certainly do not know. It is hard to tell, so Scottish writers might well be doing that. I am not saying that they are not, because I do not

know what is going on there. However, when such big shows come and are going to be here for five to eight years, we have a fantastic opportunity to access the upper echelons, so we need to find out how to do that.

I met a young producer from England who now works for Netflix. He had a job on a feature film and somebody bumped him on to the executive of a show. He had impressed that person as a young producer/line producer. Those connections are really important. We are making lots of connections at the technical level, but not many at the IP level. It would be really useful if the screen unit could be engaged in that.

Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con): Good morning. I want to pick up on a point that John McCormick made about the dysfunctional relationship between Scottish Enterprise and Creative Scotland. Creative Scotland has said that it will lead activity

“in key new areas—including business development support for companies outside those with ‘high-growth potential’”.

The ambition seems to be that the collaborative proposal will boost the number of production companies with turnover of greater than £10 million. I am particularly interested in how we will grow smaller productions and in regional growth. Creative Scotland has said it will adopt a “one front door” approach. How will that take into account regional requirements? Is it the correct approach?

Clare Kerr: What do you mean by “regional requirements”?

Rachael Hamilton: I mean production capacity on a smaller scale rather than just the high-growth ambition that the collaborative proposal sets out.

Fiona Miller: On the number of the people for whom we can provide employment as supporting artists, we would call on the high-end drama that people have spoken about. We absolutely support that. We all supply to “Outlander” and are absolutely linked into it, but we are looking for domestic-plus or super-domestic shows that are around the £1.4 million mark—for example, “Grantchester”, “Peaky Blinders”, “Broadchurch” and “Silent Witness”. Series 22 of “Silent Witness” has just been commissioned; it sells across the world. There are probably only five regions in the world that cannot see “Grantchester”. There is no reason why we cannot do the high-end drama and domestic-plus shows here, in parallel with the indigenous stuff. That would provide more employment for us, and that is what we would look for.

Iain Smith (British Film Commission): I am the chair of the British Film Commission, but my day job is active producing internationally. Another

important credential is that I am a Glaswegian. I have a home in Glasgow, and I vote in Scotland, although I spend an undue amount of my time in London and Los Angeles.

I mention that because, a long time ago, I took the view that I wanted to make what I thought of as real films. After 10 years of working in Scotland, I discovered that I was having a good old time, but I was not changing anything or achieving anything. I was therefore drawn to London and to Los Angeles very soon after that. I have not earned a pound in 30 or 40 years; it has all been dollars. I have been internationally oriented, so it was perhaps inevitable that I ended up chairing the British Film Commission, which is a voluntary position.

10:30

It has taken 20 years to move the whole industry into a position in which we now see the kind of numbers that were published just a week ago, including more than £3 billion in inward investment in film and high-end TV drama.

We are all about the business of underpinning cultural and creative objectives in the UK as a whole, but with an economic foundation that, quite frankly, allows the industry to exist. The screen unit is a very positive development and shows that people have been listening. The uncomfortable marriage between art on one side and money on the other is a very difficult relationship to maintain, but in the UK, we are doing it. I should say that the British Film Commission exists just as much for Scotland as it does for all the other nations that are involved. We are trying to make sure that the underpinnings of the industry are state of the art and that we understand the technology. It is all about industrial intelligence. We have a unit of four people in Los Angeles whose sole job is to listen, understand, go to all the question-and-answer sessions and parties and find out who is doing what at the very early stages. Without that intelligence, we would not have a fraction of the money that we enjoy in this country. However, if I look at a map of the UK, to my huge frustration, I have to say that Scotland is underperforming compared with the other nations, such as Northern Ireland and Wales.

The Convener: Why?

Iain Smith: We do not have the investment in infrastructure—and especially in studio, for which I have always campaigned. It does not have to be a big shiny one like Pinewood, or particularly expensive. It has to be a shooting space that meets certain technical requirements in order to qualify. As Tommy Gormley said, in the UK we have very good tax reliefs that are highly valued. We also have an incredible skills agenda that is

maintained by a strong link between industry and the training institutions. I also sit on the board of Creative Skillset, specifically because I could see that my job, as far as creating a strategy for the industrial and economic side of things is concerned, is directly linked to the degree to which our crews and facilities are up to speed and are state of the art.

I do not think that Scotland can do that on its own. Much as I am all about self-determination for my homeland—and just as Britain has had to do—we have to surrender a certain amount of sovereignty in order to gain something bigger. That is about understanding the industrial and international environments in which we live. We have to understand the paradigm shift that is happening right now. We all know about it, but I happen to know a lot about it. It is amazing. Netflix is just the beginning; beyond it, there are really big companies that are coming in fast. Obviously, there is Amazon, and Apple is now coming in, along with Google and Hulu. Above and beyond those is Disney, which has just bought 21st Century Fox. We might ask ourselves what that is all about. The answer is that Murdoch decided that Fox was not big enough. It was capitalised at \$90 billion-plus, but it was not big enough to enter the international battlefield. He made a smart move and went inside Disney, which is much bigger. Members should just wait and see what will happen with Disney—it will start moving in on global content.

The good news is that demand for entertainment and for content is increasing; what is changing is the means of delivery and production. If we take a step back and look at that, we can see that it is an incredible opportunity for Scotland that has not existed hitherto. The demand for content will step outside the old ways of which I was a part, when it was as though we were alchemists working in a magic realm for the studio system. Now, it is much more businesslike, and you have to work harder for less, which is perfect for Scotland.

Scotland's cost base is good—it is low compared with the south and certainly compared with America. Scotland used to be the second production cluster in the UK after the south-east; at the moment, it is in fourth or fifth position after Wales, Cardiff and Bristol—even the Leeds-Manchester cluster is getting a bit serious now—and, of course, Northern Ireland.

We are failing because of uncertainty; we are failing because of good old Scottish caution. In my occasional dealings with Scottish Enterprise, I have been dismayed, frankly, about its apparent inability to understand that the screen sector is a real business—a real industry. It is much better than shipbuilding. The old industries have gone;

screen is the future. Furthermore, on the larger issue of Scotland's image, how Scotland is seen in the world is directly linked to our participation in the media world, and that will affect how Scotland performs in all sorts of ways.

The Convener: Under the proposal, Scottish Enterprise will still be tasked with supporting the larger companies. Is it a mistake to give it that role? Please be brief in your response.

Iain Smith: Nothing is a mistake if it is positive and moves things forward. The implementation of the new screen unit is critical. That means not just keeping it to—forgive me—wha's like us, but gaining people who really understand the front line of change.

Why is the BFC a success? I have personal relationships of trust with key executives in Los Angeles. I brought into the BFC people who had similar knowledge and expertise. They could phone executives at home at night; they could find out things that would be very hard for anyone else to find out. The relationship of trust is most important. If I get a call from someone asking whether they should put something into Scotland and I say, "Actually, I do not think so", they trust me because they know that I am a Scot and that I would want to push Scotland.

We must play a very long game; nothing will happen too fast, but change will happen. As I said, it took 20 years to get the BFC up and running, to get the creative skills sorted out and to get the Government to understand the importance not just of the wider creative industries, but of the screen industry, particularly film and TV.

David Smith: I have two separate points. The first is on the convener's point about whether Scottish Enterprise should be involved in that supporting role. Without wanting to be too harsh, my answer is no. If the screen unit exists to do a job, it should be empowered to do that job. That is my very strong feeling. Scottish Enterprise has sat around the table for 10 years and a lot of time has been sunk into it, but it has not delivered a great deal.

The unit is a new start, and it should be properly empowered to deliver. It must be somebody's job to do that, or else it will be nobody's job, so it has to be the screen unit's job.

Tommy Gormley: Give it a better name then. As John McCormick said, if you google "Making films in Wales", you will find a website asking you to come to Wales, with an easy-to-navigate portal and the name of the person to phone. It is the same for Northern Ireland. However, the situation in Scotland is very confusing; there is terrible fragmentation. You have to phone Creative Scotland and you are put on to a small department that is run by folk who like opera and drama. It is

all very unclear. The name "Scottish screen unit" is not very enticing—it should be something like "Film Scotland", "Screen Scotland" or whatever. "Scottish screen unit" smacks of the incredible lack of ambition that is written through this whole story. For a start, the name is unambitious. Secondly, where is the clarity? Is it a unit within something else that is within something else? If I was from somewhere else, I would think that it looks a bit unprofessional.

Rachael Hamilton: It took a very long time to get clarity about Scottish Enterprise and its dysfunctional relationship with Creative Scotland, but I think that we got there in the end and got that message out. The definition and aim of the screen unit have been criticised, and I thank the panel for mentioning those aspects.

Stuart McMillan (Greenock and Inverclyde) (SNP): I will follow up on the past couple of points. Should the unit be a stand-alone operation, as compared to—

Tommy Gormley: I agree 1,000 per cent. The decision to merge Scottish Screen with Creative Scotland was catastrophic—Scottish Screen lost all its power, authority, drive and focus. It was a terrible decision. I was in New Zealand filming this year, and if we google "Film New Zealand", up it pops on page 1. I have been filming in Norway and was in Paris last year—every country that I go to has that approach. The situation here is so convoluted that it is embarrassing, frankly.

David Smith: It does not have to be a stand-alone unit to have such a portal—

Tommy Gormley: A portal would take a web designer two days.

David Smith: I agree with you that recommissioning Scottish Screen would be nice in five or 10 years' time. However, we are where we are, and we have to work with the structure that has been put in place. The screen unit is a positive step forward if we can make it work in the way that it should.

The governance points that were made earlier are vital—we need to ensure that industry voices are included. In terms of the bandwidth and expertise of the people who are involved in the unit, they must have recent industry experience—several speakers have said that. I like Clare Kerr's idea that they should be in the unit for three years and then move back into the industry. There should be a revolving door, because people get very comfortable sitting in those roles for a long time. They do not suffer the slings and arrows that all of us do, and it would be nice to think that they would face the consequences of their actions.

Wendy Griffin: The industry changes so much, so quickly that a person can fall behind if they are

in an administrative role and not on the floor. That is important.

Tommy Gormley: That is a great idea.

Stuart McMillan: My next question is about looking ahead and training. In the past, when a person came out of university or a training programme, what would their role have been, traditionally? Would they have gone into the sector in Scotland or would they have gone straight to London?

Tommy Gormley: The situation has changed dramatically. In the past, you got to know somebody, or found a friend or spoke to your uncle. Whatever your way in, you became the teaboy or teagirl or the runner. There was no structure for training when I started.

I am thankful that there is a structure now—it is vital. Things are much better than they used to be, with genuine skills training programmes in place with various agencies. If they are to be meaningful, the courses need support so that they constantly improve and adapt. They have to be cemented and expanded, and tied in to real-life productions, which have to be forced to be part of the process. The key thing is that training has to be totally linked to the industry.

Wendy Griffin: The new entrants training programme, known as NETS, has been a brilliant scheme over the years, although I do not think that it is running this year. It is really respected across the UK, because it has on-set work placements. The problem is that people come out of university with no experience of the industry. It is great to have all that film knowledge, but they probably still start at the bottom and go in as a runner, if that is their route.

Tommy Gormley: Bringing the National Film and Television School to Glasgow is a massive step forward. It should be supported to the utmost.

David Smith: There is also the new BBC Scotland channel. For a long time, we have had an inherently weak domestic market for content: we have opt-outs on BBC One and BBC Two for Scotland, and the STV/ITV channel makes very little compared with what we might expect a channel 3 licensee to make. Suddenly, we had BBC Alba, which was a positive step forward, and now we have the new BBC Scotland channel. For all the concerns about the BBC Scotland channel being underfunded and transmitting in standard definition, it will still be generating content. Careers will be built through that structure; people will come up with ideas and some of those ideas will win.

Tommy Gormley: The worry for me is that we should be looking at spend rather than hours. It is very easy to say, "We did 112 hours of drama",

but, given the budgets that the BBC is looking at, it could be the lowest-common-denominator drama.

David Smith: That touches on a separate point—

The Convener: I will bring in Iain Smith, who is anxious to make a point.

Iain Smith: I will pick up on the point about skills. The British Film Institute is the strategic body that leads on all aspects of the UK industry, by which I mean that it is the body that the Government will talk to. Last year, the BFI produced, at some length, a future film skills strategy, and in the past few months it has awarded funding of £20 million to Creative Skillset to open up areas of skills that have not yet been properly mined.

One of the problems with that is that Creative Skillset has tended to be Government facing, rather than industry facing. In the past couple of years, we have been trying to turn that whole headspace around—and we have succeeded. From now on, Creative Skillset will be much more informed about and interlocked with all the different sectors of the industry, including the nations and the English regions.

10:45

It is very important that Scotland is part of that approach. I am not saying that Scotland has to be beholden to it—Scotland can be perfectly independent—but it is just stupid, frankly, not to plug into the opportunities that are available in the UK and further afield.

A very positive sea change is happening in relation to skills. It is a matter of survival, of maintaining productivity and of continuing foreign earnings, which are critically important for the UK economy.

Stuart McMillan: Will the proposals for the screen sector assist in ensuring that there is a more robust set of skills in Scotland, so that when you talk to others in the future, you can say, "Yes, you can film that in Scotland—you can put that production in Scotland"?

Iain Smith: Yes. I emphasised the negatives when I told my anecdotes, but there are definitely positives. The main one is that the skills base in Scotland is rising. "Outlander" has helped enormously. Every time that there is an interface between crew members and facilities in major productions, there is real learning. It is not an academic thing, although there is an academic aspect to it; it is very much about applied experience and understanding of just how screen production works.

The film business in particular—television is the same—is so human. It is all about who trusts whom to do a job. If I am a producer, I want to make sure that whoever I employ is better than I am, because if I do anything less than that, I am endangering myself. If I have had any success, it is because I have done that.

Fiona Miller: The fragmentation is also related to it being a human business. We need to bring the networks together so people know who is who. Then we can start to capitalise on a lot of the really good work that Iain Smith has just described.

I speak to young people who come to us because they want to be supporting artists and want to know how to get into the business. I have also been on set regularly. When I speak to runners, they often tell me that they got their job because they approached the production team in the pub and said that they wanted to get on set, and the crew said to come down and be a runner.

GBM Casting has worked in partnership with Edinburgh College to try to be a gateway for young people to find their way into the industry. Wendy Griffin said that people in university do not get a real understanding of how to get into the industry and the practical skills that they need, so I hope that some of that will help.

We also need to make sure that information is getting to young people, which is the role of Skills Development Scotland. That organisation also has a part to play in the collaborative strategy.

The Convener: I am keen to bring in Ross Greer, as he has not asked a question yet.

Ross Greer (West Scotland) (Green): I am keen to go back to governance and accountability. Governance is obviously an inherently internal and structural issue. The direction of travel around the unit's governance seems to be positive, although I take on board the concerns—for example, those around diversity, which David Smith has raised.

The challenge that there always is with governance is that it can boil down to a couple of individuals from industry on a committee. As has been highlighted repeatedly this morning, your industry is an incredibly diverse one. For a couple of individuals to represent all that diversity is a huge challenge, which is why accountability is critical.

However, accountability is considerably more abstract than governance—governance arrangements are very direct. Is the direction of travel with regard to accountability for the unit the right one at the moment? Accountability seems considerably less fleshed out than governance is, so far.

Iain Smith: That is a very interesting point. First, I think that boards are about strategy and policy, not administration. Administration has to be much more particular, specific and “fleet of foot”, to use Jackson Carlaw's phrase.

At the BFC we have a big national board on which everyone sits; Creative Scotland is represented on it, as are all the others. However the real work, if I can put it that way, is done by a business sub-group, which is made up of people who have been appointed because of their particular point of view and their particular skills and knowledge, so that our level of intelligence is as high as possible.

That is not to gainsay the main board; in fact, everything that goes on at the sub-group—we meet once a month—gets reported back to the main national board, which generally nods it through, because it understands that it is good stuff that it is getting. That is probably the way to do it. It is possible to have two appointees who are the great and the good of the industry and who have the industry's best interests at heart, the knowledge and understanding of the vision thing and all of that, but they are not necessarily the ones we should rely on totally to run the front end of the business.

David Smith: The continuation of the screen sector leadership group alongside the unit—or the board, or whatever it is called—will be vital. A relationship has grown up between the two bodies over the past year or two, and that, combined with the oversight of this committee, has been really useful in moving the process forward.

In television, there are two main issues that we face in Scotland: the out-of-London rules, which Ofcom is about to consult on, and licence fee reinvestment. As Iain Smith said, the unit's expertise should enable it to address those issues if the board has set those as the main strategy points that have to be dealt with. The interface with the screen sector leadership group should run in parallel with the unit, because it has been a really good way of ensuring that the industry is listened to.

Tommy Gormley: I like the idea of having practitioners as part and parcel of the unit. That could be done on a rotating basis—people could be conscripted into service for a year or whatever. There is the old saying that those who don't do, teach. The people who do the hard-end jobs are rarely in such positions or listened to, so I think that having people who are at the sharp end seconded to the unit on a rotating basis would be a massively clever idea.

Fiona Miller: Absolutely. That practical input is definitely missing. We have a strategic overview of how governance will be done, but through the

work that we do in supporting artists and supplying to productions in Scotland, we are at the coalface, because we chase that work all the time, so we know what is going on. We need to feed that back up and, to do that, we need to have a voice at the table. We have never been engaged or consulted, even though we have years of experience—we have been around for 15 years. Somebody needs to cash in on that coalface experience.

Ross Greer: Tommy, you mentioned the equivalent organisations in other countries that you have worked in. How does the accountability relationship work in those places? We can examine the governance arrangements of equivalent organisations, but cultural accountability to the industry is a different matter.

Tommy Gormley: I do not claim to be an expert on this, but in most countries where I have worked, the practitioners tend to be much more involved in the governance of the bodies in question. As a Scottish person who has worked in the film industry around the world for 29 years, I have never had a real relationship with people in the quangos. They always seemed to be removed from us—not on the same planet. They do not come to the set, I do not know them and they have never phoned me up to ask, “What do you think?”, “Would this studio space work?” or “What do you need in a studio?” In 29 years, I have only once been asked, “What would you look for in a film studio?” I have spent my whole life in film studios. In 15 minutes, I could tell you what it takes to make a film studio, but I have never been asked.

Fiona Miller: We have quite a thriving industry in Scotland in spite of the fact that Creative Scotland has been around and in spite of Scottish Enterprise. We have done that without their support and now we have a real opportunity to remodel the governance structures. There has already been discussion of the fact that because Scottish Enterprise has not delivered, we do not need it. My point is that we have achieved what we have achieved without the help of those agencies. That relates to what Tommy Gormley said.

Iain Smith: The difficulty with Scottish Enterprise, as I perceive it, is its old thinking. It thinks about big companies, permanent employment and stuff like buildings, land and property deals, but such thinking goes against the grain when it comes to the globalised virtual business that we are part of. All the other countries that we are talking about understand the need to be part of that business, particularly those that are not English speaking. We win and lose by virtue of the fact that we speak the same language that America speaks. I have just spent a big chunk of time in Hungary. As a producer who had come into Hungary, I could get to Viktor Orbán, the

Prime Minister, within a day, because he understands the significance that lies beyond the obvious.

Tommy Gormley: As a Scottish film director, I have to say, sadly, that I have made more films in Budapest than in Scotland, and that is not because I have avoided Scotland.

Iain Smith: Easily.

Tommy Gormley: Easily. Many more, so why is that?

Iain Smith: They have 25 per cent tax relief in Hungary and they are can-do and helpful. They understand that it is not just about the moment, but about the possibilities that lie beyond it.

Trust is another issue. Netflix and all those guys are just people who go home at night, have their holidays, turn up for work, hope that they have their job next week and all that stuff. They are just people; they are not some sort of fancy elite. Generally, they are scared, because they have to perform. People around the world are looking for solutions more than they ever did before, and Scotland should be part of that.

The Convener: What key things do we need to do to be like Hungary? Will the unit deliver those things?

Iain Smith: If you do not mind me saying so, you cannot be like Hungary. However, you can learn from Hungary, the Czech Republic, Romania and South Africa. Those nations are actively competing to get a lion's share of the international film production business.

David Smith: We can also learn from London. The primacy of IP is a lesson well learned. The international television industry is based on the value of IP and, to this day, things are commissioned in London by London-based producers because they come up with the best ideas. If we want to move the debate forward, we have to invest in the skill of developing ideas.

Iain Smith: Although I totally understand the idea of growing local talent and keeping it here, personally—and Tommy Gormley's experience was the same—I learnt so much by going away and putting myself at risk in the bigger clusters. It is a business of clusters and you learn from the experience and then, hopefully, come home. Tommy and I are the same—we have never lost sight of where we come from but, unfortunately, we have to spend a great deal of our time elsewhere.

The knowledge that people such as us have is available to Scotland so, if we come back to the sub-group idea, you could have a small group of perhaps six hand-picked people to cover different

aspects of futurology in the film and TV business. It is simple common sense.

The Convener: Are you talking about a sub-group of the board or at executive level?

Iain Smith: I am talking about a sub-group of the board that informs the board.

Fiona Miller: One thing that would make a massive difference to Scotland is looking at community benefit clauses, which is how public funding is attached to targets. For example, if you are given public sector money, 25 per cent or 50 per cent of the companies that you use must be local.

Netflix's "Outlaw King", which was made by Sigma Films, came to Scotland and brought £100 million of investment. The three casting agencies that are represented here today went to see the second assistant director and he said, "I'll decide who I use—I'll be using somebody from London." We worked out that that was a loss to Scotland's casting agencies of £100,000 of investment, but there was nothing that we could do and nobody who we could go to. There was no legislation to back us up and, as a result, we lost a massive opportunity to supply extras and all that goes into that. If there was some sort of tie-up to public money with community benefit clauses, that would make a massive difference to casting agents in Scotland, and to crews and facilities.

David Smith: The innovation that has been proposed for three tick boxes—cultural, economic and social impact—is a really useful lever that we should concentrate on, especially when it comes to national broadcasters such as the BBC.

Fiona Miller: They use it in Northern Ireland.

David Smith: It would help to address concerns that we have around, for example, lift and shift.

Fiona Miller: When I phone Northern Ireland productions, they say that they cannot use me because they have to use NI. We know that London creep happens in Scotland and Northern Ireland. I phoned somebody in the Republic of Ireland the other day and they said that they have to use locally based companies. Ffilm Cymru Wales is exactly the same; before productions can get public money, their application form to Ffilm Cymru Wales has to demonstrate who they are going to talk to and who they are going to use. That would make a massive difference to us.

Iain Smith: It might be worth bearing in mind the benefit that comes from what we call sweeteners, which are local incentives. They do not have to be massive and they are almost token to film productions. You think of Netflix and its huge amounts of money, but placing £100,000 to incentivise them to come to a particular place will make all the difference. It is not so much about the

money as it is about the goodwill that it demonstrates.

11:00

Tommy Gormley: It makes a huge difference. Every introduction is huge. With Disney, Paramount and Universal, someone will say, "They've offered us free flights to go and scout South Africa", and suddenly they are in South Africa because somebody managed to get that. It can be as mundane as that. Those little things really matter—you would be amazed how much they matter.

Fiona Miller: That is why the budget of £20 million is not enough, given the £170 million that I mentioned earlier.

The Convener: Okay. Ofcom is going to look at the matter in relation to TV, and the committee is going to have another session on that. On the new unit within Creative Scotland, are we tough enough in incentivising the film companies to use local crews, or could we be tougher?

Clare Kerr: We talked earlier about working on major local projects such as "Grantchester", and I have just been doing "Shetland", which is a big chunker for Scotland in the summer. We have to hope that we are making "Shetland" when "Outlander" is on holiday, because otherwise we toil to get the people we need. "Shetland" is not made by a Scottish company but by ITV, which has to show a certain spend in Scotland in order to work within Ofcom's rules.

I also work with other production companies that have to do the same thing. When we were making "The Replacement", Left Bank had to show its spend in Scotland. That is always a negotiation, because as soon as the production company is not from Scotland, its production fee, which is part of the qualifying spend, is not part of the equation, and my job as a line producer gets slightly harder because I am then trying to make up the difference in what I spend in Scotland on facilities and crew.

We do not get any points for booking Scottish actors. I always conclude the supporting artists talent as part of the points scheme, but that has been argued against by people in BBC Scotland when we are reporting. It is a strange anomaly that nobody seems to understand very well. The biggest thing that makes a difference to the spend—we want to keep it on the right side of the percentage that we are supposed to spend—is doing post-production in Scotland. If we cannot have the fee from the production company be Scottish but we do the post-production in Scotland, that is a huge chunk of our budget. Along with things such as background artists, crew and facilities, that makes a difference.

All too often, however, we see that head south as well. The production companies come from the south of England, so they want to go home to do their post-production, which is totally understandable. This year, "Shetland" did its post-production in Scotland, at Blazing Griffin, and another production that I worked on called "Murder" did its post-production at what was 422, partly because we pushed really hard to make that happen with the commissioners and the production companies that were making the programme.

It often falls to the line producers to try to sell what we have here. There is a need to incentivise that, but I do not know who polices it at Ofcom. It is often a fudge, and when a decision is made that we are not going to do our post-production or other things in Scotland, there is very little that we can do about it. It will often be my job to explain why it did not happen, but I do not have the answers. It is about the IP. If the stuff was being commissioned directly out of Scotland, we could satisfy Ofcom's requirements easily, but until that starts to happen, it feels like—

Fiona Miller: There is no one on our side.

David Smith: Out of London is by far the most important fight that we have to get right over the next year or two, which is why it is important to have expertise in the new unit that understands the nuances of the out-of-London rules and how they work. The substantive base element, which is the first tick box, is often the one that is missed on drama and comedy projects, because they are commissioned and made down south, then outsourced to Scotland for production. We have to get that element right.

At the moment, out of London is about production and where it takes place around the UK. I would like to see a shift to economic impact and value. That is partly to do with IP and partly to do with the retention of profits. That is what makes companies sustainable.

IWC Media, where I used to work, was sustainable because it owned the IP and the profits, and it could generate new ideas and opportunities. As things currently stand, a substantive base is not an essential tick; it is one of three options. If you get it, it unlocks lots of spend variables, which, as we have already discussed with the committee, do not necessarily mean much. Even if 100 per cent of the economic value of a project were to be set against the Scottish quota, as little as 10 per cent of it might actually take place in Scotland.

Iain Smith: I have tried to concentrate on inward investment and the economic underpinning of the industry. Apart from the obvious and considerable economic benefits of that, there is no

point in having it unless it sustains, supports and grows the indigenous IP, which has to be part of the programme. There will be a double whammy. We will bring the stuff in and we might suffer a bit because prices will go up and crew might have to work in lesser positions and so on, but the learning processes that will go on will sustain the indigenous industry. That is crucial. The inward investment business is hard-fought and investment is hard-won. We need a more sustainable business in which we hear our own voices, understand our own mentality and define ourselves by the cultures that we can express, which is very important.

Tommy Gormley: It is all mutually exclusive; we can feed off each other. What Iain Smith has said is interesting. Inward investment by the bigger shows trains and feeds people. They learn, then they have their own ideas and they go off. The process is very symbiotic; people are not in opposition at all. The growth in IP is vital for maintaining our cultural input into the films that we make. However, both things can and must live together.

Iain Smith: You can play the two side by side.

The Convener: The industry is used to that, and to incentives and regulations.

Tommy Gormley: Completely, yes.

Iain Smith: You tend to get a two-tier system starting to work, in which people make good money out of the big American productions that come in, then they can take less to enable smaller or more local projects to happen.

Tommy Gormley: Yes, but one begets the other, quite often.

The Convener: Richard Lochhead has a very quick supplementary question.

Richard Lochhead: It is a more general one.

The Convener: We are over our time already.

Rachael Hamilton: Convener, I have a quick supplementary question about Natalie Usher, who is going to be replaced. What sort of talent and skill would you like to see in her replacement?

The Convener: That is not really a supplementary question, Rachael.

Fiona Miller: I would like them just to come and find me, talk to me and ask me what I need. That is all I want: I am not asking for money or anything else. They should just come and find out what those of us who are grafting at the front end of the business need. The casting agents are open for business and we want a place at the table. Whatever the screen unit looks like, we want whoever goes in to talk to us.

Clare Kerr: Natalie Usher had a lot of the skills that we would like to see in the next person. If someone like her is given their head to do what they know is right, they will be able to do it. They need to be given the room to do so.

Wendy Griffin: Natalie had a very particular set of skills and experience that has been brilliant for Scotland. It would be amazing to find someone similar, because she really understood the business of film, which is important.

Clare Kerr: She also understood IP, which is where she came from. The ability to run the two things alongside each other is part of what we are all hoping for.

Richard Lochhead: In light of everything that both panels have said, it strikes me that, for some reason, in recent years, the industry—or Government, or whoever—has failed to articulate and encapsulate the massive potential of this sector for Scotland. Does the panel agree with that, and what can we do to address it?

Iain Smith: For Scotland, almost more than for any other country that I can think of, the issue is about having a strong creative industries sector. The world that I see is very much about whether we are part of the networking of information flow in entertainment. If we are not part of that, we are not in the ball game at all. At the macro level, it is important for Scotland to have a voice, especially as we move steadily towards self-determination. There has to be a sense of the culture and creativity of the Scottish people.

David Smith: While broadcasting remains reserved to Westminster, there are limits to what the Scottish Government can do. It has put a lot of effort into the sector during the past few years. Clearly, there were deep systemic issues related to the fracturing of Creative Scotland and Scottish Enterprise. Five, six or seven years ago, there was a conversation about educating people on the differences between film and television and between in-house and indie production. As a wider group, we went through quite a long education process. Now there is a real understanding in the Scottish Government about how the industry works. It takes time to change things, but there are lots of reasons to be optimistic over the next few years. I agree on that with my colleagues who work in the wider international world of film, which is a mystery to me. As regards British domestic TV production, we have a new channel, the new screen unit and money coming from the Scottish Government. We did not have those things a few years ago, so it is a start.

Clare Kerr: Freelance workers have formed themselves into an organisation that has sent a submission to this committee. Its recommendations are backed up by 750 people

who work in the industry, and they are worth taking on board. I have read the submission again. It is very clear and well written, and I back up 100 per cent its recommendations for what needs to happen next on the screen unit. One of the great things to come out of the stushie around the Pentland film studio was that the freelancers got organised. They had something to fight for, they had their eye on a prize and they wanted it. It has been a bit of a perfect storm. We hope that that studio will be up and running sooner rather than later and that more film work will start to come in. For a while, much more experienced people will be arriving to teach us something, which is fine, as we have something to learn. It is an optimistic time, and people are beginning to understand the value of our business much more—partly because of those arguments.

Tommy Gormley: There are massive opportunities ahead. As everyone here has said, the whole paradigm has shifted, the business is exploding and the desire for content is increasing. We should get our share of that. We need a film studio. It is a basic building block of film making, and the lack of one has been a disaster. It should be our first priority.

Wendy Griffin: As Clare Kerr and others have said, the feeling is optimistic, but I think that it is about the screen unit proposal being delivered properly, with the right input and the right people running it, and taking on board everybody's input.

Fiona Miller: I want the committee to have the courage to make real change here. This is a real opportunity. For too long, we have been telling you that it is not working: the public sector has just maintained the status quo and people have been recycled into different jobs. This is a brilliant opportunity to do something different and to have a different model that we can pick from any part of the world and implement in Scotland, so that those exceptional people can make it work and tell the world that Scotland is open for business.

The Convener: Thank you very much. I thank all our second panellists for coming in and giving us their time today. It is very much appreciated.

11:13

Meeting continued in private until 11:39.

This is the final edition of the *Official Report* of this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

Published in Edinburgh by the Scottish Parliamentary Corporate Body, the Scottish Parliament, Edinburgh, EH99 1SP

All documents are available on
the Scottish Parliament website at:

www.parliament.scot

Information on non-endorsed print suppliers
is available here:

www.parliament.scot/documents

For information on the Scottish Parliament contact
Public Information on:

Telephone: 0131 348 5000

Textphone: 0800 092 7100

Email: sp.info@parliament.scot



The Scottish Parliament
Pàrlamaid na h-Alba