



OFFICIAL REPORT
AITHISG OIFIGEIL

Culture, Tourism, Europe and External Relations Committee

Thursday 31 May 2018

Session 5



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Pàrlamaid na h-Alba

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**CULTURE, TOURISM, EUROPE AND EXTERNAL RELATIONS COMMITTEE
16th Meeting 2018, Session 5**

CONVENER

*Joan McAlpine (South Scotland) (SNP)

DEPUTY CONVENER

*Claire Baker (Mid Scotland and Fife) (Lab)

COMMITTEE MEMBERS

Mairi Gougeon (Angus North and Mearns) (SNP)

*Jamie Greene (West Scotland) (Con)

*Ross Greer (West Scotland) (Green)

*Richard Lochhead (Moray) (SNP)

*Stuart McMillan (Greenock and Inverclyde) (SNP)

*Tavish Scott (Shetland Islands) (LD)

*Alexander Stewart (Mid Scotland and Fife) (Con)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Scott Donaldson (Creative Scotland)

Fiona Hyslop (Cabinet Secretary for Culture, Tourism and External Affairs)

Iain Munro (Creative Scotland)

Barclay Price (Creative Scotland)

CLERK TO THE COMMITTEE

Peter McGrath

LOCATION

The David Livingstone Room (CR6)

Scottish Parliament

Culture, Tourism, Europe and External Relations Committee

Thursday 31 May 2018

[The Convener opened the meeting at 09:01]

Screen Sector

The Convener (Joan McAlpine): Good morning and welcome to the 16th meeting in 2018 of the Culture, Tourism, Europe and External Relations Committee. I remind members of the committee and members of the public to turn off mobile phones. Any members using electronic devices to access committee papers should ensure that they are turned to silent.

Today, we are holding our final evidence session for the committee's inquiry into Scotland's screen sector. We will hear first from Creative Scotland and then from the Cabinet Secretary for Culture, Tourism and External Affairs. Over the course of nine evidence sessions, we have heard from more than 50 witnesses, and we have published our interim report, "The Bigger Picture: A screen agency for Scotland". Following today's session, the committee will publish its final report in the run-up to the summer recess. I thank the many people who have contributed to the committee's inquiry.

I welcome our first panel of witnesses from Creative Scotland: Iain Munro, the deputy chief executive; Scott Donaldson, the head of film education and the acting director for film; and Barclay Price, who is a board member.

Let us start by talking about the timescale for the establishment of the screen unit. It was originally planned for December last year, but the deadline moved back to April this year and we are still waiting. Can you update the committee on when we are going to see the screen unit?

Iain Munro (Creative Scotland): The business case was made to ministers and we got the green light for the screen unit at the end of last year. Since then, we have built towards it. At the previous evidence session that I attended, I said that it would never be possible to have it 100 per cent in place, fully formed and up and running in that timeframe; we are incrementally building the screen unit, rolling it out and building momentum.

We are two months into a five-year route map and plan for the screen unit to transform the industry. We recognise that everybody is keen to see the unit and that they feel as though they have been waiting for some time to see a step change

delivered, but I give an assurance that we are absolutely committed to moving as fast and as appropriately as we can. There was an interesting meeting of the screen sector leadership group in March that reinforced the message that we should take time to get the unit right, because it is so important. We hear what the leadership group says and we respect it, but we are committed to rolling out the process incrementally and, as I say, we have already got the ball rolling on several fronts. The critical thing that they told us was that the leadership of the screen unit is important to the identifiable moment of its launch.

I can talk more about the many things that we are doing now to build the screen unit.

The Convener: During the inquiry by the Economy, Energy and Tourism Committee in the previous session of Parliament, one of the key things that the industry asked for was a single front door—a single point of access or portal. That was asked for by the screen sector leadership group, too. This committee was told that that is being worked on. When are we going to see a portal or a single point for the industry to access screen support?

Iain Munro: That is in very much train. It will be part of the moment when the executive director post is announced and there is a launch of the screen unit. Phase 1 of the build of the website that will act as the single front door is in place. In phase 2, we are working to populate the website and ensure clarity of content and access through a single front door to joined-up partners behind it.

We have agreed a new development as a result of a meeting of the screen committee—which involves external representatives—that took place at the beginning of May. I know that this committee was interested in a memorandum of understanding. The plan is to move beyond an MOU between the partners to better describe the nature, roles and responsibilities of the individual partners and how collective working will manifest itself. We will be clear about targets for the organisation and the different outputs and outcomes that can be expected.

We will publish that document, which will go well beyond an MOU. It will describe better how the single front door and what is behind it will work, and people will be able to hold us to account on that.

The Convener: Is there not going to be the MOU between the different organisations that was discussed the last time the panel members were before the committee?

Barclay Price (Creative Scotland): I will speak to that point, as I chair the screen committee. We felt that bringing together all the agencies into one working group for the first time was, in itself, an

MOU. All the agencies have committed to the group, and the key document is the business plan, which confirms the actions that each of the agencies will take. Uncertainty over what each agency is doing has been an issue in the past.

To an extent, the business plan, with its actions and outcomes, is the MOU. In it, every party is signing up to action, whereas an MOU—which we might still develop in due course—would be an overarching document that would not provide the outcomes we are all looking for.

The Convener: Until now, an MOU to make sure that everyone is on board has been a critical part of the plan for the screen unit. It seems strange to abandon it.

Barclay Price: We have not abandoned it. We felt that putting together the business plan would help to show what the MOU might look like. At the moment, we are further forward in understanding what each party is going to do in the new development.

If an MOU is considered essential, we will put one together. The business plan is about action, which the screen sector wants to see. It is the actions that are important to the sector.

The Convener: The screen sector leadership group identified clearly that there was fragmentation over who, in the public sector, was responsible for screen. There was concern about the role of Scottish Enterprise, which other members of the committee will come on to. It was felt that an MOU was needed to make sure that everyone was committed, as there had been problems in getting Scottish Enterprise to the table and over funding.

Barclay Price: What has changed is that each agency has clarity in its letter of guidance from its minister, which there has not been in the past.

I take the point about Scottish Enterprise. I know that there have been concerns. The view of the two screen sector representatives on the screen committee was that the business plan was the way forward because, through it, we would see what each agency, including Scottish Enterprise, was committing to and we would be able to judge whether they were delivering on that.

The Convener: A lot of people who are listening to this meeting will be concerned, because the timescale has already been pushed back and the original plan of a memorandum of understanding has been replaced with a business plan. When will we see that business plan?

Iain Munro: The plan is under development and there will be an update through the screen committee at the beginning of June.

All the public sector partners have committed to, and are part of, the screen unit collaborative proposal that is giving birth to the screen unit. Everybody is already an integral part of the proposal and will be held to account for it, as Creative Scotland will be.

We are setting things out more clearly than, and going beyond, an MOU. The business plan will contain the elements that would be represented in an MOU but will set them out with more clarity, and it will detail the individual responsibilities of each agency that is involved and what we—individually and collectively—are setting out to deliver. Those responsibilities will be described clearly, and people will be able to hold the individual agencies to account.

The Convener: You say that the business plan will be discussed in June. When will this committee see the business plan and the portal—the single front door? Can you be a bit more specific?

Iain Munro: The plan will be published in the summer. It is being worked on with the individual agencies that are involved. As I said, the single front door will be timed to coincide with the executive director being in post. Until that process is concluded, we cannot be certain of the exact timing, but we are provisionally working to the summer period.

The Convener: Have you started to interview for the role of executive director?

Iain Munro: I am pleased to say that there was considerable interest in the executive director role. We had inquiries from across Scotland, the United Kingdom and internationally, with more than 100 serious conversations and approaches. We had 40 applications. The panel met yesterday, we have shortlisted six very strong candidates and the interviews will take place in June.

The Convener: Do you expect to announce an appointment by the end of June or the beginning of July?

Iain Munro: Depending on who the successful candidate is and the circumstances of their employment, we may need to negotiate. However, we want to make the announcement as soon as we are able to, beyond the interview process in June.

The Convener: Why did you choose to have an executive director of screen and creative enterprise? A lot of people might have thought that, as there was a screen unit, we would need somebody to head it up and that would be their focus. Instead, you have chosen to go down the road of a director of screen and creative enterprise, and some people in the industry have questioned the wisdom of that decision.

Barclay Price: We felt that one of the big changes from the extra money going into Creative Scotland is that it will take forward Creative Scotland to what, when I joined the board, eight years ago, we envisaged it would develop into. We envisaged a very different structure that would deal with both the cultural and the commercial aspects—as it has done in other sectors such as music, film and literature, which are part of the landscape.

We felt that this post, which would bring high-level commercial skills to Creative Scotland, could be well used to help us to develop the slightly underdeveloped area of the creative industries, which is another part of Creative Scotland's area. Although the board clearly expects the postholder's focus in the first six months to be very much on screen, so that we get the screen unit up and running properly, their skills could then be used to develop other areas of the creative industries. Screen and the creative industries—gaming and so on—are merging more and more in the new landscape, and we felt that such a role could help Creative Scotland across the board and bring some ideas for commercial improvement into some of the other art form areas.

The Convener: Many people would have thought that having an executive director of screen would have been enough and that, if you wanted to send out a strong message about the screen unit being a new development and representing a new focus on screen, you should have had somebody who was entirely focused on screen to head it up. There is a lack of clarity when they have another role.

09:15

Barclay Price: The important point on which to reassure the committee and the sector is that the people whom we have shortlisted for the post all come from the sector, because those are the skills that we are looking for. Nevertheless, the postholder could bring that expertise into the wider business of Creative Scotland.

Claire Baker (Mid Scotland and Fife) (Lab): The witnesses will be aware that the committee issued an interim report earlier this month. We felt that it was important to do that because key concerns had arisen during the inquiry. We also felt that it was important to give our views on the screen unit at an early stage.

In the report, we said:

"it has become clear to us that the proposal for the Screen Unit will not deliver the step-change in support that the screen sector in Scotland needs".

We also said:

"the Screen Unit Proposal is a public sector—and not a screen sector—solution."

Has Creative Scotland had a chance to look at our comments? What is your response to our comment that we are not convinced that a screen unit that sits within Creative Scotland is the best way forward and to the proposal that we need to move towards an independent unit?

Iain Munro: Yes, we read the report and its recommendations with interest. We recognise and respect the fact that the call for a separate screen agency is not necessarily new but has been made throughout Creative Scotland's existence.

The wider response to that recommendation is a matter for the Scottish Government. The way in which Creative Scotland is constituted, is constructed and operates means that we hold the lead responsibility for screen. We are serious about that. We are committed to it and, indeed, we are committed to ensuring that, with our partners and the industry, we implement the screen unit delivery plan. That is our focus. That is what the Scottish Government has charged us with doing and we will remain committed to achieving it.

As I said, it is a five-year plan. We want that step change to take place too and are putting in place mechanisms to ensure that we are able to deliver. People can judge us on that. We are two months into that five-year plan. I appreciate that people are impatient, but we are committed to ensuring that the step change happens to best effect.

Barclay Price: As someone who has worked inside and outside arts agencies for 40 years, I know that the question of having single agencies or combined agencies has arisen many times. There is something that, as a cultural committee, you might like to consider. Having worked in the Scottish Arts Council, I was committed to the creation of Creative Scotland; I saw that bringing together the Scottish Arts Council and Scottish Screen could make a more strategic whole of the cultural sector. In the past, other sectors have also expressed interest in having their own agencies. Within the past few years, the literature sector has been calling for its own agency. A concern is that, if we move back to a previous model of different agencies that each have to have their own levels of administration, other sectors—such as literature and music, which is another commercial and cultural sector—could equally advance their claims for separate agencies, which could undermine the cultural strategic approach that the Government has been taking.

As a board member, I believe that Creative Scotland has delivered well and successfully for the cultural aspect of film, which is what its role was. The screen unit within Creative Scotland can deliver well for the new need of the commercial factor. I can see why many people in the screen sector would like their own agency, but there are

advantages to having the combined strategic approach.

Claire Baker: However, in the past 10 years, the strategic approach of putting screen within Creative Scotland has resulted in Scotland falling behind UK competitiveness. Film studios have been developed in Manchester, and Northern Ireland has moved ahead of us in its production and investment. I think that it is recognised that Scotland could be doing better than it is. The experience of how screen has been managed in the past 10 years does not convince us that the model is the right one.

One of the key areas within that is governance, which we have concerns about. The convener raised the issue of the post of executive director of screen and creative enterprises. Having heard the explanation this morning, I share the concern that has been expressed that adding creative industries into that portfolio could be a mistake. We have heard clear evidence that we need strong leadership and a focus on screen. We have concerns that the governance arrangements, which involve the director ultimately reporting to the board of Creative Scotland, mean that the sector will not be sufficiently fleet of foot or agile and will not be able to make decisions.

I also have concerns that the process is not right. It seems that the recruitment for the post has already been done. Someone is expected to come in, but they will have little autonomy or power to decide how the unit will operate.

Iain Munro: I can respond to a number of those points. The original point concerned the sector's impatience and frustration about the work that has been done to date. I understand that frustration, but I think that it does a disservice to the committed and expert staff in Creative Scotland as a whole, as well as those who are specifically involved in screen. They are working hard to deliver for the industry. What they—

Claire Baker: I am not questioning anything to do with the staff. One of the concerns that the convener mentioned was about fragmentation, and there has always been tension between Creative Scotland and Scottish Enterprise about who takes the lead on screen. I recognise that the staff have worked hard, but we feel that there is a possibility that they are being restricted by the arrangements that they have to work within. I do not think that the screen unit solves that problem.

Iain Munro: The partnership approach is new. There is scepticism about it, but we want to prove that it can work. Whatever the future might hold with regard to calls for a separate screen agency, that is the model that has been set up to address the concerns that have been expressed. We are serious about—

Claire Baker: I am sorry to interrupt, but who decided that model? It was announced by the Cabinet Secretary for Culture, Tourism and External Affairs, but I assume that it was decided by Creative Scotland and then approved by the cabinet secretary.

Iain Munro: It was done through a collaboration between the public agencies and the Scottish Government. It came about through that collective conversation and a recognition that challenges, frustrations and concerns were continuing to be raised and that everybody wanted to find more effective ways of working. I am just recording the fact that there are foundations there that can be built from and that we should recognise that, however imperfect people feel the model is, it has delivered a 200 per cent increase in the production spend in Scotland. We want to chase down the potential that we believe there is for much more production spend. That is part of the transformation that is set out in the screen unit plan.

Barclay Price: There has been frustration about the role of Scottish Enterprise in the past, which has been clearly articulated. I see a step change in the conversations that we had been having in the screen sub-committee with Scottish Enterprise and other agencies. In a sense, the issue of getting the agencies to deliver properly and effectively together would be the same whether the unit was separate or was within Creative Scotland. That will be key to taking the sector forward. I do not disagree that there have been problems in the past, but I think that the situation could be moved forward, even if the unit is within Creative Scotland.

Iain Munro: On governance, I would like to reinforce the fact that I hear what is said about the scope of the job description for the executive director. I want to give an assurance that the job is absolutely focused on the delivery of the screen unit. As Barclay Price said, the candidates who have come forward are absolutely from that background. The position of the board was that there is an opportunity within that job to add value for the benefit of the wider creative industries without distracting from the central role, which will be singularly focused on and charged with delivering the screen unit, certainly in the first instance. However, the role will also involve building on the opportunities in the wider creative industries and drawing the skills and expertise into those areas for the benefit of the wider work that we do.

The Convener: We have supplementaries from Richard Lochhead and Tavish Scott. I ask that questions and answers be as succinct as possible.

Richard Lochhead (Moray) (SNP): I want to pick up on the frustration that has been expressed

by the committee on the issue. We feel that the film and screen sector is at a major crossroads. Companies around the world are budgeting billions of pounds to be spent in film and screen, and we want Scotland to have a bigger slice of that money. It is quite clear from what Claire Baker said that that has not happened over the past few years, compared with what has happened in some other countries.

Our concern is that, if there is a screen unit within Creative Scotland rather than a stand-alone agency, there will potentially be various layers and a lack of direct focus. Does the panel understand our concerns when we hear that there will not be an MOU and that the executive directive will not be wholly focused on screen and film but will have other responsibilities? Will the focus not be diluted at this important moment in time when we are trying to capture the great opportunities for Scotland in film and screen?

Barclay Price: I believe that the opportunities will be captured. In the past eight years, terrific work has been done in film. We all know about some of the barriers, including the lack of a film studio. There have been various reasons for the difficulty with creating that studio, but we are confident that something is quite close to fruition.

The important thing is that everyone works together under a clear plan. Creative Scotland's board and senior team recognise the need to give the holder of the new post and their team full backing to take forward those opportunities. Previously, the Creative Scotland team managed to bring "Outlander" to Scotland so, with the new resources—the staff and the £10 million—we can motor our work forward. The structure is not as important as the team of people who will do the work.

Iain Munro: I hear what is being said, but I want to return to the issue of the MOU. We are not dismissing the MOU at all because we recognise its importance. However, we do not want to create what could be perceived as a superficial MOU partnership agreement across the public sector bodies. We want there to be a business plan that is deeper and more meaningful and which sets out more layers of the roles, responsibilities and expectations with much more clarity than would be achieved with a simple MOU.

Richard Lochhead: I will explain what is at the heart of my concern. With the collaboration and partnership on the future of film and screen in Scotland, representatives from organisations, including Scottish Enterprise, will be at the table. There could be agreement among them that it is essential to move quickly and capture an opportunity that is arising, but the representatives of Scottish Enterprise and every other agency at the table will have to go back to their bosses.

There will have to be a process within those organisations and then, at some point, they will come back to the partnership and give a decision. Meanwhile, months will have gone by, the answer might not be the one that was hoped for, and the bosses from the other agencies will have other priorities and issues to deal with. We do not see how that situation will be addressed through your plans or how it will give extra focus or speed up decision making.

Barclay Price: That would still be true if there was a separate screen unit.

Richard Lochhead: It would depend on how the budgets were organised.

Barclay Price: If the unit needed to negotiate with Scottish Enterprise, there would be the same issue.

Richard Lochhead: It would depend on how the budgets were organised.

Tavish Scott (Shetland Islands) (LD): I agree with what Richard Lochhead has said.

I want to take Mr Munro back to his earlier point about the business plan that was presented to ministers. That plan was presented at the tail end of 2017 and set out the five-year route map, for want of a better expression. That route map was very much part of the submission to ministers at that time.

Iain Munro: Yes. We published "Screen Unit: Collaborative Proposal", which is a technical document that was submitted to ministers but which we published it on our website.

Tavish Scott: Sure. Therefore, by definition, the Government has signed off on the five-year approach and the fact that the screen unit will be part of Creative Scotland, as you described.

Iain Munro: Yes.

Tavish Scott: That was the strategic approach.

Iain Munro: Yes.

Tavish Scott: Your letter helps us to understand the governance arrangements. I presume that the Government has signed off on a screen committee—Mr Price has been very open about that—that has seven members from the public sector, as referred to in Mr Lochhead's question, and only two industry representatives.

09:30

Iain Munro: There are three industry representatives on the board. Creative Scotland is accountable for the leadership and delivery of the screen unit to ministers. It is in the lead seat and that is where the board has responsibility.

Tavish Scott: I understand that, but is the balance right between industry people and all the organisations that Richard Lochhead asked about?

Iain Munro: Barclay Price might want to come in on this as chair of that sub-committee. Because our board has that accountability to ministers, it is constructed with that in mind. We recognise that it is a new model and we also recognise the point that Richard Lochhead made about the route back into the partner agencies through governance arrangements and so on. I have said previously that we will want to keep that under review because we want to make sure that the governance arrangements are effective and not a hindrance to the delivery of the five-year plan. The arrangement will be kept under review to understand whether it needs to shift and reshape in the future and to ensure that it is effective.

Tavish Scott: You will be alive to the point that the committee heard in evidence that the industry has said time and again that it would like to see more people who are in the industry on that governing committee.

Iain Munro: The three industry representatives are John McCormick, David Strachan and Gillian Berrie. They are senior and respected industry representatives.

I asked the screen committee about that at the beginning of May and the members gave positive feedback that the current arrangements are giving them confidence about the future and they will continue to play an active role in the governance arrangements that are currently in place.

Barclay Price: I do not disagree with that. It is a new model. I am chair and I do not have a great deal of screen experience. The Government is recruiting three new members to the board, all of whom will come from the screen and film sector. Their expertise will be added to the committee. We have had a period when our representation on the board was limited but those new appointments will feed into that.

The new model for the committee is to have the public agencies on it. Its critical role is holding each of us to account and putting us all into a room where we can sign up to and agree things, as well as trying to speed past some of the delays that have happened in the past.

I hope that the screen sector will recognise that the new appointments to the board bring in more expertise and that that will be fed into the screen committee. If more representation from the screen sector is required, we will look to bring that on board.

Ross Greer (West Scotland) (Green): Throughout our evidence sessions, we heard on a

number of occasions, particularly from smaller companies in the screen sector, that fragmentation meant huge difficulties for them, particularly in getting access to financial support. It comes from a number of different directions. The companies need to present themselves in a number of different ways, and if a company of half a dozen people has to present itself in half a dozen different ways, it becomes a challenging issue of capacity, knowledge, relationship building and so on. How will the screen unit simplify that process and reduce that fragmentation in order to support the smaller companies in the business?

Iain Munro: There is a recognition of that and a commitment to addressing it.

There is a live pilot project called focus that is a joint initiative between Scottish Enterprise and Creative Scotland. It is running. It involves 28 companies of the kind that you are describing—there were eight last year and we are about to announce another 20. We have invested in the ability for them to access the business development support that they are looking for through a single front door and model. That is very much a pilot—it involves £0.5 million—and we will evaluate it to understand how we may be able to scale it up, assuming that it works effectively, so that it is absolutely one of those singular opportunities to address the point that is being made.

Ross Greer: On a technical point, what is the timescale for the pilot being completed and evaluated?

Iain Munro: I am sorry, but I do not have that information with me. I can certainly find out and get back to you.

Ross Greer: That would be useful.

Barclay Price: A different kind of fragmentation could happen if there is a separate screen body. I recall that when I worked at the Scottish Arts Council and there was also Scottish Screen, we had a number of issues about which agency was responsible for arts venues and centres such as Eden Court and one in Dundee, which had cinemas as a major part of them. Fragmentation can, therefore, happen in other ways.

One of the original reasons for setting up Creative Scotland—I think that it has been very successful from this point of view—was to ensure a one-stop shop for the whole cultural sector, including visual artists who work in screen, who had problems in the past because they were not sure whether to go to Scottish Screen or the Scottish Arts Council. Fragmentation can happen in other ways when there are different agencies, as we have seen with the agencies that have had responsibility for screen.

Ross Greer: I absolutely accept that that is a risk; the issue is that we have now collected a considerable amount of evidence that fragmentation has happened in reality as a result of the current set-up. There is dissatisfaction with that and the relationship with the agencies.

I turn briefly to inward investment. I realise that you cannot yet completely lay out the screen unit's plan of operation, which is obviously a challenge for the committee in completing this process. If I were looking to set up a production in Georgia in the USA, the state's agencies would be falling over themselves to offer location scouting support and connections with local production and post-production companies. Is there a plan in place, or something that we can scrutinise, on the screen unit's intentions to support inward investment?

Iain Munro: Yes. That will be laid out in more detail through the work to come on the single front-door website, the business plan and so on.

However, I want to record what goes on currently, which is absolutely proactive in that regard. Our screen commission is active internationally; most recently, we had 20 top US executives across. We took them on what is called a fan trip, which involves going right across the geography of Scotland, showing our attractive locations. We were most recently in Cannes, actively promoting Scotland through our screen commission work. Scott Donaldson may have more to add on that.

We have the production growth fund, which is live and which has been built up over recent years. In the past three years, £3.7 million has been invested through the fund, which is about inward investment. Based on the calculations so far on the 13 or so productions that have been supported to date, the multiplier effect means that £3.7 million of public sector investment will generate £60 million-worth of inward investment in Scotland. That is one of the new enhanced strands of funding that we have put in place at the beginning of the screen unit's life. We are building on what is already in place, and we will do more of that.

Scott Donaldson (Creative Scotland): I record my esteem for my colleagues in the screen commission team, who do all the things that Ross Greer asked about. They are extremely proactive in markets around the world—for example, in Toronto, Berlin and Cannes. As Iain Munro said, they have hosted top screen executives here and organised a dinner that was hosted by the Cabinet Secretary for Culture, Tourism and External Affairs to show the political will that is behind our development of screen business.

Stuart McMillan (Greenock and Inverclyde) (SNP): You mentioned Cannes, the 20 US

executives coming over and the £3.7 million production growth fund. How much support will there be for domestic talent? How will we encourage investment in our sector so that it becomes more robust and does not rely on huge inward investment in the future?

Iain Munro: That is another aspect of what we offer and are keen to develop and support. There is a £4 million film content and development fund, which is intended to support indigenous talent. The committee should also recognise that the production growth fund inward investment also helps to strengthen opportunities for the indigenous industry. There are elements in place. I absolutely accept the point that we want to ensure that we are focused on the indigenous sector, as much as on anything else.

Scott Donaldson: As Iain Munro said, there is a film development production fund of £4 million. There will also be a television content production fund of £3 million. Aside from those development and production funds, we will be expanding our development of skills and talent. We have a range of supports for indigenous growth.

Stuart McMillan's point is well made: over the next five years, we need to build sustainable businesses and production. The majority of our funds are aimed at that.

Stuart McMillan: Will you, rather than being risk averse—which is an allegation that has been made in the past—take a chance on new people coming into the sector?

Scott Donaldson: Our role is to build talent at every level. That means taking risks; we have done it in the past and will continue to do so.

Barclay Price: The board has a risk register and we have had deep discussion about how much risk we wish to take in relation to decisions in the cultural field. The press coverage on some of the decisions that Creative Scotland has made shows that we are far from risk averse when it comes to supporting creative talent. The role of Creative Scotland is to take a risk on new talent or new artistic ideas. We are completely committed to that.

Stuart McMillan: I have a wee question on the studio. You mentioned taking the US executives around. Notwithstanding the Pentland studio situation, there appears to be more demand for studio capacity. Are you looking at any other locations to promote or get more investment in studio capacity?

Iain Munro: Absolutely. The studio is a top priority for everybody. It is set out as being one of the key ingredients to enable a step change for the industry. Currently, we promote the studio facilities that are available—Wardpark Studios, Pentland

and so on—principally through the screen commission. We have done considerable work to deliver against the aspiration and the objectives that are set out in the screen unit plan for an identifiable studio for Scotland.

It is clear—this has been reinforced by our recent conversations with Pentland—that the scope for Scotland to attract and sustain business in the industry is substantial and we want to chase that. Several studio opportunities could be in place in Scotland to enable that to happen.

We are very close to finalising a business case for a studio proposition to be put to ministers. That studio would be in addition to the Wardpark, Pentland and Pyramids business park studios. I cannot say any more about it, because business sensitivities and commercial considerations are involved, but we are very close to making that case and to getting agreement to move forward.

09:45

One of the key challenges that we have had to work our way through relates to state aid. We have researched what has been done in countries that have been held up as models. As screen partners, we have been working closely with Scottish Enterprise and we have taken specialist advice from the Scottish Government's state-aid unit and we have had expert specialist legal advice from Brussels. We are doing our best to work through that to find a model for a business case that will enable us to address the issue. That process is quite advanced, and we hope that we will shortly put that business case to ministers. We will have more to say in due course.

Barclay Price: I completely accept the frustration about the film studio situation. One of the difficulties for the Creative Scotland board is that although a huge amount of work has been going on—state aid is one of the big issues—one has not always been able to talk about it or put it out there. I am confident that the proposal that we have will enable something to happen soon.

Stuart McMillan: I assume that, given that Pentland is on the east coast and Wardpark is in central Scotland, the other potential site would be somewhere on the west coast. Inverclyde would be a great location for that.

Tavish Scott: So would Shetland.

The Convener: I will make a bid for Dumfries, as well. Ross Greer has a supplementary question on infrastructure.

Ross Greer: You have partly answered my question, given what you just hinted at. A concern among folk in the industry that I have come across a number of times is that the attempt to grow the screen sector in Scotland is too dependent on

there being a studio at Pentland, which might not happen for some time, given that there is a tenant farmer on the site who is not willing to move and there will almost certainly be protracted legal action. Do you understand the concern of a number of folk in the industry that too much emphasis is being placed on the potential of the site at Pentland?

Iain Munro: Yes. I have heard the points that have been made about that. Our recent meeting with project Pentland—which we will be following up—reassured us that there is a serious proposition there, notwithstanding the legal matter that is being dealt with. On the basis that that matter can be resolved, Pentland is confident that it has the investors lined up to enable the first phase to proceed. We accept that at face value, and applaud it, and we will continue to work with Pentland to see how we can best support that, in due course. It is not looking for capital investment, which is where the state-aid issue principally comes in. Of course, we can engage with it using all the other tools at our disposal around incentives and so on.

In that conversation, it was made clear—Pentland supported this—that Scotland can sustain more. Our business modelling has been looking beyond Pentland to the creation of another studio. The studios would not be in direct competition; the offer would be slightly different, which would enable us to ensure that we get coverage across the market, taking into account other studios including Wardpark, Pyramids business park and other buildspace and pop-up spaces, which we are actively promoting.

Alexander Stewart (Mid Scotland and Fife) (Con): Witnesses have expressed real concern about the lack of access and content, especially in rural areas, with regard to exhibition and cinema. What is the role of the screen unit and how will it help ensure that we have more access?

Iain Munro: That is an absolutely central part of the pipeline of the current offer, as well as of what the screen unit does.

As part of the equation, we support, through our regular funding, a number of organisations to be parts of the cinema infrastructure, in which there are public engagement and exhibition opportunities. That happens right across Scotland with organisations including Mareel in Shetland, Eden Court in Inverness, Glasgow Film Theatre, Filmhouse in Edinburgh, Dundee Contemporary Arts and others. However, there are other aspects, in which we have other funds available to support that wider network. Scott Donaldson may want to say more about film hub Scotland.

Scott Donaldson: The increased funding that is available to us through the screen unit has

enabled us to increase our support for film hub Scotland, which is a partnership with the British Film Institute and is responsible for audience development across Scotland. It has about 120 member organisations around the country. We are also researching the potential for community cinema and other activities that could increase access to cinema in Scotland.

Alexander Stewart: In looking at increasing access, what are you thinking about as far as skills are concerned? Individuals and organisations in remote areas might not have the right skill sets. We must ensure that they have those to enable them to expand and develop because, without them, it is often very difficult to capture the process and go into the market. How are you tackling that?

Scott Donaldson: The skills and talent strategy will need to address that, and will do so. The research that I have mentioned is aimed partly at looking at community cinema and the skills and infrastructure that they need in order to develop and establish their services more firmly.

Alexander Stewart: What funding package would be required to make that dream become a reality?

Scott Donaldson: We have an additional £0.5 million for the skills and talent strategy. I see no reason why we cannot use some of that for supporting skills development.

Tavish Scott: My question follows on from Alexander Stewart's questions. It seems that we are asking you to do all the things that you have just described, but are also asking you to make Scotland the centre of the universe when it comes to attracting film. That is a huge range of responsibilities for a small team of people. Can you do it all?

Barclay Price: We attempt to do so across other art forms and, in partnership with them, we ensure that that happens. Visual Arts Scotland, which is internationally renowned, is an example.

Tavish Scott: I guess that my question is simply whether we are asking you to do too much and are not focusing on the most important aspects. What is the most economically important thing that we could ask you to do?

Iain Munro: I feel confident that we can deliver what is set out in the blueprint. Whether it is overstretching us, only time will tell.

However, we are setting up the screen unit in order that we have the necessary ingredients. We can be judged on progress in due course. We recognise that it is absolutely necessary to cover the full spectrum, which takes in everything from indigenous production strength to audiences, skills and talent development, inward investment

opportunities, the studio and so on. We now have the various tools to enable all that to move forward, and we are committed to making it happen to best effect.

Ultimately, we will have wait and to see. However, we are scaling up on human as well as financial resources, and on the skills and expertise to enable us to achieve that.

I also want to connect the question to Claire Baker's earlier one about the executive director coming in at a stage at which things may be locked down. We are scaling up: we have concluded the recruitment process for four new specialist officers—three screen officers and one screen commission officer—and we are working on contracts for those posts at the moment. We are putting in place arrangements to ensure that the executive director who will come in will be able to reshape the structure as necessary in order to best suit their own vision of how to organise the team and support structures to enable that to happen.

Barclay Price: The board recognises that this is taking in quite an extra chunk of delivery and there has been a lot of discussion about that. When the proposal came from the cabinet secretary, one of our internal discussions was about that.

I understand why the film sector has felt frustrated in the past. We believe that we have in place the structure that will deliver what the sector wants. What concerns me is that disrupting what we have in place with sudden major structural change would set things back dramatically.

Creative Scotland will—and should—be judged on whether it delivers. It seems to me that if after three, four or five years, the committee and the film sector believe that Creative Scotland has not delivered on the ambition, that would be the time to consider a different arrangement. A new arrangement at this time would be quite disruptive.

The Convener: We do not have three to five years to wait and see what happens. Our interim report, which is based on the evidence that we received, states that Scotland has an incredible opportunity at this point in time to benefit from the amount of content that is being commissioned across the world. We are already behind and if we do not get it right now, we will miss the boat.

Can you understand that suggesting that we wait five years to see whether the plan has worked will send real chills through the sector, and that people will be very concerned to hear you say that, particularly given that, as I learned just today, you chair the screen committee?

Barclay Price: What I have heard from quite senior people in the screen and film sector is that they also feel that they should be giving us time.

They may report something different to you, but it will be interesting to see what the final input from them is. I have heard from them that they would like to give us time; they believe that things are in place to drive the film sector forward. I have been committed all my life to ensuring that culture thrives. If I thought that the plan would not work and would not deliver the ambition, I would be in agreement with you. However, I believe that we can, in Creative Scotland, deliver the ambition that the film sector wishes.

Jamie Greene (West Scotland) (Con): On a point of clarification, when the committee produced its report saying that there should be a stand-alone agency, was it Government that came to Creative Scotland and said, “No, that is not how we want to do things,” or was it Creative Scotland that pushed back on Government and said, “We want to keep this in house”?

Iain Munro: The origins of the screen unit are based on a Scottish National Party manifesto commitment.

Jamie Greene: Okay—that answers the question.

I will move on to your letter. There is an interesting bit that says:

“we have seen an increase in interest from international production companies wanting to visit Scotland to understand how Scottish industry incentives compare with other nations.”

Apart from the usual incentives, such as our wonderful landscape and scenery, great people, expertise and so on, what are some of the key comparisons between Scotland and some of our neighbouring regions, or indeed neighbouring countries, in terms of not just physical incentives, but policy incentives? What are some of the key differences that you would pitch to a US exec from a large network?

Scott Donaldson: I am not quite sure what you mean by policy incentives.

Jamie Greene: I mean financial incentives, for example.

Scott Donaldson: There is the production growth fund, which has been discussed before. We provide recce funds so that people who are interested in filming here can be shown the landscape that you mentioned and the facilities for filming, and meet possible film crew, for example.

Iain Munro: When we represent Scotland at the key international opportunities that we have mentioned, such as Cannes, Toronto and Berlin, we take producers with us and we host events. We engage proactively in those opportunities. However, we also recognise that much of the business works through direct engagement, so we are active in pursuing and cultivating positive

relationships. The work that we have mentioned that involves the six top US executives is part of that process. The new executive director will have a lead role in ensuring that that international working is effective on top of the work that we already do through the screen commission and so on.

10:00

Jamie Greene: Okay. Imagine that I come to you with a big-budget production for an online platform, and I have a choice between Scotland, Northern Ireland and the Republic of Ireland. Perhaps the scenery, the expertise and the facilities are similar. When it comes to real incentives, how does Scotland compare on that scale? In comparison with our competitors, do we have enough top-down policy at Government level to ensure that we capture that business?

Iain Munro: The enhanced funds are a key ingredient in the incentives. The tax credits environment is also part of the equation—of course, that is beyond Creative Scotland’s direct responsibility. We use all those things together, plus the talent and skills of the crew that we have here and so on, to promote Scotland and draw that inward investment.

Jamie Greene: You said that tax credits are outside your remit. Naturally, that decision is made by political people—I get that—but surely the point of an agency that exists to represent the Scottish screen industry is not simply for it to be told what it should do based on Government policy, but to lobby Government and say, “We need more incentives such as tax credits.” That is how it works in other parts of the world, where industry-led bodies lobby Government and are not simply directed by a Government agency, which is, in effect, what happens here. How will lobbying work in practice? How effectively will you lobby politicians to get the changes that you think Scotland needs?

Iain Munro: I would not want anybody to misunderstand the position and believe that that does not happen. Creative Scotland is a non-departmental public body that operates at arm’s length. We are not directed by Government. We operate under the framework with the Scottish Government and the policy priorities that ministers set out in an annual letter to us, but we have autonomy to direct our own resources and deliver the things that we are expected to deliver as part of the screen unit proposal, in partnership with the other agencies.

Our conversations are not always public and visible, but of course we have them—not just at the Scotland level but at the UK level—about the wider matters of tax credits, incentives and so on. I

would not want anyone to believe that those conversations do not happen just because they are not visible and public.

Jamie Greene: I have a final question about the context of the new unit. Roughly how many people are dedicated solely to the screen unit, and is the number going up or down?

Iain Munro: It is going up—it is doubling. The current number is 12, and recruitment for another five is under way. I have mentioned most of them. The current plan is to add another 15, and they will be specialists, largely.

The fact that the model bases the screen unit and that team within Creative Scotland means that there is added value and cost efficiency through economies of scale, because the team has access to specialist support in other operational areas such as finance, human resources and funding. All those things would be additional, with all the attendant additional costs, if there was a separate screen agency.

The core specialist team comprises 12 people. The number is increasing by 15 under the current plan, but it will be finalised once the executive director is in place.

Claire Baker: Following on from Jamie Greene's questions on industry involvement, the Scottish sector leadership group—which is still in existence, although it was meant to be a short-term body—has been your key involvement with industry, notwithstanding the fact that three members of the screen committee are from the industry and additional screen expertise from one or two people will come on to the Creative Scotland board. How do you see industry engagement going forward? It is important that the industry has confidence in the screen unit and that the unit is flexible and responsive to the needs of the industry. How will you manage that relationship and how will you involve those groups in the direction that the industry takes?

Iain Munro: We recognise the call for greater involvement and we wish to find a variety of mechanisms to achieve that. I will expand on that in a second. First, just to be clear, at least two—it could be three—new board members from the screen sector are being recruited, so that part of the governance structure will be strengthened.

In terms of direct industry involvement, the SSLG was formed out of the committee's previous recommendations. It is a very good group under the chair, John McCormick. As I mentioned, he is one of three external industry representatives, and he brings that body of representation to the screen committee. There is an SSLG meeting coming up next week, and I am sure that the group will reflect on the committee's interim report and recommendations. The group will also talk about

how it moves forward with regard to its representation. That is all about governance structures in the formal sense.

The other aspect that I want to illustrate is that we connect with industry every day and, where there are key developments and opportunities, we are committed to ensuring that we have industry voices directly involved, for example in the consultation process on a new policy or fund. Most recently, 10 industry representatives have been involved in the development and formulation of the £3 million content fund, which is under development and is one of the key planks of our new investment. The fund has a state aid implication, too. We are in the final stages of that process and we are about to play the content fund proposal back out to the industry representatives to get their agreement on it before we go live. We anticipate that that will happen in June.

Scott Donaldson: I have another example. The skills and talent strategy that I mentioned will be consulted on by an industry reference group to make sure that it is fit for purpose with regard to skills and talent development.

Claire Baker: The convener raised some concerns about the five-year plan and the timescales involved. During that time, how will you monitor success? We will not have to wait five years to find out whether it is a success, so how will you judge that during the five years?

There is an expectation that, in the next five years, the money coming into Scotland through the screen industry will increase. It is increasing everywhere, as Richard Lochhead pointed out, following the increase in production by streaming services. We can expect an increase, but how will we be able to judge whether it is a meaningful increase that gets us to the level at which we should be competing? There will be an increase in Northern Ireland and at Pinewood, so how do we make sure that Scotland makes the progress that we want?

Iain Munro: The evidence will come in different forms. Some will come through practice—the work of the screen unit, how the new enhanced funds flow, what we support and so on. However, the hard evidence will come through the annual reporting against the business plan that we talked about earlier. Very clear outputs and objectives will be set, and they will be reported on annually because we need to keep unlocking the £10 million each year to keep delivering against the five-year plan. It will be tracked in that way.

Some high-level targets and objectives are set out in the five-year plan itself so, ultimately, as we build towards that plan, we will be able to see what progress has been made. I hope and fully intend that we exceed those targets, but we have to have

a minimum that we are aiming for. There will be growth everywhere, but we recognise that, internationally, there is huge scope for exponential growth in Scotland if we get all the ingredients right to enable that to happen.

Barclay Price: One of the early discussions with screen industry people was about what those targets should be. The targets are ambitious but achievable. I am not saying that we will wait five years to see whether we have had success; we have to look each year to see whether we are delivering.

One of the issues around film or screen is that we sometimes do not see the outcomes until two or three years down the track, given the length of time that productions take. However, it will be important to monitor from day 1 whether a difference is starting to be made. The targets are ambitious and they are what we will be judged against. They evolved from conversations with screen experts, who said what they thought the potential was and what they felt Scotland's ambition should be.

The Convener: We have a supplementary question from Stuart McMillan.

Stuart McMillan: My question is for Mr Price. About 15 minutes ago, you said that the structure is in place; one of your earlier comments was that the structure is not important; and, at 9.33, you said that if more representation was required, you would look at that. That provides me with a confusing picture in terms of where we are going and what the structure of the new unit actually. Can you provide some clarity, please?

Barclay Price: I am sorry, but I think that I was talking about the structure of the committee, then the structure of the organisation.

Stuart McMillan: That highlights my point about the lack of clarity.

Barclay Price: On the structure, we have the sub-committee, which we have discussed. With regard to staffing, we are building on and expanding the existing screen unit in Creative Scotland, so it is an evolving process. I am sorry if I confused you, but Iain Munro clarified the position. We have put in place some of the staffing, but, as we have said, we wanted to hold off on some of the further staffing until the screen post was filled. In a sense, things are slightly evolving in a structural process, but that seems to me to be the appropriate way forward. As Iain Munro said, the input from the screen sector was not to put everything in place yet but to hold off on some of it until the new post was filled. I am sorry if I confused you.

Stuart McMillan: Okay. Thank you.

The Convener: I will come in briefly to ask for updates on some of the other areas that we have taken evidence on. There is obviously a clear lack of data on what the industry needs, but there were plans to develop a new data hub as part of the screen unit. Can you give us an update on that? Can you also give us an update on the plans in the collaborative document to forge a partnership with the BBC? I think that there is talk of other partnerships as well, but can you give us an update on where we are with those two areas?

Scott Donaldson: As has been rehearsed many times in this committee, the data is difficult and it is difficult to obtain the full data picture that we would all like. The data does not line up, and we heard from Olsberg SPI, the British Film Institute and others about the difficulties in that regard.

As the collaborative proposal points out, £250,000 a year is allocated to data and research. I think that that is one of the most exciting aspects of the whole proposal, because it gives us the resource and opportunity to nail some of those data questions, albeit that there will remain all kinds of difficulties. The knowledge and research team has been working with the BFI to understand the nature of the data that the BFI purchases. If memory serves me right, there are nine different sources of data that the BFI purchases. The knowledge and research team is working with the BFI to understand what information specifically about Scotland can be obtained from that data. The team is also working with partners to scope other sources of data that can be made available. We have the resource to do that.

10:15

The issue is not just about numbers; we have a strong requirement for qualitative research and for gathering the intelligence that we need. We need to understand better the impact of interventions to date and in the future. The data and research aspect of the screen unit will help us immensely to track what is happening and what the impact of our work is.

The Convener: What about the partnerships with the BBC and others?

Scott Donaldson: We are talking to a number of potential partners. Yesterday, we had a large meeting with senior executives at the BBC. We will follow that with meetings with STV, Channel 4 and others.

The Convener: Do you have dates for when we can expect announcements of partnerships?

Scott Donaldson: I cannot give a date now.

The Convener: You commented on the data hub. You have people who currently deal with

data, but will there be a new development for data?

Scott Donaldson: It is proposed that there will be one new member of staff to enhance the team's capability and capacity.

The Convener: So the data gathering is being done by the team that was in place before the screen unit was proposed.

Scott Donaldson: Yes. Some data is being gathered, but you must remember that the team works across Creative Scotland and that it is under huge pressure to provide data across Creative Scotland's activities.

The Convener: So the screen unit will not have a new data hub. The people who are involved are part of Creative Scotland's research team and will do what they have always done.

Iain Munro: There will be a data hub. Enhanced human resources are part of the plan, but we also have the model across the partnership, which involves our key screen partners, including the BFI. We are trying to understand what the notion of a data hub means and the team is scoping what that might look like, so that we can in due course describe it.

The Convener: Everyone has identified that a lack of data is a problem but, if you are saying that the people who have been responsible for gathering data will continue to be responsible for it, where is the change? We need a step change because of the big lack of data, but you seem to say that nothing will really change—the same people will be responsible as were responsible under the system that was not delivering.

Iain Munro: I do not want that to do a disservice to our colleagues in the knowledge and research team.

The Convener: The comment is not personal; I am just saying that there seems to be no change.

Iain Munro: There will be a change but, as I am sure the committee heard in last week's evidence session, the consistency and the reliability of current methodology are at the heart of our approach. We continued with the methodology that was in place for Scottish Screen so that we could track matters on a consistent basis. However, as the committee heard last week, there is a slight inconsistency with the BFI's methodology for the UK.

We need to iron all that out to understand how we can get to a much better place. That concerns the structure, the methodology and the human resourcing, which are being scoped. The plan is in train—we are working to put in place a much clearer plan about the form that the data hub will take in due course. We are scoping all that out to

be sure about the issues and how we will address them.

Scott Donaldson: It is important to stress the funds that the data and research aspect of the screen unit will have. Most data is bought, so the funds will enable us to buy the quantity and quality of data that we need.

The Convener: I will finish with a question to Mr Price. You revealed today that you are chair of the screen committee, which I think you referred to as the sub-committee. When you were asked about our interim report and the recommendation for a stand-alone screen unit, you made a couple of points. One was that other cultural sectors have asked for their own agencies—you mentioned literature in particular. You also talked about fragmentation as a general problem. Our interim report very much focused on the fact that screen is different from every other sector, and we had a huge amount of evidence to that effect. It is different from literature and visual arts because it spans culture and business. It also has the potential to create many jobs.

You have compared screen to literature and suggested that fragmentation happens everywhere, but the screen sector leadership group and every other witness agree that fragmentation has been a real problem in delivering for screen. I think that people will be concerned to hear that you do not perhaps recognise what everyone has been telling us, which is that the screen sector is unique in terms of its potential to deliver.

Barclay Price: I believe that each art form is unique. I once worked for the Scottish Crafts Council, which decided that it should be amalgamated into the Scottish Arts Council. There was a great uproar from the crafts community, which felt that it would lose its special approach. It did not happen at the time, but it did eventually.

Each art form is unique. You would hear a similar thing from each art form sector. Music spans commercial and cultural and is a huge industry earner. Of course film is special, but each other art form is special and each needs its own specific approach to deliver it for the best. What I have tried to do in my work and as a board member of Creative Scotland is to ensure that the policies that are put in place are not only specific to the art form but have a strategic overview. Film is different, but I think that music is different, and each art form needs to be developed in its own way. My only concern is that it would be a shame for Scotland, which is a small country, if we started to get a fragmentation of agencies all looking at culture. It would make that strategic overview very hard to deliver for the Government.

The Convener: Every other country in the world has a screen agency.

Barclay Price: Other countries have different agencies for different art forms. Many other countries have specific literature forums. It is a model that Scotland is trying to deliver and develop and I think that it has the potential to take things forward. Other people may disagree.

The Convener: Quite a few other people disagree. We are due to see the cabinet secretary next. Thank you all for coming today to give evidence. We will have a short suspension for a change of witnesses.

10:23

Meeting suspended.

10:25

On resuming—

The Convener: We continue our evidence taking. I welcome Fiona Hyslop, Cabinet Secretary for Culture, Tourism and External Affairs, and her officials from the Scottish Government: Dr Jonathan Pryce, director for culture, tourism and major events, and Jane Holligan, lead for screen and broadcasting.

I understand that you would like to make a short opening statement, cabinet secretary.

The Cabinet Secretary for Culture, Tourism and External Affairs (Fiona Hyslop): Thank you, convener. It will be brief.

I am very pleased to be invited to the committee to discuss the work that we are doing to enable Scotland's screen sector to grasp all the opportunities before us. The Scottish Government agrees with the committee about the enormous opportunity of screen in both film and television. We have already seen the results of our greatly increased focus on screen, with record production spend and significant new interest in Scotland, both from the industry and from tourists coming to visit the locations and explore the stories that they have seen on screen.

Funding for the sector is already producing a positive effect. The £3.7 million already allocated by the production growth fund is expected to deliver spend in Scotland of about £60 million. Support is growing in many different ways, including through the decision by the National Film and Television School to set up in Glasgow its first base outside the south-east of England. In fantastic news, Channel 4 announced yesterday that Glasgow has been shortlisted for the channel's new national headquarters. That is an endorsement of the city's vibrant production community and innovative creative industries.

There are enormous opportunities for international platforms and studios that are hungry for content, and for public service broadcasters that are increasingly looking to expand commissioning from the nations. That is why the Scottish Government has responded to the screen sector's ask and has backed our film and television industry by doubling its funding this year, with an additional £10 million in production development and growth funding. That means that there will be screen funding this year of more than £20 million, compared to just over £3 million of Government funding for screen through Creative Scotland in the financial year 2007-08. In addition to funding through Creative Scotland, the Scottish Government invests £12.8 million directly in MG Alba, which in large part goes straight into our production industry. Altogether, that is around £33 million of screen funding this year.

We believe that there must be a dedicated screen unit, which will be the single front door for supporting film and television. I agree that the screen unit must have current expertise from industry. That is why we have been recruiting people with screen expertise to the Creative Scotland board and why Creative Scotland is bringing in further industry expertise at every level of the screen unit.

I agree that the unit must be able to take fast and effective decisions. The new executive director will have the authority and freedom to do so. The screen committee is an advisory body to the board on screen unit strategy. It is right that the largest decisions, such as decisions that are worth more than £500,000 for a single production, will still go to the Creative Scotland board. However, one should remember that the new board membership will include people with screen experience and will be advised by a committee with further industry expertise.

Plans are under way for the new content development fund to be launched shortly and we will also see television get the support that it has been asking for. The recently renewed production growth fund is offering £2 million this year, and the new skills survey will report soon. All of that gives me confidence that the services that the screen unit will deliver will increasingly meet the funding and training needs of productions.

The screen unit is getting the attention that it requires, and the groundwork for which the committee has been asking for a long time is now happening. To recap, there will be industry expertise at every level of the screen unit and Creative Scotland board. The unit will be decisive and empowered, and with more staff it will be able to deliver a more complete service in areas where there have been gaps. It will be backed by more funding: the Scottish Government has provided

that extra £10 million for screen, and other agencies are also offering support.

10:30

Support will be available in new areas—crucially, in content development for television. There will be a skills strategy based on evidence, because the first comprehensive workforce survey in Scotland since 2015 and the first freelance survey since 1992 are being carried out now. We are starting to address the gaps that employers have pointed out; for example, the first courses from the National Film and Television School Scotland are now up and running. The focus pilot project to help develop television production companies is under way, and we expect the single front door web portal to be available from August.

In terms of infrastructure, the Pentland studio project has been granted planning permission, and Creative Scotland is preparing a business case for a studio that will explore all current alternatives. Wardpark studio has developed into a great facility where the highly successful “Outlander” programme has been filming—it is now into its fourth series.

Now that delivery is under way and a new executive director is being appointed, it is only fair that the screen unit be given the space to demonstrate what it can do. There has been progress. Production spend for 2016 reached £69.4 million, which is three times what it was in 2007, when spend was £23 million. I expect the pace of progress to pick up sharply in the next 12 months, as exciting new developments have an impact.

We will have a new BBC channel and higher network spend, Channel 4 will be spending more in the nations and regions and making a decision about where its new hubs and national headquarters will be based, and the effects of increased public sector spend on development, productions and business growth, as well as on skills, will start to bear fruit. Therefore, it is important that we let the screen unit establish itself and get on with delivering for the screen industry.

Finally, I thank the Scottish screen leadership group, the industry, all the public agencies and, indeed, this and previous committees for their interest and support in developing the screen sector. I am excited about the future for screen in Scotland and I thank the committee again for its interest in this very important sector.

The Convener: Thank you, cabinet secretary. The Scottish Government has not yet responded to the committee’s interim report calling for a stand-alone screen agency. Will you take the opportunity to comment on that now?

Fiona Hyslop: I share the committee’s appreciation of the potential and growth in demand for screen production in Scotland, and the opportunities for us to achieve more than we have to date. That is absolutely crucial. I was a bit surprised that there was an interim, rather than a final, report. My genuine concern is that there should not be any disruption, delay or derailing of progress, which I do not think is the committee’s intention, but it was of some concern that the report appeared right in the middle of our recruitment process. I hope that in its final report the committee will support the activities of the screen unit and the new director who is to be appointed. It is really important that everybody gets behind that.

The committee has obviously had some evidence on the suggestion of having a separate unit. I am sure that there will be detail on that in your final report, but from my and the Government’s discussions with the sector I know that they want us to get on with it and ensure that the screen unit is established. What will happen at some point in the future? Well, let us focus on establishing the unit and make sure that it can get on with its work, and not focus on something else, such as establishing a new unit. It takes several years to establish new agencies.

There probably have been criticisms about additional quangos or public bodies from everybody in the Parliament at some point. Such bodies require legislation and funding, and one of the concerns about a stand-alone agency is the funding that would be required to set it up, which could run into millions—that has happened in other areas. Legislation would require time and effort that would not be being used on directly supporting the industry. I think that if money is available it should go straight into the film industry.

I hope that the committee appreciates that those are genuine concerns. The interim report acknowledged the need for legislation and so on. That is my response now, but things can evolve. However, as I said, I think that we need to give the space for the screen unit to establish itself, particularly when we are in the middle of our recruitment round. It is important that the committee is sensitive to that position.

The Convener: Our report acknowledged that work on the screen unit was under way and that we did not want to slow things down, but we said that plans should be developed for it to be transformed into a stand-alone agency, which every other country in the world has.

In your opening statement, you praised the screen sector leadership group. One of its main concerns was about the fragmentation of the public sector bodies that are involved in delivering for the screen sector. One reason why we brought

out our interim report was that we did not feel that that fragmentation was being addressed in the way in which the governance arrangements for the screen unit were being set up. We were previously told by Creative Scotland that there would be a memorandum of understanding between those public agencies but, this morning, it told us that it is no longer the case that there will be a memorandum of understanding between those bodies. The response to our interim report indicates that people in the industry are extremely concerned about the fragmentation issue and that they do not feel that the unit is addressing it.

Fiona Hyslop: You cannot judge the unit, because it has not been established. There is a danger in trying to assess something before it has been established.

The report on the screen unit collaborative proposal, which was sent to the committee on 8 December and was published on 11 December, set out a clear partnership agreement between all the different agencies. I listened to what was said in the earlier evidence session, and I absolutely agree with Barclay Price that a business plan with actions and annual reporting is far stronger than an MOU. An MOU might have been appropriate much earlier in the process. That is why it will have been indicated to you that an MOU was being prepared.

However, it is really important that we make sure that the activity that is undertaken—whether on the skills side by Skills Development Scotland or, in relation to the funding of media, film and all the other screen sector support areas within our universities and colleges, by the Scottish Further and Higher Education Funding Council—is done in a co-ordinated way that makes sense and which involves the provision of advice by the industry. That is why Gillian Berrie, David Strachan and John McCormick are on the screen committee. That committee is about making sure that any activity that takes place is co-ordinated, but the bulk of the spending decisions on film will be taken by the yet-to-be-appointed executive director for screen. The fact that that person will be empowered to make those decisions is very important in enabling speed of reaction to make sure that productions can go ahead.

The business plan, along with the annual reporting, will be far stronger than a memorandum of understanding that says that something will be done at some point in the future. A business plan sets out what will be delivered, how that will be done and how it will be resourced. Accountability is important for me as a Government minister and for the committee. The annual reporting will be a powerful means of showing the activity that has been generated by everybody working together for film. As was pointed out earlier, that annual

reporting would still be required regardless of whether the screen unit was part of Creative Scotland or was a stand-alone unit.

The Convener: That might well be the case, but I am sure you can understand why the committee is slightly perplexed. A few weeks ago, we took evidence from Creative Scotland, in which it argued in favour of a memorandum of understanding. The fact that the plan suddenly changed does not build confidence that Creative Scotland is fully focused on delivery.

Fiona Hyslop: With the greatest respect, I think that that is because this is such an active period in the development of the screen unit. Even while evidence is being taken, interviews are being held. Yesterday, there were meetings at the BBC. If the committee takes evidence in the middle of the process, it will come across changes in development. I think that we are in a stronger position now that we have the proposition of a business plan, which I think will be highly effective on accountability, too.

The Convener: There is also the issue of delivery. We were originally told that the screen unit would be delivered last December and we are still waiting for it. As you heard what was said in the earlier evidence session, you will know that few definite timelines were provided.

Fiona Hyslop: When I gave evidence to the committee previously, we expected the blueprint for the screen unit to be produced in late autumn. It was eventually agreed in November and I sent it to the committee in December. I share your frustrations about the recruitment process. I expected Creative Scotland to embark on the recruitment process sooner, but we are now moving at pace. That is clear from the activity that was reported to the committee today.

I really want the screen unit to be given the best and fairest wind. It is the responsibility of not just the Government but the Parliament to support the recruitment of all the additional members of staff in order to ensure that the screen unit is up and running.

On the issue of producing interim reports and carrying out inquiries during the process, you will not get a complete picture until the unit is finally established. I wrote to the committee to say that it was expected that the unit would be established by the end of the financial year, as opposed to the end of the calendar year. That has not been the case, because of the delay in recruitment, but as you have heard today, there has been active interest and 48 strong applications have been received for the position of executive director. The shortlisting and interviewing is happening as of now, as is the appointment of up to three

members of Creative Scotland with screen industry experience.

On 25 April I answered a question from Claire Baker in which I said that that recruitment was taking place. The adverts for the Creative Scotland board membership positions that were published referenced the fact that we are looking for screen input and that everyone applying should have screen background. Those adverts were published before your interim report. The criticisms that you made in your interim report were outdated by the time that it was published, given the statements that I had made publicly in the chamber.

The situation is evolving, but that is happening for a good reason. That is why everybody has to get behind the screen unit in order to enable it to succeed.

Claire Baker: In the question that I asked in the chamber, to which the cabinet secretary referred, I asked about governance arrangements, concerns about which were one of the issues that prompted our interim report. I think that you said in your opening statement that, if a decision is worth more than £500,000, it has to be approved by the Creative Scotland board. We are concerned that there is an issue with the executive director having flexibility and autonomy in decision making. Obviously £500,000 is a lot of money, but we are talking about a global industry in which large sums of money are a common factor. If we are looking to grow the sector in order to compete internationally, such sums of money will not be unusual.

Fiona Hyslop: On decision making and accountability, I have made it clear that we expect the executive director to have the authority to make those decisions. That is normal. It is not unusual in public agencies such as Scottish Enterprise for investments of that sum to require board approval. That can be done by correspondence; it can be done swiftly. Remember that the board can be advised; it has expertise that it can draw on. The recommendations will come from the executive director. It is not unusual for sums of that amount to require board clearance. Bear in mind that, by the time that any such amounts will be subject to decision making, two—indeed, possibly three—of the 11 board members will have screen expertise. If the board wants to draw advice from the screen committee, it can do so, because the committee is advisory.

Claire Baker: We heard this morning that the executive director's title is executive director of screen and creative enterprise. We were unaware that that role had a broader remit than we expected. Concerns have been expressed that that will dilute the importance of screen. We heard evidence from Creative Scotland this morning that

denied that or, rather, set out why it thinks that that is appropriate. Do you have any views on that?

Fiona Hyslop: We have made it quite clear that we expect the executive director to focus absolutely on screen, certainly in the early period of the screen unit. That has to be their focus. We have also emphasised in the recruitment process that that is what we expect in relation to the applications that will be approved.

10:45

Claire Baker: I want to ask briefly about studios and the infrastructure. In May 2013, you said that you were in active discussions with a range of organisations and that you hoped to give positive news at some point in the future.

Statements were made in 2015 about people being in discussion about studio space, but in 2016 there had still been no studio capacity increase in Scotland from the Scottish Government. Although we have Wardpark Studios and the Pentland Studios proposal is progressing through the stages, we have not had investment from the Scottish Government.

This was an issue in the Economy, Energy and Tourism Committee's inquiry into the economic impact of the creative industries in the previous session, and it is still an issue. We have heard that public authorities in Manchester, Belfast and Cardiff were able to take a lead in developing studio space. What has been the issue in Scotland that has prevented us from making progress?

Fiona Hyslop: There are a couple of things to say about that. It is clear from the other investments that have taken place that public assets—empty spaces—have been used. That happened in Belfast, for example, and in Wales, where a former energy centre, which was owned by the Welsh Government, was used.

I make clear that, under the state-aid requirements, development must be private sector led. You are saying, "The Scottish Government has not done this." The Scottish Government cannot itself purchase a studio—

Claire Baker: It seems that Manchester City Council did.

Fiona Hyslop: Well, there might be issues. State aid is a very serious issue indeed. You are familiar with the Economy, Energy and Tourism Committee's inquiry, so you will recall the Valencia case in 2012, when a €265 million investment contravened state-aid rules and had to be repaid. That is the challenge.

In Manchester and other areas, private sector developers have used public assets. The approach relies on private sector developers being

interested in taking forward developments. There are issues about what is spent by the public, as opposed to what is invested by the private sector. We cannot do something through investment from the public sector that is in competition with the private sector. That has been a critical factor.

It is not that we have not had studio space. We have seen production and activity at Wardpark and at the Pyramids. I have visited places that have been used for filming—I am thinking about the filming of “Churchill” in Livingston, for example. However, we absolutely need a film studio—and not just one. You have heard evidence directly on the Pentland proposal. As I speak, we are actively involved—and we have never stopped being actively involved—in trying to identify activity on a film studio.

The concern, although perhaps it is a good thing, is that, unlike other places, we use our public assets; there has not been a public sector-owned building or public space that we have been able to use to help a private developer to become involved in taking forward a studio. That is extremely frustrating.

However, I am hopeful. I know that you have heard that before. There are a number of areas where studio space is being developed. There is the Pentland proposal and there is Wardpark, and you might be familiar with other examples, which I know are active, although I cannot necessarily give details about them at this stage.

Richard Lochhead: There are lots of big, empty, state-owned spaces in my constituency, if you are looking for a state-owned space for a studio. The former RAF Kinloss site comes to mind, for instance.

On the future of the film industry and screen sector in Scotland, we are in the 19th year of devolution and there is a sense that we have never quite put in place the measures that will enable us to capture the massive opportunity of film and screen. This year and in subsequent years, the opportunity will be bigger than ever, given the changing landscape.

The Government has prioritised life sciences, food and drink, tourism, renewables and other sectors, but it has never quite given film and screen such priority. There is a chance to do that now, and the stars appear to be aligning, given the measures that you mentioned in your opening remarks. That is great news.

However, although things are looking better and we are more optimistic, the committee’s view is that the sector in Scotland should be not just better but the best. That is why we have proposed a stand-alone film agency for Scotland. The Government has had a lot of experience of changing the status of agencies over the past few

years, so surely we can find a way to establish a stand-alone film agency for Scotland that avoids the disruption that you seem to be pointing to.

There seems to be institutional resistance to a stand-alone film agency for Scotland—we just heard the arguments from Creative Scotland in that regard. Can we not just get on with it and find a way of moving forward and doing our best? This is a huge economic opportunity in what is potentially one of the biggest growth sectors for Scotland in the next few years.

Fiona Hyslop: The feedback that I have had is that we should not delay doing what we are doing, and that we should make sure that the screen unit can be established and that nothing is said or done to disrupt the process of setting it up. On the point about setting up new agencies, which has been discussed by colleagues from previous Governments and Cabinets, it is still the Government’s view that we should not establish new agencies unless there is a real demand for new powers, as there is with the new social security and revenue agencies. There is a point about that spend and money and legislation.

Legislative changes to develop Creative Scotland were started by the previous Government, of which Tavish Scott was a member at one point, to bring together the Scottish Arts Council with Scottish Screen, which was then a separate unit, and let us remember that it had only £3 million to spend. That involved legislation, and I am not sure that it would be the most effective use of public resources and public money if we spent it on establishing HR and finance, sorting out pensions and doing all the different things that would have to be done to establish an agency.

It is the funding activity that matters, so I am asking the committee to give the screen unit a chance and to ensure that, in trying to establish what it is doing, it is unencumbered by thinking about other issues that are more to do with organisation and bureaucracy, rather than delivering for film. At the end of the day, what is important is what we deliver for film.

Richard Lochhead: As the Scottish Government has repeated many times, we face quite a bleak post-Brexit world and we are looking for wins and economic successes, so perhaps we should grasp the opportunities that are laid before us. I would argue that the film and screen sector is one of the big opportunities for Scotland in the 21st century. The Scottish Government’s policy is not to create new agencies, but there have been some exceptions, for the reasons that the cabinet secretary has mentioned. Should we not also make this an exception? Surely giving up the principle of no new agencies is worth it if it gets more economic benefit for the country, given that we are talking about a massive industry.

Fiona Hyslop: The screen unit, as established, will be able to do that. It was supported by the screen sector leadership group. In January 2017, the screen sector leadership group said:

“We strongly support the Scottish Government proposal to establish a much enhanced Screen Unit with an expanded remit to enable it to assume this critical leadership role.”

We have the support of the industry for what we are doing. I absolutely agree with your point about the win factor for film and screen. That is why, in what is a very difficult budget area, as culture has not necessarily been set out as a protected area in manifestos or in the programme for government, I have managed not only to maintain Creative Scotland’s budget but to get an additional £10 million for the screen unit. I think that doubling that funding in a very tight settlement is quite an achievement, and it puts us in a strong comparative position in relation to investments in the film industry that are made by other countries of a similar size. It is a good and strong position to be in.

The creative industries are one of the Scottish Government’s seven key sectors. I agree that I want that sector to be elevated in importance and in what it does. We have established a creative industries advisory group. Film is critical to that sector and I believe that it should get a higher profile. The contribution of the creative industries to Scotland’s economy is greater than that of life sciences, although life sciences are a key sector that people are probably more aware of. It is not just my role to promote the creative industries. It is the role of everybody in Parliament who believes in the importance of the creative industries to ensure that there is greater awareness of that contribution. The creative industries are one of the fastest growing sectors across the UK.

Whatever happens when the UK leaves the European Union, it is critical that we focus on the sectors that can deliver real growth, and the film and screen sector is one that absolutely can. We also need to get more people to make career choices to come into the sector, because it is one that will deliver for Scotland in the future. Its economic importance is vital, which is why we are investing so much.

Tavish Scott: The business case that Creative Scotland described to us earlier was given to you in December last year, and the Government approved it at that stage. Is that correct?

Fiona Hyslop: The screen unit collaborative proposal was published in December.

Tavish Scott: It was described earlier as a business case.

Fiona Hyslop: The business plan that was described earlier on is what will be delivered by

the screen unit. Going forward, there will be an annual report on that. What was produced in terms of setting up the screen unit, how it could be set up and what it should do was informed by the Scottish screen sector leadership group, but it was put together and given to the committee on 8 December.

Tavish Scott: Yes, but I am not asking about that; I am asking about Iain Munro’s evidence earlier in which he said quite specifically that the Government and the minister were presented with a business plan in December last year and that setting up the screen unit was approved at that stage.

Fiona Hyslop: You can call it a business plan or you can call it the screen unit collaborative proposal, but it is the same thing, if that is what you are referring to.

Tavish Scott: Okay, but I will call it a business case, as that was what the earlier evidence referred to. Did that business case include a recruitment timeline for the executive director?

Fiona Hyslop: It was quite clear at that time that I wanted Creative Scotland to start the recruitment process immediately, but that did not happen until later.

Tavish Scott: I am sorry, but that is not the question that I asked. Did that business case include a timeline for the recruitment of an executive director?

Fiona Hyslop: It will have done, yes.

Tavish Scott: It did, and you do not recall from that business case when the recruitment was due to start.

Fiona Hyslop: I cannot give you a date from the proposal, but the idea was to get the screen unit established by the end of the financial year. However, the recruitment did not start and I am frustrated. I made it clear that the recruitment process for the director should have started earlier, but it has started, we are in the middle of it and it is important that Creative Scotland is given the space to get on with it.

Tavish Scott: You said earlier that you were frustrated by that, which we can understand, but I am puzzled as to why the timeline was not in the business plan and why it was not questioned in December.

Fiona Hyslop: It was questioned. I made it clear that I expected that recruitment to start.

Tavish Scott: So it was in the business plan—there was a clear timeline in the business plan as to when the executive director would be recruited.

Fiona Hyslop: I can double-check the timeline in the plan, but I can tell you now that I was quite

clear in my conversations with Creative Scotland. I would bear in mind, though, that we were still going through the Scottish Government's budget process then and that the additional £10 million to set up the screen unit had not yet been approved. Indeed, there will be members of this committee who voted against having that additional funding when they voted against the final budget proposal. We should therefore remember that, because of the budget process, the funding had not been absolutely secured.

The Convener: Ross Greer.

Tavish Scott: Can I just finish my questions, if I may?

The Convener: Just one more, as we do not have much time and I want all members to be able to get in.

Tavish Scott: Thank you. The only other question that I want to ask is on a subject that Claire Baker asked about earlier. You said that the executive director's job would concentrate solely on film, but that is not what the job title says.

Fiona Hyslop: The job title and responsibilities are for screen and creative enterprise, but I have been quite clear with Creative Scotland—and I think that it was quite clear in its evidence—that the focus is absolutely on establishing the screen unit. The focus will therefore be on screen particularly.

Tavish Scott: But the job title is wider than that.

Fiona Hyslop: Yes.

Tavish Scott: And you accept that.

Fiona Hyslop: That is what has been established, yes.

Ross Greer: I want to revisit the points that were made about state aid in answer to Claire Baker's question on studios. You said that, essentially, state-aid rules mean that the process would have to be private sector led, but that is not my understanding of state-aid rules. In fact, if it was private sector led and there was Government funding and support, that would break the state-aid rules. However, if the process is entirely public sector led and the eventual entity meets the market operating principles and can compete fairly in the market, that will comply with the rules. Is that the Scottish Government's understanding of state aid?

Fiona Hyslop: Part of our testing and scrutiny goes back to 2014, before you were elected to this place. We have looked at the process on the basis of whether a proposed studio would be competing unfairly. I would argue that there has not been market failure, despite the fact that we do not have the permanent studio that we require. However, at every step of the way, any proposals have been

tested on the basis of whether they meet the market failure test and comply with the state-aid rules. The professional advice that we have been given on any proposals that have been brought to us is that they would leave us open to challenge. Any proposal has to operate on commercial terms. That is the critical point.

Ross Greer: We have taken some evidence about the Manchester situation, and I am sure that you are familiar with what Manchester City Council and its arm's-length external organisations have managed to achieve there. Has there been any communication between Scottish Government officials and people in Manchester? I think that the council has gone through three phases of development and, as a city council, it would be far more at risk of having a possibly successful legal challenge against it. However, the council has obviously thoroughly risk assessed its process at each stage and has come to the conclusion that it is on solid ground and has met state-aid rules. Has there been any communication with that council?

11:00

Fiona Hyslop: As part of our on-going assessment, we constantly compare and contrast the different sectors and parts of the country to see what they are doing and whether there is anything that can be learned from that. We understand that Manchester, in particular, uses more loan financing than other places. Of course, if that approach is taken, people have to be prepared to take the commercial risk involved in the repayment of the loan. Although none of the proposals that we have had in Scotland to date would have necessarily taken that approach, that is another area that we can consider. Again, I cannot make a judgment on this, but that is perhaps why Manchester thinks that its approach is more compliant.

Ross Greer: To return to Claire Baker's question about governance, a concern that has been raised repeatedly is that we will end up with something that is not screen sector led. Governance at the screen unit level is dominated by public agencies, some of which there is a long-running frustration with, and the ultimate level of governance—before it reaches you as the cabinet secretary—is through Creative Scotland, whose board, even with additional screen sector experience, will never have a majority of people with screen sector experience on it.

At one level, there is governance that is dominated by public agencies, many of which people are frustrated with, and, at another level, there is governance that is dominated by people without screen sector experience. Is the industry sufficiently involved in driving the process, and will

it be? The governance arrangements do not seem to make that case.

Fiona Hyslop: As I have set out, the board of Creative Scotland will have two or possibly three new members who will have screen experience. The advertisement for those roles went out on 27 April; that part of the recruitment process is now closed, so we are in the process of appointing those positions.

Let us be clear about the governance. Again, the issue goes back to the document that was sent to the committee on 8 December, which set out the collaborative proposal for the screen unit—I think that it was referred to as a business plan. That document said:

“The role of the enhanced Screen Committee will be to:

- advise on Screen Unit strategy, and report on its performance
- agree, scrutinise and monitor management plans
- oversee the effectiveness of partnership working”

to ensure that there is collective working on the part of all the partners—Highlands and Islands Enterprise, Scottish Enterprise and the Scottish Further and Higher Education Funding Council, which is relevant because of its financing of film courses, for example. That is the role of the enhanced screen committee. It is not involved in governance and it is not a decision-making committee; it is an advisory committee.

That might clear up some of the concerns that have been raised with this committee by people who have assumed that that committee represents an additional layer of governance and decision making. That is not the case. Major funding decisions will go to the board, which will have an enhanced number of people with screen experience. There will also be industry representatives who can advise the board on whether a proposal that is more than £500,000 of public funding makes sense and is appropriate. Again, the board can make swift decisions, as it currently does, about large public sector funding decisions.

Ross Greer: Does that not go to the heart of the matter? The point is that, ultimately, the largest and most significant decisions will go to a board that is not driven by people with screen sector experience.

Fiona Hyslop: I think that having three members with screen sector experience out of 11 represents a strong position. I do not think that the board would take a decision that was against the advice from the executive director, as supported by the screen committee.

Ross Greer: This committee has a lot of recent experience of the decisions of the Creative

Scotland board, and there is frustration with it in other areas. There is a real concern in the screen sector that, although no one doubts the positive intentions of the board members, they simply do not have the required experience to drive such decisions.

Fiona Hyslop: The vast majority of decisions about screen investment will be made by the executive director.

Ross Greer: But the executive director will ultimately be accountable to the board, which will make the most significant decisions.

Fiona Hyslop: Yes, but under advisement from the executive director, who will be an expert from the screen industry. Advice will also be available from the screen committee, which currently has three members with screen experience and will also have the additional three board members. With regard to the ability to make decisions swiftly, the executive director is empowered to make the vast majority of the decisions, and there will be a different arrangement for decisions that involve a major amount of public funding. That is not unusual. Other public boards draw on expert advice that is available to them to make decisions. We have managed to ensure that leading industry members can help the decision making through their advice. That happens in other sectors. In life sciences, manufacturing and other areas, a major inward investment decision does not go to a board every single member of which is expected to be a life sciences expert, for example. The issue has to be thought about in those terms.

Decisions have been made already. The major investment in “Outlaw King” for Netflix has supported not only jobs and training through spend in Scotland, but has helped—this is important—to develop the relationship with Netflix. The evidence to the committee shows the importance of Netflix and others in respect of streaming and spend. That decision has already been made.

Ross Greer: I do not think that the suggestion—

The Convener: I am afraid that we have to move on to the next member’s questions, or we will not get everyone in. I am sorry.

Jamie Greene: Good morning, panel. Cabinet secretary, is it your understanding that, despite the committee’s recommendations, which were very clear, Scotland will not get a stand-alone screen agency, that you have no plans to set one up, and that the new screen unit will be led by an executive director who will not focus solely on screen?

Fiona Hyslop: The executive director will focus on screen in the initial stages. The committee has

heard that not just from me; it heard that in the previous evidence session.

To ensure that we have an effective screen unit, do not try to delay it. We cannot afford to do that. That is my real concern, and it has been relayed to me that any attempt by the committee to delay things would be problematic. I am not saying that the unit will never become a stand-alone agency at some point in the future; I am just saying “Not now.” It is important to give a signal that we are getting behind the screen unit. It is not an unreasonable proposal. Not all countries have separate screen agencies. We want to ensure that the screen unit can be swift of foot and that it has resources and funding so that it is well established.

I am not going to implement a move tomorrow to set up a separate screen agency. We are in a live process of recruiting people, and it would be very unusual for any organisation, let alone a Government one, to change path in the middle of a recruitment process.

Jamie Greene: With the greatest respect, the previous panel said that there would be a wider remit than just screen. I do not know what the term “creative enterprise” in the executive director’s title means. What other activities, tasks or duties will the executive director have that are not focused solely on screen? It is the word “solely” that is important. The agency will be the only one that we will have in Scotland, and it is imperative that the executive director is focused solely on screen.

Fiona Hyslop: I support that position. It is important that the executive director can focus on screen. I would prefer the focus to be solely on screen, but an important area that the executive director will be able to bring a wider understanding and application of is the commercialisation aspects that Barclay Price and Iain Munro referred to.

My message to Creative Scotland has been that the main focus has to be on screen. I am not establishing the position; it is being established by Creative Scotland. However, Creative Scotland might consider the committee’s and my views on the matter. I have not directed Creative Scotland on it—we should remember that it is a non-departmental public body—but I have urged it to focus on the screen sector as the priority.

Jamie Greene: My final point is more of an observation. Obviously, I am new to the committee, but I found it very disappointing that the cabinet secretary implied that the committee, with its collective good will and cross-party views, is somehow trying to impede the development of the screen sector in Scotland. I find that a bizarre stance to take.

Fiona Hyslop: It is quite unusual to publish an interim report. I take the point about the good will of the committee, and it would be great if its final report reflected its support for the screen unit and what it is trying to achieve. That is a very important signal.

I want to ensure that the screen unit is established, and I hope that the committee can get behind it. The committee has yet to publish its final report, of course, but its interim report was critical rather than as supportive as I might have liked it to be. However, the committee is independent and can make its own decisions about what it wants to do. It is really important that the expression of that is supportive of the sector.

As Richard Lochhead said, the sector has fantastic and enormous potential. However, in other countries, there is support from all parties—from Parliaments and Governments. We should all get behind the unit, and I encourage the committee to do so. It is perhaps hard to take that support from the interim report and its timing—it might be more appropriate to get behind the unit in the final report. However, such decisions are for the committee. I am not sure what the point of the intervention was at this stage. If the committee does not want to disrupt the process, I am not sure why it could not have waited until it published its final report, but that was a judgment call for the committee, and it was up to it to make that decision.

Alexander Stewart: I am relatively new to the committee, too, but I find it interesting that you are critical of the committee’s stance. We are—and have been—trying to identify the best way forward. We should all be trying to sing from the same hymn sheet and not create a divide, which there already seems to be. We have talked about the sector being key, the skills that are required and the opportunities that are there. Are you content that Scottish Enterprise’s skill base, knowledge and understanding are sufficient to lead the process?

Fiona Hyslop: The leadership will come from the screen unit and the executive director, but that is not an excuse for other agencies not to support the screen sector—that support is very important. The screen unit has a spend to exercise, but it will be important to continue activities such as those relating to business development for Scottish Enterprise or film and media courses from the funding council, which I have talked about. There have been successes from such activities. I have visited Blazing Griffin, which is a good example of Scottish Enterprise’s strong support for a developing area. There has also been support for Axis Animation. We have not really touched on digital, but that is an area in which Scottish

Enterprise can provide additional resource and funding, and that needs to continue.

Alexander Stewart: You have identified the breadth and the depth of the work that will fall under the screen unit. It is important that we capture all that work and that we do not specialise in only some areas initially. We need to ensure that we spread the net as widely as possible to ensure that the best possible opportunities are available for individuals and organisations to come to Scotland, because we believe that they will. If you and the committee give them that confidence, they will come. However, I get the impression that we are not spreading the net wide enough in this process.

Fiona Hyslop: In what way are we not spreading the net widely enough?

Alexander Stewart: We need to ensure that all parts of the sector that fall under the screen unit are identified and get the opportunity to develop.

Fiona Hyslop: That is why a lot of the screen committee's focus is on mobilising all the resources that we have across Scotland, with the advice of screen experts—the three board members plus the industry representatives. That will enable the wider activity to be mobilised.

It is about confidence; we need to be confident. I do not want to be overly critical of the committee—and I am not—but I am a bit concerned. We need to ensure that we face the opportunities that the screen unit will provide with confidence. Questioning is good—that is the responsibility of the committee—but confidence is very important, and anything that dents that confidence is problematic for us.

It is critical that we mobilise everybody's support—that of the agencies as well as Parliament, the committee and the Government. That will ensure that Scotland finally has the platform to make a difference—I know that Alexander Stewart is new to the committee, but older members of this committee and members of previous committees know what the situation has been. Everyone needs to get behind what is happening.

Stuart McMillan: You said that you would not rule out establishing a stand-alone agency at some point in the future. I absolutely accept your point about confidence and moving forward with the proposal that is on the table. With that in mind, how will the Scottish Government measure the success of the screen unit?

Fiona Hyslop: There are quite clear and ambitious targets for what we want to achieve in the screen unit collaborative proposal, which was sent to the committee in December. We have targets to increase the number of major

companies that are investing and targets on our spend. The business plan sets out actions—they will be put in an annual plan, and we can measure success against delivery on those actions.

The screen unit collaborative proposal sets out our expectations, and we can measure success against whether those expectations are met. If the committee wants to advise us in its final report on what we should consider to be measures of success, that would be a helpful contribution.

We have been clear about what we want to achieve. Our ambitious approach has been informed by the screen sector leadership group's expectations and by what is embraced in the collaborative proposal, which the group supports. That is what we will measure success against.

I am optimistic about what we can achieve. The additional spend of £3.7 million that I managed to secure for the production growth fund has already leveraged in and supported investment of another £60 million. That is a strong position to be in.

11:15

Stuart McMillan: Do you expect such investment and the level of growth from it to continue for the next three years? I know that the plan is for five years.

Fiona Hyslop: When we come to our budget considerations, support from the committee for investment in screen would help. The Government is serious about the sector and we want it to succeed, so we will continue our investment in screen. We have managed to achieve competitive levels, so we are in a strong position.

You asked whether we expect continued growth. Somebody commented on an expectation of market development, so demand should grow. The tax breaks from the UK Government have been instrumental in making us more attractive, but who knows what will happen to the UK Government's financial situation? I cannot predict that, but the leverage that we have achieved from the attractiveness of tax breaks has been recognised. The devalued pound has also helped in relation to the value that people can get.

We can control some things, but we cannot control others. However, we expect growth in the sector and growth in demand. We expect growth from the public sector spend on nations and regions, not least because the Scottish Government and the Parliament's previous committees put pressure on public service broadcasters to achieve that. We also expect private demand from streaming companies such as Netflix.

We need to make the most of the demand; we can control some elements, but we cannot control

others. We will continue to support the tax breaks that we have and we will enhance them when that is preferable.

Stuart McMillan: We heard this morning about a potential new studio location. Will the new unit, Creative Scotland or Scottish Enterprise be responsible for driving such inward investment?

Fiona Hyslop: The screen unit will be responsible, with support from the board for any major investment decisions, and Scottish Enterprise could have a role as appropriate. The bodies will be tied into a collective and collaborative role through the screen committee, and they will know their responsibilities for delivery under the business plans. The screen unit will be the driving force.

The Convener: We are considerably over time, so we will have to wrap up. I thank the cabinet secretary for giving evidence.

I share committee members' disappointment about the criticism of our interim report, which was produced after we took extensive evidence from the industry and which has been warmly received by the industry. As the interim report said, we are in no way trying to slow things down; we are trying to get the best for the sector.

We intervened because we are concerned about the direction of travel. Creative Scotland's decision not to appoint someone whose title focuses solely on screen suggests that the committee was right to question the direction of travel. Your evidence today reflected the concern that one of the first major decisions has been that the head of the screen unit will not focus solely on screen. That explains why we are concerned about the direction of travel and why we issued our interim report.

Fiona Hyslop: I accept the committee's intention and I appreciate your interim report.

11:19

Meeting continued in private until 11:29.

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

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