



OFFICIAL REPORT
AITHISG OIFIGEIL

Culture, Tourism, Europe and External Affairs Committee

Thursday 2 May 2019

Session 5



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CULTURE, TOURISM, EUROPE AND EXTERNAL AFFAIRS COMMITTEE
13th Meeting 2019, Session 5

CONVENER

*Joan McAlpine (South Scotland) (SNP)

DEPUTY CONVENER

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

COMMITTEE MEMBERS

*Annabelle Ewing (Cowdenbeath) (SNP)

*Kenneth Gibson (Cunninghame North) (SNP)

*Jamie Greene (West Scotland) (Con)

*Ross Greer (West Scotland) (Green)

*Stuart McMillan (Greenock and Inverclyde) (SNP)

Tavish Scott (Shetland Islands) (LD)

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

*attended

THE FOLLOWING ALSO PARTICIPATED:

Isabel Davis (Screen Scotland)

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

Iain Munro (Creative Scotland)

CLERK TO THE COMMITTEE

Stephen Herbert

LOCATION

The Robert Burns Room (CR1)

Scottish Parliament

Culture, Tourism, Europe and External Affairs Committee

Thursday 2 May 2019

[The Convener opened the meeting at 09:00]

Census (Amendment) (Scotland) Bill: Stage 2

The Convener (Joan McAlpine): Good morning and welcome to the 13th meeting in 2019 of the Culture, Tourism, Europe and External Affairs Committee. I remind members and the public that they should turn off their mobile phones, and any committee members who are using electronic devices to access their committee papers should ensure that they are switched to silent. We have received apologies from Tavish Scott MSP.

Agenda item 1 is stage 2 consideration of the Census (Amendment) (Scotland) Bill. I welcome to the meeting the Cabinet Secretary for Culture, Tourism and External Affairs, Fiona Hyslop, and her officials.

Section 1—Particulars about gender identity and sexual orientation may be gathered in census

The Convener: Amendment 1, in the name of the cabinet secretary, is grouped with amendments 2 to 4.

The Cabinet Secretary for Culture, Tourism and External Affairs (Fiona Hyslop): In my response to the committee's stage 1 report and during the stage 1 debate on the bill in Parliament on 28 February, I committed to lodging amendments to address the perceived conflation of sex and gender identity in the bill as introduced. Amendments 1 to 4 have been lodged to deal with that issue, as highlighted by the committee.

In its report, the committee supported the Equality Network's proposal that the bill be amended and, as I have previously confirmed, our thinking on the approach was not that different. I undertook to ensure that my officials engaged with stakeholders in developing the amendments, and I confirm to the committee that National Records of Scotland worked with the Equality Network and others on the specific text of the amendments before they were lodged. National Records of Scotland also wrote to other interested stakeholders, including the women's groups that responded to the committee's call for evidence at stage 1, to highlight the suggested amendments

and seek their views. No issues were raised by any of those stakeholders—indeed, there was only support for the amendments.

As the committee knows, I lodged the amendments much earlier than usual—in fact, before the Easter recess—to give the committee and others as much notice as possible. They seek to place transgender matters into the schedule to the Census Act 1920 as an entry on their own alongside religion and sexual orientation, and to remove the provision that would have added the phrase “(including gender identity)” to the paragraph in the schedule that contains the word “sex”. The amendments also seek to continue to ensure that the census order is able to make the question on transgender status and history voluntary, which is one of the bill's key purposes.

I am pleased that stakeholders, the committee and the Parliament have supported the bill's general principles. It is vital that nobody is or feels in any way compelled to answer the proposed questions on transgender status and history and sexual orientation, so it is right that those questions be voluntary. It is also critical that all respondents know clearly that the questions being voluntary means that there will be no penalty if they do not answer them, and work is in hand by National Records of Scotland to ensure that that is achieved.

The amendments deal with the issue, which was raised by the committee, of the perceived conflation of sex and gender identity and, as I said, they are supported by the stakeholders that have been consulted. It is also important to point out that amendment 4 explicitly puts the phrase “transgender status and history” into the bill's long title.

I am pleased to have been able to lodge the amendments in the group. I move amendment 1.

Claire Baker (Mid Scotland and Fife) (Lab): The amendments, which are very welcome, reflect the wider debate that the committee had. In my view, they give this short bill necessary clarity. I am pleased to see them this morning, and I will support them.

Annabelle Ewing (Cowdenbeath) (SNP): I echo Claire Baker's comments. We called for the cabinet secretary to do the very thing that she has just explained to the committee she has done, and that is very welcome. As Ms Baker said, the amendments provide the clarity that the committee has been seeking.

The Convener: As no other member wishes to speak, I ask the cabinet secretary whether she wishes to wind up.

Fiona Hyslop: If agreed to, the amendments will allow the focus of the bill to be achieved. At

present there is limited evidence on the experience of transgender people in Scotland and there is no fully tested question with which to collect that information. The bill does not determine the text of the questions to be asked, but it paves the way for them and allows them to be voluntary. The census will take a leading role in gathering the evidence that is needed to support and protect Scotland's transgender population, and the proposed voluntary question on sexual orientation will mirror that which is already asked in most other Scottish surveys.

Amendment 1 agreed to.

Amendments 2 and 3 moved—[Fiona Hyslop]—and agreed to.

Section 1, as amended, agreed to.

After section 1

The Convener: Amendment 5, in the name of Jamie Greene, is in a group on its own.

Jamie Greene (West Scotland) (Con): I welcome the cabinet secretary's comments on the previous group of amendments. They address many of the issues that the committee and many stakeholders raised with the Government. The changes are welcome although, on a practical level, they are simply changes to wording that replace the term "gender identity" with "transgender status and history".

When I spoke to the legislation team about my amendments, I said that their purpose was to address two concerns. First, I wanted to make it explicit in the bill that the questions about what was then "gender identity" would be voluntary, and to ensure that there would be no conflation of questions that were statutory and those that were voluntary. Proposed new subsection (2B)(a) in amendment 5 makes that clear.

Secondly, I wanted to address an issue of guidance. We took a lot of evidence on the confusion about the previous census versus the new census. Although I respect the fact that we do not know what the questions will be or how they will be worded, because they are yet to be discussed and tested, and rightly so, it is important to ensure that explicit guidance is given to those who have to complete the census so that it is clear to them which particulars are required. Also, although this is not specifically stated in amendment 5, I hope that guidance will be given on how people should answer the questions. The issue arose from our earlier debate about the conflation of sex and gender identity. In addition, I want to make it clear that neglecting to provide those particulars in the census will not make someone liable to a penalty.

I hope that amendment 5 is not contentious. I am seeking to ensure that the guidance is clear, given that there will be a substantial change between how people whom the change affects completed the census previously and how they might complete it now. I hope that the guidance will be robust and that it will be made clear that, if people choose not to answer the question and give that information, there will be no penalty thereafter.

I move amendment 5.

Claire Baker: Has Jamie Greene had any discussions on the matter with the bill team? My understanding is that guidance is always published. I suppose that we will hear from the cabinet secretary whether what Jamie Greene proposes will be included. The amendment might just be a double way of achieving what is already there.

I also have a question that Jamie Greene might not be able to answer, but that the cabinet secretary might. My understanding is that, in previous censuses in which the question was voluntary, it was stated within the document that it was voluntary. That seems to be the best way to make it clear to people that the question is voluntary, rather than their having to look up guidance to get that information. I seek confirmation that the fact that the question is voluntary will be stated next to the question, as it was in 2011, rather than in notes at the beginning. I think that that is what Jamie Greene is trying to achieve. He wants to make it clear to people who are completing the form that the question is voluntary.

Jamie Greene: Claire Baker is right about that, but the difference between the new census and the previous one is that, previously, people were answering the sex question in terms of their lived sex. If we are to ask additional questions in the new census, I simply want the guidance to make clear to the people who will complete it, whatever wording we end up with, how they should answer the questions. I got feedback from stakeholders that there might have been confusion about the wording of "sex" and "gender identity". However, the amendments in the previous group might tidy up that situation and make it more obvious. There is already guidance on the census, but I want to ensure that it is robust and explicit in relation to how people should complete any additional questions that the Government puts into the census, and that people do not feel under pressure to answer them.

Fiona Hyslop: I thank Jamie Greene for highlighting this important issue. Amendment 5 reflects the main policy driver for the bill, which is to make these sensitive questions voluntary. No one should think that they are answering the

questions under the threat of criminal penalty. We have made it clear from the beginning of the process that the purpose of the bill is to remove the criminal penalty from those questions and make them voluntary rather than compulsory. For that reason, I agree with the principle of amendment 5.

It is important that we are explicit and clear to census respondents about which questions are voluntary. That will be made clear before the census takes place, as it will be set out in advance in the census order and it will be made even clearer in the census regulations.

However, I do not think that amendment 5 is necessary. It would require information on whether a question is voluntary to be placed in instructions separate from the form. National Records of Scotland has been developing plans for some time to embed the word “voluntary” into the text of the new questions so that census respondents are not required to cross-refer to separate instructions to find out that information. That is the point that Claire Baker made, and that approach was taken with the religion question in the 2011 census.

There is scope for the addition of similar clear direction in the covering message from the registrar general for Scotland that will appear on the front page of the census questionnaire, including information making it clear that there will be no liability for a penalty if voluntary questions are not completed. The information will also be covered in the supporting online guidance that is being developed for each question, which Jamie Greene mentioned. That guidance will again make it clear that the questions are voluntary and, therefore, refusal or neglect to state particulars will not make a person liable to a penalty under section 8(1) of the Census Act 1920.

In a number of ways, National Records of Scotland plans to ensure that there is a clear message about the voluntary nature of the questions and that that is communicated to census respondents. On that basis, I do not consider Jamie Greene’s amendment 5 to be necessary, although I support the principle and what he is trying to achieve. I will request that the registrar general, Paul Lowe, writes to Jamie Greene, copying in the committee, to provide the necessary reassurance on the approach that NRS will take to achieve that.

I hope that I have provided Jamie Greene and other committee members with enough information to reassure them that National Records of Scotland is alive to the issue that amendment 5 raises, which is indeed the driving purpose of the bill, and that NRS’s plans to communicate the message go further than the provisions that Jamie Greene suggests. On that

basis, I ask Jamie Greene not to press amendment 5.

Jamie Greene: I thank the cabinet secretary for those comments and reassurances. Naturally, I do not want my amendment to have any unintended consequences with respect to what is printed in the guidance or in the census questionnaire. Those reassurances are welcome and they address the issues that were the premise of the amendment, so I will seek to withdraw it.

Amendment 5, by agreement, withdrawn.

The Convener: Amendment 6, in the name of Jamie Greene, is in a group on its own.

09:15

Jamie Greene: I will start by talking about the general purpose of amendment 6. The bill has opened up a wide-ranging social discussion on gender identity issues in Scotland, but, as I said in relation to amendment 5, we do not yet know what the look and feel of the finalised census questions on those issues will be.

I thank the Parliament’s legislation team, who kindly assisted me with the drafting of amendment 6, which provides for a review of the outcomes of the next census. It places on the Scottish ministers a duty to come back and take a stock check of the success or otherwise of the proposed voluntary questions on transgender status and sexual orientation. The purposes of such a review would be to check whether the questions were the right ones, whether they were worded in such a way as to elicit the best response rates and whether their inclusion altered those rates. The committee has discussed the fact that a core aim of the census is to encourage maximum response and the fact that none of the additional questions should affect that. We think that there should also be generic feedback from those census users for whom such questions are relevant on whether they feel that the questions have adequately reflected their needs.

I appreciate that, between now and stage 3, the wording of the questions will go through a tremendous amount of testing and focus, which is welcome. However, I still think that it would be helpful if, after the next census takes place, we were to analyse the implications of the changes that we make for the undertaking of the whole exercise. We should then make recommendations on future changes to the census, such as the addition of new questions, whether they be changes to the ones that we are adding now or ones that we choose to add as society changes and we consider it important that the Government should seek additional voluntary information from people.

The intention behind amendment 6 is not to make things difficult in any way or to create an undue burden as regards post-legislative scrutiny. It is simply that, as the proposed additional questions have been controversial, it will be helpful both to census users and to the Government to be able to look back and decide whether they feel comfortable that the added questions have met the data collection requirements of public services.

I move amendment 6.

Ross Greer (West Scotland) (Green): I have a question that I hope both Jamie Greene and the cabinet secretary will be able to address. I do not think that any member would disagree with the need for a review after the next census, but my question is about the scope of amendment 6. My understanding is that the review for which it provides would cover only questions that might be changed in the process, which is to say those on sexual orientation and transgender status and history. Depending on what is in the census order, there may be further changes to the next census. Would it not make more sense for any review of that census to cover any changes in it, and so go beyond the scope of amendment 6?

Jamie Greene: Ross Greer has made a good point and his suggestion is helpful. As he pointed out, the difficulty with proposed subsection (2)(a) in amendment 6 is that the Scottish ministers' report

"must consider the implications of the changes to the census arising out of this Act",

which relates specifically to the changes that we are making in the bill. From my discussion with the legislation team, I understood that my amendment could do only that. I think that widening it to include future changes that might be made to the next census would indeed be helpful. Perhaps we could address that technical issue later on.

If it is possible to widen the scope of the amendment, I will be happy to do so, and that might address the issues. I would not want to limit the scope to what is in the amendment, but it is a good starting point. If it is technically possible to widen it at stage 3, I will be happy to do so, but I will need to seek guidance on that.

Annabelle Ewing: I appreciate that we are all trying to get this right and ensure that the census does the job that it is supposed to do. As we are talking about official statistics, would it be for the Scottish ministers or the registrar general, who I think completes a report, to produce the proposed report? I am not clear about whether the amendment proposes the best process; I think that it would be for the registrar general to widen his report as necessary.

Jamie Greene: The amendment says:

"The Scottish Ministers must ... prepare a report on matters mentioned"

and

"lay ... that report before the Scottish Parliament."

I am sure that, with the wide range of assistance that ministers have from their directorates, ministers might choose to employ the registrar general's assistance, but the duty would be on ministers rather than the registrar general. I was advised that that was the best way to ensure that Parliament received the report.

Claire Baker: I appreciate the amendment's intention. We had a wide-ranging discussion about the bill, but I am not convinced that the two voluntary questions that the amendment focuses on were where the controversy or debate lay in the committee. The bill limits the focus to those two matters, and I am concerned about attaching a report to those two questions but not covering other changes, unless there is an overall report. I am not convinced of the need to single out the two questions as being different from other questions; that is not where the issues that we discussed lay.

Jamie Greene: I am happy to respond. Your points are similar to Ross Greer's feedback. My impression was that I could request the laying of a report only in relation to the changes that the bill will make, as opposed to those in future bills that have not yet been introduced.

I agree that it would be helpful to have a much wider review of the next census in a report to Parliament, but the amendment goes as far as I can go in relation to the bill. I am sympathetic to the notion that we could request a wider review post the census that would give feedback on the success or otherwise of any changes.

Fiona Hyslop: I understand the rationale behind the amendment and I agree that the important changes to the census that arise from the bill should be evaluated. However, section 4 of the 1920 act already obliges the registrar general to prepare and lay before Parliament reports on the census returns. Those reports provide information on the data that the census has gathered. National Records of Scotland is also developing plans for an overall report on the operation of the census, as was produced following the 2011 census, to cover a range of matters, including all the new questions. The bill's implications will be covered by that.

For important reasons, I cannot support the amendment, which would place a one-off obligation on the Scottish ministers to report on

"the implications of the changes to the census"

that the bill will bring about. The amendment focuses on the new voluntary questions on sexual orientation and transgender status and would not encompass other new questions, such as those on veterans. National Records of Scotland plans to report on all the new questions in the 2021 census and not just on the new questions that the bill will make voluntary—Ross Greer and Claire Baker referred to that point. To be fair to Jamie Greene, he had to deal with the scope of the bill, whose purpose is only to ensure that there is no criminal penalty for not answering the voluntary questions.

Importantly, Jamie Greene's amendment would place the obligation to report on the Scottish ministers rather than on the registrar general. As I said, the obligation to report on census returns and lay those reports before the Parliament falls on the registrar general, as is set out in section 4(1) of the 1920 act. Annabelle Ewing referred to that point.

There are a number of reasons why placing a new obligation on the Scottish ministers to report on

"the implications of the changes to the census"

that the bill will bring about would be inappropriate. The most significant of those is the involvement of ministers in the production of statistical reports, which is something that must remain independent. I cannot support the proposal in that regard. I believe—and I think that Parliament would agree with me—that anything that is involved in the reporting, production and operation of the gathering of statistics should be independent of whoever the Government minister of the day is. That does not stop ministers responding to the report of National Records of Scotland and, of course, the committee can review the census and its operations.

I also consider the amendment to be unnecessary, as the registrar general is already legally obliged to report on the census returns. However, again, I will request that the registrar general, Paul Lowe, writes to Jamie Greene and the committee to provide the necessary assurance around the approach that National Records of Scotland will be taking to achieve the sensible principles of the amendment. As I said, the registrar general has a duty to report to Parliament in that regard.

I hope that I have provided Jamie Greene and the committee with enough information to provide reassurance that National Records of Scotland is alive to the issues that are raised in the amendment and that its plans for the analysis and consideration of the 2021 census go further than the provisions that are suggested in the amendment. Therefore, I ask Jamie Greene not to press the amendment.

Jamie Greene: I thank committee colleagues for their comments and I thank the cabinet secretary for her kind comments on the premise of the amendment, within the limited scope of the legislation.

I am grateful to receive confirmation that the registrar general's obligations already include the requirement to report back to Parliament. However, to pose a theoretical situation, I would like to know what the Scottish Government's next steps would be in terms of changes to future censuses if, after the next census, the strong feedback was that the wording of the questions had not widely been well received by those to whom those questions matter. What would be the process in that regard? Would ministers have the ability to change the questions easily if it was felt that we did not get it right this time? I think that we all agree that it is important that we get it right—that is what sparked my amendment—so I hope that the cabinet secretary will reflect on that.

On the basis of the information that has been given today, I am happy to withdraw the amendment.

Amendment 6, by agreement, withdrawn.

Sections 2 and 3 agreed to.

Long title

Amendment 4 moved—[Fiona Hyslop]—and agreed to.

Long title, as amended, agreed to.

The Convener: That ends stage 2 consideration of the bill.

09:28

Meeting suspended.

09:33

On resuming—

Creative Scotland

The Convener: The next agenda item is an evidence session on Creative Scotland. We will take evidence from Iain Munro, acting chief executive, Creative Scotland, and Isabel Davis, executive director, screen Scotland. Thank you for coming this morning. As neither of you wants to make any opening remarks, I will move immediately to questions.

Creative Scotland commissioned work to evaluate the regularly funded organisation process, in response to issues arising from last year's process. I think that it is fair to say that many of the conclusions of the resulting Wavehill report reflected the committee's examination of the RFO process. What have you learned from the Wavehill report?

Iain Munro (Creative Scotland): Good morning, everyone—it is good to see you all again. We have digested a lot in relation to that important piece of work. The last time that I was at the committee, I reported that we had extended that work and the issues that it explored to make sure that we got the full value from it to inform the funding review, which I imagine we will come to later.

The report makes a lot of very helpful recommendations, which I have clustered into three broad areas. Although we will reflect on the full extent of the report and its recommendations, the key things that resonate are to do with strategic, external and internal considerations. I will run through the headlines of those three areas.

On the strategic front, the report has a lot of useful reflection on and commentary about the length of the funding period. Regular funding has a three-year cycle. Cultural and creative organisations want long planning horizons, and a longer funding period is to be considered in the funding review.

A large variety of organisations want to apply for regular funding from Creative Scotland. The variety in the scale of those organisations and the diversity of art forms across Scotland make a one-size-fits-all model particularly challenging, and the need to segment the funding process in some way was a clear idea in the report.

That leads on to another issue, which is that many organisations considered the funding process to be too onerous. We need to reflect on that. The report includes ideas about having a two-stage process, for example. The initial part of that process might be lighter touch, with successful applicants then invited to submit more detail.

The report also includes a lot of debate about the organisations that are too important to fail, what a healthy national cultural infrastructure looks like and how we can best support that infrastructure through our processes.

On the external considerations, there is a lot about transparency in the report. The funding process is perceived to be clear in certain regards, but opaque in others. We really have to address that issue and make sure that there is end-to-end transparency in and accountability for the funding process. That must be clear to people: they must be able to inform the process and its design through the funding review, and they must be able to see and understand how and why decisions are taken.

There is an issue to do with having more open engagement during the funding process. I think that we need to look at the length of the timescales involved. Last time around, the process was extended, which was partly to do with budget-setting timescales. Ultimately, the design of the process should be as focused as possible, to enable us to explain as we go what is happening, and to enable people to interact with it.

A point is made in the report about guidelines on acceptable conduct. I have noted before that the previous funding process was a bruising experience for everybody all round—that is, not just for those internal to the organisation, but for those external to it. Creative Scotland must operate with a very clear sense of professional conduct. We need to understand that and to expect that conduct to be reciprocated when we have very challenging news to give.

On the internal considerations, although a lot of training and support is in place for staff, it is clear that we can and should do more to support them. It is important that staff get that support for all organisational processes, not just in relation to training on funding processes.

Another issue is to do with having a better flow of communications across the organisation, so that people have a greater understanding of what is happening and who is involved.

A very important issue to do with our work on quality assurance was highlighted by the complaints that were received following last year's funding process. All assessments must be consistent and quality assured, so that they can stand up to scrutiny when we ultimately communicate our decisions.

The final internal aspect is about the dynamic between the staff, the executive and the board of Creative Scotland. They all need to understand one another's roles, who is doing what and how the work happens. The report captures tensions at the very end of the funding process. We have to

be much clearer about how the process works end to end, to make sure that that is understood as we go through it, and, indeed, that we get to the right conclusion.

Ultimately, issues to do with post-application or post-decision aftercare are just as important as the funding process itself. That is a very important consideration when it comes to our ability to engage sensitively with organisations that are disappointed in the outcome of their application. I think that we would anticipate there always being a tension between the quality of the applications and the fact that demand will outstrip the available financial resources for regular funding programmes. We will always have disappointment that we need to manage. We need to open up the organisation and the design of the funding process, so that people can have confidence in it and understand how it operates. Ultimately, when we need to communicate funding decisions, they will then have a greater understanding of why we have reached those decisions.

The Convener: You mentioned the need for long planning horizons and suggested a two-stage process, and we now know that you will undertake further reviews and consultations, which members will ask you about later. Given that you will be putting in place a new process and your indication that organisations need long planning horizons, what will you do to ensure that they have time to prepare for any change?

Iain Munro: It is important to recognise that it takes time to progress change and to get to the depth of change that is required for the longer term. I am happy to speak about the fuller programme of change in more detail. We are doing that work in the context of continuing to deliver the services and the business of Creative Scotland that the people in the sector need. We cannot disrupt that. However imperfect people think that the current models of operation are, the organisation continues to do a lot of good work. Of course, we can get better.

As we go through the change process, we have to communicate and engage with people—particularly on funding—on what that process is, where we are and how they can inform the process. Once we are clear, through that set of conversations, that we have identified the ultimate destination, we can then work out a model for how we transition between the current and new models.

We will transition in an appropriate way, so that the funding offer continues without disruption and there is a very clear route to get to the new model. We do not know what that is yet, because the conversations that we are about to embark on will help to inform it.

The Convener: One of the committee's main observations was that the introduction of the touring fund the last time round was done without proper consultation, with a change made in the middle of the process that people were not fully informed about. I take it that that will not be repeated.

Iain Munro: As I said, the process of opening up is intended to include that consultation.

The touring fund is a good example. Although we agree that undoubtedly its initial handling could have been better, the process that ensued of developing and designing the fund in conjunction with the sector, and the sector continuing to be part of decision making, is a good model for involving people in the design of such processes. That is how we want to move forward.

The Convener: Another recommendation of the Wavehill report is for there to be support for

"key organisations that are deemed to be integral to the national cultural infrastructure".

You will be well aware of the row about the Scottish Youth Theatre's funding. Are you in dialogue with the Scottish Government about how you can ensure that particular areas in the creative sector that are considered to be important to the national cultural infrastructure are properly looked after in any future funding process?

09:45

Iain Munro: We understand that people have different views on what the national cultural infrastructure means, and it is important that we have the ability to engage with all of them. It is inevitable that there will be tensions, given the limitations on our resources, the demand against that, and the understanding that we are one part of an overall equation in being able to support the national infrastructure.

We have had discussions with the Scottish Government about the Wavehill report and its recommendations, and those conversations will continue as we progress through the funding review. A lot of the emphasis is on improving our processes. Having the available resources in our direct budgets to support the things that we want to support is another key part of the equation. We might come to that issue later in the evidence session.

The Convener: Did your discussions with the Government include the cabinet secretary?

Iain Munro: No, not my direct discussions, but we have regular and on-going contact with the senior officials in the sponsor department. The chair of Creative Scotland, Robert Wilson, has regular meetings with the cabinet secretary, and I know that they have discussed the report.

The Convener: When was the Wavehill report published on Creative Scotland's website? We were told last year that it would be provided to the committee, but it was not.

Iain Munro: I am sorry about that—it was a simple oversight. The report was published on our website last December. I wrote to the committee in early December to give it an update, and we were just about to publish the report at that point. That we did not send the committee a copy of the report at that point was an oversight, for which I apologise. We did so subsequently, but, as I said, the report has been on our website since last December. Indeed, we have just republished it as part of the supporting material informing the conversations that we are about to have on the funding review.

The Convener: Have you provided a full copy of the Wavehill report to the individuals and organisations that Wavehill consulted? If so, when was that done?

Iain Munro: To my knowledge, we have not done that directly, but we have pointed people to the report. I believe that there has been online traffic to it directly from the consultant, but we did not issue it as such to the consultees. That was in the hands of the consultant.

The Convener: Right—but Creative Scotland commissioned it. Will you issue it to the consultees as part of your review?

Iain Munro: We promoted it more widely. As I said, it was published on our website last December, and we have pointed people to it. I know that people have certainly engaged with it, because they have talked with us about it.

The Convener: But you do not have a plan to highlight it or to send it to those who were consulted in the process.

Iain Munro: No—not directly. As I said, the consultant would normally handle that. However, we have certainly been very public in terms of the report's positioning on the website and its promotion. As I said, we have republished it.

The Convener: Stuart McMillan has a brief supplementary question.

Stuart McMillan (Greenock and Inverclyde) (SNP): The national cultural infrastructure has been touched on. On Tuesday, we had a debate in the chamber on music tuition, in which Tavish Scott made a point about how important the fiddle is to Shetland's traditions. Obviously, the bagpipes are important across Scotland. Should organisations and associations that help with those instruments and other traditional instruments be supported?

Iain Munro: Absolutely—and we support many of them in our Gaelic and Scots work. A whole range of organisations that support such activity in communities throughout Scotland—for example, Fèisean nan Gàidheal and Fèis Rois—are supported through regular funding; they also very much focus on young people.

That is an important aspect of our work. Instrumental tuition is complementary to the work that we do on the youth music initiative, which is a comprehensive programme across the 32 local authorities. The most recent figures show that it reaches more than a quarter of a million young people. The YMI involves broad music participation and music making, and it is complementary to the instrumental music service in local authorities. We pursue a whole range of facets of that.

Claire Baker: I want to pick up on the issue of national cultural infrastructure. When you talked about the current funding system in your opening remarks, you described the limitations of a one-size-fits-all approach. I understand that the feedback that was gathered for the Wavehill report included the suggestion that some organisations—excluding the national performing companies—might be too important not to fund. Would a change of funding model along those lines be possible within the scope of the financial resources that you distribute at the moment?

If there were to be a move towards different types of funding models, what factors would come into consideration? How would you decide which companies were just too important to fail? The convener mentioned the example of the Scottish Youth Theatre, but it is not that easy to identify which companies might come into that category. I know that things are at an early stage, and I understand that, this morning, you announced that you are to do regional consultations on funding models with arts organisations and the public.

What might the timescales be for that? Are we talking simply about the floating of an idea, or is there an intention to move in that direction in future?

Iain Munro: I expect that the issue that you raise will be a key topic in the conversations that we have with people. The question of what would be a healthy infrastructure across the geography of Scotland is important. There are many different views and perspectives on what people would want or expect to form part of that infrastructure. We must recognise that regular funding is only one aspect of the issue, and that Creative Scotland is only one aspect of the broader support network for artists and organisations that exists across the country. The question of what kind of infrastructure we should have will form part of the conversations that we hold, so that it can be

debated and a view can be reached on what it should look like.

The first part of your question was about resources, on which I have already mentioned that I think that there are deep challenges for our organisation. Our current income of £92 million a year consists of two parts: two thirds of it comes from grant in aid from the Scottish Government and a third of it comes from the national lottery. Of the two thirds from the Scottish Government, roughly half is restricted funds that are for specific purposes—I am referring to programmes that the Government wants us to run, such as the youth music initiative, the expo fund and the cashback for creativity programme. We use the other half of the grant in aid—the unrestricted funds—to support other activity. It is important to understand that 86 per cent of the unrestricted grant in aid is what currently funds 121 regularly funded organisations. That leaves very little room for manoeuvre in the current grant-in-aid balance in that equation, and it puts more pressure on national lottery funding. I feel very keenly that the national lottery has at its heart public benefit and the principle of additionality, which is there to protect the idea that lottery funding should not be regarded as a substitute for Government or other funding.

Therefore, I think that there is something in the equation that we need to look at when it comes to how we deploy our overall resources. We would always want to advocate strongly for enhanced resources that are directly at the disposal of Creative Scotland and other partners in the equation. However, at the moment, our position feels very challenged. Our grant-in-aid budget is just short of 0.2 per cent of the overall Scottish Government budget. We need to set that in the context of the broader creative industries, which include the art forms and arts and culture more broadly. The creative industries are a key growth sector in Scotland's economic strategy. There are around 15,500 creative businesses in Scotland, which employ 77,000 people and contribute £4.4 billion of gross value added to the economy. We are delivering that as part of an overall equation, with direct resources of about £63 million from the Scottish Government.

We have a very supportive Scottish Government and a very supportive cabinet secretary, and we are very grateful for all that they continue to do to recognise culture and creativity, and for the resources that are there. However, it is very clear to us, given the demand that we see coming through Creative Scotland every day, the limitations on our resources and, indeed, our frustrations about our ability to fund even more, as we desire to do, that enhanced resources would definitely enable a transformational effect in what culture and creativity mean to the country. That

goes beyond culture itself; it is about not just cultural value but social and economic value.

There are deep challenges in terms of the available resource versus the clear demand that exists, and we are at a sensitive tipping point because of the contraction of other resources that are available within the equation—local authorities' resources, in particular, are contracting. They are key partners for us in being able to support the most vibrant cultural life across the country.

Claire Baker: The committee will look at some of those issues in more depth, as we have just launched an inquiry into arts funding.

Staying on infrastructure, can you provide an update on the port of Leith studio development? Can you give us any further information on the tendering process or timescales? That question might be for Isabel Davis.

Isabel Davis (Screen Scotland): You will be aware that we launched the tender process in November. We were keen to be able to announce an operator by the end of April. We are not quite in that position yet. It would be wonderful to tell you today who the operator is, but we are in very advanced negotiations. It is a complex process, and we will come back to you as soon as we can on that. The project makes advances every day. We feel very confident about it, but we are not quite there yet.

Claire Baker: That is good to hear. Can I take it that you are hopeful that we might have a clearer picture of developments by the summer?

Isabel Davis: Certainly. We still hope that the facility can be operational by the end of this year. We will come back to you as soon as we can. We have not set a date, but I certainly hope that we will be in a position to come back with more news on that by the summer.

I add that there has been a huge uplift in the number of inquiries from people who want to use that facility when it is available. We are keenly feeling the fact that, across the world, the market for studio space is heated, so it will be very exciting for Scotland to be able to take its place in that global picture.

Claire Baker: That is very welcome. The committee has been calling for larger studio infrastructure for a while—we had our inquiry last year—but is other work being done to develop capacity throughout Scotland, perhaps on a different scale from the facility that we are hoping for in the port of Leith? What other projects are under way?

Isabel Davis: We totally acknowledge the need for a variety of space, not only for the large-scale productions that may land in Bath Road, but for

high-end television-scale production and for local domestic returnable shows.

We are working with our screen commission and with the sector and are visiting every site that is suggested to us. We know that a number of people, including Stuart McMillan, have highlighted places across Scotland where space is available. We will look at every opportunity to find space. The model of conversions is a good one if we can make that work, but it has to be said that there are a number of factors relating to what clients look for, whether we are talking about a local TV show or a proposal from the other end of the country or from the US. There will be a technical spec and a need for space that is in a particular area, so that there is the right connectivity with regard to proximity of crew, rail lines and airports. We are looking at a number of factors that will determine whether proposed studios can work.

The committee will be aware of some of the privately led projects that are out there. Saltersgate is the latest one. We are very hopeful about that, and we are working with the company behind the proposal. We also get other inquiries on a regular basis. Our screen commission is working to promote existing space across Scotland that can be converted at short notice. That work runs in tandem with the range of support that is available at screen Scotland, which includes financial incentives such as the production growth fund and the recce fund, which is another service that is offered by the screen commission that makes Scotland a very attractive place to come to to film. That is the totality of the offer that we can make to companies that are looking to set up new space and to clients who are looking at the range of facilities that they might use, either temporarily or on a more long-term basis.

The final point is that, given the strictures on the amount of public funding and the restrictions around state aid, we need to see bids from the private sector—that is the only way in which such proposals will work. We are committed to bringing the best industry intelligence to that work.

10:00

Ross Greer: I will start with a question for Iain Munro. Can you give us a quick update on the recruitment process for the permanent chief executive post?

Iain Munro: That is really a question for the board, but I am pleased that it has fully mandated me to drive forward the change programme, which has the Scottish Government's support. My understanding is that there will be an open process for the permanent chief executive

recruitment and that that will take place at some point in the near future. However, in the meantime, I am firmly in the seat, making sure that we can drive forward the change programme confidently with the board.

Ross Greer: I want to go back to screen issues—specifically, the Leith development. Isabel Davis mentioned in an exchange of letters with me that there would be a meeting in April with the Association of Film and Television Practitioners in Scotland regarding issues that it had raised about the development. Can you give us an update on how that meeting went?

Isabel Davis: I have not been present at a meeting. We have reached out to AFTPS a number of times but, unfortunately, it has not yet come to the table. However, we would like to meet it and hear its concerns directly.

Ross Greer: That is grand. I have had a look through the business plan. On the wider issue of industry consultation, can you take us through what industry consultation there was in the development of the overall plan?

Isabel Davis: Our business plan came directly out of the work that was done by industry in the lead-up to that, so it is very much the son or daughter of the collaborative proposal that was put together by industry and Government. We are very grateful for that blueprint, which set out very clearly the needs of the industry and a number of recommendations.

The business plan is the expression of the next stage of that, which concerns our ability to implement those ideas and to overlay them with the developing landscape as it comes forward. We will look at how we can take forward in a practical way all the ideas that have come forward.

The industry has been involved throughout the process. I started at the beginning of September, and I have been talking constantly to the industry, which has been very supportive. It has indicated that, by and large, it is extremely happy with the direction of travel.

Another intervention is the fact that, since the birth of screen Scotland, we have had three board members at Creative Scotland with long and illustrious careers in TV. They have been an extremely dynamic presence for us as we have developed the business plan. They are present at the screen committee and are available on the phone. My team and I have a hotline to all of them, if we need it, to ensure that we are always checking in with industry best practice.

Beyond that, you will notice that there are eight areas of delivery in the plan, each of which is being taken forward by groupings of screen Scotland staff. That might well be done within the

Creative Scotland lead partnership, but it will often be done in partnership with the other members of screen Scotland. For example, the skills strategy will involve working closely with the Scottish Further and Higher Education Funding Council and Skills Development Scotland. We also have industry and the sector around the table—for example, Creative Media Network Scotland, which is now the one-stop shop for all the higher and further education colleges delivering film and TV skills in Scotland, is at that table.

We are pretty porous in the way that industry is able to communicate with us. My email address and phone number are on our website, so I am getting very used to being approached, which is extremely welcome. I hope that people are finding that a nice, open process. If I cannot answer a question, we have a number of specialists in the team who can help.

Ross Greer: That is grand. The plan mentions the intention to sign a memorandum of understanding with Channel 4, which I imagine will be similar to the model of the MOU with the BBC. Can you give us an update on progress towards that? Is there a date by which that is expected to be signed?

Isabel Davis: I do not think that we have landed on a date, but the conversations are very much on-going. We are very happy to have the BBC memorandum of understanding out there in the world. That has been well received. I think that it provides a model in the sense that it has held up an ambitious but achievable target for the number of Scotland-originated programmes that achieve a network release across the United Kingdom, but it also lays out steps for how we get there. Talent progression is an important part of how we will achieve that, together with the BBC and industry.

In that regard, the MOU with the BBC is a template, but we are also keen that it is not a cookie-cutting exercise. We need to work with Channel 4, which has other specialisms that might or might not reflect where we go with the BBC. Channel 4 and the BBC are being very collegiate about where there is common ground, so there might well end up being areas in which we can all work together.

Beyond Channel 4, there are other partners in the mix who might well want to have some form of strategic relationship. Some are telling us that they do not want an MOU, because they do not want to have a piece of paper and would rather work in a more dynamic way, which is fine. Conversations around that are going on, for example with STV and other platforms further afield.

Ross Greer: There is a helpful section in your written submission about business support. You have some fairly ambitious targets—not only in the

business plan but in screen Scotland's overall output—some of which I note are around attracting international productions. What consideration have you given to ensuring that business support that is given to international productions has a long-term positive impact on the domestic industry in Scotland? Elsewhere, there are examples of financial support being dependent on, for example, an obligation to take on a number of apprentices during the production. Has there been consideration of any measures such as that?

Isabel Davis: Yes. In relation to international production, the financial support is mostly predicated on the production growth fund, which is a selective fund. It is based in part on spend, so we set aggressive and ambitious targets for the spend ratio of productions coming into Scotland. Further, any production that is in receipt of that money gets it only after a robust conversation with the team on the benefits to the local industry that the production will deliver. That might involve crew, new apprentices, opportunities for progression for crew from Scotland so that they can move up a grade and so on.

We like the fact that the design is clearly about elevating the amount of spend that Scotland will receive but is not solely based on that so that we can work with the grain of every production that comes to us and negotiate a good deal for Scotland. That is a key way in which we ensure that the local industry benefits from incoming productions.

The area presents a real challenge, which the UK is facing overall. In work that I did before coming up to Scotland, I saw the runaway train that is international production. It is an overheated market, and the huge amount of spend that comes in can be a challenge when there are capacity issues. In the end, even in a country with as advanced an industry as we have in the UK, where there is an exceptionally deep crew base, you still end up with competition for crew. We are alive to that as we develop all the initiatives and growth in tandem.

You rightly mention business development support. However, that is allied to a skills strategy that, in turn, is allied to an infrastructure strategy that accepts that we cannot think, “Build it and they will come”; instead, we have to build the base around the infrastructure so that we can support the studio work with local indigenous high-end skills.

Ross Greer: From the plan, it is clear that a number of other agencies have a role. Will you say a little more about the role of Scottish Development International and the discussions that you have had about that?

Isabel Davis: Scottish Development International has been extremely helpful and supportive. We have worked with it and Scottish Enterprise with regard to the role that they can play in the international promotion of Scotland. I think that we will see more of that as we develop an international strategy. At the moment, our international strategy is focused on bringing international productions to Scotland, but more can be done to promote Scotland on the international stage, not only as a strong European partner, but in practical terms around production and in terms of exporting our content and talent. I see a role for SDI in that regard in future, and we will discuss that with it.

Alexander Stewart (Mid Scotland and Fife) (Con): You have talked about the need for Creative Scotland to provide sustained support and to empower communities, and about how you manage that. You also said that you need to ensure that you are not too reliant on volunteers. In looking at skills development and the strategy that you will put forward, how can you ensure that there is a creative business environment, that you support creative businesses and that you get people in creative businesses actively involved? How are you achieving those goals? What are you doing to manage the challenges and ensure that that happens?

Iain Munro: Our work on the broader creative industries—not just the screen industry—is very much about how to grow sustainable businesses. We are actively considering how we can provide the right forms of support that creative businesses need, and the conversation about that involves Scottish Enterprise, the business gateway and Highlands and Islands Enterprise, for example.

There is a feeling that there is a complexity in the offer that people do not really understand, or that people cannot navigate the offer easily to achieve access to the business development support that they require. Working with partners to put in place a more effective business development support network more broadly is part of our overall strategy for the creative industries. That is work in progress.

There have been a number of collective conversations with partners about the current forms of support. It is interesting that Scottish Enterprise, which is a key partner, is going through its own strategic refresh for the services that it will offer. From our point of view, that is a positive direction of travel. I recently had a positive conversation with the chief executive of Scottish Enterprise in which that was discussed. We agree that we need to get round the table again the relevant people in our organisations to look at the issue in more detail in order to work out how we

can put in place a plan to strengthen what already exists and improve the offer.

Alexander Stewart: As you rightly identify, you already have a good template with what you have achieved in the past. How are you prioritising your resources to ensure that there is a skill base and development? You have identified the many opportunities that you have, but you have also identified challenges that are placed on you—budgetary challenges are among the biggest ones—in ensuring that you have the broad capability to bring skills development into the process. How will you prioritise the resources and ensure that that happens?

Iain Munro: That is undoubtedly a challenge. Earlier, I made a point about the general resources that are directly at the disposal of Creative Scotland, which are limited. I have already said that 86 per cent of our grant in aid, which is part of the equation, is invested in 121 organisations. We could and would do a lot more with more investment.

A combination of things is involved. We would always want to advocate for more direct resources in the hands of Creative Scotland, but we understand that there is a partnership approach in the work that we do. It is about taking conversations forward in a way that unlocks opportunities and potential resources in partner organisations that play into the overall equation. That is certainly the approach and direction of travel in the arrangements with Scottish Enterprise.

Alexander Stewart: It is all about managing how you review and monitor progress to see what is being achieved. There is a lot for you to take on board, so you need to prioritise and focus on what you can achieve to ensure that you get success or an easy win or gain initially, and that you build on that to give you and others confidence that you are progressing. What plan is there to ensure that progress is monitored?

Iain Munro: That will come out of those conversations. Once we are absolutely clear about what we are keen to progress, we can understand the best mechanisms to monitor progress and delivery, for example. At the moment, it is a matter of taking one step at a time. We have our sights firmly set on that as a priority.

10:15

To go back to the broader point, it is worth the committee noting that, as I said, the creative industries brief that we hold relates to 15,500 businesses and 77,000 employees, with a GVA of £4.4 billion to the economy. There are no direct resources in Creative Scotland from the Scottish Government in relation to the work that you

describe, so we cover it from within existing resources. At the moment, we have a team of seven working on that agenda directly, with a discrete budget of £500,000 from national lottery funding.

There is a point to be made about strategic focus within our overall conversations. I agree with you about the need to be clear about who and what we are here for and about what our priorities are, as well as the resources that we have available to enable us to move forward confidently in a way that is directly in the hands of Creative Scotland, to deliver against our brief, and which does not mean that we are always reliant on partnership working and unlocking the resources that are available in other agencies and public bodies, important though that is, as it is time-intensive work.

Alexander Stewart: The issue of new entrants into the industry is vital, as is the issue of the support mechanisms that you can put in place to support them. They have ideas and potential, but they need support because, without it, they might not achieve their goals. You have to try to bridge that gap and support them, because you want the industry to continue to cultivate new talent, expand and regenerate itself. However, that is difficult if you do not have all the pieces to make the jigsaw fit together in a way that ensures that you can provide them with what they require to expand and unlock their potential.

Iain Munro: An important point to make in that regard is that the job of our director of creative industries is actually a partnership role between ourselves and the Scottish funding council. The role was designed that way in part to enable bridges to be created in the skills development pipeline. That has been going well in relation to both organisations, and I hope that that continues as part of the overall equation.

Kenneth Gibson (Cunninghame North) (SNP): Mr Munro, you said that Creative Scotland gets £63 million from the Scottish Government and that it is frustrating to have such limitations on your resources. What would the optimum funding level be for Creative Scotland, and what would that deliver? You mentioned a figure of £4.4 billion. What kind of gearing effect in terms of additional employment and GVA would there be if there was additional funding for Creative Scotland?

Iain Munro: We are reflecting on that as part of the funding review. We are looking back at our funding equation and thinking about its impacts and outcomes and so on.

We absolutely recognise the pressures across the public sector and the private sector. However, we also know and understand that our investment through the regular funding organisations

represents about a quarter of the overall turnover, so there is a sort of gearing effect there in terms of the direct leverage of investment for individual organisations. Of course, there is also the issue of the cultural, social and economic value that those organisations deliver to the country. The figures around the Edinburgh festivals in particular are well known—hundreds of millions of pounds are involved in that regard.

What is the optimal level? That is a good question. I think that, in relation to the situation across the UK, we are broadly at the same level as others, give or take a bit in relation to spend per head of population—we are slightly lower in some regards. However, when you look at international comparators, the picture is quite stark, because the spend per head of population on culture and creativity in Norway and Sweden is markedly higher.

We are realistic. As I said, the Scottish Government and the cabinet secretary are supportive, and we realise the pressures on the other areas of public budgets, but I would say that giving us less than 0.2 per cent of the overall Scottish Government budget is not in tune with the potential of the creative industries as a whole to be a growth sector for Scotland as a whole.

Realistically, even getting up to 0.5 per cent of the overall budget would be transformational enough—it would take us up to £160 million or so. In real terms, that is a lot of money but, in the context of a £34.5 billion Scottish Government budget, that amount to deliver the breadth of work that Creative Scotland is expected to deliver would certainly be taking us in the right direction.

Kenneth Gibson: It is always easy to call for another £100 million, but is more difficult to say where in the Scottish Government budget that money should come from. When I was convener of the Finance Committee, we always said to people that, if they were looking for additional money, they had to tell us where in the Scottish Government budget it should come from. I am not asking you to do that, but nor am I going to talk about the per capita spend across Scotland because, as we discussed before, there are huge disparities in the country.

It is interesting to see in your submission that of £154 million-worth of bids for regular funding, only £102 million was awarded; and of 1,177 applications for open project funding, only 493 were funded. Clearly, more people are looking for funding. In that regard, apparently there has been a minimum of £23 million of European Union funding for projects in the past decade, which is obviously likely to disappear.

A UK shared prosperity fund is allegedly being considered by the UK Government. There was

supposed to be a consultation on it before Christmas, although that did not happen, so we do not know where we are on that. Have you had any indication of whether that fund will come through and, if not, how the gap will be plugged? Will you look for additional funding from the Scottish Government? You said in your submission that the shared prosperity fund is

“needed to support development of the creative sectors if significant investment is not to be lost. This will be particularly felt by rural areas of Scotland where EU funding has been critical.”

Iain Munro: I think that the UK Government has been consulting on the shared prosperity fund and the team in Creative Scotland has been engaging in that regard. Because it is not clear, we are advocating for—

Kenneth Gibson: Sorry, the UK consultation has not taken place. It was meant to have been launched before Christmas, but it has not actually happened, as far as I am concerned.

Iain Munro: We have taken part in conversations about it. We are not clear whether the fund will be UK-wide, but we are advocating very strongly that it needs to be, and we will continue to do so.

It is important to recognise the value of the European funding, because two thirds of the £23 million that you referred to and that is coming into the sector is from non-cultural budgets. It is an important component part of the overall equation that we would be concerned about.

Kenneth Gibson: Ms Davis, I was looking at the Screen Scotland business plan that we got this morning and I have been listening to your comments about the need, as is emphasised in the business plan, to do more to create apprenticeships, “nurture Scottish talent”, give experience to Scottish crews and so on.

When I looked through the plan, I noticed on page 13 that funding has been provided for a film called “Yuli”, which I understand was made in Cuba by a Scotland-based producer. On page 21, it says that the film “Freedom Fields” is about Libya, although I am not sure whether it was made in Libya but, again, it was made by a Scotland-based producer. How does spending money overseas help to optimise the spend on Scottish screen development? It seems odd to me that, if you are trying to attract investment and develop films and talent here, money is being awarded so that people can make films somewhere else.

Isabel Davis: It is an ecosystem. There is a very well-worn network and matrix of international funding that works together, and which is bound together by a number of international co-production treaties that are signed by countries in order to allow skills and talent to be exchanged

and to grow. The net benefit to Scotland absolutely favours working in that way.

Of course, our talent and skills travel in Cuba—the producer, director and writer of “Yuli” are Scottish, they worked with a Scottish crew and some of that work came back to Scotland. It is not a zero-sum game, and the reciprocity means that Scotland receives incoming productions. A Polish crew landed with a film called Mr Jones, bringing the luminary Agnieszka Holland to Scotland. Scotland needs to be playing at the international table in order to grow that base.

The production spend in that particular model of co-production also extends into the export value of those films. In co-production treaties, or co-production more generally, a mix of production, crew and talent comes together, along with the distribution side. As the committee will know, a film industry cannot survive in isolation; the audiences are not large enough in Scotland, or indeed in the UK, for a film industry to be sustainable without looking for international audiences as well. For finance to flow into the business, and indeed on to Scottish soil, Scotland needs to make films that have international appeal and attract international distribution. Regardless of where that activity takes place, it returns benefit to Scotland in terms of jobs and growth, but there is a bigger ecosystem that allows Scotland to play in the international arena and to attract international finance from audiences for its films.

Kenneth Gibson: That is really interesting. I would have liked to have seen more explanation of that in the business plan. It is important, and if you look at the issues in a two-dimensional way, you do not see it.

I have one last question. I notice that you have a range of screen funds available—nine different funds, from the broadcast content fund right down to the professional development fund. Within the budget that you have, nine seems to be quite a lot of funds. Are they in silos, or is there more flexibility? If I decided to produce something in Scotland, I would be thinking “There are nine different funds here. Do I apply to that one or that one?” Would it not be better to have one general fund to which you could apply, under different criteria? I obviously hope that you will give me a good explanation but, on the surface, it seems quite restrictive to have nine separate funds for the fairly limited resources that you have. I would have thought that there would be just one fund that someone could apply to for whatever they required to be funded.

Isabel Davis: I come back to the fact that this plan has been built on a blueprint that was put together by industry. There is a range of need. It is quite a complex business. Film and TV share a number of commonalities, but they also have

points of divergence. It is important be able to respond with a really clear set of priorities on the basis of which someone can make their case and know why they have or have not received the money.

If anything, my take is that we move more towards specialism—specialist staff who are really across the particularities of the distribution and audience picture, production, skills and talent development. That is the way in which you build a successful model that will make us more than the sum of our parts and more than a bunch of people who write checks. We have more value to add by being very clear and targeted about what Scotland needs, and, having articulated that in a plan, about how then we best support the industry to move forward.

Our guidelines are always a work in progress; if people are confused about what we are asking for through those various funds then my team is ready, and it spends a lot of time interpreting and supporting the industry to understand. It serves the industry best to be really clear about our priorities and to put resource behind them where necessary.

Kenneth Gibson: As long as it is not overbureaucratic.

Isabel Davis: Absolutely. I hope not.

The Convener: Is there a document that indicates the amount of money that is attached to each of those funds?

Isabel Davis: Yes. We have put numbers against each of those funds in the plan before you, and, of course, the figure for the production funds is very publicly available. The film development and production fund is £4 million a year, the broadcast content fund is £3 million a year and the production growth fund is £2 million a year. We have some flexibility to move lottery funding across years. Production is a very “lumpy business”, as they say; productions do not fall into neat £4 million a year amounts. That is why you may have seen a little bit of movement on some of those numbers. That is a good approach that also works with the grain of industry practice.

Overall, we have worked to cost each area of the plan. Of course, we are subject to final budget approval—as is any public body at this particular point—but we have a costed plan against each of those items.

Iain Munro: I add that that will be published once we receive formal confirmation of our budget from the Scottish Government.

The Convener: Will every single fund have a budget figure beside it? We already know the funding for some, but not for others.

Isabel Davis: Absolutely.

10:30

Annabelle Ewing: Good morning, panel, and thank you for coming in today. I have a procedural question for Mr Munro. The committee has noted the article that appeared in *The Herald* this morning, which reported the announcement of Creative Scotland's intention to proceed with consultation on funding, and also that consultation workshop meetings are to be held in various locations. The article gave just a flavour of those places, so I want to clarify whether Creative Scotland will hold such a meeting in Fife.

Iain Munro: I believe so, but I will just double-check.

Annabelle Ewing: That is okay—perhaps you could come back to me on that.

Iain Munro: I think that there is to be one in Glenrothes.

Annabelle Ewing: It will be important to cover as much of Scotland as you possibly can. I consider Fife to be a very important part of the country, and I am sure that Claire Baker would agree.

Iain Munro: I will double-check that, but I can say that those meetings will account for just one set of conversations.

Annabelle Ewing: Well, indeed. However, if Fife is not on the current list, perhaps you will add it, in light of my question.

I turn to a broader issue, although it retains something of the principle underlying my previous question. In your approach, you recognise the importance of closer collaboration between national and local bodies, which would be essential to delivering your objectives. Will you give the committee a flavour of what you foresee happening in that regard? How do you plan to ensure that such closer collaboration takes place?

Iain Munro: I reinforce my point about the importance of local government in the overall support infrastructure if we are to achieve a healthy cultural offering across Scotland. We regularly engage with local government in different forms. However, we recognise that things are shifting, particularly as regards public finance. Earlier, I mentioned that there are now key pressures, such that it feels as though there is a bit of a tipping point on cultural support. We need to look at a more strategic approach, work directly with local authorities to understand what those issues are, and have conversations with them about potential solutions.

As part of that programme of work we are doing two things this year, while we continue to do all the

other things that we do anyway. One is a very specific piece of work, the aim of which is to research, with local authorities and other partners and stakeholders, what the challenges to understanding those issues are. Once we have done so, our aim is to gather everybody around those, to discuss how we can move towards more effective collaboration in a changing world and ensure that we have the most effective relationships. That piece of work will be commissioned next week, will be reported on in the autumn and will eventually be published. We anticipate that in due course we will host an event to discuss it.

The other thing that we are doing has been prompted by a very immediate piece of work, of which we have been a part, on the cultural cities inquiry. Dame Seona Reid, who is from Scotland, was part of the inquiry's steering group. Tomorrow, Scotland's cities, as representatives of our local government, will convene in Perth to discuss the inquiry's report. Seona Reid will be there to take part in conversations that will aim to understand the report's principles, and also ideas on different ways of thinking about how culture can be supported to best effect in the changing environment that we are going through. We expect a lot of good value to come out of that event. Because of the nature of the cultural cities inquiry, the report focuses on cities, but its principles and ideas, and the ways of thinking that it promotes, could equally be deployed across Scotland, in regions or in individual local authority areas. That will be part of the conversations that we will have at tomorrow's event, and then we will see where we go as regards the next steps.

Annabelle Ewing: What is the timing for the piece of work you mentioned that involves a consideration of the position vis-à-vis local authorities in general?

Iain Munro: We are launching the commission next week, and its research and consultation will take place over the course of the summer with a view to concluding in the autumn. By the end of this year, we will have a report that, as I said, we will publish. Its conclusions and recommendations will enable us to decide our next steps.

Annabelle Ewing: Is the cultural cities work being carried out on a more accelerated basis?

Iain Munro: We will understand what our next steps might be following tomorrow's meeting.

Annabelle Ewing: Will only representatives of cities attend tomorrow's meeting?

Iain Munro: Yes.

Annabelle Ewing: I understand the point that you have made about it being important that culture is available all over Scotland, including

inner cities. However, when you said that you anticipate that the work in the cultural cities inquiry could extend across Scotland, including other urban areas and rural and remote areas, I would sound a note of caution in that regard because, due to their very nature, areas that are not cities have other issues that are prevalent. I hope that that would not be lost in that discussion, because that would defeat your recognition of the need for closer collaboration between national and local approaches. If one simply sought to apply wholesale the outcome of your cities work to the rest of Scotland, that might not suit the rest of Scotland. I hope that that is very much at the forefront of your endeavours with regard to the cultural cities work.

Iain Munro: I am suggesting that there are interesting ideas and principles in that work that could be of value in other parts of Scotland, as well as in cities. Tomorrow is a starting point in terms of the conversation. I am sure that the issue that you raise will come up, and we will thereafter try to understand what we might want to do next by way of taking anything from the conversations that we have.

Annabelle Ewing: Does the support that you mentioned regarding local authorities in general involve all local authorities?

Iain Munro: Yes. Indeed, we might also consider reference points beyond Scotland. We will consider anything that is relevant.

Annabelle Ewing: I have a question for Isabel Davies. One of screen Scotland's strands of work involves the film festivals fund. I am pleased to say that, in my constituency of Cowdenbeath, Kelty will launch its inaugural film festival on 24 May. Just to do a wee plug for them, I say that it will take place on the Friday, Saturday and Sunday and it looks like it has an excellent programme. I know that it received funding from the challenge fund.

I understand that there is a further round of that fund coming up. How do you ensure that people are aware of that? Obviously, the idea would be to involve local communities, whether in my constituency or others. How do you ensure that they are aware of that and can take a view on whether that is something that they can get involved in?

Isabel Davis: We have a lively communications team, which has been expanded as a result of what has gone on around screen Scotland. We rely quite a lot on the website, social media and the connections and mailing lists that we have throughout Scotland. That is our plan. If you have other suggestions, we would be more than happy to hear from you on that.

As you say, the intention of the fund is very much about getting film into the parts of Scotland

that would not otherwise get to see that range, diversity and breadth of excellence in film-making across the world. We are happy to do whatever we can to get the word out further.

Annabelle Ewing: I am interested in how I can ensure that people in other parts of my constituency who see the great example that Kelty is setting can think about whether they want to pursue such an initiative.

What is the overall size of that fund? If you do not know, you can write to us.

Isabel Davis: I will get back to you on that. That might be something that is subject to further budget confirmation.

The Convener: For clarification, when it is completed, can you share the results of the review that you are doing with local authorities and arm's-length organisations?

Iain Munro: Yes. As I said, it will be published online as well.

The Convener: It would be good if you could let us know this time.

Iain Munro: Yes. Lesson learned.

Stuart McMillan: I thank Creative Scotland, and Isabel Davis in particular, for coming to the event that I hosted in Greenock a few weeks ago.

I will not go into the question of a film studio, because that has been touched on already and we have had those discussions before. However, I would like to discuss Scottish Enterprise and business development. Clearly, in the past there was some confusion around the role of Scottish Enterprise. I would be grateful to get an understanding of how things are operating now, not only in relation to SDI but also Scottish Enterprise, so that I can be sure that there is a clear direction going forward.

Isabel Davis: Scottish Enterprise is a partner in screen Scotland. It is knitted into the fabric of what we do: it has a seat at the table and contributes to the business plan. It is active at the delivery level through our project and working groups and, of course, it is represented on the screen committee. It has visibility and oversight and makes a commitment to screen through the formal mechanism of screen Scotland. We have found Scottish Enterprise to be extremely helpful with regard to studio provision—it has been giving advice throughout the whole process.

As you say, business development is an area that we are really bearing down on. We have enlisted the services of a consultant to consider the scope of what industry wants. Last week, we had a meeting of the project team within screen Scotland that is concerned with that issue, with all the partners around the table, so that we could

consider what the needs actually are. Some interesting findings have come out of that process. Of course, as you know, over the years, industry has expressed some frustration on this issue, but there has also been a generally positive and collaborative spirit. The gaps that we have identified are around support for companies of varying scales, not simply those that will make it to that hallowed level of £10 million turnover that we have talked a lot about. We are supporting companies with a range of skills, across the portfolio of companies, from start-ups to much larger beasts.

How we service that need will be the subject of the scoping study, with industry consultation happening in early June, before we come up with the final model. We want to ensure that that piece of work results in firm ideas about the money and the people we are deploying and the roles that we are creating in order to further cement business development as part of Scotland's great picture. However, in the interim, we have a close relationship with Scottish Enterprise colleagues. We are in dialogue with them frequently. Things are moving in that regard.

Stuart McMillan: It would be useful for the committee to have an understanding of that piece of work, when it is done. It would be good if you could send us information about it.

Isabel Davis: I am happy to do that.

Stuart McMillan: You talked about people's roles and expertise. What additional skills and expertise are you bringing in to deal with the improved business development support?

Isabel Davis: That remains to be seen. It is clear that there is a need for signposting. That is an idea that came through recommendations from the committee and the collaborative proposal. The industry needs to know where it is going. That is a triage function that perhaps involves a combination of human beings and technology. However, it is clear that the industry needs extremely high-end, best-in-class industry advice. I would be surprised to find all those skills in one person, to be honest. On the model of what that person looks like and what that support team looks like, I do not want to jump the gun with regard to where our work is going, but having the resource to give the Scottish industry access to the kind of expertise that it needs in a bespoke way is the name of the game.

Right now, while that work is going on, we have a project called focus, which you might have heard about. It is co-funded by Creative Scotland and Scottish Enterprise, along with companies themselves, and is putting 20 companies from across the film and TV spectrum through a process of growth, bringing in, in each case, a

bespoke suite of experts across international sales, company growth, finance and talent development, if that is what is required, and is helping them to fill in the gaps in order that they can come out of the other end of that 18-month process with a stronger set of skills and the resilience to grow as Scottish companies.

The work that that outfit is doing with those 20 companies has expanded to a wider cohort of around 40 to 50 companies that are benefiting from workshops, events and talks from industry experts across the areas in which we have identified gaps on the part of Scottish companies.

That model will be reviewed after the programme finishes, at the end of this calendar year, but it is a very useful working model of how practical supports can be drawn together on a bespoke basis so that our companies can avail themselves of working practitioner knowledge, as opposed to another talking head in a public body.

10:45

Stuart McMillan: One of the recommendations in the committee report was to follow a Danish-style model. Would that be comparable? It would work with what you are trying to do with the focus project.

Isabel Davis: My understanding of the Denmark proposal was that the commissioners—the decision makers on the funds that go out of the door to production—would be drawn from industry and on fixed-term contracts. We would have employment issues with any fixed-term contract, but the point about the principle of bringing industry experts into screen Scotland and finding other ways in which the industry and screen Scotland can avail themselves of current best practice expertise from the sector is very well made, and we are embracing that. That is already happening in the make-up of the team in Creative Scotland, and we have put every member of the team in screen Scotland through an intensive TV induction. People from the sector talk to us about the realities of working in TV, what that market looks like, and how to ensure that the funds are fit for purpose.

We would look to avail ourselves of best practice in business developments and scan the country for the best people who are prepared to mentor and advise on whatever basis to ensure that our companies get the best support available.

Stuart McMillan: Has screen Scotland secured any major productions from any of the FANG—Facebook, Amazon, Netflix and Google—companies?

Isabel Davis: We are in active conversation with a number of companies. I would not single out

the streaming platforms, of course, and any conversations that we have remain completely confidential, unfortunately. We provide a confidential service for good reason.

To slightly repeat an earlier point, we have never had the volume of inquiries that we are receiving now from companies across the spectrum—film companies, streaming platforms, cable companies, and companies from the south that are feeling the weight of Ofcom out-of-London regulation. My screen commissioning colleagues are busier than they have ever been. Thank goodness we have been able to increase the resource in the screen commission with the additional resources from the Scottish Government.

Stuart McMillan: That is very useful. To go back to your earlier comment about crew proximity, airports, transport and space that can easily be converted at short notice, I have a perfect location for you.

Isabel Davis: I cannot wait to come and see it.

Jamie Greene: Good morning to both witnesses. I will continue Stuart McMillan's line of questioning and deal with things in reverse order.

I have read the screen Scotland business plan, which is a welcome document, but I have one concern about it. I wonder whether you can comment on that concern.

There are 56 pages in the business plan—admittedly, there are photographs and pictures on half of those pages—but what jumped out at me most was a very small section on page 37, which has the heading "Crews, Talent and Facilities". That section says:

"We will help production companies find the specialist crew and facilities services needed to make productions in Scotland".

That is it. I might come on to the discussion about studio space next, but it strikes me that that is a glaringly short and vague statement to make.

If we really want Scotland to be a one-stop shop for production, surely the business plan would contain far more robust plans for not just a location service that provides high-quality crew but a truly one-stop shop in which there is adequate studio space, editing facilities and support for distribution, and all the other elements of creative production. It strikes me that the focus is very much on location and a hope that we might have decent studio space in the next couple of years. Is that enough?

Isabel Davis: You are referring to one of the paragraphs in section 4.7 of the plan, which is entitled "Filming in Scotland". If that were representative of our entire ambition for screen

Scotland, I would entirely agree with you that it would not be nearly enough.

As it is, it represents a fraction of the work that is done by the screen commission, which is a team within Creative Scotland that understands that the overall aim is to increase the number and quality of productions that make Scotland their home. It is true that the screen commission's work includes helping to point international production in the direction of existing locations and crews, but it also supports work on budgets and makes the right connections with line producers and location managers, so that any production that is thinking of being based in Scotland can be armed with the right facts and information to be able to make an educated choice about coming to Scotland. Therefore, the service is quite strategic, in and of itself.

We understand the interplay between that work and having a greater depth and diversity of infrastructure. That is a challenge, and progress will not be made overnight. Bath Road is not the be-all and end-all, but a lot of work is focused there now. In parallel to that, the screen commission is continuing to promote the huge range of spaces that can be converted at short notice by productions that are prepared to come to Scotland. That is the working model that is being used.

However, our ambition for Scotland goes beyond that work. I totally agree with Jamie Greene that there is a need to look at how we best support the post-production sector, of which editing is a part. Editing is a particular challenge, particularly with production outside Scotland, which is needed to grow that mix, because it is a challenge to be persuasive when a director is a bit tired of doing their location or studio shoot and would like to go home. The growing range of excellent post-production facilities and visual effects companies in Scotland need to be well served and well promoted around the UK and around the world. I absolutely take that point.

As a public body, we have a challenge in relation to our ability to write cheques that will allow new facilities to be created. The picture is very complex, and we have limited resource. However, a key part of the strategy is to promote our services and to incentivise the use of them in the correct or most effectively calibrated way.

Jamie Greene: I welcome those comments and sentiments. Are you aware of any major production business that Scotland plc has lost out on because we do not have the broad range of studios or the post-production facilities that people need? Is there any evidence of such business going to other sectors? How could we turn that situation around?

Isabel Davis: In common with many other industries, we are facing a capacity challenge. It is up to us to rise to that challenge and to increase the skills that will make post-production a more lively sector. There will be some challenges as we familiarise people with working in Scotland. There is always a perceptual barrier for people to cross if they have not worked here previously. However, it takes only one person who has had their post-production work done in Scotland to say that the work was excellent and that they had an absolutely knockout time. That referral business can snowball, which is really important.

Have we lost out? We cannot win business that we cannot service. To put it another way, the fact that we are now potentially in the large-scale studio business has shown very clearly that there is an appetite to work in Scotland if we can step up to the plate.

Jamie Greene: On page 39 of the business plan, the key performance indicator is to have a

"New studio facility refurbished and open by April 2020."

However, the next page states:

"Our aim is to identify a studio operator in 2019/20."

April 2020 is less than a year away, so do you think that the facility will be up and running by next year, or is that just when you want to have somebody in place who will do the refurbishment and look to open it at some time in the future? When will the facility be ready for business?

Isabel Davis: Our intention is that the facility will be operational by the end of this year. That is ambitious, but we know that it is a priority, and we are working extremely hard, as is the preferred bidder and its talented team, to meet that target. Does what I have said account for that discrepancy? There is a need to identify the operator and then get the work done.

Jamie Greene: That clarifies things perfectly.

Mr Munro, you mentioned the issue of finances earlier. How much of your £92 million revenue is available for funding projects once your operating costs and so on are taken out? I am keen to get my head round the numbers.

Iain Munro: Our overhead is approximately 10 per cent, although that fluctuates according to income, so about £83 million is available for front-line grants.

Jamie Greene: Are you worried about relying so much on lottery funding? After all, a third of your revenue has come from such funding—although I know that that figure has decreased in recent years—and of the other two thirds, which comes from the Government, half of that is essentially ring fenced, because you are told how it should be spent. That does not create a huge

pot to support all the great work that you do on so many local projects. One issue that the committee has discussed a lot is the perception that the focus is often on the central belt or our cities and not enough on our regions, the rural parts of Scotland or the small towns in the areas that many of us represent. Is the remainder pot that you have to spend on those smaller projects overstretched?

Iain Munro: The short answer is yes. We know that, because the evidence of the demand is there in the statistics.

I should also mention that, by way of a data dashboard on our website, we have opened up even more information on the spend on, for example, open project funding and application demand. The data now goes beyond a simple list of grants in order to help people understand the equation.

All of us, both internally and externally, absolutely feel frustrated about this, because what lies at the heart of some of the issues and challenges that we face is the fact that we know the quality of the applications that we receive, but we have to balance that against the available budget. There is much more to be done on this, but we are working very hard on the question of how that support is impacting right across the geography of Scotland and on all the people of Scotland.

We know what the local government landscape looks like—we have talked about that already—and we know what the breakdown of support is in terms of direct spend. However, we should also recognise that many of the things that we support in certain geographical locations go on to tour or to be distributed across the other parts of Scotland. The spend in individual local authorities is only one lens through which to look at this issue.

The base locations for the regularly funded organisations are predominantly in Edinburgh and Glasgow, but 21 local authorities are represented, too, and we know that 75 per cent of the work of those 121 organisations goes across the whole geography of Scotland. It is important that we keep working hard on this; there is no doubt that there is a tension between the resource that is available and the ability to respond, but we work very hard with the resource that we have to ensure that it is distributed well.

Jamie Greene: I commend you for your good work on that matter.

Finally, the summary of the Wavehill report, which we have been given, says that

“the Evaluation Team ... highlighted several differences of opinion”

between the leadership team and the board in your organisation, concluding:

“This points to a deterioration in the relationship between the two bodies”.

Later in the summary, it mentions the

“ambiguity and lack of transparency”

that

“is at the heart of ... the criticism”

directed at your organisation.

How will you as an organisation respond to those criticisms, and what changes will you make? I appreciate that changes in resources—for example, a new chair and chief executive—might alter and affect the direction of travel, but the problem that has been identified with regard to the relationship between your board and the day-to-day management of your organisation is clearly not a one-off but systemic. What are you doing to fix that?

Iain Munro: It is fair to say that things have already moved on, and we are now in a different environment with different leadership—I include myself in that—with a new chair and increasing change in the board over time. There was a particularly hot environment at that time, and that was adding to some of the tensions that were in play. Everyone was doing their absolute best to navigate and find ways through the situation, but undoubtedly there were clear tensions.

11:00

One of the learning points that I mentioned earlier is about making sure that, in future, there is a clear understanding in the organisation of the various roles and responsibilities and of who is doing what, how and when, in any process that we run or any key policy or strategy decisions that we take. I feel that we are already in a much better place; other people tell me that, too. You can get a sense of that from others. However, we will continue to work on that. It is fundamentally important that the governance of the organisation works effectively and that we support the organisation at board and executive level to ensure that such issues are understood and that they never arise again.

The Convener: Ross Greer has a quick supplementary.

Ross Greer: I have two questions; I will ask them together, because they are on the same issue, and I will try to be brief.

There is only one target and one KPI in the studio and build space section of the screen Scotland business plan, which relate to the Leith dock development, but I know that you have greater ambition than that. Why is there only one target and one KPI in the business plan when

screen Scotland has greater ambition to expand infrastructure?

Related to that, we have seen press reports about “The Lord of the Rings”, which is a significant production that could come to Leith dock if the facility is operational by this autumn. If it is not operational by the autumn, is there a risk that that production could go elsewhere?

Isabel Davis: I am afraid that I cannot comment on any given production before we can talk about it publicly. We are acutely aware of a number of productions that would love to use the facility, so getting it open as soon as feasible is an absolute priority.

That is the key performance indicator in the studio and build space section in a two-year plan that ends at the end of the 2020 financial year. We have a range of other performance indicators beneath that that we will measure, but we are setting the top-line KPIs for the short period of time that the plan lasts for. That is on-going work, in order to promote the other work. Our ability to have direct involvement in proactively stimulating new space is sequential. We can support other projects that are in the private domain, as I have outlined, but it is really worth getting the Leith dock facility open and seeing where that takes us, in addition to the work that we do to support the build space around Scotland.

Ross Greer: Expanding studio capacity was a major priority of the committee in our report, so I imagine that we will write to you to ask for further detail on the indicators that you said sit beneath the Leith dock KPI.

Isabel Davis: Okay.

The Convener: I know that we are slightly over time, but I have a few more quick questions.

Earlier, you talked to Jamie Greene and Kenneth Gibson about incentives for film-makers to come here and to place work here. I want to drill down on the carrot-and-stick approach; you talked about the carrot approach. When we speak to producers in the screen sector who work in Canada or France, they tell us that, because they get money from Canada and France, they are subject to very strict conditions that involve employing Canadian and French talent. I can think of one producer who spent a lot of time using Eurotunnel, because the post-production work had to be done in France. I can think of another case in which a Canadian writer had to be used.

Do you have any plans to review the way that you provide incentives? I am thinking of the stick approach, whereby people would have to use Scottish talent to get the funds that are available.

Isabel Davis: Yes. Canada and France are very strong co-producing nations. The restrictions that

you refer to will be to do with the spend requirements in co-production treaties. Scotland is part of the same network of co-production treaties, so Scotland's crew will benefit from the same rules when there is a need for Scotland's film-making contribution to be at a particular percentage in line with its financial contribution.

That tends to be how things work. If France is putting in 60 per cent of the budget, 60 per cent of the budget will need to be used for goods and services from France. The same applies in Scotland.

That is part of that framework—across all our production funds, we require the use of Scottish personnel. The film and development production fund is anchored around production companies that are resident in Scotland, with the priority going to Scottish film-makers, who will of course want to work with local crew. There is a strong spend requirement in that fund, too. Likewise, the broadcast content fund is predicated on the use of Scottish companies that use local personnel. Of course, on the TV side, we also have the mechanism of Ofcom regulation.

There is a balance to be struck. We do not want a hard and fast approach that does not allow companies the flexibility to use non-Scottish personnel when that suits the creative needs of the production. That has been made clear to me by not only Scottish companies but companies that want to come and work in Scotland and those that have existing relationships or projects that have been in gestation for a long time. It would not be in Scotland's interests to be overly dogmatic and to kick off a particular writer—

The Convener: I am not saying for a moment that that should happen, because there obviously has to be flexibility. However, are we as tough as Canada and France in that regard? When I speak to people in the industry, they tell me that those countries are extremely tough when it comes to ensuring that their talent is employed and that money is spent in their countries.

Isabel Davis: I would say that we are. In my experience, the economies in France and Canada rely heavily on co-production and those countries enforce their rules on that strongly. Canada comes at the whole growth piece from an industrial perspective, and that system has pluses and minuses. In France, the approach is very much predicated around language. Those countries have made their industries in their own images, I think. In Scotland, we need to ensure that we are tough and that we ask all the right questions. As well as the UK tax credit, there is a human dimension to all the selection processes. In the production growth fund, which is a key intervention for incoming production, we scrutinise all the applications carefully. Happily, given the booming

market, we can be strong about those requirements to ensure that Scottish—

The Convener: I am sorry to interrupt. You say that your requirements are tough, but what about the enforcement? You mentioned Ofcom's out-of-London approach. We have had conversations with Ofcom about that, and it is doing work on the matter, but are you reviewing how you monitor that? It is fair to say that the committee, in its scrutiny of Ofcom, was not convinced that sufficient monitoring is in place to ensure that companies that are supposed to be doing more work in Scotland are meeting the requirements.

Isabel Davis: I am not sure when Ofcom last gave evidence to the committee, but my sense from the past couple of months is that things are moving in the TV space towards much stronger monitoring and enforcement.

The Convener: What about your direct grants and incentives? Will you improve monitoring of those?

Isabel Davis: Through setting the KPIs, we are measuring that. Through the enhanced resource that we have at Screen Scotland on the research and monitoring side, we are looking at that. We would be doing it anyway as part of the spend measurements and the work in that field. We consider how our money benefits the Scottish industry not only at the point of application and awarding of the money but through production and at the other end of the process.

The Convener: I have one final question, which is for Iain Munro and which goes back to his exchange with Alexander Stewart about the creative industries. You were very polite, Mr Munro, when you talked about how the creative industries are your remit but, reading between the lines, you feel that you do not have the budget that goes with that remit. That issue has come up time and again in this committee's and previous committees' scrutiny of the creative industries. You talked about putting a lot of time and effort into the partnership with SE. To be blunt, should some of the SE creative industries budget be transferred to your budget so that you can get up to the 0.5 per cent that you said is desirable?

Iain Munro: We are ambitious for the creative industries. I recognise that, as you say, we are inhibited in terms of resources. In this kind of forum, I will not make a direct play for any other organisation's resources, because I would not like that to be done against my organisation. However, I will say that we feel inhibited in our ability to deliver on the creative industries brief to the full extent that we want and that is expected of us, when we are so reliant on partnership working as opposed to working directly from an empowered position within Creative Scotland per se. Whether

one organisation or multiple organisations are involved in generating the investment, if it is directly placed in Creative Scotland, that is a much more empowered position to enable us to deliver on the brief in the way that is expected of us.

The Convener: You mentioned SE's strategic review. As part of that, are you pressing for more of the budget allocation to come to you?

Iain Munro: There are positive conversations with Steve Dunlop at Scottish Enterprise about the principle. If we can identify a mutual set of priorities, there is the opportunity—actually, it goes both ways—to identify human and financial resource that should be attached to that, and it is in our mutual interest to make it happen. We would always want to continue in our endeavour with any partner to unlock opportunities and resources. However, that is secondary to the more ideal situation, which is direct investment through Creative Scotland in a more empowered position, which means that the energy is spent on making things happen rather than, in part, on unlocking the potential of the partnership, which can often involve protracted discussions to achieve.

The Convener: I think that we will return to that subject.

I thank our witnesses for coming. We now move into private session.

11:12

Meeting continued in private until 11:27.

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