



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Culture, Tourism, Europe and External Affairs Committee

**Thursday 12 March 2020**

**Session 5**



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**CULTURE, TOURISM, EUROPE AND EXTERNAL AFFAIRS COMMITTEE**  
**9<sup>th</sup> Meeting 2020, 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)

\*Ross Greer (West Scotland) (Green)

\*Gordon Lindhurst (Lothian) (Con)

\*Stuart McMillan (Greenock and Inverclyde) (SNP)

\*Oliver Mundell (Dumfriesshire) (Con)

\*Beatrice Wishart (Shetland Islands) (LD)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Lucy Carmichael (Scottish Government)

Isabel Davis (Screen Scotland)

Ben Macpherson (Minister for Public Finance and Migration)

David Smith (Screen Scotland)

Keith White (Scottish Government)

**CLERK TO THE COMMITTEE**

Stephen Herbert

**LOCATION**

The Robert Burns Room (CR1)



# Scottish Parliament

## Culture, Tourism, Europe and External Affairs Committee

Thursday 12 March 2020

[The Convener opened the meeting at 09:35]

### Subordinate Legislation

#### UEFA European Championship (Scotland) Act 2020 Remedial Order 2020 (SG 2020/19)

**The Convener (Joan McAlpine):** Good morning, and welcome to the ninth meeting in 2020 of the Culture, Tourism, Europe and External Affairs Committee. I remind members and those in the public gallery to turn off mobile phones. Any members using electronic devices to access committee papers should ensure that they are turned to silent mode. We have received apologies from Beatrice Wishart.

The first item on the agenda is consideration of the UEFA European Championship (Scotland) Act 2020 Remedial Order 2020. I welcome to the meeting Ben Macpherson, Minister for Public Finance and Migration; Lucy Carmichael, the bill team leader; Ninian Christie, solicitor; and Keith White, lawyer, all from the Scottish Government.

The proposed draft remedial order would change the exception to the ticket touting offence that is contained in the UEFA European Championship (Scotland) Act 2020. The order is made under a power in section 12 of the Convention Rights (Compliance) (Scotland) Act 2001 that allows the Scottish ministers to make changes to legislation to remedy an incompatibility with rights that are protected by the European convention on human rights. An order that makes such changes is known as a remedial order.

I invite the minister to make a short opening statement.

**The Minister for Public Finance and Migration (Ben Macpherson):** Thank you for the opportunity to speak to the committee about the remedial order.

Most committee members will be familiar with the discussion on charity auctions of match tickets that took place during the parliamentary process for the UEFA European Championship (Scotland) Act 2020, but there have been some changes to committee membership since then, so I will briefly set out the background.

At stage 1, the committee supported the creation of an exception to the ticket touting offence for auctions of Euro 2020 match tickets where the proceeds are given to a charity. The Scottish Government gave effect to that through an amendment at stage 2, which inserted what is now section 3 of the act. The amendment was unanimously supported by committee members.

Section 3 currently provides that the exception applies only where the proceeds of an auction are given to a charity that is established in the United Kingdom or the European Union. Following further consideration, the Scottish Government now believes that the section is discriminatory, so I have taken swift action to lay a proposed draft remedial order that broadens the exception to include charities that are established in any territory.

The order makes a second consequential change to ensure that the charities that receive the benefit of the exception to the touting offence will, if not registered in a charity register that is similar to the Scottish charity register, be required to have charitable purposes and provide public benefit in ways that mirror the standards that are provided for in Scots law. The changes will ensure that there are equivalent criteria for Scottish and non-Scottish charities alike, removing any scope for discrimination based on the grounds of the national origin or other status of the charity.

When the order was laid, I wrote to the Presiding Officer to set out the reasons why it was necessary. My officials have updated key stakeholders on the matter, so that they have an opportunity to submit any views. A public notice has also been published on the Scottish Government's website inviting comments on the order. The period for written representations will end on 28 April 2020. To date, no comments have been received. I expect to lay the draft order as soon as possible after the period for comments ends.

I am happy to take questions from members.

**The Convener:** We were obviously pleased that the bill was amended to include the exemption for charity auctions as a result of the committee's deliberations. Which articles of the ECHR does the act violate?

**Ben Macpherson:** Following further consideration of the act, we concluded that there is insufficient justification to limit the charities to which the exception applies if we are to comply with article 14 of the ECHR—on prohibition of discrimination—when read with article 1 of the first protocol to the convention, which is on protection of property.

**Annabelle Ewing (Cowdenbeath) (SNP):** Given that the order—along with the other Scottish

statutory instrument that the committee will consider shortly—relates to the underlying legislation that the Scottish Parliament passed to provide for a special regime to facilitate holding the UEFA matches in Glasgow, what happens if the matches are postponed or do not go ahead at all? I presume that the underlying principal legislation is then not triggered, although the order that relates to the act might be passed. What would be the legal position? The legislation has introduced provisions that are to apply exceptionally in Glasgow and, if the reason for that was no longer there, what would happen with the order? Would it just not be triggered?

**Ben Macpherson:** That is an important question for the implementation of the primary and secondary legislation. In due course, I will say more on the coronavirus in my statement on the regulations that the committee will consider shortly. I can say that there has been no decision about cancelling matches so far, and we are proceeding on the basis that the tournament will go ahead and that Glasgow will host the matches that have been allocated. However, we would have to consider whether amendment of the primary legislation was required.

**Lucy Carmichael (Scottish Government):** As the minister says, it depends on the situation. If the event were to be rearranged to a different date, that would have implications for the championship period, which is specified in the act. It would still be helpful to have the ticket touting offence in force because, if the championship was being arranged, ticket touting of match tickets could still happen during that period. We would certainly need to consider that further. As the minister says, we are working on the basis that the legislation will be required, so we are progressing it.

**Ben Macpherson:** With regard to the championship period and the cessation date, in particular, we need to take consideration of whether amendment of the primary legislation will be necessary.

**Stuart McMillan (Greenock and Inverclyde) (SNP):** The convener asked which parts of the ECHR are relevant to the ticket touting aspect, and you stated that it was following further consideration that you realised that there was an issue. What was the trigger point—what happened or was highlighted—to instigate further consideration by the Scottish Government and to require the change?

**Ben Macpherson:** As the committee will be aware, there is a process after Parliament passes a bill when the Lord Advocate considers that legislation. At that point for this act, it became clear to us that section 3 was not compatible with the ECHR and that swift action was required. My

officials and I took that action as quickly as possible.

**Stuart McMillan:** So it was not an issue prior to the amendments at stage 2.

**Ben Macpherson:** The amendment that we passed together was deficient and we need to rectify it by way of the order.

**Gordon Lindhurst (Lothian) (Con):** I am not clear on that. The bill was passed into an act of Parliament and, after that, it was decided that the act was incompatible with the ECHR. Is that right?

**Ben Macpherson:** Yes—with regard to that particular section.

**Gordon Lindhurst:** In other words, prior to the bill being passed, the Presiding Officer had issued a certificate saying that it was compatible.

09:45

**Lucy Carmichael:** Keith White might want to come in at some point from a legal perspective.

There is an assessment of the policy, and of its competence, when amendments are being prepared by the Scottish Government, working together as a team. Following an act's being passed, there is further consideration of the competence of the amendments. It was following that further assessment that the issue was raised. It is unlikely that an issue would have arisen, but, having identified a potential issue, we thought that it was necessary to take steps to rectify it.

**Keith White (Scottish Government):** The Presiding Officer's certificate relates to the bill as introduced rather than as passed. The provision was added during the passage of the bill.

**Gordon Lindhurst:** What is the point of the Presiding Officer's confirmation of ECHR compatibility if one can simply amend and bring in incompatible things in the course of a bill's passage? Does it serve any purpose?

**Keith White:** I think that the purpose is so that, when primary legislation is introduced, Parliament has an opportunity to debate the terms in which it is introduced and to consider whether there are any issues of human rights or other issues of competence with it. There is then a separate stage at the end of a bill process for that to be considered.

**Oliver Mundell (Dumfriesshire) (Con):** I accept that the amendment was unanimously supported and that it had good intentions. On a point of practice: before the Scottish Government supports amendments, does someone look from a legal point of view to decide whether they are compatible with the ECHR?

**Ben Macpherson:** Yes, of course we do. Our legal services directorate has oversight of all amendments that the Scottish Government proposes. The amendment in question was a Scottish Government one that was brought to the committee to reflect the committee's position—with which the Scottish Government agreed—that an exception from the ticket touting offence should be made for charity auctions. In this instance, on reflection, the drafting of the amendment was not compatible with the ECHR, and the process that we went through together as a Parliament did not manage to bring that to the fore.

**Oliver Mundell:** Did you believe at the time that it was compatible?

**Lucy Carmichael:** Yes.

**Ben Macpherson:** Indeed.

For clarity, we in the Scottish Government are reflecting on the fact that this has happened and we will consider whether to further enhance our processes in order to ensure that it does not happen again.

**The Convener:** Was the issue flagged up and brought to the Government's attention by UEFA?

**Ben Macpherson:** No.

**The Convener:** I am not an expert on the matter, but I assume that there are countries that play in the championship that are not in the EU, so they may well have charity auctions that would be affected.

**Ben Macpherson:** It was not brought up by UEFA. It was brought to the Scottish Government's attention by the Lord Advocate's evaluation.

The timetable for the bill was not ideal. We all accepted and expressed that during stages 1, 2 and 3. However, as I said, we are reflecting on what has happened and, through the order, we are taking swift action to resolve and correct the issue.

**Claire Baker (Mid Scotland and Fife) (Lab):** Obviously, there is a degree of uncertainty about the championship.

The minister describes the action as "swift". Does the 60-day period for consultation, followed by 40 days for affirmative procedure, mean that the remedial order will not be effective until around mid-June? Does he expect that to have any impact on Scottish charities or on charities in other countries that are brought under the remedial order? Would it have an impact on Scottish charities that wanted to auction tickets before mid-June?

**Ben Macpherson:** The ticket touting offence will not be brought in until the correction has been made. As I said, the period for comments ends on

28 April. Realistically, we expect to bring in the offence and the order in mid-May, which is when UEFA anticipates issuing the tickets. We will seek to ensure that the correction is made and that an effective offence is in place at that point.

**Claire Baker:** That point being mid-May.

**Lucy Carmichael:** Absolutely. A standard affirmative procedure would be a further 40 days. We are keen to work with Parliament to see whether it is possible to expedite the process so that the offence can come in sooner. Obviously, however, that would be subject to work that would be done with Parliament.

**Claire Baker:** So you want to bring in the offence so that it coincides with the point at which tickets are anticipated to be on sale, which should be mid-May.

**Lucy Carmichael:** There have been a number of tranches of ticket sales, but UEFA has indicated that the actual tickets will not be distributed until towards the end of May. We think that that limits the scope for ticket touting to take place before then. However, we are, of course, also working to send out the message that, even though the offence is not in force—so people would not be committing an offence—they would be unwise to buy tickets from a ticket tout, as they would be likely to be refused entry at the stadium. We hope that that will discourage people from buying tickets in that way in the interim period before the offence is in force.

**Ben Macpherson:** It is important to reiterate that the decision on whether to permit the transfer of a ticket in those circumstances still lies with UEFA. We have put the exception in the primary legislation and we are correcting it through the order, as we have discussed. If a charity auction takes place, the charity must contact UEFA in order to facilitate that process. We have done our best to raise awareness of that.

**Stuart McMillan:** Lucy Carmichael mentioned the need to work with the Parliament to expedite the process. Are conversations under way with the office of the Presiding Officer and others to make that happen? I am asking that question because I also sit on the Delegated Powers and Law Reform Committee. When it dealt with the order a couple of weeks ago, the issue that we are discussing was not raised as an area of concern.

**Lucy Carmichael:** There have been some discussions at official level. We have been waiting until after today's discussion about the order before making a more formal approach to the Presiding Officer.

**The Convener:** From what has been said, it seems that there is more potential for ticket touting to take place because of the oversight than there

would have been if the act had not been subject to the change. Is my understanding correct?

**Ben Macpherson:** UEFA has indicated that match tickets in all formats will not be available until the end of May 2020. That reduces the scope for touting before the offence is expected to be in place.

**The Convener:** It reduces it but, if there is no offence, there is more potential for ticket touting than there would have been otherwise.

**Ben Macpherson:** First, UEFA has indicated that it will distribute the majority of tickets through a ticketing app that will be available for download at the end of May. It is anticipated that the app will prevent the replication and duplication of tickets, which will have an effect.

I recognise that attempts to tout tickets might be more likely after the full match draw is known at the end of March. However, we have made clear in the messaging that we have been sending to stakeholders that tickets are non-transferable and that, therefore, people buying touted tickets may be refused entry. That will help to deter people from buying touted tickets. However, as I have said, through the order, we are seeking to remedy the issue with the ECHR in relation to section 3 of the 2020 act, and we want to work with the Parliament to bring in the offence as close to the issuing of tickets in May and, if possible, before that.

**The Convener:** That would certainly be preferable.

**Claire Baker:** To be clear, people can still buy tickets before May, even though they will not physically own them until May, when they are issued.

**Ben Macpherson:** Yes.

**Claire Baker:** What is the difference in terms of time? Was it the original intention to introduce the ticket touting offence earlier than we will be able to because of the issues that have arisen in relation to the remedial order?

**Ben Macpherson:** That is correct.

**The Convener:** I assume that the affirmative instrument will come back to the committee for consideration.

**Lucy Carmichael:** That is part of the discussion that we would like to have. I understand that there are a couple of different processes that we could follow. We would like to discuss that further with Parliament.

**The Convener:** Okay.

## UEFA European Championship (Trading and Advertising) (Scotland) Regulations 2020 [Draft]

**The Convener:** Agenda item 2 is consideration of the draft UEFA European Championship (Trading and Advertising) (Scotland) Regulations 2020. The minister and his officials are also in attendance for this item. Members should note that the regulations are laid under the affirmative procedure, which means that the Parliament must approve them before the provisions can come into force. Following this agenda item, the committee will be invited, under the next agenda item, to consider the motion and to approve the regulations.

I invite the minister to make a short opening statement.

**Ben Macpherson:** I will begin by saying something about the impact of coronavirus on the 2020 European championship. Advice in relation to major sporting and cultural events and other mass gatherings will continue to be guided by expert scientific advice. Event partners for the UEFA championship are in regular dialogue with the Scottish Government and others.

The official statement from UEFA is that it is in touch with the relevant international and local authorities regarding coronavirus and its development and that, for the moment, there is no need to change anything in the planned timetable, although the issue will be kept under scrutiny. Of course, the Scottish Government continues to evaluate the situation, and the Cabinet Secretary for Health and Sport will update Parliament again later today.

All of that considered, we are continuing to proceed on the basis that the UEFA European championship 2020 will go ahead. It promises to be a unique and spectacular event, with 12 cities and countries co-hosting the championship for the first time in its 60-year history. The benefits of bringing the third-biggest sporting tournament in the world to Scotland will be significant not just for our economy but for our international reputation.

Subject to parliamentary approval, the trading and advertising regulations will help to ensure successful delivery of the championship by meeting UEFA's requirements for the protection of commercial rights.

The regulations provide details of the trading and advertising offences and, importantly, exceptions to those offences. Maps and dates of operation of the event zones are also included in the regulations. When considering the regulations, a proportionate approach was taken to ensure that the right balance was struck between minimising any negative impacts on local businesses and

allowing them to take advantage of the economic opportunity that the championship represents, while protecting the rights of UEFA and event sponsors who have invested significant funds for the right to be associated with the tournament. That balance has been achieved by, for example, limiting the number of event zones to three, minimising the size of the zones and creating a number of exceptions to the advertising and trading restrictions.

The regulations are, in the main, consistent with illustrative regulations that I shared with the committee in October, which were, in turn, based on the equivalent Glasgow Commonwealth games regulations. The illustrative regulations were also shared with our event partners—Glasgow City Council, Police Scotland, the Scottish Football Association and UEFA—as well as a number of other key stakeholders including the Advertising Association, the Scottish Police Federation, football supporter groups and community groups. We are grateful to those partners, who have helped to shape the draft regulations and periods of restriction. Indeed, suggestions from this committee—to include exceptions for busking and charity collections—have been welcomed and incorporated.

I believe that the UEFA European Championship (Trading and Advertising) (Scotland) Regulations 2020 strike an appropriate balance between allowing normal business activity to continue as far as possible and protecting the rights of UEFA and event sponsors. Subject to parliamentary approval, confirmation of the regulations will allow Glasgow City Council to proceed with the publication of guidance, which is another key milestone in raising awareness of restrictions among businesses and traders ahead of the championship, and ensuring successful event delivery.

I look forward to answering any questions that the committee might have on the regulations.

10:00

**The Convener:** Thank you very much for that. I have a couple of questions to open with.

Can you say anything more about any feedback you might have had from businesses on the illustrative regulations that were published during the passage of the act? I reiterate the committee's welcome for the exemption for busking, which was highlighted during the parliamentary process. However, the exemption for charity workers is not as clear cut as the exemption for buskers. Regulation 4 includes that as a trading activity that is to be restricted, and the policy note states that it is expected that

“certain charity collectors will be permitted to collect in the events zones in a controlled way to manage numbers.”

Who will determine which charity workers are permitted to operate, and how will they decide what constitutes operating in a controlled way?

**Ben Macpherson:** We received feedback, for example, about how much advertising and trading would be affected by the restrictions and about the potential costs to businesses. However, we also heard from some businesses, such as hotels, that the impact of the changes was likely to be minimal.

We also received feedback from the Advertising Association, which liaised with officials in a considerable amount of correspondence, and shared a few minor comments from its members, but nothing too extensive.

Overall, the feedback has been that the exceptions are welcome and that the impact will be proportionate, and there has been lots of engagement with a variety of stakeholders, as I mentioned in my opening statement. We have received good feedback and it has been considered as the regulations have been refined.

Any charity collector who has been granted permission by Glasgow City Council under the Civic Government (Scotland) Act 1982 will be allowed to collect within the three zones. Glasgow City Council will manage the number of charity collectors in all zones through this permission process. We understand from the council that some charities have already begun to make contact about collections during Euro 2020.

**The Convener:** Thank you very much. Do any other members have questions?

**Annabelle Ewing:** Following the bill receiving royal assent, what engagement was there between the Scottish Government, Glasgow City Council and Glasgow Life with businesses that are situated within the three zones of Merchant City, Hampden park and George Square?

**Ben Macpherson:** That is an important question, and it is one that we discussed during the bill process, when we spoke about making sure that we talked to those who would be affected. Significant engagement has taken place over several months. Two drop-in sessions were held earlier this week, on 10 and 11 March, at Hampden park and Glasgow city chambers, to seek views on Glasgow City Council's draft guidance, which is being drafted to provide details of the regulations to businesses, traders, and advertising associations. Those sessions also provided an opportunity to ask questions about the restrictions.

Invitations to attend all sessions were sent to elected members in the Anderston/City/Yorkhill

and Langside wards; Merchant City, Trongate and Mount Florida community councils; selected publicans; nightclubs; selected media; inventory owners; businesses in the vicinities of George Square, Merchant City and Hampden park; and 75 street traders, who are both static and mobile licence holders. That shows significant engagement. A contact point was provided for those businesses and for businesses that could not attend, so that any further questions were considered.

The Scottish Government also updated stakeholders such as the Advertising Association and football fan groups when the trading and advertising regulations were laid, to ensure that they were kept informed of the process. There has been significant engagement in recent weeks.

**Annabelle Ewing:** Absolutely. There has been some very significant engagement.

Are you in a position to update us on the alternative arrangements for street traders who would normally operate within those zones, and on how many permits will be available? If you do not have that information to hand, it would be helpful if you could let the committee know in writing.

**Ben Macpherson:** There has been engagement, some of which took place this week. Some traders operate only within the Hampden park campus, and no trading is permitted within George Square or in Merchant City.

Glasgow City Council has updated us on the number of current licences in the Hampden Park zone: there are currently 75 GCC licence holders in that area. In August 2019, the council indicated that there were 113 licence holders; therefore, there has been a reduction. In addition, Police Scotland has indicated that there are around 23 pedlars licences, which allow traders to operate in that area. However, it is for Glasgow City Council to make the offer to the affected traders—that was what we put in the primary legislation that we passed together—and we look forward to Glasgow City Council doing that in due course.

**Claire Baker:** Schedule 4 of the bill covers “Euro 2020 Product Categories”. I assume that those categories are set by UEFA and that you do not have any influence over what is included in them. I do not understand why white goods such as fridges and freezers are included in the list. I assume that you do not have any influence over the list and that it is prescribed.

**Ben Macpherson:** We do not. We had significant discussions on that, and I will ask my officials to speak about it in a moment. We were very determined to have exceptions to the product category list, where possible, so that product categories that were not included would not be

affected by the offences. That is part of our proportionate response.

Lucy, do you want to say any more?

**Lucy Carmichael:** Not a huge amount. As the minister said, those product categories were suggested by UEFA. We have engaged with UEFA to ensure that we are clear about what falls under the categories and that they are as clear as they can be to the people who are reading them, but they are UEFA’s categories.

**Claire Baker:** Some of them are quite odd—fridges, freezers and “associated parts” for motor vehicles, for example. Anyway, that is fine.

When we took evidence on the bill, there was a degree of frustration that we can specify only a limited period for the legislation and that we cannot produce comprehensive ticket touting legislation. Part of the reason for that is the fact that there is a mixture of reserved and devolved responsibilities. However, at the time, the minister said that he would look at the possibility of a framework bill. Has any progress been made on that, and—following the change in ministerial responsibilities—will he still be responsible for it?

**Ben Macpherson:** There has not been further consideration of that legislation at this point. However, I did commit to it during the process and we should consider it for future events. We need to seek information on whether we can do something and whether it is right to do it in a more comprehensive manner.

Responsibility for that at the ministerial level sits with the Cabinet Secretary for Economy, Fair Work and Culture, Fiona Hyslop MSP. She leads for the Government on major events, and how we proceed would be at her discretion and direction.

**The Convener:** Members have no further questions.

Agenda item 3 is the formal consideration of motion S5M-21118, which calls for the Culture, Tourism, Europe and External Affairs Committee to recommend approval of the draft UEFA European Championship (Trading and Advertising) (Scotland) Regulations 2020. I remind members that only the minister and members may speak in the debate.

I invite the minister to speak to and move the motion.

*Motion moved,*

That the Culture, Tourism, Europe and External Affairs Committee recommends that the UEFA European Championship (Trading and Advertising) (Scotland) Regulations 2020 [draft] be approved.—[*Ben Macpherson*]

*Motion agreed to.*

**The Convener:** The committee will report on the instrument in due course. I invite the committee to delegate authority to me and to the deputy convener to approve a draft of our report for publication.

**Members** *indicated agreement.*

10:10

*Meeting suspended.*

10:13

*On resuming—*

## Screen Scotland

**The Convener:** Agenda item 4 is an evidence session with Screen Scotland. It follows our meeting last week, when we took evidence from a panel of stakeholders on the performance of Screen Scotland in the context of recommendations made by the committee's report "Making Scotland a Screen Leader", which was published in June 2018.

I welcome Isabel Davis, the executive director, and David Smith, the director, of Screen Scotland. I would like Isabel Smith to make a short opening statement—my apologies: it is Isabel Davies.

**Isabel Davis (Screen Scotland):** That is all right. We are joined at the hip now.

Good morning, everyone. It is lovely to be here. I thank the committee for inviting us to give evidence. David and I are really ambitious for Scotland, and we are working at production speed to ensure that we seize the opportunities.

As the committee will be aware, this is a boom time for global production, fuelled by the rise of the streaming platforms and an insatiable appetite for high-quality content, whether on television or on cinema screens. Now is the time to be developing Scottish companies, writers, directors, producers and crew in order to participate in the boom and ensure that Scottish-led content has its place on those screens.

10:15

Working as a partnership allows us to do more, and to do it more quickly. Screen Scotland draws on the valuable expertise in Scottish Enterprise, Highlands and Islands Enterprise, the Scottish Funding Council and Skills Development Scotland. Being based at Creative Scotland, we benefit from the organisation-wide support services and complementary expertise of our colleagues in the arts and creative industry teams, as well as stellar strategic leadership from Iain Munro.

We operate through continual engagement with the sector and the wider markets, and our support and interventions respond to current needs. As a young, developing organisation, we have been building our own expertise and skills in the new team and evolving how we are organised with more specialist roles. We are growing to become a well-resourced, expert-led, specialist screen development body that is augmented by the expertise and specialist advice that is available through our partner agencies and supported by the expertise and leadership of Creative Scotland.

We are looking forward to telling you about the many achievements towards our objectives since we last met, and to reporting strong progress on the studio in the port of Leith. We were delighted to be able to announce the appointment of First Stage Studios to run the studio, which is now available and is functioning as a production facility. It is a hugely significant milestone, as it grows our capacity beyond the existing studio facilities and infrastructure across Scotland.

We have outlined further progress in our written submission and we will be pleased to discuss it further with the committee today.

**The Convener:** Thank you, Isabel. The committee welcomes the progress with the announcement this week about the studio in the port of Leith. We called for a studio in our report, so we are very pleased that that announcement has been made.

Will you tell us a little more about the background to the site selection process and the rationale for picking the former Pelamis building as the national Scottish studio? Will you also tell us why the announcement was made this week?

**Isabel Davis:** Certainly. The committee did, indeed, call for a studio, and it is fair to say that everyone recognised that the need to grow capacity was a priority for Scotland.

The site was selected after what was, frankly, a fingertip search of Scotland to find a facility that met the requirements for a studio. A number of factors are involved in that. It is partly to do with the specification of the building, which needs the size and height that are required for the large-scale productions that we know that we need to attract. It is also to do with proximity to rail and transport links and to locations, which are important for the large-scale film and high-end TV series that we see today on many channels.

Our team at the screen commission looked across Scotland. They looked on the west coast and the east coast, but on the discovery of the site in Leith it was clear that it was a real gift to Scotland. The building is so much more than the average distribution warehouses that have been the basis of many conversions across the UK. It is an exceptionally robust structure with incredible dimensions and it is on a site that not only responds to the requirements of proximity to travel and transport links and the proximity of crew, but has around it space for further development. We are all excited about the further possibilities of creating a creative cluster or hub, with the additional growth that the studio will bring.

The search continues for further sites. We are aware that large, high-end TV and film productions are not the only type of production that will allow Scotland to grow. We are conscious that there are

other market demands and that other sites around Scotland may come on to the market. We remain actively engaged with those conversations on other studios as well. However, we certainly felt that the port of Leith site was the right one. It came out of a report that contained an options appraisal on a number of sites and bore down on two. There was a five-stage business case process that looked at all the economic and strategic factors, and, in the end, that made the site the clear winner.

**The Convener:** You will be aware that we took evidence from stakeholders in the industry last week, who said that the location in Leith is not optimal in terms of getting crews, because most of the crews are based in Glasgow. Would you like to respond to that point?

**Isabel Davis:** It is good to have an opportunity to respond to that. It is true that 65 per cent of the crew base is on the west coast, which leaves 35 per cent on the east coast. Screen Scotland is a Scottish agency, and we know very well that Scotland's ability to take advantage of the space will be reliant on our ability to grow our skills base—that is for sure. In the past couple of years, we have already put about £4 million towards skills development, and we will work closely with the operators of the studio to further build the opportunities. Wardpark Studios is a fantastic example of how that can work. The skills programmes throughout the six series of "Outlander" involved growing skills through the production process. We all know that crews develop and progress through doing and that that is the most effective way of growing our skills base.

In addition, the studio has strong transport links, so we feel that it will not be impossible for crew from the west coast to come and work at Wardpark. Furthermore, from our conversations with those in the industry on the east and west coasts, we are aware that many people want to come back to Scotland. We have world-class crews, heads of department, directors and writers, but they are not all living in Scotland because they have not been able to build a sustainable career here. They are excited about the possibility of more production coming to Scotland, which will allow them to come home. We are aware that 35 per cent of the crew on "Game of Thrones" came from Scotland. Let us have them back.

**The Convener:** Absolutely.

How much work needs to be done on the studio to make it fit for purpose, and how much will that cost?

**Isabel Davis:** The studio is a fully functioning production facility right now. Production clients are looking at it as is. Screen Scotland has put £1

million towards the initial refurbishment of the building and the set-up and running costs. As I mentioned, it is a robust structure, but it was left empty for 15 years, so works need to take place, including building, safety and compliance work, to allow it to be used initially. The further refurbishment of the studio will take place according to the demands of the production clients. We think that we are in a good position. I do not speak for the operators, but it would be nice to hand over to them now. They will be looking at what the clients require and will work with the grain of client need and market forces as projects progress. Private money will come in, and we stand ready and have a plan, if necessary, to put further public support into the studio alongside private funding.

**The Convener:** I take it that the site is big enough to allow a number of major productions to use it at once.

**Isabel Davis:** It is. The eventual plan is that there will be five sound stages. There are certainly discrete spaces now, so, depending on the scale, many productions—perhaps not many, but a handful or a small number—could use it and cohabit at any given time. In addition to the stage space, there is 27,000 square feet of office space, as well as production and workshop space, so it is possible that something could be shooting while something else is constructing.

**The Convener:** Can you give us a hint as to what might be filmed there?

**Isabel Davis:** I am sorry, but I cannot do that for now. A number of clients have expressed a strong interest, but we are always beholden to the confidentiality around those productions. However, we are excited about what we will be able to announce. We all know that the next major milestone will be to have a large production in the building.

**The Convener:** Do you have a timescale for when the operating company might be able to make an announcement? If we had known about that, we could have asked our witnesses about it last week.

**Isabel Davis:** Indeed. I am sorry, but I do not want to speak on the operator's behalf on the timescales.

**The Convener:** Kenny Gibson has a supplementary question.

**Kenneth Gibson (Cunninghame North) (SNP):** It is about the studio. As Isabel Davis pointed out, 65 per cent of the crew are in the west. There is already a strong economic focus on Edinburgh rather than on the west of Scotland, and the studio will increase that. However, the facility in Leith will increase the focus on

Edinburgh only if production companies actually use it.

You will probably have seen the evidence that we heard last week from Eric Coulter, who said that most of “Rebus” was produced in Glasgow because the cost of bringing crew from Glasgow to Edinburgh and putting them up overnight—there are transport links, but it takes time—meant that it would have been uneconomical to deliver the production in Edinburgh. He said that he could just use a soundproofed shed over in the west for a fifth of the price of using the facility in Leith.

My concern is that you seem to be pitching for “Outlander” and the big once-in-a-lifetime or once-a-year productions, or whatever, rather than for indigenous Scottish companies. In evidence last week, we heard very strongly that there is real difficulty for small indigenous companies in getting started. The Leith decision has already been made, so how will Screen Scotland support indigenous Scottish companies from the west and elsewhere so that they can make full use of the Leith studio, given the cost of using crew from the west? I do not want all the crew to move to the east, and I do not think that many of my colleagues do, either. How will you address issues such as the time that it takes to travel through? How will you square that economic circle? It is a real issue.

**David Smith (Screen Scotland):** There are a couple of things to unpack in all that. One is the fact that, although this is an opportunity in Leith, it is not an opportunity just for Edinburgh. It attaches to the Borders, the Lothians and Fife. There is a substantial crew base living across those areas who currently travel to Glasgow regularly for work, and they will not require to do that at the same time as travelling to Leith.

There has been some discussion about the need for overnight payments for people coming from the west coast to the east coast. As you heard in the evidence that was presented to you last week, that does not happen in reverse: crew who travel from Edinburgh, the Lothians and the Borders do not currently get overnights for travelling to their work base in Glasgow. There is a mobile workforce across Scotland.

You are right that the kind of companies that will access Leith will generally be larger companies, but that will not be exclusively the case. There are 25 stages, so there is a variety of sizes that various companies and productions can access at the same time.

We also have a range of studio facilities across Scotland. I joined Screen Scotland in November from the industry, so this is my third month in the job. I was fortunate in the first week to have a tour, with visitors from the States, to Wardpark, the

Pyramids in Bathgate and Bath Road. Bath Road is very much bigger and better than the other facilities; it is a unique shed that is not replicated elsewhere. If we want to attract large-scale productions to Scotland, that is the best building for them, but it is not the only option. Wardpark is currently fully occupied by Sony, and we expect that to continue, but there is also the Dumbarton facility and other facilities that we are looking at in Glasgow and the surrounding area.

I have meetings next week with people coming from outside Scotland to view sites across Glasgow for various sizes and shapes of productions. Shiny-floor shows, as we call them—entertainment shows—do not require a facility as big as Leith, and there are spaces across Scotland that could be utilised. We are looking at different solutions for different productions and different sizes of company.

Part of the question was about whether we support smaller companies. We support every size of company. I was intrigued by some of the evidence that you heard last week, in which people said that we go for high growth. That is simply not the case. High growth is part of our strategy, but it is not all of our strategy.

We can look at the range of companies that are supported through the broadcast content fund, which has the strategic aim of doubling turnover of the sector. I can list them happily: they are Solas Productions, Sorbier Productions, Hello Halo, Blazing Griffin, Hopscotch Films, Two Rivers Media, Happy Tramp North Productions, Caledonia TV, STV, Maramedia, Montrose Pictures, and True TV and Film, which is run by Barbara Orton, whom you heard from last week.

Arabella Page-Croft referred to a £4 million commission that she recently secured. That was supported by us, through development; we helped her company get that commission, and we will support it through production.

**Kenneth Gibson:** The facts remain that production in Scotland is less than 2 per cent of the UK's total production, in terms of value, and that indigenous production is only a fraction of that. We are talking about a fledgling industry, compared with other parts of the economy.

My concern is that, over the years, we will see more and more crew locating to Edinburgh, which will diminish what we have in Glasgow. There is already an east-west divide in Scotland economically, as you are probably well aware.

I am thinking about how indigenous companies will be able to afford to hire the space. You might be able to correct us on this, but Mr Coulter said that it will probably cost five times more to use the Leith studio than to hire a shed with four soundproof walls somewhere else in Scotland. If

that is the case, it will clearly mean that, unless they have financial support to do so, some productions will not be able to use and benefit from the Leith studios, as perhaps they should.

**Isabel Davis:** It is simply not part of the creative process of making indigenous productions—by which I mean UK productions—to use a very large studio facility. Many projects prefer to use smaller spaces that are closer to their locations and to shoot some interiors on location. It is a different model of financing; some productions choose an alternative space for creative reasons as much as for budgetary reasons. It is horses for courses and, as David Smith outlined, although there are a number of facilities, more growth is needed.

10:30

I, too, am struck by the low percentage that Scotland represents of the current enormous boom. The figures from 2019 across the UK show that—

**Kenneth Gibson:** It is £3.6 billion.

**Isabel Davis:** It is £3.6 billion, which is 16 per cent growth across the UK. We need a greater market share of that, but that growth is about high-budget productions. Meanwhile, a number behind that is that, although across the UK independent film production went down by 45 per cent, in Scotland it grew. Therefore, other trends are happening, including the broadcasters making good their commitment to their quotas—8 per cent from the BBC and Channel 4's 50 per cent commitment to production outside London—which is translating into growth in the indigenous sector in Scotland. We are bucking a trend in that area, which is interesting.

**Kenneth Gibson:** Okay, but Scottish indigenous production is still only 0.7 per cent of UK production. Given that we are 8.3 per cent of the UK's population, that is woeful.

Lastly, because other members want to come in, can the Leith studio be fully utilised all year round? I do not mean the capacity of the studio; do you have enough productions to use it? Will it create and generate growth or will it be empty three quarters of the year because you cannot get productions to use it? How will it work over the years?

**David Smith:** Isabel Davis will come to that question in a second. I will first respond briefly to your previous comment.

I have spent the past 20 years working in production. In those 20 years, I was in studios twice, and once was in Beijing. Studios are not the be-all and end-all of production in Scotland. Across Scotland, there is a massive factual sector and a strong documentary and entertainment

sector, which has grown healthily over the past 10 years. You are right to say that the south-east has benefited disproportionately from the current boom, but that is because it has the sheds and big spaces that attract high-value projects. Leith is our opportunity to capture more of that market. Isabel Davis has been working tirelessly on that for the past 18 months. We are aware of that concern and there are moves to address it.

We also have to think about the figures that are currently reported. As I mentioned the last time I appeared at committee, but with a different hat on, the figures that are published for production are calculated in a way that we all recognise is not complete. There are ways of looking at the value of Screen Scotland that have not been considered. We report a figure of between £60 million and £90 million a year for production spend. That is an accurate figure; it reflects the methodology that has been adopted until now, but it does not reflect all the screen activity in Scotland. If we aggregate all the public service broadcaster activity that is in annual reports, with the activity that we record through the film commissions, and with the exhibition sector—for which we are also responsible—we quickly get to a figure that is more than £300 million and is heading towards £0.5 billion.

There are different ways of looking at it. Just before I joined Screen Scotland, we set in motion a workflow that asks, “What is the methodology? What is screen worth to Scotland?” We hope to come back to the committee on that in due course.

**Claire Baker:** I have a final question on the studio. The announcement is welcome, but I would like a better understanding. The operator has been appointed, but the space has already been used as a studio for “Avengers: Infinity War”. You are putting in £1 million, which you said—I think—will pay for soundproofing and compliance issues. I am trying to understand the added value of bringing in operators when the space has already been used. In our inquiry, we discovered that there is lack of space for post-production and that kind of work. Will the studio in Leith offer those facilities as well as space to film in?

**Isabel Davis:** The space in Leith now has an operator that can move forward with full refurbishment. The £1 million is for the initial running costs, remedial works and building compliance; it will not touch soundproofing.

The building itself is very robust, so a number of productions are looking to use it to film in without the large-scale refurbishment that we anticipate will happen further down the line. The space will be tailored to client demand as it comes in. The expertise in the commercial sector is important. Bob Last, who is the producer of many award-winning films and has wider experience in the

creative industries, notably in music production, and Jason Connery, who is a filmmaker, will be able to attract private investment. They know how to talk to clients and are able to negotiate rates and to operate as an actual facility, as opposed to a build space on a one-off basis. That is a strategy that will actively encourage clients into the building. Their intention is to seek private investment and to do refurbishment as client demand and market forces require it.

**Claire Baker:** The committee is keen to scrutinise how the film studio develops. Would development be the work of a private company? Would we be able to engage with how that progresses?

**Isabel Davis:** The operator will be in the driving seat. That has been facilitated by Screen Scotland, and it was always the intention in the tender process to find a private sector operator. Like all studios, it will be driven by the private sector. That will be how it moves forward.

**David Smith:** Screen Scotland’s job is to represent all Scotland and all the facilities across Scotland. The operator can specifically represent the opportunity in Leith to the global sector.

**Claire Baker:** The paper that you provided talks about total production spend. Isabel Davis talked about it being “a boom time”, but your paper reports that production spend in 2018-19 is estimated at £67 million, which is a decrease from the previous year’s estimate. What is behind those figures?

**Isabel Davis:** Let me say that film is a really lumpy business—one or two productions can make a really big difference. In the previous year, there were two locally driven films that had to be made in Scotland—“T2 Trainspotting” and “Outlaw King”—and they had very high budgets. They both used alternative space because there was no studio and they had to be sited in Scotland. We also had “Avengers” that year. In a way, that was the blip. We acknowledge that, until we have another large-scale facility such as Wardpark—now we have Leith—that is how growth will come. Without that, it would be very difficult to grow.

**Claire Baker:** There has been talk of the availability of crew, where crew are based and the fact that a lot of crew leave Scotland to work elsewhere. There is a need to build capacity in the sector. Where are we with the skills strategy, and when will we see it?

**David Smith:** I joined Screen Scotland three months ago, and I estimate that roughly 40 per cent of my work over that period has been dedicated to skills development programmes. We work continuously with our partners—our enterprise partners, Highlands and Islands Enterprise and Scottish Enterprise, and Skills

Development Scotland—to develop the strategy, and I hope that we will publish it in the summer.

That has not stopped work progressing. While we refine the strategy and publish various papers, we are constantly dealing with requests under memorandums of understanding with the BBC and independently.

A good example is the “Outlander” training programme. “Outlander” began filming in Scotland in 2014 and Screen Scotland, “Outlander” and ScreenSkills, which is the national body for skills, have co-funded a traineeship programme across all departments, including camera, costume, design, assistant director, art department, effects and production. Approximately 20 trainees a year go through that programme. The impacts are wider than that, though. Roughly 100 people a year are interviewed, and of those who do not make it on to the training programme, many are offered day contracts, and some are offered larger-scale contracts. The majority of applicants are also offered access to the training courses; they do not participate in them, but are able to attend lectures and to hear what is going on. We are currently advertising for a range of roles for the upcoming season of “Outlander”. We are looking for production design, concept art, plastering, painting and costume locations.

We need to develop those practical skills for the Leith studio on the east coast as well as across Scotland. That is one example of many. If you look outside the scripted productions to unscripted productions, we work with TRC Media, which is a charity that was originally formed by Channel 4 and which focuses on professional development across the TV sector. Its programme called “rad” has helped to bring diverse new entrants into factual and unscripted TV. This year, eight people were put through the process and seven have found roles in the sector. We plan to expand the programme next year.

At a more senior level, we are working on the screen skills and series producer programme. That is a continuous process of skills development that will align with the strategy in due course. The strategy will follow some of the work, and it will inform the work that follows.

**Claire Baker:** Does the skills strategy include work with the education sector—schools and colleges? On transferable skills—plastering or whatever—how do you encourage people to see film and television as a career option? We must bring a younger generation in, but I am not sure they see it as a viable opportunity.

**Isabel Davis:** We have a film education programme with about 30 projects running across Scotland, far beyond the central belt. We have also worked with our screen commission to hire

location managers who have gone into schools to turn young schoolchildren on to the possibility of working in film. We realise that film education might be one of the first points of engagement for young people in giving them the idea that they might work in our sector. It is a key part of it. We have a clear line of sight through our film education team and our skills team. Our head of film education oversees skills. There is a clear line there, at Creative Scotland.

To accentuate a point that David Smith has already made, I note that Screen Scotland’s partnership with the Scottish Funding Council and Skills Development Scotland is an opportunity to put some muscle behind our skills strategy. We must make a concerted effort across those agencies and across the education system.

We have a growing sector: Scotland wants to be part of the boom in the creative industries. The jobs are future proofed. They are fulfilling and interesting careers that pay well and are sustainable. It is critical that we get that right, and we must do so in a concerted way across all Government departments as well as through its agencies.

**David Smith:** Skills Development Scotland operates My World of Work, which is about engagement with schools. I know of broadcast production companies that take an active role in that programme.

**Oliver Mundell:** I accept that a lot of good work is being done, but it seems sporadic and scattergun. You said that there are about 30 projects across Scotland, but they are entirely dependent on local authorities and schools engaging with the programme. Is that right?

**Isabel Davis:** Our head of film education has been in place for 20 years. He has incredibly deep connections across Scotland. As far as the appetite of local authorities is concerned, they see the value in individual school teachers. I am sure that some will be more passionate than others but, from our perspective, it feels pretty coherent. There is always more that could be done.

A number of networks allow for collaboration. Film Hub Scotland, which has four bases across Scotland, provides physical hubs that can draw in the work of film education. Alongside that is the festival network; the Glasgow and Edinburgh film festivals have very strong film education programmes that go outwith Glasgow and the capital.

**David Smith:** Film school Forres is a good example of one of those activities. Our remit is not just about producing film and television. Exhibition is a big part of what we do. Last year, we launched a bespoke fund to look at how we protect or strengthen the infrastructure for cinema and

exhibition across Scotland. That is non-commercial and local—it involves looking at local cinemas, film clubs, film societies and festivals rather than the Odeons and the Vues.

The £1.6 million cinema equipment fund is in its third and final round. We are oversubscribed. We have had lots of requests from across Scotland. I will list some of the work that we have done, because it has been very cohesive, which is worth stressing. I joined Screen Scotland from industry; I joined a team that I am genuinely impressed by. They are diligent, proactive, informed and engaged, and they know the sector and their elements within it. I am sure that we will come on to talk about how we are changing and developing our team.

That team designed the cinema equipment fund, which has delivered the future proofing of the Centre for Contemporary Arts cinema in Glasgow, the improvement of cinema facilities across Shetland—including the replacement and updating of projectors in Lerwick's Mareel venue—a full upgrade of cinema equipment in the Eastgate centre in Peebles, the installation of a 4K laser projector and sound system at the Macrobert Arts Centre in Stirling, and the Kip cinema project, which is run by the Inverkip community initiative in Inverclyde. That project will upgrade its outdated cinema equipment to provide an inclusive, accessible and family-friendly cinema venue. We take quite a coherent, whole-Scotland view.

10:45

**Oliver Mundell:** You say that that fund was oversubscribed. What has missed out?

**David Smith:** There are applications that we might not be able to support in this round. If there is sufficient demand, we will look into renewing the fund. There are also applications that might not fall within the remit. At the moment, we have applications that come to a greater value than the fund that remains, but we will look at that at the end of the process to see whether we need to renew the fund.

**Oliver Mundell:** Can you place a value on how oversubscribed the fund is?

**David Smith:** We have roughly £750,000 remaining and I think that we have £1.2 million left over. If you want me to clarify the figures after the meeting, I can. They are not on the piece of paper in front of me.

**Oliver Mundell:** That is fine.

On working with agencies, you have mentioned Highlands and Islands Enterprise and Scottish Enterprise. In relation to my constituency interests, the south of Scotland enterprise agency will be operational from April. Will you be engaging with it

on the skills strategy to make sure that people who live in the south of Scotland do not miss out?

**David Smith:** That agency recently joined our business development working group and we expect it to join the skills working group and the partnership delivery group in due course.

**Ross Greer (West Scotland) (Green):** I would like to frame my questions around the business plan for 2019-20 that you published at this time last year. It would be useful if you could confirm whether that annual plan will be replicated this year. Will there be a similar plan for 2020-21? Is there an end-of-year update on the 2019-20 plan?

**Isabel Davis:** Our plan is to have a strategic document that will outline what our plans are for the next two years.

**Ross Greer:** What is the timescale for publication of that document?

**David Smith:** It will be published this summer. Because of the alterations that we are making in the team, the 2019-20 plan will roll forward until then.

**Ross Greer:** I want to drill down on some of the specifics and go back to the point about the studio. The last time you were with us, we had just seen the 2019-20 plan. The key performance indicator for studio capacity was to get the new studio operational by April 2020. The studio is now operational, so congratulations on achieving that.

When I asked about additional studio capacity and about Screen Scotland's strategic role in relation to the growth of overall capacity, you said that there were other performance indicators underneath that single KPI on getting a new studio. As we did not have an opportunity to explore the issue then, can you expand a little on what those other performance indicators on studio capacity are and what progress has been made towards them so far?

**David Smith:** I do not have the details in front of me on what the KPIs are under that particular heading. I am happy to write to you to confirm those.

**Ross Greer:** Please do.

**David Smith:** My understanding of how we are developing the studio sector is that, as we outlined earlier, there are different requirements across different genres and different levels of production, so we are taking a whole-Scotland view, looking at the spaces that already exist. I think that I have already mentioned the facilities in Stornoway and Skye; there is also the Dumbarton facility. Pacific Quay in Glasgow is quite a useful space to think about because it is an entertainment space. It is also fully occupied, because the BBC is very busy.

We need to think about how to expand the capacity for entertainment spaces across Scotland, which have different requirements. They often have an audience requirement, which a film studio does not have, so they need car parking for the audience as well as for the production. There are potential security implications as a result of having an audience there.

We are engaging actively with the industry and with stakeholders within Scotland and across the UK. We are engaging strongly with Glasgow City Council. I think that you will remember the G4C4 campaign. That formed strong connective tissue between Glasgow and the sector, and we continue to build on that.

**Ross Greer:** Thanks for that. Moving forward again but sticking with the KPIs, can you explain why 2016-17 is used as the baseline for production spend, for example? Is that simply because that was when what became Screen Scotland was established?

**Isabel Davis:** Indeed.

**Ross Greer:** Grand. There is a production spend KPI specifically around doubling spend; is there an equivalent KPI specifically for spend by indigenous Scottish production companies?

I am aware that there is a separate indicator around increasing the number of indigenous Scottish companies in the top 50 with a turnover of more than £10 million from two to six, but is there a KPI for the overall production spend for indigenous companies?

**David Smith:** There is not. However, as you know from my previous engagement with the committee, I came from working in the Producers Alliance for Cinema and Television in the independent production sector. Across the past 10 years, my mantra has been “from, not in.” Under Ofcom’s rules, production in Scotland does not require to be indigenous. I have constantly campaigned for production from Scotland; it is a question of representation, intellectual property and value being held in our production sector in Scotland. There have recently been changes on that, which have been helpful. There is also a new authenticity of approach from the public service broadcasters. Although we do not have a KPI specifically attached to that, that is where a lot of our work goes.

Looking at the way in which we structure our funds, 10 per cent of our funding is targeted at productions that come into Scotland. The rest is targeted at work from within the Scottish production community. The production growth fund is the only fund that is specifically designed to draw projects into Scotland that would not otherwise be filmed here; even that fund is

accessed by Scottish-based production companies.

**Ross Greer:** In relation to the targets, the development and production spend section in Screen Scotland’s 2019-20 business plan says:

“This will include developing the methodology to identify production spend in film and television.”

That touches on the points that have been made previously about data availability. Will you give us a quick update on your progress towards developing and having an agreed methodology on that?

**David Smith:** I touched on that earlier. It is a complicated nut to crack. I was at an event recently at which someone told me that Burns is worth £20 million a year to the Scottish economy; I would love to know how that was calculated.

We are working with the BBC, the National Audit Office and various other bodies to come up with what we think is a robust methodology for the value of screen to Scotland. As I have said, I think that it is somewhere between £300 million and £500 million, depending on how you cut it. That has to be something that we agree on, as a partnership and with the sector. In Screen Scotland and Creative Scotland, our knowledge and research team is working on that right now. It is an active topic. It has been a bugbear of mine for a number of years. It is really important that we—as a nation, a Government and a Parliament—know what screen is worth to Scotland.

The point that was made earlier about the importance of the sector in Glasgow is not lost on me; it is not lost on Glasgow City Council, either. However we divide the figure, the majority of the value currently attaches to the economy of Glasgow city or the greater Glasgow area. We are a pan-Scotland agency. We have to look at developing opportunities across the whole of Scotland. I have been very active in the made out of London campaign within the independent sector. There is an argument for a made out of the central belt approach to look at how we spread that value across the whole country.

**Ross Greer:** Looking at timescales, is there a timescale for your team having something agreed? I understand that that needs to be taken out to the sector and to other stakeholders and agencies. What timescale are you working to to get that methodology agreed? That is incredibly important for the long term. Much of what we are discussing takes us up to 2022-23. Such a methodology has much longer-term implications. It would be good to get something agreed as soon as possible, but we need to make sure that whatever is agreed is something that has absolute buy-in across all stakeholders.

**David Smith:** That is exactly the tension. We will work throughout 2020-21 to deliver that so that when we report our figures at the end of that period, we do so consistently on the measure that we currently use and on the new measure.

**Isabel Davis:** That point is incredibly important: we have to get this right. We have a 2016 benchmark because I do not think that anyone would appreciate us moving the goalposts for our own targets—that is certainly not the point of the exercise. Getting it right for many years to come must be absolutely key.

**Ross Greer:** I want to move on to organisational issues. In relation to organisational structure and staffing, your submission—which we received in advance of last week's session with the industry; it was very useful—mentioned a restructuring process. That raised a question for the committee, given that the unit is still quite new. Can you clarify whether that is an issue of language? Is that essentially the completion of an initial structuring process, or have you already got to a point at which there was a wider review and it was found that restructuring was required?

**Isabel Davis:** I think that what you are seeing now reflects the aspirations that were put forward by the screen sector leadership group and by the committee in terms of specialisation and the requirement for industry expertise. That is the key part of the restructuring—the reshaping, if you like.

As David Smith said, we love our team. The people who work at Screen Scotland, who were formerly at the screen unit, are incredibly diligent, intelligent people who understand and care about the sector and work tirelessly to support it. However, the structure of the team was such that we had what we might call rather a generalist approach.

The committee has already considered the work that was done in key areas of our team, such as business development support, talent development and audience development. We had to ask ourselves how we could best support such areas when we had a team of people who were working across them all. To my mind, the way in which we could build deeper and stronger connections with the industry and formulate much more nuanced approaches to our strategy was through reshaping those teams and, where we felt that there was a need to bring in additional expertise, having the freedom and the resource to do so.

In outlining those changes I do not want to repeat what is in our submission, but I can tell the committee that we have already appointed a head of audience development, who will start towards the end of April. As that person is extremely well

known to the sector, that will allow us to shape, bed down and prioritise audience development.

We also have a business and market development person coming in. We would not have had such a post in place in 2016, because it has come directly out of the work that we have done with EKOS and Scottish Enterprise to consider how we might best serve the sector's needs through business development support.

We are currently in the recruitment process for a head of scripted and a head of unscripted, who will be able to provide a clear line of sight through the talent development pathways on both those aspects. In a country the size of Scotland, we see there being many more commonalities between the unscripted and scripted pathways than between, say, film and TV, and we know that we want to see some convergence there.

Finally, there will be a head of production post, which will allow us to be much more hands on, robust, helpful and supportive for productions through budgeting and scheduling correctly. Among other things, it will allow us to intervene much earlier in productions that are in the first feature space.

**Ross Greer:** I have two brief final questions, which I will roll into one because I am conscious of the time.

The role of head of production seems quite a significant one to be still recruiting for now. In layman's terms, for the benefit of folk like us, such a role seems pretty critical. Will you clarify why it was not prioritised far earlier? Why are we just getting someone into that post now?

On the overall structuring and recruitment of staff, the committee's understanding is that your staff total will be roughly 32. Many posts are described as being heads of certain aspects, so the staff structure seems as though it could be quite top heavy. However, we might not have a full understanding of it, so it would be useful if you could outline the ratio of senior staff to officer-level staff in the team.

**Isabel Davis:** There has not been a head of production previously. When we came into the structure, I do not think that having one was a recommendation of the SSLG. However, in my experience, individual officers might perform the role of a production executive alongside the other roles that they have across our slate. I have therefore seen the need for our sector to have a bolstering of support around the budgeting and scheduling processes, which will allow us to become much more responsive to the needs of productions as they go through those processes. In particular, we should be able to respond to the industry's strong feeling—with which I agree—that we need to be more confident about coming on

board earlier in the financing of productions instead of letting the market decide. In order for us to be confident in our production decisions and to be able to do more due diligence, we need to have someone who will work full time on scrutinising such decisions.

Secondly, we are building in a number of further posts for heads. They will be very hands on—they will not form a layer of management that will boss around a diminishing number of Indians, so to speak. The team will be closely knit and will be experts themselves. In most cases, they will have only small numbers of officers—one or two—working beneath them. At the moment, we have rather a flat structure, which is not really working either.

**David Smith:** The plan is that we will move to having six heads across the unit, with me and Isabel Davis as director and executive director above those. There are a number of roles underneath. The total head count of 32 would draw expertise from within Creative Scotland on human resources, communications and information technology, in all of which we are very ably supported. We also draw expertise from our partner agencies, which I can genuinely say happens day in, day out.

**Ross Greer:** I am trying to—

**The Convener:** A few other members have yet to come in, so I am afraid that we will have to move on.

**Annabelle Ewing:** Is the totality of Creative Scotland's funding for the screen industry in Scotland administered through Screen Scotland?

11:00

**Isabel Davis:** Yes, it is. In addition to our budget allocation, a number of regularly funded organisations sit within the Creative Scotland portfolio. Those that focus on film—I do not think that there are any regularly funded organisations that focus on TV—have lead officers who are drawn from the Screen Scotland team.

**Annabelle Ewing:** Creative Scotland has the money, and the money for the screen industry in Scotland goes via Screen Scotland, which disburses it through various funding streams. Will that disbursement information be published? If so, when will it be made public?

**Isabel Davis:** I think that we are about to go into year 3 of funding for those regularly funded organisations. That will be part of the annual review, and those amounts are set. The physical act of handing over the money happens centrally through Creative Scotland's financial team, as is the case with all our awards. The engagement

with the RFOs happens through the respective officer at Screen Scotland.

I am not sure whether I have answered the question.

**David Smith:** Every award is published regularly on our website.

**Annabelle Ewing:** Does that include information about the type of project and the organisations or individuals who receive the funding? Is that all broken down?

**David Smith:** Yes. From memory, I think that all that information is provided.

**Isabel Davis:** Yes. We publish regularly on the Creative Scotland website all the awards that are made. From memory, I think that that includes information about the dates, the amounts, the companies and the projects. Very few individuals receive funding through the schemes that we provide.

**David Smith:** There is funding for markets and festivals, and professional development.

**Isabel Davis:** Yes. Even in relation to markets and festivals, the company rather than the individual tends to be named on the website.

**Annabelle Ewing:** I understand that there was an expectation that £20 million of global funding for the film and screen sector would be provided in the 2018-19 financial year. Is that what happened?

**Isabel Davis:** Yes—pretty much. Some production awards straddle more than one year, and we might make commitments one year that go into the following year, but that is our working budget.

**David Smith:** Previous periods also roll into that period. Within each budget year, that is the figure to which we operate.

**Annabelle Ewing:** When we met various stakeholders last week—you have probably seen the evidence that we took—there seemed to be support for the Canadian model, whereby, I understand, support for incoming productions is contingent on partnering with an indigenous producer. That is also the case in France. Is Screen Scotland considering using such a model?

**Isabel Davis:** The Canadian model is interesting. Canada is in a particular position, being next to the US, which is the largest producer of content in the world, and it needs to shape itself in response to that market condition. The Canadian system involves a number of funding streams. At the federal level, there are two separate tax credits—a production service credit and an indigenous credit—so the funding is even built into the tax system. A production service company will always be attached to the federal tax

credit, whereas Scotland does not currently have a network of production service companies.

Given the scale of our country, our production funding—in fact, all our funding—will always involve Scottish people. As David Smith said, 10 per cent of our funding goes to the production growth fund, which is there to attract inward production, and it is very much embedded in the DNA of that fund that Scottish crew will be working on such productions. Typically, there will be a Scottish line producer.

Given that we are able to be small and that every award is a negotiation, we are very aware of who is available crew-wise, and we do not impose things that would knock out a production from coming. We ensure that the best possible opportunities are available for crew, and that is part of the deal that we do with every company that receives a production growth fund award. The flexibility that we have, which is allied to our market intelligence and our knowledge of crew, serves us very well.

**David Smith:** We should look at the totality of the funds that we operate. The production growth fund, which is separate, is a way in which we compete globally—it is one of the levers that we have to pull in the global market. We won filming rights for “F9”—the ninth “Fast and Furious” film—and the production came to Edinburgh. You can watch the trailer on YouTube, and it features lovely shots of the city. Other projects—which we will not mention, because they have not been publicly announced, although they have been mentioned in the press—are being filmed on the west coast. That is a great advert for Scotland.

However, that is a competitive process. It is not competent for a smaller nation to say to the likes of Universal, “You can come and make ‘F9’ here and we’ll help you with production and support, but you must return a certain multiplier into the Scottish economy and you must work with a Scottish production company.” It will work with line producers, heads of department and teams from within Scotland, but Universal will not co-produce the project with somebody else. As such, if we imposed that, we would not win the business—that is what it boils down to.

As our written submission states, our broadcast content fund is targeted towards Scottish production companies; that is a capitalised phrase and is defined in the criteria. It is also open to companies from within the EU and European Economic Area, because those are the current rules, but such companies have to be involved in a meaningful co-production with a Scottish company, and we have set out what a meaningful co-production is. All the outputs have to qualify as Scottish content under the Ofcom criteria.

As such, the majority of our funding is targeted towards indigenous companies or requires a co-production with a Scottish company. The exception is the production growth fund, which is designed specifically for the purpose of winning international business.

**Annabelle Ewing:** Thank you for that comprehensive answer. I understand that there are competing interests here but, thinking back to last week’s evidence session, I think that there is perhaps a lack of confidence that the indigenous sector will be duly taken into account to the widest possible extent. The message that we seemed to get last week was that the sector is not confident in your processes or confident that it will end up getting some work. It seems to be a short-sighted approach, because surely we have to build up the indigenous sector.

**David Smith:** There were some interesting omissions in some of the evidence that was given last week. Until last October, I ran an indigenous production company and I was the national director for PACT—the Producers Alliance for Cinema and Television—in Scotland, which represents producers across the whole of the UK.

As I mentioned at the start, a project that one of the panel members referenced last week—a £4 million production that has recently been won by them—is in fact a co-production between three Scottish companies. We facilitated that project through development and we are part funding it, but that was not mentioned by the panellists. I could lead the committee to various other examples of where there were omissions from the evidence that was given last week that could easily be challenged.

**Annabelle Ewing:** It might be helpful if you could write to the committee with that information. You are saying that we have only part of the jigsaw and, from your perspective, we are missing an important part. If we had that missing part of the jigsaw, it would help to inform our views.

**David Smith:** I am happy to do that.

**Annabelle Ewing:** Thank you. Isabel, did you want to comment?

**Isabel Davis:** No. I just note that I am really happy to do that—it makes sense.

**Stuart McMillan:** My questions follow on from Annabelle Ewing’s questions on productions and producers. Commissioning power has been raised with us, including last week, and it leads on to a couple of other issues. What are you doing to work with the broadcasters in Scotland to increase productions in Scotland and ensure that there is greater output in Scotland?

**David Smith:** That has been part of my work for a long time. Part of the reason why I have been

brought into Screen Scotland is my knowledge of and expertise in the TV sector. The BBC is obviously in a difficult position at present. As we have discussed in this room before, we all recognise that levels of licence fee reinvestment by the BBC across the UK are not equal and there is a particular disparity in how the licence fee is reinvested in Scotland. It has changed and the sums have generally risen, but the gap has remained consistent.

We would like more to be spent on the BBC Scotland channel and on content from Scotland for all the networks—the BBC, Channel 4, ITV and Channel 5. Interestingly, Channel 5 is very good; in fact, it overdelivers on its non-existent quota. It has no specific Scottish quota, but it regularly works with Scottish production companies, which is noted in the sector.

There is a forum called the TV working group, which is a good space for the sector to meet the Scottish Government and its agencies such as Scottish Enterprise, Screen Scotland and others, and the point was raised there recently that there were no factual commissioners in Scotland. A few people had moved jobs—some had joined STV and some had gone elsewhere, which had left vacancies. We picked that up, and within 48 hours we had responses back from the BBC and Channel 4 on how they were addressing that. There is an authenticity of approach by the broadcasters that was not there a year or two ago. Things have changed and they want to address the concerns.

I am actively involved in negotiating the MOU with Channel 4 that we hope to launch later this summer—I could give you a more precise date, but I do not necessarily want to be tied to it. That is connected with skills development, company development and market development. Isabel Davis mentioned earlier our new head of business and market development.

Having come from the sector, I am conscious that we can stimulate business capacity, but if we do not stimulate market capacity at the same point, the output will be not purposeless, but suboptimal. Ofcom has imposed rules about working in Scotland on the public sector broadcasters in particular, and we are working with them to draw more commissioning power to Scotland. We want to disrupt London-to-London patterns of commissioning. We want commissioners and commissioning budgets to be based in Scotland.

**Stuart McMillan:** That is interesting. The committee needs to look at the subject. We have certainly heard from the BBC—a year ago, and before that—that it is working on improving that area internally in the organisation, but what you have just said seems to conflict with that.

**David Smith:** It does not conflict with it; it builds on it. The BBC is genuinely engaged in altering the way that it commissions content across the UK, and there is an authenticity in its approach that was not there previously. However, it is a journey. Some of the individual jobs are quite hard to replace. I will not name individuals, because that would not be appropriate, but we cannot just pick a commissioner off the shelf and pop them into a job, especially if we want that person to be based in Scotland.

Historically, the people have not been here but, interestingly, because of the Channel 4 hub and the work of the BBC, we now have an internal competitive market for commissioning posts in Scotland. That adds a slight delay to the recruitment process, but the aim is definitely to draw more people up here.

**Stuart McMillan:** How will that affect casting agencies? There are some concerns that BBC productions, in particular, have been using casting agencies that are external to Scotland rather than the resource that is already here.

**David Smith:** That concern applies not just to casting agencies but to all levels and grades in productions. As a former producer, I know that, even if I won a commission, the next question would be whether I could work with X, Y, and Z, all of whom would be based in the south-east. The production companies in Scotland have to win those arguments, and we help them whenever we can.

**Isabel Davis:** The screen commission regularly brings production companies up to Scotland to do location reccees and see whether they can base in Scotland, and one of the first pieces of advice that they get is to engage a Scottish line producer, because all other conversations will flow from that. At a strategic level, we build the Scottishness in with that Scottish expertise. That is really where you want to start.

**David Smith:** In the first quarter of this year, we set in motion various initiatives that would have brought commissioners to Scotland. I am afraid that the coronavirus is slightly disrupting our plans.

**Stuart McMillan:** In the short term, could the new studio put pressure on existing studios, particularly in and around Glasgow, bearing in mind that 65 per cent of the workforce live there? If so, could that subsequently increase costs? As you said, it is a fledgling industry. Until we get more people into the sector, could costs increase and additional pressures apply?

**Isabel Davis:** Are you asking about the cost of the studio or the cost of crew?

**Stuart McMillan:** I am talking about the cost of hiring staff and getting people to go to work in the new studio.

**Isabel Davis:** We do not see that as the potential outcome at all. The Glasgow-based crews are working really hard right now. There are a lot of productions and there is a lot of activity, so we are looking at a very active sector. The reality is that the productions will come in. We have seen the numbers and the production spend on like-for-like productions and there is more to come. As there was when “Outlander” came in, there is going to be a need to crew up in Scotland. Part of that will come through people coming back to Scotland and it will involve a concerted effort to build more skills.

I will use a colloquial term: it is horses for courses. The production will take what it needs and we will grow with it. That brings me back to the question about skills. There is only so much that we can do unless we have productions to base things around, and that is what we have been waiting for.

11:15

**David Smith:** There is a commercial consideration, too. Crews work within industry guidelines and agreements, because there are various structures within which the industry works. There is a commercial negotiation, but there is also potential to draw people into Scotland from the whole of the UK. Some of them may end up staying and working here long term, which will augment our capacity.

**Stuart McMillan:** Will you send the committee information on all the recipients of the cinema equipment fund?

**David Smith:** Yes—absolutely.

**Isabel Davis:** Yes. We have some information with us, which shows the geographic spread of the recipients.

**The Convener:** You might have read that out already.

**David Smith:** I did.

**The Convener:** We do not have much time left, so we should not repeat that.

Following Stuart McMillan’s question on BBC spend, I have some supplementary questions for David Smith. The BBC repeatedly says that it is robust when it evaluates what a Scottish production is, but people in the sector dispute that. Do you believe that the BBC is robust in that regard?

**David Smith:** It is increasingly robust. When we have discussed that previously, I have had

questions for all the PSBs and not just for the BBC. It tends to be the focus of such discussions, but it is not the only PSB.

There has been a sea change. Ofcom’s rules did not go as far as I would have liked them to go, but there was a tightening up of what is and is not a substantive base and what is and is not a senior person. There was some useful clarification in the guidelines of the purposes of those rules and what they are intended to deliver. That has fed through, as I have seen in my conversations with the broadcasters and the sector prior to taking up my role, and subsequently.

Yesterday, I met a producer—I will not say who or where—who has just won from one of the PSBs exactly the kind of project that we want producers to win. I am trying to work out what I can and cannot say, but we want returning formats across the genres—drama, factual and entertainment series—to be produced from Scotland and not just in Scotland. We want Scottish-owned and operated companies to win them, and that is increasingly the trend.

**The Convener:** How can you use your new position to keep up the pressure on that, particularly as there will be a new head of BBC Scotland and a new director general of the BBC?

**David Smith:** I can use my position through dialogue, constantly returning to those points and making it clear that, when we invest in a project, we are interested in its being produced from Scotland. Under many of our funds, we want the outputs to qualify as Scottish, and I can make it clear that we are paying attention to that.

One of my first actions on coming into the post was to go out and meet some of the companies that, in my previous role, I had question marks over with regard to how secure their Scottish basis was. I am happy to report that many of them, having been here for a few years, are here for the duration and have put down roots and employed senior editorial people from the Scottish community.

**Isabel Davis:** It is Screen Scotland’s role to build up the talent sector, from which the ideas come, and then to share that intelligence with commissioning teams in the PSBs and develop strong relationships with the heads of scripted and unscripted content in order to build confidence.

**David Smith:** We cannot tell the BBC and Channel 4 how to spend their money, but we can certainly tell them how we would prefer them to spend it and where our strategic aims and objectives align with theirs.

**The Convener:** Particularly if you are putting in some of the money.

**David Smith:** Absolutely.

**Kenneth Gibson:** I concur with the views that have been expressed in relation to some of the recent questions. Every year, we express our concern that a lot more money is raised in Scotland from licence fees than is spent here, even when we account for network spend.

We heard last week from a witness about the need to have market and broadcasting brokerage to improve access to key people in organisations ranging from Netflix to the BBC. Isabel Davis mentioned market intelligence earlier, too. What assistance is provided to allow people from indigenous companies, in particular, to get through the door?

**Isabel Davis:** We have a markets and festivals fund. I am not sure about Eric Coulter, but the other three panellists in last week's session have certainly availed themselves of the fund to physically go to international markets such as, for film, Cannes, Toronto and Berlin. MIPCOM is a key example of that on the TV side. We also support a number of documentary festivals.

It is entirely up to the indigenous producer to decide on their strategy and on where to go. They will apply for some money and we will disburse it to them. We have also run other programmes such as the market leaders programme, which has striven to build strategic support, and we will look to sharpen that up considerably when we have our head of business and market development in post next month.

There are travel grants, and in the relationships that we hold, we are working actively across the development of projects, so we are able to introduce companies directly and provide that market insight and support.

**Kenneth Gibson:** A concern was expressed that that is not happening. If I want to—

**Isabel Davis:** That will be covered in the letter to you as well.

**Kenneth Gibson:** That is good. If I have a production and I want to speak to Netflix about it, the key issue is how I can speak to the right individual.

**David Smith:** During the Glasgow Film Festival, just last week, we had an event with the head of physical production for Netflix in the UK and colleagues. Senior people from across the Netflix team in the UK came to Glasgow and met 50-plus members of the production community and heads of departments generally. The aim was partly to ensure that they know one another and partly to demonstrate the strength and depth of our talent, and it worked really well.

Last month, in Edinburgh, we had Move Summit, which is an event that focuses on animation, visual effects and special effects. It

drew in people from Pixar, Unreal, Walt Disney Animation Studios, Netflix and Industrial Light & Magic and, again, we supported that event, which allowed direct interaction with those organisations.

**Kenneth Gibson:** Excellent.

**Isabel Davis:** It is one thing to provide the fora for those events to take place, whether internationally or by creating that space in Scotland, but we also need to equip people with the right tools so that, for example, a producer who thinks that Netflix might want their show can ensure that they actually have something that is ready to show to Netflix, in terms of the quality of the content and the presentation. That is also a key part of our role.

With regard to our funding, there is also a requirement to balance the need for indigenous stories to be told and co-production. This year, we have dealt with two productions through the film development and production fund: one is a UK and Australian co-production made by Black Camel Films, which is Arabella Page-Croft's production company, and the other is a Scottish, Belgian and French production called "Wise Blood", which involves the Barry Crerar production company in Glasgow.

What we do is equip people with the tools to go out there when they have something to offer to the international markets, and it is about having a strategy that has many moving parts.

**David Smith:** "Falling for Figaro", which is the Australian co-production, connected directly to the Royal Conservatoire of Scotland in Glasgow and drew in talent from its team.

**Kenneth Gibson:** My final question is on finance. Is there a possibility that businesses could get soft loans? Often, there is a real difficulty with people having the finance to get even to first base. We were told last week that it is very difficult for people to get their first film made. Companies that are commissioning want to work with people who have experience but, if people cannot get their first film made, they will not get any experience. It was pointed out that that is a particular problem for women directors. Will there be an emphasis on first film producers, and particularly women? Will there be soft loans?

In general, do you help indigenous companies to access, for example, private finance so that they can put projects together? I might be an excellent filmmaker, but that does not mean that I will know how to deal with the finance aspect. There are issues because different skills are required, and I wonder how you assist in those areas.

**Isabel Davis:** Absolutely. We have been deliberating on the issue of that key first feature

film over the past few months, and our new structure will certainly help us to support people better in that respect. The other thing is that, as we mention in our submission, we are recruiting a partner to re-energise the pre-first feature part of our talent development pipeline. At present, we have the Scottish film talent network. From the start of the next financial year, we will have a new partner who will respond to what we learned in the first four years of that programme about the types of support that writers, directors and producers need to get to the point where they are ready to make a feature film. That readiness involves not only their craft and artistic vision, but also—as you pointed out—the need to have the expertise within that team of writers and producers that allows them not only produce and finance the film but to succeed in conveying their vision. The creative side of the process needs to marry with the financial acumen in order to make a film.

We want to ensure that there is a clear line of sight on what is available at Screen Scotland to support the people who emerge from the newly structured talent development programme and are ready to make their first feature. We also want to be able to support them fully, so we are on the front foot with regard to support. We are never going to be able to fully fund something—that is state aid rules for you, and, in any case, we are talking about mass-media projects, and even low-budget mass-media projects still need a lot of money compared with any other type of artistic endeavour. We want to work with the grain of audiences and with the market, and we think that our film makers should, too.

Our process is to stand behind our strongly talented people by supporting them and giving them the tools that they need. We should perform the role of the stabilisers on a bicycle, and that is what we are bolstering internally in our team.

**Kenneth Gibson:** What about soft loans?

**Isabel Davis:** The money that we provide is effectively a soft loan that comes at any stage in the development process, from having the initial idea and optioning the material through to late-stage development, which is the budgeting, financing and casting elements of the project, before it gets to the production financing stage. That is the funding that companies get from Screen Scotland. It takes the form of equity in the broadcast content fund and the film development and production fund, and the production company will have an equity corridor if the money is recouped.

We also look at other types of finance. Financial transactions are available from the Scottish Government, and banks are also looking around the space. We know from the sector that loans—actual hard and fast loans that need to be repaid

by somebody, in the case of financial transactions—would need to be paid back by Screen Scotland if they were defaulted on. So, ultimately, some loans are not that soft. We are aware that risk money is needed, and that is always the most tricky money to get.

The expertise that David Smith has in TV, that I have in film and that we have within the team means that we are already in a position to advise on financing, and we have the relationships to push producers if they need support when approaching the sales companies, distributors and other financiers in the market, including Netflix, that could come on board to finance their projects.

**The Convener:** Unfortunately, we have to wind up because we are over time.

A critical area that we have not explored because of the time pressure—I apologise for the fact that we are running behind because of the previous evidence session—is the relationship with Scottish Enterprise, which the committee recommended should be cut out, with you guys getting the money. People in the sector repeatedly raise that issue, and the stakeholders raised it at last week's meeting.

There are specific issues around what should replace the FOCUS fund and so on. I will write to you, on behalf of the committee, to ask some questions about that. There are also questions that we will raise with the Cabinet Secretary for Economy, Fair Work and Culture, now that she has responsibility for Scottish Enterprise. As a committee, we are hopeful that we might be able to help with some of the difficulties that have been highlighted. I will put that all in writing, if that is okay.

**Isabel Davis:** Yes, of course.

**The Convener:** Thank you for coming to see us today.

11:28

*Meeting continued in private until 11:35.*



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

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

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