



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

ECONOMY, ENERGY AND TOURISM COMMITTEE

Wednesday 28 January 2015

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ECONOMY, ENERGY AND TOURISM COMMITTEE

3rd Meeting 2015, Session 4

CONVENER

*Murdo Fraser (Mid Scotland and Fife) (Con)

DEPUTY CONVENER

*Dennis Robertson (Aberdeenshire West) (SNP)

COMMITTEE MEMBERS

*Chic Brodie (South Scotland) (SNP)

*Patrick Harvie (Glasgow) (Green)

*Johann Lamont (Glasgow Pollok) (Lab)

*Richard Lyle (Central Scotland) (SNP)

*Gordon MacDonald (Edinburgh Pentlands) (SNP)

*Lewis Macdonald (North East Scotland) (Lab)

*Joan McAlpine (South Scotland) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Janet Archer (Creative Scotland)

David Smith (Scottish Enterprise)

Natalie Usher (Creative Scotland)

Charlotte Wright (Highlands and Islands Enterprise)

CLERK TO THE COMMITTEE

Douglas Wands

LOCATION

The James Clerk Maxwell Room (CR4)

Scottish Parliament
Economy, Energy and Tourism
Committee

Wednesday 28 January 2015

[The Convener opened the meeting at 10:31]

Witness Expenses

The Convener (Murdo Fraser): Good morning, ladies and gentlemen. I welcome to the third meeting in 2015 of the Economy, Energy and Tourism Committee members, our witnesses, to whom I will come shortly, and the visitors who have joined us in the gallery. I remind everyone to turn off, or at least turn to silent, all mobile phones and other electronic devices, please, so that they do not interfere with the sound equipment.

Agenda item 1 is witness expenses in our inquiry into the economic impact of the creative industries. Is the committee happy to delegate to the convener responsibility for arranging for the Scottish Parliamentary Corporate Body to pay, under rule 12.4.3, any expenses of witnesses in the inquiry?

Members *indicated agreement.*

Decision on Taking Business in
Private

10:32

The Convener: Is the committee happy to take in private item 4, which is a review of the evidence that we will hear today, and does it agree to review in private the evidence that is heard at future meetings and draft reports?

Members *indicated agreement.*

Creative Industries (Economic Impact)

10:32

The Convener: Item 3 is the continuation of our evidence taking in our inquiry into the economic impact of the creative industries. We are joined by Janet Archer, who is chief executive of Creative Scotland; Natalie Usher, who is director of film and media at Creative Scotland; David Smith, who is director of creative industries at Scottish Enterprise; and Charlotte Wright, who is director of business and sector development at Highlands and Islands Enterprise. I welcome you all.

We have around 90 minutes for the session. I am sure that the time will disappear very quickly, so I remind members to keep their questions as short and to the point as they can. Answers should also be short and to the point. That would be very helpful in getting through the topics in the time that is available. Given that we have a panel of four witnesses, I ask members to direct questions initially to one member of the panel. If other members of the panel wish to respond to a question that has been addressed to someone else, I will do my best to bring them in, as time allows, if they catch my eye. That way, I hope that we will get through the topics in the time that is available to us.

We want to cover three broad areas: computer games, film and television. There will, of course, be quite a lot of crossover between the three subject areas.

I do not know whether the witnesses have had an opportunity to review the evidence that the committee has heard. We have received written evidence and taken oral evidence for the past two weeks, first from the games sector and last week from film and TV representatives. It is only fair to the witnesses to put to them some of the points that have been raised with us. I will read out a few quotes.

In the written submissions that we have received, TRC Media has highlighted

"The absence of a single leadership role in public support for the sector";

Tiernan Kelly of Film City Glasgow has said that

"the relationship between Creative Scotland and Scottish Enterprise needs immediate attention. Metaphorically, it is a failing marriage";

David Griffith, an independent feature film producer, has said:

"Scottish Enterprise and Creative Scotland have not worked well together";

and Cameron Fraser of Ko Lik Films has referred to

"systemic neglect and a complete absence of vision from public funders".

That is just the written evidence.

Last week, Jane Muirhead of the Producers Alliance for Cinema and Television told us:

"The independent television sector in Scotland feels that we fall between Creative Scotland and Scottish Enterprise and that no one takes ownership of our sector."

John Archer from Independent Producers Scotland said:

"It is a great shame that Scottish Enterprise and Creative Scotland cannot work together."—[*Official Report, Economy, Energy and Tourism Committee*, 21 January 2015; c 4, 33.]

That is a fairly damning set of criticisms of the work that you are doing. Perhaps I could start with David Smith of Scottish Enterprise. Why are you getting this so wrong?

David Smith (Scottish Enterprise): We are aware of some of the views that have been expressed, convener, but based on our experience and the evidence that we have, we believe that there is a great deal of appreciation for the work that we, Creative Scotland and others do in the creative industries. Overall, creative industries are thriving and growing in Scotland. I know that you have heard this before, particularly in the evidence session on video games, but it bears repeating that two of the top-selling games globally—Grand Theft Auto V by RockStar North and Minecraft by 4J Studios—are both produced in Scotland. Collectively we see enormous growth potential across the creative industries, and we are very clear about the respective contributions that we make and roles that we play in supporting business and creative organisations to seize opportunities.

The Convener: So all the people who are telling us about the lack of leadership and the lack of focus are just wrong.

David Smith: We can point to the fact that we work in partnership across the organisations, particularly under the chair of Janet Archer and through the Scottish creative industries partnership. We work at all levels of our organisations. I work directly with Janet Archer and Natalie Usher on a great deal of policy and strategy issues; we work together on the broadcast and television working group; and we all work collectively in support of the industry body, the digital media industry leadership group.

It is important to get across the collective passion that we share about the tremendous growth opportunities of the creative industries. As I have said, we work together a great deal and

undertake complementary activity, but we often collaborate and have done so from the early stages of Creative Scotland's formation. For example, we worked together to launch in partnership with Channel 4 the digital media intellectual property fund, which was a £3 million co-investment fund that invested in companies such as Tag Games and Dynamo Games.

A particularly important point is that we have worked with TRC Media on delivering the creative edge project, which is seeking to invest in and develop the next generation of business leaders and innovators across all parts of the creative industries. As I said, our experience and evidence point to a great deal of effective partnership working between us and Creative Scotland.

The Convener: But there is clearly some problem, Mr Smith. If the story is as good as you say it is, you are not getting that message across to people in the sector, who told us last week that they feel that there is a complete lack of leadership.

David Smith: Our experience is that there is very wide appreciation across the creative industries sector, but clearly we have to continue to work as we have been doing with Creative Scotland and to further our discussions with IPS about the opportunities that we believe in, particularly with regard to the TV and film sectors. We commit to doing that, and we will continue to have conversations with IPS and a few others in the industry.

The Convener: Perhaps I can bring in Janet Archer from Creative Scotland. In addition to the comments that I read out, Arabella Page Croft, who, as I am sure you know, is a film producer in Scotland, told us last week about her engagement with Creative Scotland. She said:

"there have been 26 meetings between Creative Scotland and Scottish Enterprise ... Nothing has happened for our sector—no intervention has been made to address the systemic market failure ... We are pretty depressed and disillusioned".—[*Official Report, Economy, Energy and Tourism Committee*, 21 January 2015; c 30.]

What is your response to that?

Janet Archer (Creative Scotland): I am going to be honest: I think that Creative Scotland, in its inception, was not set up in the right way to enable it to engage with other public bodies such as Scottish Enterprise in an effective way. Under my leadership, we have reorganised ourselves in the past 18 months. We have restructured our policy around arts, screen and creative industries. We have a very specific focus in each area, under a director. We are about to appoint a new director of creative industries; that is a joint appointment with the Scottish Further and Higher Education Funding Council. That will create a bridge between

education and innovation and industry and public provision, which will create a seed-bed for a new way of working. We are very excited about that.

We have fed that into SCIP, which I chair. It is the co-ordinating body for all the public bodies that are involved in the creative industries. SCIP has refreshed its terms of reference over the past six months and has entered into a new phase of working. We have been conducting some mapping across our agencies with regard to how we function and how our respective component parts of the jigsaw puzzle fit together, and I am confident that we are getting into a new way.

As far as Creative Scotland's role in respect of film is concerned, Natalie Usher came into post less than six months ago. In that time, she has produced a film strategy for the organisation, and that is the foundation from which we will build in the future. Having said that, we have invested a significant amount of funding in film production in Scotland since we began. Over that time, we have spent approximately £17 million on film production for development and production, talent development and attendance at international markets and festivals in respect of film.

The Convener: But there have been 26 meetings and nothing has happened. What on earth were you talking about?

Janet Archer: From our perspective, things are happening. I will pass over to my colleague Natalie Usher, who can tell you a little more about that.

Natalie Usher (Creative Scotland): With Scottish Enterprise, we have had a number of productive meetings over recent months with members of IPS. We are working with them to help support their specific sector needs, particularly as regards business support, which is an area in which the independent producers in Scotland face significant challenges. We identified and acknowledged those needs and challenges in our film strategy, which we published in October, and we are working with the independent producers.

The Convener: I know that other members want to pursue some of these issues. I will bring in Dennis Robertson first.

Dennis Robertson (Aberdeenshire West) (SNP): I will follow on from the convener's questioning of the Creative Scotland representatives. In your submission, you say that you have a vision of developing "clear and practicable strategies" for working with the industry. Your strategy does not seem to be clear and it does not seem to be working. I accept that someone who is only six months into a post is still quite new. I also accept that the organisation changed direction 18 months ago, because you accepted that there were failures.

We hear that there is partnership and collaboration between Scottish Enterprise and Creative Scotland, and the Scottish creative industries partnership has been mentioned, but that partnership and collaboration do not seem to be happening. You have had 26 meetings. Mr Smith talked about positivity, for which he said that there was evidence, but it sounds to me as if there is an awful lot of navel gazing going on.

Why is the clear practical strategy of partnership and collaboration not filtering down to the industry?

Natalie Usher: As I said, we published our film strategy in October. The strategy, which was well received by the industry, sets out clearly the areas of focus for us across the industry: film education; talent and skills development; film development and production; inward investment; and distribution, exhibition and audiences. As well as focusing within the film team on each of those headings, we are working with our partners, whether that is with Scottish Enterprise, when applicable and our work is complementary, or with other members of the sector.

Dennis Robertson: You are working with your partners. At last week's meeting, one of the criticisms—it was eloquently articulated—was that no one is taking the lead. You are having meetings, you are talking about your strategy and you have set out a clear vision, but who is taking the lead? Who is engaging with the industry and saying, "This is what we have; this is what we can do for you"? That does not seem to be filtering down; the message is not clear.

10:45

Natalie Usher: Creative Scotland is engaging industry. We have set out our vision and strategy. We are getting on with our job. Our film team is working with producers, people in the distribution sector and film education. In particular, we are focusing on talent development, which, alongside film production, is a key part of the industry.

Later today we will announce a key initiative in which we are investing £450,000 through the Scottish film talent network into a new shorts programme. That is the largest amount of money to be spent on new and emerging talent in the past six years. That is one of the first things that we can talk to in terms of investment and carrying out our strategy.

Dennis Robertson: On partnership and collaboration, the Scottish Enterprise submission basically suggested that Creative Scotland is taking the lead and Scottish Enterprise is playing a supporting role. Are you in the wings waiting to see what you can do, Mr Smith, or are you being proactive?

David Smith: We are very much being proactive. We contributed extensively to the film strategy that was produced by Creative Scotland. We are supportive of its lead role with the screen industries. In particular, we are contributing to the opportunity to attract more investment into the production infrastructure. We are also working with the other enterprise agencies to support Creative Scotland's role in securing more film production investment and building the capabilities of the companies that work in the film sector to tackle the different opportunities that exist, particularly at international level.

Dennis Robertson: How many more meetings will it take before the industry feels the benefit?

David Smith: We will continue to engage in discussions with Creative Scotland and IPS. We have a number of examples in which the industry and companies in it are getting the benefit of our individual and collective support.

Scottish Enterprise supports more than 100 companies in the screen industries. We have undertaken a significant amount of internationalisation support for the TV and film sector in tackling and accessing the international market. In fact, 18 months ago, we worked through Co-operative Development Scotland to help the independent producers establish the IPS consortium. I would point to that as a specific outcome.

Dennis Robertson: You cannot say how many more meetings it will take.

David Smith: We will continue to have regular meetings as part of our business with IPS. We are making progress—I have pointed to some of the specific outcomes, such as how the support that we provided through CDS led to the formal creation of IPS. We continue to work with Creative Scotland to explore ways to help the industry, particularly IPS.

Dennis Robertson: I return to Creative Scotland and ask Janet Archer whether she, as chief executive, can answer the question. How many more meetings will it take before the industry feels that there is someone working towards, and in a way that will benefit, their aspirations?

Janet Archer: I hope that there need only be one more meeting.

Dennis Robertson: Fantastic—only one more meeting. The magic number must be 27.

Janet Archer: We have a meeting with Lena Wilson in the diary. I met her before Christmas. We had a very positive discussion on film. We both restated our commitment to film and, between us, to make it work. We have a meeting scheduled for our new chair, Richard Findlay, who

some of you will know has come from the television industry. The chair of Scottish Enterprise will also be there. The four-way meeting, which will take place very soon, will discuss all those issues.

Dennis Robertson: I am sure that the industry is looking forward to that.

Chic Brodie (South Scotland) (SNP): Natalie Usher said that Creative Scotland has just produced its October report. Why, then, does the Government's submission say that

"The partners in SCIP are currently working on a mapping and impact study which will inform the development of a Creative Industries Strategy 2015-17"

and that the strategy is

"due to be published in February 2015"?

Which is it: October or February?

Natalie Usher: There are different reports. We published, "Creative Scotland on Screen", which was a strategy for film, set within the screen sector, in October. The other report, which Janet Archer can talk about, is a separate one about the creative industries.

Janet Archer: That other report is based on Creative Scotland's policy being framed around the arts, screen and creative industries as three interlocking elements of our work. We made a commitment to producing the film strategy as our first strategy under our 10-year plan because we believed that doing so was necessary because of the important development needs of the film sector. We are now looking at the creative industries in the broadest sense—design, architecture, the music industry, gaming, film and so on—and in terms of the three interlocking gears that create the broader creative industries framework. We are calling it a framework because we do not want it to be a glossy document that sits on a shelf; we want it to be useful.

Chic Brodie: We do not want to diminish some of the good things that have been happening, which we have heard about from people in the gaming industry, crafts and so on. However, in the creation of that strategy, who have you consulted from the indigenous independent film and television production sectors?

Janet Archer: The film strategy came out of our film sector review.

Chic Brodie: Who did you consult?

Janet Archer: We consulted everybody we could, across film in Scotland and beyond.

Chic Brodie: I am sorry. Who did you consult who has experience of the indigenous film and television production sectors?

Janet Archer: We had a film sector review group that included representatives from across

the sector—producers and a range of specialists from across film and broadcast. We have relationships with STV, BBC and MG Alba and we talk to them regularly. We talk to the BBC in Scotland and in London and we have a relationship with Channel 4.

Chic Brodie: As MG Alba has been mentioned, could Charlotte Wright say how involved Highlands and Islands Enterprise is in development of the strategy?

Charlotte Wright (Highlands and Islands Enterprise): We work with Creative Scotland in development of the strategy. Highlands and Islands Enterprise has also produced its own strategy for the creative industry—

Chic Brodie: Why? We have a national strategy. Why have you produced an independent one?

Charlotte Wright: We have a strategy for what we want to do within the Highlands and Islands, within the overarching framework of the national strategy.

We work closely with MG Alba to support its work and we have developed the creative industries centre in Stornoway, next to MG Alba. That has created a cluster of small businesses that are benefiting very much from the synergy of being alongside MG Alba.

I think that you heard from Move on Up about the "Katie Morag" story, which is a great example of our supporting an individual business. Move on Up is based in Cromarty, and the filming of "Katie Morag" in Stornoway has created significant jobs and has helped to build the reputation of that part of the Scottish contribution to TV.

Lewis Macdonald (North East Scotland) (Lab): I was struck by Janet Archer's comments on how Creative Scotland was initially set up and how you have refocused it. Last week, we heard from Iain Smith and Bob Last, who were involved in the body that designed Creative Scotland. Iain Smith walked away from it and Bob Last said that he had refused to sign up to the final report because the word "leadership" had been removed from it.

What was wrong with the initial set up of Creative Scotland? Was it a lack of leadership, a lack of clear responsibility or a lack of ministerial engagement? What was it that needed to change from the initial flawed model in order to take forward such strategies as those that you have described today?

Janet Archer: Part of the challenge—I have spoken to a Parliament committee on this in the past—was that in the original set up of Creative Scotland, which involved merging two organisations that had very different systems,

processes and cultures, not enough attention was paid to what I call housekeeping. Those are the fundamentals of being able to make an organisation run effectively, smoothly and properly in terms of its duties as a public body. We have done a lot of work in the past year in sorting that out.

We are visible in terms of our plan and clear in terms of our funding and how we organise our people resource. Leadership plays into that—we have appointed a director of arts, a director of film and a director of creative industries. That gives us a much better locus to negotiate and generate the relationships that we need across the public and private sectors in order to create a strong foundation for development and growth. We are now in a good, healthy and robust place to be able to achieve that.

Lewis Macdonald: Last week, some of our witnesses highlighted the fact that Scottish Screen had a film perspective and that Creative Scotland is now developing a distinct film strategy, so the television side feels that it is not at the top table in terms of your commitments as an agency. How do you respond to that? Does Creative Scotland recognise the distinct nature of television and the opportunities that exist there, which are perhaps a little different from those around film?

Janet Archer: We do. We also feel quite strongly—and we know from our industry experience—that the lines are shifting in terms of the distinctiveness of film, broadcast and what happens in the digital platforms. The industry is becoming much more dextrous in how it moves across different platforms, so we need to understand and take advantage of that.

There is an opportunity for Scotland to take a lead role because the fact that we have an agency that sits across arts, screen and creative industries means that we are able to understand the multilayered essence that might lead to future opportunities in respect of digital innovation, in a very powerful way. Our creative industries framework centres on that.

We have been talking about how we might apply ourselves to doing some really thorough research on that. There is international interest in the work that we are signalling that we will do. It is a global discussion and one that we take very seriously indeed.

Lewis Macdonald: That is very helpful. The issue of leadership has come up across the board, so I will put the question to David Smith and Charlotte Wright. Highlands and Islands Enterprise and Scottish Enterprise have distinct strategies, which is entirely appropriate, but do you regard Creative Scotland as being the lead agency? In other words, when you are talking about company

development and economic development, do you dovetail with what is being said about the creative opportunities by Creative Scotland? Is there a lead agency or is it a case of everyone mucking in together on the same basis?

David Smith: We believe that the overall lead role that Creative Scotland undertakes in co-ordinating the efforts of the public sector agencies and partners is very important. We are very supportive of that role.

We would highlight the complementary strengths that we all bring to the party, as it were. Creative Scotland's focus is on supporting and driving forward cultural excellence across the creative industries. The enterprise agencies work to ensure that we support businesses in Scotland to take advantage of the many opportunities that Scotland has across the creative industries.

We recognise the distinctive needs of the screen industries in particular and we are very supportive of Creative Scotland's lead role on that. We do not have a separate strategy for film because we feel that the right approach is to contribute to and support the strategy that Creative Scotland has put in place. We are very clear that our role is to contribute to supporting the implementation of that strategy.

Charlotte Wright: At Highlands and Islands Enterprise, we are clear that our role is to support individual businesses through account management, and through creating the right infrastructure to support the economy and its sectors. That includes creative industries, whether through the creative industries centre in Stornoway to which I referred or through our significant investment in the roll-out of next-generation broadband for the whole Highlands and Islands, which we would say is the game changer for the sector as a whole.

Our work with Creative Scotland enables it, for example, to help to support and develop venues through the things that it does in relation to the overall strategy—audience development, talent support and all of the other elements that bring the complementarity into a whole that is greater than the sum of its parts.

11:00

Lewis Macdonald: That is helpful.

Last week, we heard from John Archer about ministerial engagement. He said that

“it felt like a major breakthrough”—[*Official Report, Economy, Energy and Tourism Committee*, 21 January 2015; c 37.]

when they were able to sit down with the culture minister and the economy minister. Would any of the agencies like to comment on ministerial

engagement and leadership? Is it clear to you where ministerial leadership comes from? How is the case for the film and television industry and the games industry taken forward at Cabinet level?

Janet Archer: We have a very strong relationship with Ms Hyslop, who is clear that she wants us to play a pivotal role in driving the agenda for film. Our remit is an interesting one because it spans the intrinsically valuable, the socially valuable and the commercial-creative end of the spectrum. That is where our relationships with the enterprise agencies sit, and that is where our relationship with Mr Swinney would sit too. From our perspective, it is important that we have a dialogue in both directions regarding the work that we support.

There are many examples of projects that start off in an arts space, and that might benefit from a wee bit of arts funding, but which can then in different ways go on to become multimillion-pound entities. J K Rowling is an example of that. We have to understand the ecosystem collectively together.

Creative Scotland has relationships with both ends of the spectrum, and with other Government departments, as well. Political leadership is clearly key in that.

David Smith: I would say that we have very good relationships with both Mr Swinney and Ms Hyslop. We have excellent relationships with culture division officials in the Government and with officials in our sponsor division in the enterprise department. We are very clear about our expectations as an organisation, in particular in increasing support for internationalisation, in driving up innovation across the creative industries and all areas of the economy and adding to its support, and in increasing public and private sector investment in supporting companies to grow, both in the creative industries and across the economy.

Charlotte Wright: I will add to that. In terms of the breadth of activity that the enterprise agencies carry out, engagement across portfolios is something that we do quite often, not only in relation to the creative industries but also by looking at working with Mr Lochhead's portfolio across things such as distilleries and agriculture. We see our role as being very much driven by our engagement and our strong relationships with Mr Swinney and Mr Ewing. Parts of what we need to do to support the economy involve that wider engagement.

Johann Lamont (Glasgow Pollok) (Lab): When was the last time you met John Swinney and Fiona Hyslop together?

Janet Archer: Independently, we met—

Johann Lamont: When did you last meet the two ministers together?

David Smith: I am trying to recall the exact date; I can come back to you on that.

Johann Lamont: Do you have any plans to meet them in the near future, given that specific concerns were expressed in committee last week about the lack of joint leadership and joint working between Scottish Enterprise and Creative Scotland? Have you got any such meeting in your diary?

Janet Archer: We do not have anything in the diary but, given this discussion, it is almost certainly something that we will do.

Johann Lamont: The witnesses at last week's meeting argued strongly for a task force. The concern that the relationships are not very good is not just theoretical: those witnesses see the industry in Scotland dropping behind, not just to second place, but to fourth or—as one witness said—possibly fifth place.

One example that witnesses gave concerned the delay in the film studio project. The Scottish Government's written submission to the inquiry states:

"The Scottish Government, in partnership with Scottish Enterprise and Creative Scotland, is committed to taking whatever action is possible to provide support to Scotland's screen sector. This includes a rigorous and detailed approach to exploring any options that help to improve and enhance Scotland's offer in terms of studio facilities. The process involves assessing what private sector opportunities are available on a case by case basis and what if any public support might be required. Creative Scotland and Scottish Enterprise will make recommendations to Scottish Ministers".

It goes on to state that funding must be in line with European Union state-aid rules.

People see the film studio project as being a classic example of an indicator that would show that you are getting your act together, that the partnerships are not just theoretical and that there is something coming out. Can you tell me when that decision will be made?

David Smith: We have been working very hard together and we have been regularly updating Fiona Hyslop and John Swinney on progress. The film studio project is complex and challenging, as I am sure you appreciate, and we are taking a careful and measured approach in order to ensure that we get the best possible outcome for Scotland.

Johann Lamont: The project might be challenging and complex, but it is also urgent.

David Smith: Absolutely.

Johann Lamont: The sector is saying that it needs to see that ability to work together and that

it needs to see practical outcomes of that collaboration. That has not happened. You cannot give us a shortlist, or even a date by which you will be able to make a decision. That is not for the committee; it is for the sector and for the people who feel that decisions are now being made that are creating work in other parts of the United Kingdom, while Scotland is losing out.

David Smith: I assure you that we are putting every effort into progressing that opportunity. We have received five proposals in response to the development brief that we issued last year. We are analysing them carefully, and we are currently in confidential negotiations with partners—

Johann Lamont: Do you accept that there is a need for urgency?

David Smith: Absolutely.

Johann Lamont: I mean that not just in terms of creating a facility, but in signalling that you recognise the scale of the challenge that the industry has identified for you.

David Smith: There is urgency and pace in our work, but we are undertaking the project because there are complex and challenging needs, so we have adopted an approach that aims to ensure that we do absolutely everything right. We will take forward the project with the appropriate level of scrutiny, and we hope to secure a sustainable solution that offers the best return for the public purse.

Johann Lamont: I regret that there is nothing more. Do you agree that there should be a task force that might facilitate the project?

David Smith: We already have a task force in place. We have a joint working group in which Janet Archer and I, and representatives from the Scottish Government—including the head of the culture division—participate. We regularly update Ms Hyslop and Mr Swinney on our progress.

Johann Lamont: I have one last point to make. One argument that was made last week was that the task force was meant to be broader and to cover more than just the studio. It is supposed to signal that there is a problem and that we want to drive things forward.

The point was made repeatedly that the remits of Creative Scotland and Scottish Enterprise are not complementary but contradictory. The level of turnover that is required in order to access Scottish Enterprise support is not achievable, which conflicts with the aims of Creative Scotland. I cannot remember the detail, but you have probably read the evidence. Are you asking people to meet different sets of criteria, and is it therefore not possible for them to get the benefits from both organisations?

David Smith: It absolutely is possible. We are working in partnership to take a collective approach to addressing the opportunity. The film studio delivery group that has been set up and on which we are working is considering not only the opportunity to provide film studio infrastructure. It is important that it is also considering the need for us to continue to ensure that the incentives and production finance support that we offer remain competitive, and that any studio solution that we secure will have every possible chance of succeeding and being sustained in the long term.

Janet Archer: We are comfortable with the way that we are working with Scottish Enterprise on the studio. It is a complex task. The project has been on the table for many years—20 to 30 years, I think. We ended the last discussion that we had all agreeing that we are closer than ever to finding a solution. We are determined to find a way through the matter.

Creative Scotland has also been doing detailed scrutiny of the conditions and support that exist for the film industry. We have been examining the data that have been coming into the committee and the data that we are familiar with on what other nations are able to offer. We feel that we stand up reasonably well in comparison to other nations—Natalie Usher can give you a bit more information on that—but there are gaps. We have identified specific gaps where additional support could be brought to bear in respect of resolving the problem.

The Convener: Joan McAlpine has a couple of questions on film specifically but, before I bring her in, I have a question on the task force that Mr Smith mentioned. Who chairs it?

Janet Archer: The working group for the film studio is chaired by the Scottish Government.

The Convener: Can you say by whom?

Janet Archer: Initially, it was chaired by Aileen McKechnie. It has now passed to Karen Watt.

Joan McAlpine (South Scotland) (SNP): There has been quite a lot of talk about working groups and strategies. Independent Producers Scotland put a plan to you that would have allowed you to give it help through your regular funding programme. It put a plan together for a shared services centre, on which it worked with Mike Kelly, a highly respected industry figure who works in London. That was rejected. Will you tell us why?

Janet Archer: We are not in a position to go into the detail of why any individual application to us was rejected because that would compromise the business interests of the applicant. It did not meet the criteria for our regular funding programme and, therefore, we were not able to

fund it through that route. Since then, we have begun our conversation with IPS on how we might find an alternative solution to finding funding for elements of that proposition. We have had some discussion and are in dialogue about how we might achieve that.

Natalie Usher: That is the specific business sector support that we have been talking about.

Joan McAlpine: IPS has told me that you said that the plan cost too much money. It had asked for £1 million to cover three years for 40 companies. That is not much money for 40 companies over three years, given that you had £99 million to give out in that regular funding programme.

Janet Archer: In the context of the difficult decisions that we had to make in respect of regular funding—we had more than twice the amount of ask than the available funding—we were not able to fund that application. It did not score as highly as other applications that we had for that process, but we are considering alternatives.

Joan McAlpine: The industry is telling you that it needs that business support. When will you be able to respond to that practically—not with meetings but with money?

Janet Archer: We want to get to a position in which we agree where public resources would be best spent, because we want to be absolutely sure that the impact of any public investment will result in net gain.

Joan McAlpine: That is an interesting point, because another point that the producers and developers have made is that you spend some of your film budget on things such as festivals and exhibitions. You encourage people to go and see films, but what is the point of that if you are not giving the film makers money to make films?

11:15

Janet Archer: We have done some scrutiny of our data and looked at our investment in producers from Scotland compared with those of other nations. I do not know whether Natalie Usher wants to pull out the figure that she has been looking at on how we stand in relation to Ireland in particular.

Natalie Usher: To pick up on Joan McAlpine's point, our film and television production fund covers development, production and attendance at markets and festivals—producers going to markets and festivals for opportunities to create relationships, including co-production relationships and new partnerships, to promote their films, and to make contacts with sales agents. We give other, wider support to the Glasgow film festival

and the Edinburgh international film festival, for example, which comes within our regular funding. They are slightly different areas of funding.

Joan McAlpine: Does it not concern you that so many people in the industry do not have any confidence in you to deliver for them? We are talking about 40 members of the producers association, from small businesses to some of our most successful film makers, such as Black Camel Pictures. Are you not concerned that they feel that you are not listening to or delivering for them?

Natalie Usher: In the film strategy, which was published in October, we certainly acknowledged that there are challenges for producers. We are working with them specifically as a result of the application for regular funding. As Janet Archer said, we are looking at working on a plan and how we can fund it in order to help with the specific business support needs for the production sector.

Separately, as I said before, we work across film education and talent and skills development, which is incredibly important in order to develop the talent of those who will make the next films. We invest £4 million a year in development, production, talent development and attendance at markets and festivals. We also work on distribution, exhibitions and audiences. That does not fall within the production fund.

One of our roles is to sell Scotland to the world. That involves bringing productions to Scotland. Our location service, which is fantastic, receives huge numbers of inquiries from large-scale, high-profile productions. They were at a peak in 2012, which is when the high-end TV tax credit was brought in. That means that the whole of the UK has the tax credit, so we as a nation have what everybody else has. We have fantastic locations, and we also have a fantastic crew pool.

However, we do not necessarily have what Northern Ireland and Wales have—that is what people talk about—because we cannot offer an additional award of funding to productions to encourage them to come and spend their money here. Northern Ireland has £3.2 million a year for large-scale productions. It makes calculations on that spend. It reckons on getting £10 back into its economy for every pound of that £3.2 million, which is for around two projects a year. That is the sort of thing that Scotland needs in addition to what we already have.

We have had some successes in spite of not having a studio and that additional fund. Part of “Skyfall” was filmed here, and we have had “Fast & Furious 6” and “The Dark Knight Rises”. We have had some really great successes for Scotland, but we need to be able to offer funding that means that we can compete with others.

Joan McAlpine: That is great, but my line of questioning is really more about the lack of support for producers who are based in Scotland. We used to have Scottish Screen. Most of the countries that do better than Scotland have their own screen agency, and there is a strong feeling in the industry that we have lost out by not having Scottish Screen.

When I was chatting to film producers, they gave me the example of the big festivals. You talk about the money that you spend going to festivals. When we had Scottish Screen, it was very practical and linked up our developers with the people who could help them: the people who could co-produce. You do not do that; you have a party in Cannes. The film producers said that it is absolutely hopeless and that you do not do that linkage because you do not have the expertise to do it. I find that quite shocking, and it is just because you do not have what Scottish Screen had. Will you counter that criticism?

Natalie Usher: At the major festivals—Toronto, Cannes and Berlin—Scotland comes under the umbrella of the UK film centre, which offers a place for producers to go, IT facilities and places to have meetings. That is a focus for producers. We also encourage producers to go to networking sessions and all sorts of other opportunities are offered to them.

We also run the market leaders programme and invest about £100,000 in that each year. Its purpose is specifically to take producers to markets and festivals and introduce them to sales agents for exactly what you described. We run those programmes.

Joan McAlpine: The feedback that we are getting is that that is not working for them. It is not your decision to make, but would you not agree that Scotland needs its own screen agency? Would things be more effective if Scotland had its own screen agency, like those other countries?

Natalie Usher: Creative Scotland has 11 people, including me, working in its film team. They are a fantastic, knowledgeable and extremely experienced group of people, and I have every confidence in them. I am very happy to be working with the sector with them.

A criticism that was made, which was acknowledged in the film strategy, was that the film team had a lack of visibility. That is something that I am addressing and working on. We will ensure that that is less the case in the future.

Across Creative Scotland we have communications, media, public relations, funding operations, finance teams and business affairs, so it is not just a team of 11 people; it is a broader team than that.

Joan McAlpine: Scottish Screen had 35 people working for it.

Janet Archer: It is important to remember that Creative Scotland was established in the context of public sector reform and making back-office savings in order to put into industry as much money as possible. We have done that overall; we saved about a third of our admin costs and I think that we function very well. The amount of Creative Scotland funding that goes directly into film is broadly the same as the Scottish Screen amount was.

We are assertive in saying that we want to grow that, but we are very cognisant of the fact that our budgets are such that the only funding, or the majority of funding, that we have to spend on film—our infrastructure support—is supported through grant in aid. It is lottery funding, and that comes with lots of calls on it.

Joan McAlpine: That would back up the producers' point. If the funding is the same and the number of films being made is going down, clearly something is not working.

Janet Archer: I would question the rationale of setting up a separate agency, which would undoubtedly cost more to the public purse than providing a little more funding to ensure that more production funding is available to producers in Scotland.

Joan McAlpine: I have one quick question for Scottish Enterprise.

Charlotte Wright raised the issue of "Katie Morag", which HIE supported. I am quite interested in the kind of help that Highlands and Islands Enterprise gives to businesses—not just in creative industries—that Scottish Enterprise cannot give to smaller businesses in my region. I represent South Scotland and one of our big problems is that many of our best companies do not qualify for account management.

That issue has been raised by the film industry. No film companies are account managed, because of the way they operate. They will go from having very small operations to having to expand very rapidly when they make a film, and Scottish Enterprise is not set up to respond to that. Will you comment on that? Highlands and Islands Enterprise's threshold is lower, so it is better able to respond, which is why it could support "Katie Morag".

David Smith: I am very happy to comment on that. Just because we do not lead the overall engagement with the screen industries, it does not mean that the TV and film sectors are not very important to us. Over the past few years, we have supported more than 100 companies in the TV and film sectors in a variety of ways. For example,

we have supported PACT in its internationalisation efforts through trade missions to places such as China and India.

At the micro level, which is a great point that you have picked up on, we are very much working in partnership with business gateway in particular. Through our work with Co-operative Development Scotland, we are supporting a lot of small and independently minded creative industries companies, including those in the screen sectors, and helping them to come together as a consortium and benefit from a more collaborative approach to negotiations that they have, to going after business and to whatever else. In the past few years, about 20 consortium companies in the creative industries sector have been formed as a result of the support that SE offers through Co-operative Development Scotland.

Those are just a couple of examples of the work that we are doing and the support that we are giving.

Charlotte Wright: Just to amplify that point, I note that, in making such choices, HIE applies its account management criteria, which reflect both the need and opportunity for businesses in our area. The scale of the businesses in the Highlands and Islands is very much at the micro level, but Move on Up and “Katie Morag” offered the opportunity of supporting a company in Cromarty in the east of our region and ensuring that the economic benefits were delivered in the Western Isles and Stornoway, which is one of our areas that perhaps faces more challenges.

That work has created lasting benefit through developing skills. Such aspects are important to us in account management and in making decisions that, in the case of creative industries, very much reflect the industry’s micro nature and the fact that the companies work through collaboration and networks that tend to form, re-form and change. As a result, we have to be flexible in the way that we provide such support.

Richard Lyle (Central Scotland) (SNP): Several members have questioned you about film and TV, but I want to question you about video games.

David Smith has mentioned some of the excellent games that are being produced here and sold abroad, and I note that the Scottish Enterprise submission talks about

“considerable levels of engagement and ... success in investment, innovation and internationalisation”.

However, as far as Creative Scotland is concerned, we have been told that it has no legacy of working with and no in-house experience of the games industry. What are you doing to resolve that, and whose responsibility does that

come under? Does that come under Natalie Usher, too, or someone else? Are Scottish Enterprise and Creative Scotland both promoting the games industry in Scotland?

Janet Archer: We are promoting the games industry in Scotland, and responsibility for it will come under our new director of creative industries. We also have a portfolio manager for digital media, who has direct hands-on responsibility for games.

We have supported games development through our innovation fund, which has been running year on year since Creative Scotland began. During that time, we have supported video games development and experimentation with in the region of £1 million a year—or, I should clarify, the innovation fund was £1 million a year and games were part of that. Companies that have benefited include Ludometrics, Another Visitor, Interface 3, Hippotrix, Zapcoder and the Secret Experiment. We have worked with Nesta and the Arts and Humanities Research Council on the digital research and development programme, and we have recently relaunched time to shine digital, which is a programme for young people to generate ideas about what they might want to do on digital platforms. That programme has just opened to applications.

We have worked with the British Academy of Film and Television Arts to celebrate and raise the profile of the games industry through providing support for its awards, workshops and masterclasses and through the sharing of good practice. We have also worked with Abertay University’s dare to be digital competition, which encourages young and emerging talent. Through that, new finance has come through for games developers such as Blazing Griffin, Quartic Llama, Stormcloud Games and Future Fossil Studios. Games can also apply to our new open project funding for early development.

11:30

We have evidence in place demonstrating that we have done a lot for games, although we recognise that more can be done. We need to understand the games industry in Scotland better, and we need to work with the games industry to make the routes to market clearer and easier for developers to navigate.

Our new creative industry strategy framework recommends the development of a specific policy on games. We are examining that seriously, and we are discussing it with our partners. The point is to work with the sector to develop a cohesive voice and a secure route both to the domestic market and to the international market.

The work must be sector led. From our point of view, it must be industry led. We need to work closely with the games sector to work through how we do it.

Richard Lyle: Excellent.

David Smith: In addition, we have worked with the industry through supporting the formation and work of the digital media industry leadership group, which has heavy representation from the games sector. We have undertaken that work with an industry-led approach since 2009. Three of the witnesses who were discussing the games sector at this committee a couple of weeks ago are current or former members of that industry leadership group. Our overall approach has been very much steered and informed by the views of industry, particularly by members of the games industry.

The digital inspiration strategy gave us a strong steer and direction for our work and the work of our partners. It put more attention and more focus on helping companies to move up the value chain, moving from the creation of content up towards the development of platforms.

An excellent example of that is the success that FanDuel is currently experiencing. We have given it support through the Scottish Investment Bank, and it has secured funding through various different rounds, including the recent round of £70 million that it managed to secure on venture capital markets, enabling it to fund the development of its platform and the expansion of its operations here in Scotland and helping it to drive forward business development in the US.

I highlight that particular example because it really speaks to the advice and direction that the strategy laid out in 2009, which has very much steered and guided our work. As a direct result of our work with the digital media industry leadership group, we have put in place interactive Scotland, which has provided support to about 850 companies across the digital media sectors in Scotland. That involves encouraging companies to innovate and collaborate on the various different opportunities that we have in digital media.

Those are just some examples of our work. The key point, which Janet Archer has just touched on, is that it is vitally important that our work is informed by the views and needs of the industry.

Richard Lyle: The games industry was complimentary about you guys, as opposed to the film and TV mob, who were damning in some ways. Sadly, one of my constituents said that Creative Scotland was a shambles—but we will leave that to one side.

Staying with games, my question is for Janet Archer. You have just told me about all the great

things that you are doing, but why have you not published a sector review of the video games industry? You reeled off all the fantastic things that you are doing, but when do you intend to publish a sector review?

Janet Archer: The sector reviews that we have been publishing were initiated before I joined the organisation. They have focused on the arts and screen. At that stage, there were no plans to consider the vast range of industries that sit under our creative industries banner.

Our approach has been to rethink how we function and to refocus our policy around the arts, screen and the creative industries. We cannot do everything at once. We are completing the current commissioned suite of sector reviews. That means that we are completing literature and publishing it, under the remit of the creative industries and the arts. We are completing our visual arts sector review, which is about the arts, although it is also about the commercial, creative end of the visual arts.

We are moving on to think very hard about what we do about the creative industries. The strategy framework is the first step in doing that. The strategy framework recommends that we look in detail at specific elements of the creative industries, and our next step will be to move on to that work. Games are part of that mix.

Richard Lyle: I hope that the convener will allow me one last question.

With the greatest respect, when I worked in industry, we had, say, 17 balls in the air at the one time. Creative Scotland has Natalie Usher, and there may be others like her in the organisation. You have admitted that things had been done wrong in the past—I would not say that it was a shambles—and that you are now correcting that, so why can you not now drive everything forward and get right the things that Creative Scotland is being criticised for by others in Scotland?

Janet Archer: We are driving it forward. I was firmly of the view that we needed to get it right, so my first 18 months have been very focused on planning and on getting the funding right. That has been a big job in respect of Creative Scotland's operation, systems, processes and people resource. We are now moving into developing strategies: we have just done the screen strategy; we are about to publish the draft strategy for creative industries; and our strategy for the arts will be the next step. It is important that we get those absolutely right. We cannot afford to get this wrong; if we do it too fast, we will not get it right.

The commitment is clear. Once we publish the creative industries framework, the games industry will be able to see what our commitment is over the next three years. We will move through those

tasks in a way that uses our resource to best effect, and we will do it well.

Richard Lyle: The ball is firmly in your court.

Joan McAlpine: I have a brief supplementary question on games. The committee organised a fantastic event at the Parliament for the games sector. We were able to see what they did and to speak to the developers face to face. One thing that struck me from speaking to them was that they all said, independently, that their biggest need was support for marketing. Particularly now, when there is such global competition, how does a company's app get up there, and how does it get noticed? I know that you help them with international events and so on, but what more can you do to help individual companies with marketing and selling their product?

David Smith: Thank you for that question. I also enjoyed that evening—I enjoyed meeting members and companies such as FanDuel and Team Rock, which are great companies that we are familiar with and have worked with a great deal.

We have been putting extra support into internationalisation and taking games companies to international events, such as the game developer conference in San Francisco. Thirty of our companies participated last year, and they fed back to us that they saw about £45 million-worth of opportunities from that event. In addition, through the work of interactive Scotland and the work that we are undertaking in partnership with the Scottish Government around the Scottish encouraging dynamic growth entrepreneurs—EDGE—competition, we are providing more opportunities and support for excellent early stage companies so that they can develop their ideas, sharpen up their marketing approach and compete for and get additional funding to help them develop their marketing plans and take their products to market.

Charlotte Wright: The games sector is not significant in the Highlands and Islands Enterprise region, but our trade industry networks supports showcasing and event attendance. We cover games through the screen and broadcast trade network.

Gordon MacDonald (Edinburgh Pentlands) (SNP): We have heard an awful lot this morning about the screen industry, the film sector and so on. I want to put the focus back on independent television production. It would be helpful if answers to my questions referred to that rather than to the wider sector.

Last week, the committee heard that the BBC and Channel 4 intend to increase production in Scotland. I am keen to understand the benefit that Scotland will derive from that. In written evidence

from Titanic Gap, Rick Hill, who was chairman of the Northern Ireland Screen Commission, said:

“Your politicians have been superb at working to ensure the BBC and UK public service broadcasters invested in Scotland.”

We have done the work of getting the work to Scotland, but I am keen to understand who will benefit from that.

I ask Scottish Enterprise a question that I asked at last week's meeting. In the report “Growing the Television Broadcast and Production Sector in Scotland: Recommendations of the Television Broadcast and Production Working Group”, which was published in 2010, one of the stated goals was:

“Increase the scale of independent production companies, increasing the number of independent production companies with a turnover of £10m with a substantive base in Scotland from 1 to 6 by 2013.”

What support was put in place to achieve that, and how successful was it?

David Smith: The support that we have put in place consists of our overall account management support and our work in engaging with the TV companies around supply chain development. We have provided support through our innovation products and services—for the Comedy Unit, for example—to help companies develop.

Gordon MacDonald: That is part of the BBC. Is it a broadcaster?

David Smith: It is an independent company. We have helped it to develop its IP and to take forward opportunities in markets outside Scotland. It uses the IP that it has generated around some of its comedy productions and takes it to other markets. That is an example of the work and support that we have undertaken.

Gordon MacDonald: Just to be clear, did we actually achieve the target of six companies with a turnover of £10 million? How many independent production companies were under account management?

David Smith: I will need to come back to you on the first point. I believe that we achieved that target, but I will come back to you with specific figures on that.

At present, 14 television companies are under account management, although we have account managed a lot more than that. You will appreciate that account management is not a permanent process; it is a process that is appropriate to companies at various stages of their development and growth.

Gordon MacDonald: On development and growth—this question is to both Scottish Enterprise and Highlands and Islands Enterprise—

regional selective assistance is available to invest in projects that will safeguard jobs in Scotland. We know that you provide RSA to branch offices of incoming London companies but, as we witnessed with Shed Productions, as soon as the lift and shift happens, which we heard an awful lot about last week, those companies often close. The indigenous independent TV sector is worth roughly £30 million. How do you engage with it, and what level of RSA support do you provide to companies in that sector as a percentage of what you give to incomers? In other words, how much regional selective assistance do SE and HIE give from their total package to indigenous independent production companies?

David Smith: I am happy to take that question, because Scottish Enterprise operates the RSA programme on behalf of the whole of Scotland. In the creative industries, more than 90 per cent of the support—in terms of the number of companies involved and the value of the support that we provide, including RSA support—goes to indigenous companies. I do not have available the precise figure for indigenous TV companies—I cannot give it off the top of my head—but I can come back to you with that information. I think that the 90 per cent figure is broadly representative. It is certainly true of the creative industries as a whole, but I will need to come back to you on the specific figure for TV companies.

Gordon MacDonald: Okay.

Charlotte Wright: I cannot think of a case where Highlands and Islands Enterprise has used RSA to support an indigenous independent TV company in the Highlands and Islands. However, we use grant in aid to support our account-managed companies. I mentioned the screen and broadcast trade network, which supports companies through industry collaboration, networking, training and support for marketing.

Gordon MacDonald: In its submission, Creative Scotland highlighted that it allocates £9 million to screen and £7 million to the creative industries. How much of that £16 million is applied directly to independent television production companies for research and development work? How much advocacy do you provide for the television sector?

11:45

Janet Archer: A relatively small amount of that goes into the television sector. We have provided £170,000 over three years by way of development finance for STV, and we have put some funding into “Bannan” with MG Alba. We are selective. We have prioritised film because of the limitations on the resource that is available to us.

We think that there is room for a discussion about other solutions as regards investment in productions. We think that it should be recognised that investment in television is often about investing in the production rather than the company. We know that some production companies do not turn over £10 million and therefore fall through the gap. We also know that it is necessary to move very quickly if we are to generate business for Scotland. If a company comes to us with match finance in place and we cannot respond quickly, that opportunity will often be lost and the company will go elsewhere. There is a discussion to be had about how, overall, team Scotland applies itself to the television industry.

Gordon MacDonald: The two examples that you gave involved STV and MG Alba, both of which are broadcasters. Are you saying that, basically, you do not give anything to the independent television sector?

Natalie Usher: With our £4 million film and TV broadcast fund we have decided to focus on film, as Janet Archer said, but we have invested in independent production alongside broadcasters. For example, we have put money into the “Katie Morag” production, “Stonemouth” and the Gaelic drama “Bannan”, and we have invested in a number of other first series.

We feel that, with our limited resources, we can help the producer with the first series. We hope that a second series will be commissioned, at which point they will be able to move on and commercialise the production. We are limited by the resources that we have available. We are focused on TV drama.

Gordon MacDonald: I have a final question for the whole panel. The TV working group has repeatedly asked for support to expand research and development capacity for indigenous production companies. What steps have you taken to augment R and D capacity and to promote engagement with commissioners in the BBC and Channel 4?

David Smith: We have certainly been active in working with the TV working group and broadcasters to focus on the opportunities that exist to support the indigenous sector and the supply chain to undertake more innovation, and to help them meet more of the requirements of the major broadcasters. We have participated in the work of the working group, predominantly through our account management efforts and the support that we have provided to individual companies, but also through the working relationship that we have with HIE and Creative Scotland to support things such as the Gaelic broadcasting supply chain. That is the kind of work that we are engaged in to grow and support the supply chain and to help companies innovate.

Charlotte Wright: To follow up on what David Smith said, we did a specific piece of detailed work on Gaelic as an asset across the industry. We focused particularly on what the opportunities are for Gaelic production in TV and film, and we are following up on that with Creative Scotland and Scottish Development International. That is a specific piece of research that demonstrated the value of Gaelic from the point of view of culture, heritage and the economy.

Patrick Harvie (Glasgow) (Green): It struck me that a couple of paragraphs in the Creative Scotland written submission echo strongly a lot of the concerns and criticisms that other organisations have raised.

In the film and TV section, the submission talks about potential and the fact that the industry has shown what it is capable of achieving. However, it acknowledges:

“Scotland’s screen industry is currently falling behind the other UK nations.”

There has been debate about whether we sit in third, fourth or fifth place in the ranking.

The submission then says that the industry

“is not operating to its full potential because it does not have access to resources that are comparable to other nations and regions. Barriers include the lack of a large-scale permanent studio facility and appropriate levels of production funding”.

That is about infrastructure and money.

We have heard about a £4 million budget; some of the written evidence suggests that it is £3.5 million. Even if we agree that it is £4 million, we need to compare that with budgets of £10 million in Northern Ireland, £15 million in Yorkshire and £30 million in Wales. Looking further afield, we see that there are budgets of €25 million in Finland, €43 million in Sweden, €60 million in Norway and €65 million in Denmark.

We have had a long discussion about infrastructure and the studio issue. In Creative Scotland’s three-year plan, the most relevant commitments are:

“we will work to find the right balance between films cultural and economic impact in the allocation of our Film and Television Funding ... as part of our work with Scottish Government and Scottish Enterprise to establish a film studio in Scotland”—

this is your commitment over the next 12 months—

“we will focus on the requirement for the studio to operate in a way that supports and serves Scotland’s own productions as well as international mobile productions”.

Is that not all a bit non-specific?

Natalie Usher: No, it is very specific. The film studio must, primarily, attract the large-scale productions. That is where the bulk—

Patrick Harvie: With respect, it must, primarily, exist.

Natalie Usher: That is clear, but we have stated that that is absolutely a priority. Scotland needs a film studio. As you have heard, we are working extremely hard on that.

We also want to support the indigenous film production sector. In terms of business models, that can be quite a balancing act, but that is what—

Patrick Harvie: I am not suggesting that that is not an important issue on which to focus; I am just suggesting that nothing in the document—whether under the 12-month actions or the three-year actions—says that we intend to be open for business from X date.

Natalie Usher: Scotland is open for business. As the strategy sets out, we accept that we need to do more, and we have highlighted how we can do more across all areas of the film industry. That is not just about production but about working on film education in order to develop the film makers, the producers and the audiences of tomorrow.

Patrick Harvie: When can we expect a studio to be open?

Natalie Usher: We have talked about the studio, but I will talk about Scotland being open for business.

Patrick Harvie: I was asking about the infrastructure, not the concept of Scotland being open for business.

Natalie Usher: Of course, but I would like to make the point that the 2013 figure for Scottish production spend was £33.6 million, which is the highest ever figure for Scotland. It included part of “Outlander” season 1, which was a production that Scotland attracted. The production has been here spending money and engaging crew—it has been incredibly significant for Scotland.

Our projections suggest that the 2014 figures will be dramatically higher than the 2013 figures. That is an incredibly good-news story for us. We need to capitalise and build on that by having an inward investment fund that is similar to that of Northern Ireland. Northern Ireland has a £3.2 million fund, and we should have a similar amount. It spends £1.2 million on independent productions a year; we spend a bit more, so—

Patrick Harvie: To be clear, is that a decision that you, Scottish Enterprise or the Scottish Government has to make?

Natalie Usher: We have to make the case. We have to discuss it with our partners. To me, it seems to be a relatively—

Patrick Harvie: Whose decision is it?

Natalie Usher: It is certainly not my decision, but I know what I want to advocate for Scotland.

Patrick Harvie: Would it be a Scottish Government decision? Do we need to ask the ministers about it?

Natalie Usher: Yes.

Janet Archer: Yes, it is something that you need to ask the ministers about.

Patrick Harvie: We talked about another publication that is due next month—I think that you called it the strategy framework.

Janet Archer: The creative industries framework.

Patrick Harvie: I am assuming that it has not gone to the printers yet.

Janet Archer: No.

Patrick Harvie: Would it be a good idea if that document set out a clear timescale not only for when you expect a decision on approving the film studio but for how long you expect Scotland to have to wait before it is open? I know that it can be problematic to set such dates when you are building stuff. Trams, Parliaments—sometimes the date slips; everybody understands that. However, a deadline focuses the mind. Would that not be a helpful thing to put in that document?

David Smith: We want to secure a successful outcome in relation to film studio infrastructure as much as anyone. We know from experience that, if we undertake the thorough analysis of the proposals at this stage, that will be time well spent. We want to ensure that we apply the learning that has been gathered from the experiences of others, such as Spain's experience with the Ciudad de la Luz complex in Valencia, which was developed and then discovered at a late stage not to be compliant with the rules on state aid, or the experience of Wales's major investment in Dragon Studios, which proved to be commercially unsustainable in the long term.

We want to ensure that we undertake all the necessary evaluation work, but we will reach an outcome as soon as we can. We are working at pace to do that.

Once we are in a position to make a recommendation to our board and work with partners to deliver that, we will do so. I hope to be able to do that in the relatively near future.

Janet Archer: I want to illustrate Natalie Usher's account of some of the successes that we

have been able to achieve. Looking at the figures, we think that the first year of "Outlander" has been more successful than the first year of "Game of Thrones". That is a big step-up in terms of what we are achieving as a nation.

We have some—although not enough—studio provision in Scotland already; otherwise we would not have "Outlander" in place. "Bannan" is operating from Skye, and in Stornoway there is an almost hidden studio, which I have visited, that is open for business. There is some provision in Scotland at the moment. What is missing is something significant in the central belt, which we know has to be built.

The solution is a three-legged stool. It has to be about funding, talent development and the studio, as three knitted-together entities. If we can get that right, we can get Scotland on to the next stage, where it outputs strongly across film and screen.

Patrick Harvie: I will just finish with the word "please".

The Convener: We are almost out of time, but three members want to speak. If everyone is extremely brief, we will be able to get them all in.

Chic Brodie: I would just say to Natalie Usher that, if she is about to make a good announcement this afternoon, she should be very careful. My business experience tells me that people look at messages of good news one day and expect some bad news the next.

I do not know where the buck stops. I look at Creative Scotland's strategy, Scottish Enterprise's business plan and Highlands and Islands Enterprise's plan and I am totally confused, particularly with regard to internationalisation. Could each of you tell me, briefly, what is your prime outcome, internationally, for film and television?

David Smith: Our prime outcome for the creative industries is to support as many companies as possible to grow—

Chic Brodie: No, I am talking about television and film. That is the contentious point. We understand that you have done good work elsewhere.

David Smith: It is clear that the lead responsibility for the promotion of television and film and for the attraction of inward investment lies with my colleagues in Creative Scotland.

Chic Brodie: Where does the buck stop? Who makes the decision on these international outcomes?

The Convener: I think that Mr Smith has just passed the buck to Janet Archer.

David Smith: I am not sure that I can be any clearer. That is what we understand and have agreed.

Natalie Usher: Our vision for film, screen and television is for us to be able to compete with other nations in the UK and beyond. We have set out the strategy and Janet Archer has set out the three legs of the stool that will give us the opportunity to step up and achieve that: the studio, funding, and talent and skills development.

12:00

The Convener: And the buck stops with Creative Scotland.

Janet Archer: Yes, the buck stops with us.

Natalie Usher: We have set out the strategy and I take responsibility for it.

Janet Archer: It is important to say that the resourcing of our ambition is a shared responsibility.

David Smith: Absolutely.

Janet Archer: The way in which the budgets are applied in Scotland means that we have to join up our collective resources in order to be able to deliver our shared objectives.

Johann Lamont: We have not even got to the role of Skills Development Scotland, even though it seems that half a dozen organisations are talking about that as well.

Can you confirm that you recognise that you do not have to sort out everything in order to make progress and that you understand the significance of the decision on the film studio?

A number of organisations have raised issues with us that we have not been able to raise with you today, such as the request that resources be directed from Scottish Enterprise into Creative Scotland. Could you look at them and see whether you could deal with them? The biggest ask of all concerned the energy around a task force, overall. Could you respond in writing to specific questions that we have not reached today?

David Smith: We would be happy to do so.

The Convener: Lastly—and briefly, I hope—Dennis Robertson.

Dennis Robertson: I am always brief.

Earlier, Gordon MacDonald mentioned in passing the issue of lift and shift. What role can Creative Scotland play in resolving the problems with lift and shift that the industry has raised with us? If we are developing indigenous companies and workforces, lift and shift is a huge problem.

Natalie Usher: Do you mean specifically in television?

Dennis Robertson: Yes. Are you engaging in that discussion?

Natalie Usher: We have a role to play. We are part of the TV working group and we have a good working relationship with the broadcasters. The work of that group is to focus on that specifically. We recognise the issue and we are trying to address it.

Janet Archer: Last week, I was at a meeting of the BBC trust at which that very issue came up. We are now in dialogue about what we can do on that issue in our role as the lead agency for film and screen.

The Convener: We are out of time. I thank the panel for answering our questions. It has been a long session, but we have covered a lot of ground. The session has been helpful.

Next week, we will meet the minister, and we will thereafter produce a report in due course.

12:02

Meeting continued in private until 12:20.

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