



OFFICIAL REPORT
AITHISG OIFIGEIL

Culture, Tourism, Europe and External Relations Committee

Thursday 29 March 2018

Session 5



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CULTURE, TOURISM, EUROPE AND EXTERNAL RELATIONS COMMITTEE
9th Meeting 2018, Session 5

CONVENER

*Joan McAlpine (South Scotland) (SNP)

DEPUTY CONVENER

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

COMMITTEE MEMBERS

*Jackson Carlaw (Eastwood) (Con)

*Mairi Gougeon (Angus North and Mearns) (SNP)

Ross Greer (West Scotland) (Green)

*Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con)

Richard Lochhead (Moray) (SNP)

*Stuart McMillan (Greenock and Inverclyde) (SNP)

Tavish Scott (Shetland Islands) (LD)

*attended

THE FOLLOWING ALSO PARTICIPATED:

David Brown (LBP Outlander)

Rosie Ellison (Film Edinburgh)

Tiernan Kelly (Film City Glasgow)

Amy Morement (LS Productions)

Jim O'Donnell (PSL Land)

Andy Wightman (Lothian) (Green) (Committee Substitute)

CLERK TO THE COMMITTEE

Katy Orr

LOCATION

The Robert Burns Room (CR1)

Scottish Parliament

Culture, Tourism, Europe and External Relations Committee

Thursday 29 March 2018

[The Convener opened the meeting at 09:04]

Decision on Taking Business in Private

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

Apologies have been received from Tavish Scott, Richard Lochhead and Ross Greer. I welcome to the meeting Andy Wightman, who is substituting for Ross Greer, and I invite him to declare any relevant interests.

Andy Wightman (Lothian) (Green): I have nothing to declare.

The Convener: Thank you, Mr Wightman.

Our first item of business today is to decide whether to take item 3 in private. Do members agree to do so?

Members indicated agreement.

Screen Sector

09:05

The Convener: Our second item of business is the fourth evidence session in our inquiry into Scotland's screen sector. Today, we will focus on infrastructure.

I welcome our witnesses. Rosie Ellison is film manager at Film Edinburgh, Jim O'Donnell is the director of development at PSL Land Ltd, Tiernan Kelly is a director of Film City Glasgow, David Brown is a producer with LBP Outlander, and Amy Morement is a location manager with LS Productions.

Thank you for coming to give evidence today. I will begin by asking a question about the film studio delivery group that the Government set up in 2013. You will all be very aware of and have direct involvement in the issue of film studio delivery in Scotland, which has been a topic of debate for a long time. What has been your experience, if any, of the film studio delivery group? How has it supported your sector?

Tiernan Kelly (Film City Glasgow): The film studio delivery group was started in May 2013. With hindsight, the big question might be whether it has done its job properly, as it has not delivered anything in five years. However, we could flip that and ask whether it was given the tools to deliver what it was asked to do.

Creative Scotland has been heavily involved, but it does not have a capital budget to speak of, so all that it can do is lobby and be an advocate for a studio. Scottish Enterprise would argue that its remit is not really to invest in speculative projects. Its remit is about growth and not speculation, and it is there to implement policy and not to make it. Has the group been given the right tools to deliver on the task? Clearly it has not. Is that maybe the point?

I think that it needs someone pretty senior within Government to take the recommendations and green light the proposal. At the moment, the group does not really have the power to do that.

Amy Morement (LS Productions): I have not had any direct dealings with the group, but from my awareness of it and the industry, it seems to me that there has been a level of investigation into and investment in Wardpark Studios. For me and, I think, many people who submitted evidence, it is not about having a single solution. It is fantastic to have the facilities at Wardpark, which is an excellent beginning, but there should be multiple ventures and multiple studio spaces, either adapted spaces or purpose built studios, and there is room for that. From what I have read, the group

has been heavily involved in the Wardpark development, but that is not the final solution.

David Brown (LBP Outlander): I should say something about that, because I have been responsible for Wardpark in a sense, with our landlords. There has been no investment, apart from de minimis amounts, in either “Outlander” or Wardpark. Wardpark has been developed completely with external inward investment from Sony and Starz, which are the parents of the television show. We had some initial interaction with the delivery committee, which came and visited us, but from our perspective it helped us in no way whatsoever. In the end, we really just had to say that we had had enough of its visits, and we had to move on.

Jim O’Donnell (PSL Land): PSL Land has had no contact with the delivery group. We had one meeting with Creative Scotland three years ago, two conversations after that, and two meetings with Scottish Enterprise. However, on all occasions, it would not engage with us until we had planning consent. Therefore, we have progressed with no input whatsoever from the group.

Tiernan Kelly: We need to consider what you are asking it to do. In my submission, I describe other types of studio development in the United Kingdom, which broadly fall into two or three categories. We have examples such as Northern Ireland, with North Foreshore Studios and Titanic, which are entirely private sector developments that are part of wider strategic developments in the area.

We also have the news this week about Dagenham. Everyone is really excited about what the London Borough of Barking and Dagenham is doing, but behind that it is building 500 new houses. At London prices, that is probably £150 million of development. Are you asking the film studio delivery group to become involved in private or mixed development? As I see it, that is really the only type of private sector investment in film studios in the UK at the moment.

Secondly, as I state in my submission, the Welsh Government has got on board with Pinewood and Bad Wolf. Essentially, it has bought premises and leased them back to the relevant parties. Is the group going to do that?

The third example, which we are keen to talk about, is Manchester, where Manchester City Council took the reins and built everything from scratch or acquired space and refurbished it.

It seems that the group is hamstrung, in a way. It is not allowed to do any of the three types of studio project that I have just described. Should the Government enable it to do them? That is my question.

The Convener: The committee was grateful for your interesting presentation at Film City, and for Mr Brown’s tour of Wardpark, which was also enlightening.

I would like to zoom in and ask Jim O’Donnell about the Pentland project, because you now have the green light. You have provided a written submission, but will you tell us a little bit more about what stage the project is at, what the delivery times are and why the business model is right for Scotland, in your view?

Jim O’Donnell: The deadline—another deadline that we have had to wait for—for objectors to raise a judicial review against the Government’s instruction to grant planning in principle was yesterday. On Monday, we started the survey work on the site. That was three days before the deadline, but we felt that that was reasonable, because of programming. That includes intrusive surveys on the below-ground issues that we will experience on the site.

We have appointed Robertson Construction as our preferred contractor, and we are working with it on its design development systems with our design team and with its suppliers and its supply chain. The target dates that we are working to are to have the complete sound stage and workshop space available and open by the third quarter of 2019, the office space by Easter the following year and the university building by September 2020.

The Convener: When do you think the studio will be available for people to come in and make films?

Jim O’Donnell: That will be in the third quarter of 2019.

The Convener: Okay. Many other projects, such as in Manchester, have taken a phased approach. Is that the approach that you are taking?

Jim O’Donnell: The approach is driven by the market. Our marketing team has identified the demand. We are confident that, within the next six months, when we can convince the sector that the studio will be ready, people will commit to actually booking the stages.

The Convener: From the beginning you have said that it is very much a private sector led project. Does that remain the case or will you be looking for public sector support?

09:15

Jim O’Donnell: The project is absolutely private sector led. My experience is as a property developer in construction—I do not make movies. I was invited to go and gain experience and work at Warner Bros Studios at Leavesden. Having

identified the opportunity in Scotland, we have acted as developers. We have engaged with the Association of Film and Television Practitioners Scotland, Rosie Ellison and others to give us, more or less, the evidence that developed the size and scale of the studio and the buildings. Over the next two to three years, we will create the buildings. After that, the most important things will be in the sector: the training, the product, the crews, who will man it, where the clients are and how inviting it is for production companies to come to Scotland.

The delivery group has had 10 years to deliver a studio. I am not critical of it—I endorse the idea and agree with it. However, my investigations show that, because no one was involved who had built a studio, the grounds and criteria that were used for the development and evolution even to the current scale were not apparent.

One of the problems that we see is that Scotland, over the past 15 years, has not had the faith in the sector to say that it is going to be here in five years' time. It has always been feast and famine. We do very well for two or three years, and then we do not do very well. There has been no long-range view. That has been apparent in the fact that all the offers to market have been refurbished factory units. At Wardpark, David Brown and his team have done an exceptional job, but it is a conversion of a factory—which, by the way, I was the project manager on. I built it when it was for Isola, so I know the factory inside out. In the case of Film City Glasgow, it was Govan burgh halls. Those are make-do projects. There was no vision of where the sector was going to be.

Twenty years ago, one of the guys that I respect most in the industry, Dan Dark at Warner Bros, was here, looking at Scotland. He came away, and one of his comments to me, as a Scotsman who came back from working there, was, "You'll never make it happen, because there's no appetite for it." It is about short-sightedness.

One size does not fit all. Our studio complex should be complemented by the likes of Cumbernauld and Film City Glasgow. There should be a spread. If Government takes this on and supports making Scotland a welcoming place, we could have two other sizes of studios in Scotland.

The Convener: You said,

"If Government takes this on and supports"

it, but a few minutes ago you said that you are not looking for Government support.

Jim O'Donnell: It is not about supporting construction of a studio. It is about supporting the sector through taxation, by making it attractive for the production companies to come, and by training

the crews. That is where investment should be, in my opinion.

The Convener: Thank you. David—do you want to comment? You are the one who is doing it.

David Brown: A lot of what Jim O'Donnell said is spot on. At the moment, we have an extraordinary growth in content demand out there, not just in Britain or the US but in the world, by virtue of the revolution in streaming. The amount of TV that is required out there is extraordinary. It has never been like this before. What has happened here with Wardpark and "Outlander" has been driven by that demand, but also by a desire to be in Scotland. We have seen enormous investment in that building come through "Outlander", and that has created a legacy. It is not a one-off. The partnership that we have created with our landlord will go on and create another of the studios that Jim O'Donnell talks about.

It is an issue of political will. The evidence is there, and you have had it from everybody else—from various parties across the board, and through various meetings and paperwork. There is no question but that the "Outlander" effect has worked. Look at our impact on tourism. We are employing 230 people for 10 months a year, and we train 20 people a year. We are delivering for you. If you attract more of these shows, the knock-on effect will be incremental.

Jim O'Donnell mentioned Dan Dark coming up and saying, "It can't work". The issue is that we inevitably, if unfortunately, have to look at ourselves as being an offshoot of London. The political will is about shifting that gear, changing that perspective and saying that, as a nation and a country, we want to build the industry. It is our choice. You can let it continue as a kind of a victim industry that always has its hands out saying that we need more and we need special breaks, or you can shift the gear and attract businesses such as "Outlander". If we have two or three "Outlanders" here, the amount of inward investment will be staggering.

It is not just about the building. The building has been an annoying, frustrating and tedious thing. I was on committees 20 years ago talking about a studio in Scotland, and it is just not coming about. It has to be about people in Government saying that they want to change it, that they want an industry and that they do not want it to be an offshoot of London, or our people and the best of our creatives going to London and being sucked into the international industry. It should say that we, as a nation, see that it is important, that we want to build the infrastructure, build the training and build the industry to encourage entrepreneurial producers and shift the gear.

Jim O'Donnell's building, with that enormous investment, requires a huge amount of product to come in and pay for it. The Wardpark building is paid for: Sony has invested in it, so Wardpark will always pick up business. Jim O'Donnell's building, in my opinion, needs the instrumental push of Government and well-funded Government agencies being out there in the world saying, "We'll get you into Scotland"—or bribing people into Scotland, in the same way that Northern Ireland did. It made a political decision to build an industry, and then attacked in all areas—training, infrastructure, reputation and marketing—to bring people in.

When I started "Outlander", all that I said to the agencies in Scotland was, "I want you to match Northern Ireland—I want you to prove to Sony and the studios in the States that we are open for business and that we will do what it takes to bring companies in and bring \$300 million or \$400 million investments into Scotland." Nobody did anything about it. Promises turned to frustration, annoyance and irritation. I will not have those people in the building now, because I do not have the time for it and I do not see them in any way adding to the business or my business.

It is about making a decision. We have been talking about it for too long. If it is not a game that the Government wants to be in, it should let us get on with our jobs.

The Convener: Thank you. I should say that the committee is not Government. The committee is a cross-party committee—

David Brown: I appreciate that.

The Convener: However, we scrutinise Government as a result of our evidence gathering.

David Brown: I guess that what I am saying is that it is up to you to scrutinise Government and perhaps tell it that now is the time.

Jim O'Donnell: The only way that Government should really be involved is in gap funding when there is a shortfall. In our particular business case, there is no shortfall, so involvement from the Government would not be merited. We made it very clear at the outset that there was no dependency. Personally, I am tired of people holding their hands out to Government and expecting it to pay for them to perpetuate things. We should allow the market to decide.

Rosie Ellison (Film Edinburgh): Another thing that "Outlander" has done is raise Scotland's international profile among the film community. We have had more high-value inquiries from international productions than we ever used to have in the past. Filmmakers who have seen or heard about "Outlander" now recognise that Scotland can accommodate that level of

production, which we have not been able to do in the past. Unfortunately, we still do not have a facility to put such productions in, but it is great news that the survey has started at Pentland. Let us hope that it meets the timetable so that we can start planning ahead and, I hope, get some big projects booked in there, because the business is definitely there.

People want to come here and they are recognising that we have more crews here. We will, of course, need a lot more, and David Brown pointed out the training requirements, but it is also good news that the National Film and Television School has now set up a branch in Glasgow. I think that it will open its doors in April—next week, I imagine. It will lead to a lot more trained craftspeople and a bigger skilled workforce. When the studio at Pentland opens, there will also be an academy there, which I hope will train more people and add to the skilled workforce. There is a high demand for that, and it is very much something that the Government and the public sector can work to support.

The Convener: A few members are interested in asking supplementaries about the Pentland studio, so I will take some quick questions on that.

Jackson Carlaw (Eastwood) (Con): I should say that I have been an advocate for the Pentlands position. I am an enthusiast about it and I have rarely been more excited than I am at the moment at the prospect that it is coming about—in spite of the establishment rather than because of the establishment, if I can put it that way.

On the detailed submitted plan that you have now, the first thing that I note is that it is for a film studio. Lots of people advocated that the minute that there was planning consent we would get a housing development and not a film studio, so I am very pleased to see that they have all been proved wrong. The timescale for the project is quite ambitious. You would have the whole project complete before Network Rail has put up the new Glasgow Queen Street station building and it started construction 18 months ago. Are you confident about the timescale for all that? It is a lot to have in place by 2020.

Jim O'Donnell: The buildings are not complicated. The statements of architecture are basically for the academy and the main administration building. The rest of the buildings are not complicated; they are repetitive. We are confident that the supply chain is there.

Jackson Carlaw: There was to be a water studio. Has that gone from the plans?

Jim O'Donnell: There was a water stage. It may come back.

Jackson Carlaw: May I ask about the academy? When we visited Wardpark—I fully expect David Brown to give us all the spoilers for the next season in his evidence today—I noticed the way in which crafts had been built up on site. There was the carpentry department, the wardrobe department, and the decorating department. We have heard that we are only at the beginning of the streaming revolution; even more content could be coming from all the new streamers that we do not know about yet. The film academy is designed to create opportunities for people in that sector to be employed, but I take it that that employment will take time to come through. I was interested to see the number of Scots who were being employed at Wardpark in the production of “Outlander” at every level. How do you see the film studio bringing in talent that can be deployed from day 1? Will that build up, or will the skills be there initially to satisfy the film-making demand that you will be satisfying?

Jim O’Donnell: We hope that there will be a repatriation of expat Scots who are working in Ireland, England, Australia and New Zealand. We have 84 people who have contacted us and asked to be updated, and who are fairly highly respected as technicians in the industry.

On-the-job training is one of the most important things. The academy, first of all, was a real estate and profit-driven idea. We looked at the world marketplace to say: where is there a hook? We asked where we could find a university that was adjacent to a film studio. There was not one, so that was our first incentive. It was driven by the profit and the real estate side. We approached Edinburgh Napier University, because it had been identified as the Scottish film academy. We have been working with Edinburgh Napier University to evolve the scale of the academy that is there, to fit into its estates and its curriculum. In particular, we are working with the university on a degree in special effects; there is not such a course in the UK. If the university can develop that, that would bring in the students and the training.

There is a broad base for the understanding of the training, and the requirements for the crews. Once the studio has been built, crews will be required. The majority of the crews will be imported. They may even be stolen—I am looking at David Brown—given what has happened there. That is what the market will do.

Jackson Carlaw: I think that David Brown has identified the huge consequential tourism boost to sectors well outwith the film and television sector, and Visit Scotland has put together a whole tour programme around the locations of “Outlander”. That boost in tourism is particularly true of the seven-year television series cycle of some of the international productions as opposed to individual

movies. I notice that the studio there also has a tourist facility. Do you see the establishment of the film studio here initiating a whole potential tourist opportunity on the back of the productions that could find their home here, in the same way that has happened with Warner Bros elsewhere?

09:30

Jim O’Donnell: There is the potential for that, but the visitor attraction at Warner Bros at Leavesden was built on Harry Potter. Pinewood Studios has a very limited visitor regime, which was built on James Bond and is about to be completely rebuilt on Disney. I do not think that our studio will have a strong visitor attraction aspect, because of the operational side and the security side. We would have to consider that in detail, but it is not part of our plan at the moment to have a lot of tourists going through something that is a factory.

Jackson Carlaw: Scotland could benefit from the location work associated with the productions that are being filmed in and around the country, as well as in the studio.

Jim O’Donnell: We also have an agreement with the Abercairny estate in Perthshire, which we will be pushing to provide different sets, scenes, and opportunities for production. It is not just about the Pentland studio.

Jackson Carlaw: Thank you, and good luck.

Andy Wightman: You said that you want the sound stage to be open in autumn 2019. However, the master plan talks about a 64-week build and a 40-week handover, which means that you would have needed to start last September.

Jim O’Donnell: Yes. We have started the detailed design. The construction on-site periods are being negotiated with our contractor—Robertson Construction—at the present time.

Andy Wightman: To be clear, is PSL Land Ltd a developer?

Jim O’Donnell: We are the property developers, yes.

Andy Wightman: You do not own the land?

Jim O’Donnell: We will own the land and we will own the studio.

Andy Wightman: When are you going to acquire the land?

Jim O’Donnell: As soon as we have vacant possession.

Andy Wightman: What is stopping that?

Jim O’Donnell: At the present time—as you are very much aware, Mr Wightman—it is the smallholding farmer, who is in the Land Court

again with the Gibsone estate and the compensation for the vacant possession of the site.

Andy Wightman: Do you have any sense of how long a Land Court—or potentially Court of Session or United Kingdom Supreme Court—case on eviction might take?

Jim O'Donnell: We have been advised that the decision will be taken in June, but you may not be aware that adjudication and mediation with the smallholding farmer has been completed.

Andy Wightman: Fine. But no eviction notice has been served yet.

Jim O'Donnell: No.

Andy Wightman: Where is the money coming from to build the studios?

Jim O'Donnell: That is confidential. We are quite prepared to advise where our funding will come from as part of our detailed planning application. That has always been the agreement with Midlothian Council.

Andy Wightman: If the statutory smallholder decides to defend himself in the Court of Session, and ultimately in the Supreme Court, that could take two or three years.

Jim O'Donnell: That is his choice.

Andy Wightman: Are you still in the game for building the studio in those circumstances?

Jim O'Donnell: After the last four years, do you think that, if I knew there was a better site, I would be sitting waiting to go through the process that we have been going through? It has taken us four years to get to this stage. This is the best site for the studio in Scotland.

Andy Wightman: Why is it the best site for a studio in Scotland?

Jim O'Donnell: We used many selection criteria to identify the site. Does the committee want me to spend the time and go through and explain it all?

Andy Wightman: No. I just have a brief question. I am a bit confused about the various organisations that are involved. I have an advertisement that was on the City of Edinburgh Council investment website from Pentland Studios Ltd, advertising—

Jim O'Donnell: That is the operational group.

Andy Wightman: The operational group?

Jim O'Donnell: Pentland Studios will operate the studio. PSL Land will develop and own the studio.

Andy Wightman: This is for a hotel for practical completion in late 2017—

Jim O'Donnell: That deadline has now passed. If you look at the documents in front of you, you will see that they have been involved in developing the studio. The condition of the planning consent has always been that the studio has to be finished and complete before any of the other parts of the development can take place. There is no residential; there is no retail. This is a film studio. We have two sites: site A and site B. The delivery dates and the focus are on the studio and the academy.

Tiernan Kelly: I am 100 per cent behind the project, but I would have to disagree with the comment about letting the market decide. The question is perhaps philosophical, because no one has bought a studio proper in Scotland since we have been involved, going back forever. Using terms such as “handout” perpetuates the myth of the creative industries always having their hands out. As Manchester has demonstrated, there is a place for public sector intervention. It is totally egalitarian and is run by the public sector. All the money goes back into developing more and more studios. I think that there might be a place for both. In Manchester, £40 million has been spent on developing 135,000 square feet of studios and ancillary space.

Jim O'Donnell: I have not done a great deal of assessment, but Manchester was probably equipped. It probably had the right people in place, whereas Scotland does not. Scotland does not have the people in place. If the appropriate people were in place, you would have done it 10 years ago.

Tiernan Kelly: Just to clarify, I think that there is a place for the public sector in this.

Claire Baker (Mid Scotland and Fife) (Lab): That was a helpful introduction to the questions that I have around the screen unit. The convener asked about the film studio delivery group. I want to move on to the screen unit, which is due to be established on 1 April and, as I understand it, will launch in the summer.

The proposal states that a business case and new studio capacity will be secured within 12 months. I want to raise three issues, the first of which is around capacity. How do you see the additional capacity and what is the requirement for it? Amy Morement described the need for variety, and we have the Pentland studio possibly coming down the line in a few years. Where does the role of the screen unit and its additional capacity fit in?

Tiernan Kelly has talked about different funding models. Dagenham has been mentioned, as has Manchester. What should the screen unit's business case look like, and is the 12-month

timescale achievable? It is not exactly clear where the 12 months would start, given that we have a first date of 1 April and a launch not until the summer. We might be looking at the next 18 months, but we have a 12-month timescale.

Amy Morement: As I said earlier, the film studio delivery group seems to think that there is one solution. For example, a lot of people talk about having Wardpark. Of course we do, and that is brilliant; it is great to have it, and it will leave a legacy for the future. However, when there is a production in it, it is not available for other productions. We would encourage a variety of spaces and a variety of different levels of production. Obviously, the Pentland studio will be a fantastic asset to Scotland, and high-end TV drama and film is an excellent goal to have; I would welcome as many high-end TV dramas and films coming to shoot in Scotland as possible. However, there are always a variety of productions, including mid-level or lower-budget features, looking for studio space.

I work a lot in advertising and we are always looking for studio space. A wide variety of productions out there are looking for studio space at various sizes and with various different finishes. Some people have investment to make to get that studio space up to scratch, and that is brilliant, but some productions just want to walk into spaces that have already had that level of work completed, that have the production office space, that have the parking, and that have the facilities that they are looking for. They want to be able to just come in and get the job done, effectively.

Claire Baker: Is it the role of the screen unit to provide a more all-singing, all-dancing facility? We have had examples sent to us of the kind of facilities that are on offer at the moment. They tend to be warehouses. You need to take in quite a lot of facilities when you go to production in such a facility. Will the screen unit provide something that is more comprehensive?

Amy Morement: I do not see the screen unit exclusively providing something like that; I see it having an overarching view of the wide-ranging spaces that are available. If there is the option to have a space that is funded and developed by the Government or the council, as we have seen in Manchester, that would be excellent and I would be keen to hear more about that.

The screen unit needs to have a view over lots of different spaces that could be available, whether those are spaces that are privately invested in, or warehouse spaces that have owners or landlords who are keen to work with production companies to effectively do what has been done on “Outlander” and turn them into creative hubs for production.

Again, some spaces are purely studio spaces, but, for me, this is also about making those creative hubs in Scotland that have the facilities, the training programmes and the studio space in a hub of creativity, if you like, to drive the industry forward. Having the spaces is all well and good, but if we do not have the training and the high level of crew in place—people who are willing to stay in Scotland, and for whom we have the work to keep their careers going in Scotland, and also the facilities—what we are trying to do will not work.

Jim O'Donnell: I agree. You have to have an appropriately funded film fund.

David Brown: It is not just about a box. We have to be wary of thinking that it is about just a box. Think about “Outlander”. It is lovely that Scotland has embraced “Outlander”, but we have to be clear that it is not part of Scotland now—it does not belong to Scotland. By virtue of the need to produce the show, many people have made the building into what it is, but they could move out. Fortunately, we have a landlord who will take that on as a legacy and is reinvesting the rent back into the building.

However, there must be a coherent strategy that takes on board the need for crew; Jim O'Donnell's earlier point about poaching, stealing and grabbing crew was well made. We have a high retention of crew, but to get people we are having to go not simply to the rest of UK. We brought in electricians from Hungary. We brought in art directors from the US. I have people from New Zealand. It is also about having a strategy—I feel that the screen unit should be responsible for this—that is feeding that need for a crew. It must register that need and put much more money into more prescribed and more defined training.

I know that that is on the agenda, and the other side of it is about marketing. The three things go together. I know enough about the film-makers in Scotland to know that they will never be happy with the box. They are not happy with “Outlander”. We are successful; we have a box that is full, and everybody is complaining about it. The issue of success is that you just have to keep on growing it, but it has to be balanced and it has to be directed. I have been very well aware of what is going on with the industry and that there is this incessant demand at the moment for content. We need a screen unit to grab that demand and turn it and focus it to Scotland.

At the moment, Scotland is just the location of “Outlander” and “Brave”. It is not a hub for film-making. It is not Budapest. It is not Prague. It is not Cape Town. It is not London. Again, that is what I was talking about earlier—that notion of political will and changing that perspective. However, it is not just about a box. The clamour

for the box and all the controversy around it is maybe distracting us slightly from the main goal.

Claire Baker: I would like to hear from Tiernan Kelly about the business case.

Tiernan Kelly: This comes back to the question of the tools. Creative Scotland and the new screen unit can lobby, they can advocate for a studio, but they do not have the funding to do it and they do not have the okay from Scottish Government to proceed with it.

I will give you an example. We considered the possibility of using the Pelamis building in Leith, which has 160,000 square feet of space. We got quite far down the line with it and even registered the name Film City Edinburgh as a limited company. We brought on really good design consultants, and they came up with a plan that Creative Scotland was really excited about. However, the whole issue of state aid reared its head again—and there is a philosophical difference about whether the market should decide—and, because of a sum of the order of £180,000, we were stopped from moving forward with that project.

Claire Baker: Other people might raise questions more specifically around state aid, but do you think that the Government has considered the issue in more detail? You provided examples of situations in which it could be argued that state aid has been employed, whether in Manchester or in other European cities. Do you think that we in Scotland have been cautious around that, and is that caution justified?

Tiernan Kelly: After today's meeting, you will write to the film studio delivery group or the Scottish Government and ask, "Why can't we do what Manchester is doing?" The Government will say, "Our solicitors have advised us that, due to state aid, we cannot do it." You will then push back and say, "Well, Manchester has done it", and the reply will be, "We cannot comment on the legality of another local authority's actions." It is clear from the evidence that I put forward that Manchester, through acquiring and developing and building from scratch, has created more than 135,000 square feet of accommodation—that ladder of accommodation that Amy Morement was talking about, which goes from 1,000 square foot green screens all the way up to a brand new state-of-the-art 12m high 30,000 square foot stage. How has it done that? Why can we not probe that a bit further, rather than just having my submission sitting as a PDF on a server somewhere with nothing getting done about it?

This goes back to political will. There needs to be a champion—

09:45

David Brown: I had the same argument delivered to me five years ago when we set up "Outlander" and tried to pull Wardpark together. It was the same position, "We are frustrated by this" and "We can't do that." If we want to move forward, we have to break through that. We have to find a way.

Tiernan Kelly: Look at what is happening in Wales. The Welsh Government has essentially bought premises and leased them back to the Bad Wolf production company. Bad Wolf is about to start filming the Philip Pullman books, with a budget of £7 million per episode. Bad Wolf will say, "Of course we can lease a space for 10 years—no problem," and there you go. That could have happened with "Outlander". Someone could have said, "Brilliant. Eight series of 'Outlander'. We'll buy the building, do it up and rent it back to you." Why did no one do that? Creative Scotland does not have the money to do it.

David Brown: It is a crying shame that the opportunity has been missed.

Claire Baker: You have pointed to previous examples of situations in which the Government could have used a different model. Do you think the screen unit will change any of this?

Tiernan Kelly: No, it will not. The job of the head of the screen commissioner is to sell Scotland internationally. However, she probably spends most of her time now trying to get some sort of facility off the ground, which is a crying shame. Her job remit when she transitions into the screen unit will be exactly what it is now, but she does not have access to the money to do what we have just talked about: buy a facility and invest in a facility.

For the avoidance of doubt, I think that you could have a 200,000 square feet refurbished place in Edinburgh, a 200,000 square feet place in Glasgow, Jim O'Donnell's project and Film City Glasgow, and they would all be full. That is the nub of it.

David Brown: They would be full, as long as the perspective changes a little bit with the establishment of the screen unit and the practice does not continue as it has done for the past 20 to 30 years in its various formats. The screen unit must say, "Our remit is something else now. Our remit is to really sell Scotland and bring in international productions. Our game is to bring in inward investment." Once that happens there will be a tipping point, whereby these facilities are established, the training takes place and indigenous production and creativity is triggered. It is about reaching for something that I do not think that anybody has reached for yet.

Again, when Creative Scotland says to me that I have to send an email to Parliament to put pressure on it to give Creative Scotland more funding, better facilities or more leeway in terms of our development, it is indicative of a situation where those bodies are really frustrated in their goals and their tasks, and they are not really equipped to progress the industry in the way that practitioners want it to progress. There is international evidence that there is the potential for that to happen. As I said before—I am not going to go on about it, but I will say it just once more—it is an issue of political will. Do we want it or not?

Claire Baker: I have one more question about the screen unit. You are all busy people so I appreciate that you might not have been scrutinising the screen unit proposals, but we had a panel of the partner organisations before us a few weeks ago, which included Scottish Enterprise, Creative Scotland, Skills Development Scotland and Highlands and Islands Enterprise. We had some concerns about the ability of the screen unit to be responsive and flexible enough to be able to make decisions quickly enough. You mentioned what the remit of the screen unit should be. Do you have any further questions on the screen unit?

David Brown: On the idea of delivering something in a year, I felt at the time that that was said that it was somewhat unrealistic. I cannot see—

Tiernan Kelly: Maybe it is the concept, rather than—

David Brown: Perhaps it is to do with the concept, yes. I think that the screen unit needs to be beefed up. Its remit needs to be thoroughly examined and its end goal needs to be questioned.

Claire Baker: There was some discussion about the view that Government or Scottish Enterprise had not engaged enough, so I have a question about intervention and what you see as the role of Government in trying to grow the Scottish industry.

The screen unit has a commitment to encourage private sector led development of studio infrastructure. From the evidence that we have heard, it seems as if that has not been happening so far. Do you think that that should be its focus? Others have said that the focus is about developing the sector in the round, which involves issues around skills and the attractiveness of coming here. Where do financial incentives and levers play into that? What do you think that the role of Government should be and where should the focus be?

Jim O'Donnell: The role of the Government should be to stimulate support. It should not be to

take control. As a property developer, I know that Scottish Enterprise is more than capable of filling a gap once it knows the parameters that it has to deal with. However, if your business case is robust enough to mean that you do not merit state aid, you do not receive it. Those are the facts. Unless you change those parameters that Scottish Enterprise has to work to, it cannot respond to the sector. That is what Tiernan Kelly is saying. Scottish Enterprise is operating rules that do not apply to the game that it is in. That is one of the main problems with it.

A second problem is that it does not have people who understand the sector and can communicate with the sector. Creative Scotland should be involved in the aspect of creativity, not in the aspect of buildings and utilities and creating facilities. That should be left to Scottish Enterprise, because that is what it is good at—or what it professes to be good at.

David Brown: I have a slightly different take on that. Jim O'Donnell's argument is well made in relation to an environment such as London, where there is a consistent history of multiple studios, with more than 80 or 90 stages in that area. However, the situation in Scotland is somewhat different, and the development of the screen sector, in all its aspects, is what is required if we want that industry to grow. The screen unit should be responsible for a wider remit that involves investment in buildings, training, marketing and encouraging inward investment and indigenous productions. It is not simply a matter of buildings, although that needs to happen, because it would help.

Our geographic and economic environment is susceptible to talent drain, to concept drain, to intellectual property drain—to all of those things leaving Scotland. Therefore, we have to fight or develop a strategy in order to pull that back in and to let that grow. In our opinion, that is something that we want to do and is worth doing. The numbers say that. They tell us that it is worth it.

Jim O'Donnell: Iain Smith said in his presentation that, for example, offering Netflix an incentive of £100,000 to come to Scotland is peanuts, but it is still an incentive. That is what will trigger those major productions coming to Scotland. The facilities will be required to be there, but the production companies that come here have to be made welcome. That is a business.

Tommy Gormley said that he gets up in the morning and within 15 minutes he either drives to either Leavesden or Pinewood, where there are professional studios of a scale that allows him to do his job. That has to be created—that will be created. There has to be a broader base of offer to these companies to get them here.

The golden triangle in London is going to be extremely difficult to unravel. Again guys like Iain Smith are asking why companies in the UK are going to Budapest when they should be coming to Scotland. You need to make it attractive for them to come to Scotland, and the attractiveness is in the business case. Create a film fund of £20 million plus, and then arm the people who are involved in that film fund—people such as Rosie Ellison—to provide the incentives to get them here and to stay here. We need pre-production and post-production here, not just the short-lived one-year hire of a sound stage in the Pentlands. That has to be sustained.

Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con): Good morning, panel. I would like to ask Tiernan Kelly in particular how he thinks Manchester managed to circumvent the state-aid rules.

Tiernan Kelly: Manchester managed to do that because of its very strategic vision. It stated that it wanted Manchester to be Europe's leading digital city by 2020, and it wrapped all the creative industries and their digital presence around that statement. It acquired the Sharp Electronics building and built the Sharp project. It clustered digital companies, technology companies, and film and TV companies. Probably through serendipity, there were old warehouses at the back that lent themselves to film and television use.

Based on the success of that, it developed the Space Studios Manchester, which took over the Fujitsu Siemens Computers factory in another part of Manchester—this is all within a 2-mile radius of Manchester city centre—and built 55,000 square feet of studios. That was also a success. Then it built—not as a refurbishment but from scratch, as I mentioned earlier—a brand new studio of 30,000 square feet—

Jim O'Donnell: It is a stage, not studio.

Tiernan Kelly: It is a stage, yes. It has also acquired another property of 80,000 square feet specifically for creative and digital tech.

All those companies fall under a company called Manchester Creative Digital Assets Ltd, which is 100 per cent owned by Manchester City Council. The company is acquiring sites and it is building brand-new buildings. No one in Manchester was talking about building film studios and TV studios. It was much more about what the creative industries could add to the city's economy.

There is one interesting statistic: the recent Department for Digital, Culture, Media and Sport figures show that between 2010 and 2016, Scotland had the highest growth in the creative industries. I will tie that to a report that Olsberg SPI did, which said that film and TV are the greatest contributors to the creative industries.

We are the fastest growing nation or region in the UK for the creative industries. Film and TV are driving that. Why can we not bring those two elements together? By 2025, there will be more creative jobs than science, technology, engineering and mathematics jobs.

It is clear that Manchester has grasped that creative industries concept and run with it. In Scotland, we have been so tied to this concept of a film studio and the state aid issue. There is probably an element of doing things by stealth as well. The likes of Pinewood and other studios have not really complained about the Sharp Project or the Space Studios because it has been done in iterations, which is what we are trying to do at Pacific Quay. Small iterations have now built up to 135,000 square feet of studio space in Manchester across those sites. I do not know what the answer is in terms of pure legislation.

Rachael Hamilton: That leads on quite nicely to my next question for the panel, which is about Manchester City Council's statement about Manchester being a global digital city by 2020. When we visited LBP Outlander at Wardpark Studios, David Brown said that the local council had been incredibly supportive. What role do the local council and the regional authorities have in relation to delivering the screen sector ambitions?

David Brown: The local council was supportive in every way but materially. It voiced support but there was no financial support—I just want to be clear on that.

Rachael Hamilton: Building on that, other models throughout Europe have been successful because of the council obligation. They have contributed land and assets as well. Can we have a discussion about that?

10:00

Tiernan Kelly: In my submission, I said that there are two elements to it. The central Government in Scotland has significant influence in the councils of the big two cities—Glasgow and Edinburgh. In my opinion, the Government should be enabling those local authorities to create those opportunities.

We live in uncertain times—we have Brexit, austerity and so on. If the local authorities do not have the money to do such a project, that is fine. What really frustrates me at the moment is that everyone in the public sector is hiding behind the state-aid issue. If it is an economic issue and we cannot afford to do it, that is fine, but if it is a legislative issue, we need to dig a bit deeper. I do not think that it is a legislative issue. It may be an economic one.

David Brown: Our perception is that the state-aid issue has been used as an excuse. There is enough evidence elsewhere around Europe—as Tiernan Kelly was explaining in relation to Manchester—to suggest that if you want to get around it, you will find a way. It comes back to that rather quaint phrase—“political will”.

Tiernan Kelly: We should remember that the Manchester offering sits alongside Salford and the BBC, the Pie Factory at MediaCityUK, and all the commercial developments down at Salford. There is an ecosystem there now in terms of the offer.

David Brown: Look at what we are missing—we are missing out on that. We are at this time of growth in streaming and of investment from Sony on just one show of \$400 million. We could have three or four facilities. Those questions have to be asked in relation to a film unit strategy: what is it? Where do we really want to go with it? Is there that ambition to build up the sector in all areas—not just film and TV, but all the creative industries? Also, what is standing in the way?

Amy Morement: I have read around this subject, and there are a lot of different companies involved, as you were saying—you had a panel of them here not long ago. There are a lot of companies involved in a lot of different elements of the industry, whether it is training or funding—whatever it might be.

For me, the most important thing for the screen unit would be accountability and an overarching view of all of those things. It needs to be an organisation that, no matter what other organisations are involved, has a view of everything that is going on—everything that is available to people who live and work in Scotland and to incoming productions and indigenous productions. The organisation needs to have a really good view of what is available to people so that it can push the industry forward.

At the moment, as someone who lives and works here, I know that it is often slightly confusing to try to work out who to go to for each element of what you require. We need a screen unit that has the time, the accountability and the funding to really progress the industry here. We are at a point where we need to not only catch up with other areas of the UK—with Northern Ireland, Wales, and certain areas of England—but to really establish ourselves as something different and try to surpass them.

I agree with a lot of the panel members: as fantastic as it is to have studio spaces, it is not just about that. It is about everything else that comes along with it in order to really establish Scotland as this amazing creative hub for people to come to and bring their productions—as somewhere that is producing indigenous content and international

productions. It is quite clear at the moment that what is missing is an organisation that is solely accountable for driving that.

Rosie Ellison: Bristol now has the Bottle Yard Studios. The local authority was very supportive of that development, but it was owned by the council, so the council was able to make that offer to the production community and get that off the ground. Liverpool is in the process of developing its own film studio in what was the Littlewoods factory, but again the council owns the land. That is a crucial difference.

Tiernan Kelly: There is a slight difference with Liverpool. I think that this is what any local authority in the UK would have done. The private developer, Capital & Centric, came in and said, “If you buy that land for us, we will develop 250,000 square feet of space.”

Rosie Ellison: The council owned the land already.

Tiernan Kelly: I think that the council bought the land for £1.8 million and said, “There you go—develop that. Jobs, economy, gross value added. Brilliant.” It is a no-brainer. Any local authority in the UK would do that. It is like Dagenham. The council there bought the land and said, “There you go.” There will be a studio, 500 houses, a Travelodge and a Costa Coffee.

Jim O'Donnell: It is the 500 houses and the Travelodge that are paying for the studio. This is not rocket science. It took us three years to get through planning, 18 months to get through Parliament to the Government for planning consent. That shows you how much we went through to try to get to the position that we are in just now.

We did not receive what we felt was appropriate support, although everyone said it was a good enough project. That is just a fact. Could it have been made better? Yes. It could have been streamlined. It could have been looked at. However, we still have to work with Midlothian Council. We still have to work on the detail.

What people should realise is that this studio will be there for the next 25 to 30 years. It is not just a refurbished factory unit that will go back to being a factory unit if we do not get a production.

David Brown: What is wrong with a refurbished factory unit?

Jim O'Donnell: It is absolutely excellent for what it is doing but if your landlord decides, “You know what? I have made enough money and I am going to turn it back into what I originally bought it for,” it would close.

Common sense would say, as Sony has invested probably £7 million in it, it is leaving a

great legacy and the guy has had a fantastic leg-up to continue as a studio—and so he should. There must be different offers other than just the Pentland one.

The incentive is the elephant in the room. Those councils broke the rules. Scottish Enterprise was not prepared and is still not prepared to bend the rules. The Welsh broke the rules. The Irish broke the rules. You should go and speak to your own people in Scottish Enterprise and give them the support.

Tiernan Kelly: How did Ireland break the rules?

Jim O'Donnell: In exactly the same way as you described in relation to Manchester. Ireland misrepresented it as being an information technology hub—a media hub. Ireland gave such big descriptions, which were a Trojan horse. It was a film studio—it was always going to be a film studio. Ireland bent the rules, and it was brazen enough to do it. Now, people say, “Look what Ireland has done”, and it says, “So sue us. We have the jobs; we have created it.” Scotland has never done that.

Tiernan Kelly: Are you talking about the Titanic Studios?

Jim O'Donnell: I am not talking about that. I am saying that Scotland should have had all those big shows. I am trying to avoid the fact that the people who were in the groups that you have been representing and talking about have failed. They have summarily failed at representing and getting it there and delivering it for Scotland. I agree with you they have failed because they may not have the right tools. They might not even be the right people to use the right tools. They have failed. It is the same old snake oil. Smell the coffee. Get on with it. Invest in the appropriate people and get a film fund that can take it forward, but do not try to say that Scotland or Glasgow or Edinburgh or anyone else should bend the rules the way these other people have.

The model you should be looking at is not Ireland; it is Atlanta. That is the future—not doing what we are doing here. We need to listen to guys such as Iain Smith. They are the guys who matter.

Tiernan Kelly: I was not saying that anyone was bending the rules. My perception is that Ireland was—

Jim O'Donnell: You did say that. You said that Manchester bent the rules.

The Convener: We need to have committee members questioning the witnesses as opposed to the witnesses questioning each other. Rachael, have you finished your line of questioning, because we have other members keen to get in?

Rachael Hamilton: I have finished, thank you.

Stuart McMillan (Greenock and Inverclyde) (SNP): Good morning, panel. I am finding this session hugely fascinating, to be honest. I think that it is fair to say that if we just focus on the past, we will never progress—we will never go forward. A few weeks ago, I heard one of the best pieces of evidence I have ever heard in any committee meeting. Mr O'Donnell mentioned Iain Smith a few moments ago. The idea is that we should consider the film industry to be like the shipbuilding industry but instead of launching a ship, you are launching a film. If we can get that type of understanding of the sector, we will have a better sector and a better product, and we will then encourage more people to come and film in this area.

Jim O'Donnell: It is about digital media. It is not just about film and TV production. These facilities will encourage all of these sorts of businesses.

Amy Morement: If you are using that analogy, to go back to what we were saying earlier, it is not just about having the spaces. To take the analogy of shipbuilding, you do not just have the building where you build the ship and expect people to come to you. It is about having the right staff who are trained in the right ways to build world-class products. That is what it is all about for us here as well. We need world-class crew and we need to have enough opportunity here so that they stay and live and work here.

What we see more and more often is that, unfortunately, we have highly talented crew, but they do not have the level of or the volume of work here to enable them to live and work in Scotland. I know many people who are working down in London and in all corners of the world, who would love to come back and live and work in Scotland if we had the industry that they feel that they need.

We cannot just look at it in terms of having the studio spaces, as brilliant as they are. The screen unit really needs to look at the facilities that come along with studios. We need to create world-class facilities, post-production facilities, and facility companies, and we also need training programmes similar to the training programmes that productions such as “Outlander” have set up.

The National Film and Television School is a great addition to the Scottish landscape. We need more opportunities like that to bring people up through the industry so that we can sit here in 15 to 20 years with a bank of productions under our belt—indigenous and international—and with highly trained crew who are making a living here and launching those films out into the world.

Tiernan Kelly: In relation to that industrial process that Tommy Gormley was talking about, I think that Jim O'Donnell's project will certainly meet that remit. That is where your high-end projects will go. Film City is a refurbished old town

hall but in the past six months, we have done a £3 million budget film, a CBeebies show and an upcoming BBC children's show—they have all been modest set builds. At that lower end of the market, you need fit-for-purpose space. You all visited it. We made things happen there, but it is not really fit for purpose. We need the high-end stuff through to the refurbishment stuff in Scotland to create that ladder of accommodation.

Jim O'Donnell: We need to have a well-resourced film fund that can bring on the Scottish talent—bring on the writers, the storytellers, and the producers. That is where the investment should be.

Rosie Ellison: At the moment, the film and TV sector in Scotland is hit-and-miss. We have done very well with "Outlander". Last year, we had a terrific year in the Edinburgh city region with "Avengers: Infinity War" for seven weeks of filming, which took over the Pelamis building to do their builds in but filmed largely on the streets, as I am sure you are all aware from the various traffic management regulations we brought in.

We also had "Mary Queen of Scots", and we brought in £16 million of investment to the city region through those productions, which were not based in Scotland. They came in, they shot what they needed on location, they hired some local crew, they used our hotels, and then they went away again. They did not leave a legacy—which we would have liked—because we did not have the tools. Having more studios in Scotland is like having knives in your cutlery drawer. It is what we need to create content regularly and to give people regular work here.

Jim O'Donnell: Look at the fact that £170 million came to Scotland. It could have been £450 million to £500 million. It was not because the facilities were not there. It is going to have the facilities; that is a foregone conclusion. These studios—our studio and the other renovations will happen. It is how it is going to be sustained that is more important.

David Brown: Mr McMillan mentioned the notion of industry and shipbuilding and the idea of launching a film. I do not want to make it too simplistic, but it is about this issue of—do we want an industry, or do we want things the way Scotland has been before, which is struggling against everything, from the loss of talent to all these productions being dragged to London?

If we want that industry, inevitably, it has many facets to it and it requires lots of different aspects to grow it. However, the research that Tiernan Kelly and everybody else has done has shown the value of it. That task of building an industry and a film unit is perhaps hitting the right note. We know that it is not about the bolts. We have said all that.

It is about answering the question—what is our desire to build this industry, and how do we do that?

The industry itself will grow. We will grow if you guys—whoever it may be, the Government agencies or Government itself—will choose to say, "This industry is worth supporting," because the shipbuilding is gone. All that is gone. We know all that. It is now about saying, "How do we want this industry to grow?" Now is the time to do it.

Let us find a way to get round state-aid restrictions, the Londoncentricity of it, the crew aspect of it, and work on those things. If we pursue this notion of a box, we will still just be sitting here, because there are too many different voices and too many different qualifications. We have shown it. We have seen it—build the industry.

10:15

Amy Morement: It certainly does start with a studio. I have watched previous meetings. Tommy Gormley put it really well when he said that Parliament is a place of work and people come here to meet and talk and work. That is what a studio is for people who work in the film industry. You need a starting place, but then it is everything that comes—

David Brown: We need projects. The building will be fine; the problem is getting the business into Scotland.

Amy Morement: If you do not have the building in the first place there is no space where productions can be based. What happens at the moment is that productions come up here for maybe a month to six months at a time, but they do everything else that they need to do in London or other parts of the world where there are studio spaces—places of work. They come here for the essential locations that they cannot cheat on anywhere else: you cannot cheat Edinburgh, you cannot cheat the Quiraing and you cannot cheat Glen Coe somewhere else. People come here to get those bits, then they leave, which means no legacy is being left here.

There is no studio, they do not base productions here, so crew are not being trained, facilities companies are not developing and post-production houses are not developing. The situation is stagnant. Those elements are what we need to focus on.

Jim O'Donnell: Tommy Gormley asked whom he should call in Creative Scotland if he wants to produce a film in Scotland. That question was not answered. When he calls, he is referred to three or four different people in three or four different departments, none of whom has authority. The

first thing is to get in place the right people, under a focused screen or media sector, if it has to be within Creative Scotland.

A root-and-branch change has to happen. You have to get the right people: you have to give them the tools, you have to give them the incentive, you have to give them the targets, and you have to give them the support that they need in order to perpetuate the business. The facilities are only a small part of that.

The Convener: The screen unit is bringing people from Creative Scotland and Scottish Enterprise and other agencies together, and one of the focuses of our inquiry is to judge whether that screen unit will work cohesively. Film City's submission hit the nail on the head. It said:

"Creative Scotland do not currently manage or administer large scale capital funds, so other than advocacy and lobbying, are limited on this issue. Equally, Scottish Enterprise are not tasked with investing speculatively in businesses that do not meet their growth criteria."

Does Tiernan Kelly think that the screen unit will overcome those historical problems with those two key agencies?

Tiernan Kelly: Brodie Pringle, who is the head of the screen commission, is busting a gut to try to find a way forward to make it happen. You have to empower staff with decision-making powers so that they can say, "We think this will work—we've done the business plan." Who is better placed than them? When someone wants to film in Scotland, Brodie will probably be the first person they call to ask, "What have you got?" Who is better placed to be right at the heart of decision-making about the funding that is needed to make a studio happen? If I were in Government and could get around the state-aid issues, I would say, "There's £10 million. You've identified the site that we could refurbish. Let's just get on and do it."

Jim O'Donnell: You are going back to handouts again; you are going back to the public paying for the tools and the toys to perpetuate the industry. The industry should pay for those.

Tiernan Kelly: That is a political difference of opinion.

Jim O'Donnell: Exactly. Your approach is, "Sponsor us and we'll do well." Just do well: just get on with it.

Tiernan Kelly: It is a clean deal.

Jim O'Donnell: What is a clean deal?

Tiernan Kelly: They give the money to develop a building, then they use the profit from that building to create even more stuff.

Jim O'Donnell: How can you give SE a guarantee so that it would underwrite that? That is

the problem. Scottish Enterprise would love to do that, but how do you prove its criteria, as a guardian of the public purse, that say that there will be a guaranteed return? There is no guaranteed return. It is not predictable enough; it is too mercurial. You have to change the model. Do not keep trying to reproduce what has been produced in the past.

Tiernan Kelly: I argue that GVA and economic impacts are maybe more important than a financial return on—

Jim O'Donnell: I would argue that once there—

The Convener: Could we hear what Mr Kelly has to say?

Tiernan Kelly: I argue that the GVA and economic impacts of such a facility are more important than economic return. I would invest in it on that basis. The industry has supported Jim O'Donnell's proposal, but the industry in Scotland is crying out for a facility to be built and for the Scottish Government or the local authority to intervene and get on and build it.

If you look at Manchester in terms of a business case, a brand new 30,000 square feet studio has been built right next door—

Jim O'Donnell: Stage.

Tiernan Kelly: I am sorry: a stage has been built. A 17,000 square feet unit has just been acquired by a camera company that has moved in on-site, and other creative companies will move in on-site. The case is there. We can extrapolate from what we do at Film City, where there is a modest studio space, and where what really creates income is there being all the creative tenants around it.

Michael Grade said that what defines Pinewood as a media hub is that there are more than 200 tenants there that create a huge amount of income. In my opinion, I do not think that you will get big commercial units occupied permanently by supply companies—production companies will not go there because it is where it is. For a base in Glasgow or Edinburgh the bread-and-butter business model is all the creative tenants creating income, so that cyclical demand for studio space does not really matter.

The Convener: Did you have a supplementary?

Andy Wightman: I have some questions on state aid.

The Convener: You have already had an opportunity to question the witnesses, so I am will go to Mairi Gougeon.

Mairi Gougeon (Angus North and Mearns) (SNP): I will go back to training. I was interested to read in your written submissions evidence that

there is general education and general courses that people can do, but a lack of training for specific roles. I would like to tease that out a bit more. Is it fair to say that there is a general lack of awareness of the wide variety of roles that are available in the industry? What is the relationship between the industry and education? Is feedback given about the need for specific roles? Are we getting people into the correct training, and is training modified to allow us to produce the people whom we need?

David Brown: We are starting the process, but there is still a long way to go. We are now working with training bodies within the industry in a more specific and targeted way. We consider what elements are missing from our workforce and we try to feed those areas.

I am not sure that the link between education and the industry is well enough developed yet—it can go further. The National Film and Television School starting a school in Scotland and such things help. Training is now being targeted, but it needs to be accelerated and focus on it must be maintained. It is, however, scale-dependent. “Outlander” is, I think, the first show that has been made in Scotland for which we are making fibrous plaster, which was previously hardly used in Scotland in the industry.

As the industry grows, demand increases for more varied and disparate roles. We are trying to identify those and fill them—although that is the case across the industry, and not just in Scotland. The lack of accountants, for example, within the film and TV business in Britain is woeful. We target those roles and we have to increase them. The screen unit must have that element under its wing, as well. What is missing in training at the moment is a coherent path. All the groups that are involved do well together, but that could be pushed more. Growth will push that on a bit more. I hope that that answers the question.

Amy Morement: My experience of younger people who are trying to come up through the industry is that some have studied film and TV and some have not. If they have, it has generally been quite broad training, but with some focus on directing or screen writing, for example, which is absolutely brilliant. If people can make it as one of those, that is excellent.

However, we are certainly missing specific training courses. As we have said, the National Film and Television School is coming to Scotland. I was having a look at some of the courses last night, and it looks as though it is going to include introductions to specific departments, which is great. I know, too, that larger productions have started taking on people and bringing them up through the ranks.

When we are hiring and crewing up for productions, we see gaps in certain departments and positions that we are looking to fill, because fewer people are coming up through the industry here than in other areas of the UK. Perhaps people are confused about whether they need to have studied film and TV or media. Where do you begin? How do you get into the industry? What are the points of access? I do not envy people who are trying to make it in the industry here, and to work out their place in the industry.

I would welcome more training programmes, whether it is training through working directly on productions or through more theoretical programmes that give people the specific training and experience that they need to make it in specific departments in the industry. Unfortunately, although we will always try to hire Scottish crew first, we inevitably have to look in other areas of the UK for people whom we can bring in on some productions—particularly when there are one or two big features or TV dramas shooting in Scotland at the same time, because then all the crew are soaked up and we suddenly have to look elsewhere for talented crew.

Mairi Gougeon: Thank you for that.

One thing that strikes me is that there is a general lack of awareness of the number of jobs involved. I did not know from my schooling and education; I have found out only through the inquiry and from speaking to a variety of people in the industry. Also what has been important about the inquiry is that it has put a focus on how much the industry could be worth to Scotland, and on its potential. There needs to be greater awareness of and importance placed on the value of the industry as a whole.

Amy Morement’s comments relate to evidence that we have received from the likes of TayScreen Scotland, which said that it lacks some specialist crew, including studio operators. Does that skills base need to be brought in from elsewhere? How can an increase in infrastructure support training in Scotland?

Rosie Ellison: I will come back to the education aspect. The screen unit’s proposals include an additional £1 million for training, but there is a question about whether that will be enough. It does not strike me as being an awful lot. There was an announcement yesterday by the UK Government that it is investing another £150 million—

David Brown: That cost us £250,000 a year, of which LBP Outlander paid more than half.

Rosie Ellison: There was further money made available yesterday, some of which has been earmarked specifically for education. Mairi Gougeon made a point about lack of awareness at

school level of the huge variety of different roles. I know that that has come up in events with Creative Skillset: it is aware of the matter. People do not go through school thinking, "I want to be a set painter." They do not know that the jobs exist, but within the film industry—it is like an army—there are hundreds of different very specific jobs with different skill sets. Awareness of the industry in schools these days is still very much about people wanting to be director or actors, and that is about it. A person might enjoy cooking: there are jobs for cooks in the film industry. There are jobs for people who are interested in hair and make-up. I think that schoolchildren are not aware of that, so it is something that must be grasped. Creative Skillset is beginning to look at that. It is really important.

David Brown: Creative Skillset is beginning to do that. As an anecdote, I will say that some days we want 60 make-up and hair artists on "Outlander", of which we might have to bring half from the south of England.

10:30

Rosie Ellison: They are specific skills—doing hair and make-up training and working in a salon are not the same. There are very specific skill levels that are applied in the film industry. School-leavers need to have in their minds the possibility that they could train specifically for the film industry.

David Brown: That is one aspect of a very broad approach that is needed if we are to grow the industry.

Andy Wightman: I want to go back to state aid, because there seems to be quite a bit of confusion on that, which is not really helping the conversation. The Manchester project is run by the city council, which is the sole shareholder—it is a municipal enterprise. Municipal enterprises are common. The City of Edinburgh Council runs a very successful bus business. The state-aid problems that the Government set out to the Economy, Energy and Tourism Committee back in 2016 focused on two things. One was about the state providing assistance to the private sector, but that is not happening in the Manchester project. The second was that, where the state and public sector invest in a project such as a film studio, it should operate according to the market economy operator principle—in other words, it should be a business.

If the money and finance are available—if the investors are available to build a film studio—that is one thing. If we want the public sector involved, it seems pretty clear that the model to adopt is that of a municipal enterprise or a wholly owned company of the City of Edinburgh Council or

Glasgow City Council. It is not for the Government to get involved in that. The Government owns Prestwick airport and is a sole shareholder in Caledonian MacBrayne and Scottish Water, but those are different beasts altogether. Do you agree that the choice really is that either a municipal enterprise leads and operates in the market, which is totally compliant, or the private sector works on its own and we put to one side the question of whether the state provides public support to the private sector, because that is what got Valencia into problems?

Tiernan Kelly: I was maybe being overoptimistic. This is not being party political, but the central Government is the Scottish National Party, and the SNP is in the majority in Glasgow and Edinburgh councils. From an outsider's point of view, you would think that there would be some common sense or chain of command that could make this happen at local authority level. That is just my personal view—you would think that there would be that joined-up thinking. I am not here to have a go at the City of Edinburgh Council or Glasgow City Council. Glasgow City Council has been brilliant with Film City. Edinburgh City Council helped us a lot when we were trying to get the Pelamis project off the ground, but times are tough, and it does not have the money, although Manchester does—that is a fact.

My point of contention is that there is a way to do it, so why do we keep talking about state aid? I know that there is a difference between the Government and the municipal level but, from an outsider's point of view, you would think that there is a conversation to be had to enable a local authority to do this. Are you not the enablers to allow this to happen? Again, from an outsider's point of view, is there not some extraordinary activity or money that you can give to a local authority to do that?

Andy Wightman: Government is giving money specifically to local government in the city region deals. I am not aware of any proposition through the city region deals anywhere in Scotland that involves building a film studio. Have there been conversations on that?

David Brown: Maybe it is time to have those conversations. Part of the remit of the screen unit is to try to facilitate that conversation and direct it so that one of the city authorities can take on that task, but assisted and directed by a central body.

Tiernan Kelly: Different cities have different priorities. Manchester obviously has a real focus on the huge legacy of that city and the creative industries. That is its focus. Other local authorities might have different focuses for whatever reason. From our dealings with Edinburgh on the Pelamis building, I did not get the impression that it had that sort of money to spend on this type of project.

Glasgow has invested in Film City, but it had the Commonwealth games and so on, so I do not believe that it has that kind of money either.

Jim O'Donnell: My view is that the councils should invest in the production companies and the product and not the facilities. The facilities do not merit state aid; what merits state aid is the product. That is where it is needed.

Andy Wightman: Just to be clear, there is no state aid in the Manchester project, as far as I am aware.

Jim O'Donnell: No. It is a business. It is run as a business that Manchester has decided to invest in. Edinburgh and Glasgow have decided not to do that, so we have to move on.

Tiernan Kelly: Andy Wightman is right that there is no state aid in Manchester. The local authority there has taken a decision to do that. My comment was that it is just baffling that a Government in power cannot influence a local authority that is controlled by the same party to make something happen. That is from an outsider's point of view. Whether there is a process to do that is another thing but, as a citizen of Scotland, I find that baffling.

Andy Wightman: Local government is autonomous; it makes its own decisions. There may be commonalities in the parties that are in control, but what they do is up to those parties.

Rosie Ellison: With the screen unit and the screen sector leadership group requirements, data is really key. I know that City of Edinburgh Council was considering whether it could take the risk and run a film studio, but the data was not sufficient. It just did not have the data, and the council is not a property developer or a film studio operator. There was a call for accurate data, but there were no numbers to demonstrate exactly what would come back from investing over a 10-year period or longer. We do not have such infrastructure in Scotland, other than at Wardpark.

Andy Wightman: Could I just challenge the idea that the city council is not a—

The Convener: I am sorry, Mr Wightman, but I am going to have to stop you there. You have had quite a bit of time already, and we have already gone over time. We will continue for another 10 minutes, if everyone is okay with that.

Mr McMillan, do you have another question on this subject?

Stuart McMillan: Yes.

One of the things that has struck me in undertaking this piece of work has been the level of engagement by people outside Parliament. I am not talking about people involved in the industry; I am talking about normal members of the public.

We have been having a discussion about what type of sector we should have for the past 15 or 20 years or more. Does the panel think that members of the general public are now more understanding of what the sector can bring to the economy in terms of jobs and opportunities?

David Brown: To go back to the "Outlander" effect, I would say yes. Our landlord receives letters from local people in Cumbernauld saying, "Thank you for what you have done with that building. You have turned that crumbling old shed that sat there empty into a building that we can be proud of," so we are seeing that shift. When "Outlander" now rolls into town with its inordinately large circus, we are welcome. People see the business opportunity that we bring. We create change. We have clearly had an impact on various communities where businesses have suddenly grown up in our wake, and there is also our impact on National Trust for Scotland and Historic Scotland properties.

I am aware of that change. Through social media, people have become more possessive of the shows that they like, and they begin to think that they own them. That creates a slightly different issue that we will not go into now, but I am very aware of the change that Mr McMillan refers to. I think that a lot more pride is taken in the fact that "Outlander", for example, is made in Scotland.

Rosie Ellison: To give another example, there is a show called "Nashville", which was made in Tennessee a few years ago, where there is a studio, obviously. A report was produced that quantified the impact that the show has had. Tennessee has a state sales tax as well as a county sales tax, and it is possible to see the amount of money that has been returned to the state as a result of film tourists and the success of that series. For instance, the state made \$63 million-worth of state sales tax from "Nashville"-motivated tourists, or NMTs as they are referred to; \$20 million of county sales tax revenue from "Nashville"-motivated tourists; and \$1.2 million-worth of state sales tax from international travellers who went to Tennessee having seen the show. That all comes through hotel beds and restaurants. There is tax on everything, so the state can see exactly how much is coming back in financially from visitors who have gone there as a result of that hit series.

We do not have the financial figures for the tourist impact from "Outlander", but we have numbers of visitors. We know that visitor numbers at Doune castle have gone up by 110 per cent in the four years since the series came out.

David Brown: Just walking down the High Street this morning, I saw that every tour company has an "Outlander" tour. I realise that we are

talking slightly against Stuart McMillan's point there, because he was talking about national pride and a more public association with the industry, which is great, although it is an anecdotal point. Rosie Ellison gave us the factual points. It is hard to put a number on that other issue, but we feel it.

Tiernan Kelly: The creative industries are the fastest growing sector in the UK economy. That is a fact—I can back that up with data. However, there is still a bit of work to do because, when you ask parents what they want their child to do, they will say that they want them to be a doctor or a lawyer or to work in the STEM sector. They will not say that their child should enter the creative industries, because that is quite a nebulous concept, but it is the fastest growing sector. As I said, film and TV drive a lot of the activity. In Scotland, projects such as “Outlander” and Jim O'Donnell's project will, we hope, put that at the front in the public's perception. There is also the point that Rosie Ellison made about it being a viable career.

Amy Morement: A lot of people now see the positive impact of filming. Various tourist attractions and local communities have in a way been transformed positively by filming. Although my organisation and I as an individual do not shoot on the scale of “Outlander”—we work in advertising—we are lucky to shoot across all corners of Scotland and transform communities for maybe a week or two weeks. We hire locally where we can, we hire local accommodation, we use local services such as caterers and we cast locally. We really engage with local communities. Maybe we are very fortunate, but we have never had a wholly negative experience of that.

For us, our relationships with the local and regional film offices are a huge benefit and enable us to work well in communities. We mostly do not deal with Creative Scotland, because we are already here and we know roughly what we are doing, but we find a huge benefit in working with regional film offices and with people such as Rosie Ellison at Film Edinburgh. Across the country, those offices really help us when we are working out how to shoot in what are potentially challenging areas or areas that we do not know well. Those offices should be given all the tools and funding that they need to carry on doing that great job, because it really makes the difference when, in essence, we come into a small community to do something that is a little alien to people there and that they do not quite know about. We are very fortunate in that we have positive experiences with the people who we meet.

Stuart McMillan: That is a key point that it is not solely about Edinburgh or Glasgow—

The Convener: I am sorry, Mr McMillan, but I will have to cut you off, because other members want to come in.

Claire Baker: We have had a useful discussion on the need for skills and infrastructure and all the things that we can provide in Scotland, but I want to ask how important the money is. Jim O'Donnell said there should not be Government involvement, but the UK Government gives 25 per cent film tax relief as an incentive for companies to come here. Budapest has been mentioned, and I assume that people go to Budapest rather than come here because of how much it costs. We are arguing about whether people come to Scotland because of infrastructure or the skills or what we have but, actually, is it not just all about the money? Is it not just because it is cheaper here?

10:45

David Brown: One of the first things that producers ask about any country is what the tax incentive is and how to get it. They want to know whether it is cash or credit, how it works and what they need to qualify. That is just the way that the game works anywhere in the world now. That is what any studio or business will ask. The success of the UK industry is fundamentally based on the value of the tax credit and the fact that it outstretches everybody else.

The other hubs in Europe, such as Prague or Budapest, also have that tax credit, coupled with local facilities and costs. Budapest has had more success than Prague because Prague got on the train later. There was a wonderful industry there, but a tax incentive was not put in place, because the Government would not do it for many years. Budapest forged ahead, built more studios, increased the number of crew and increased its business exponentially, and Prague is only now catching up.

You are right that that element is significant. Once we peel that back as producers, we then ask what is next. We think about whether we want to use those locations, what the crew base is, what the facilities are and what help we will get. We look at which country or region is putting its hand up and saying, “Me, me, me—I've got that extra little bit that can sell it to you, once you have ticked those other boxes.”

Rosie Ellison: The value of inward investment film production in the UK grew by 23 per cent last year on 2016 and, for high-end TV, the inward investment value grew by 27 per cent. In total, it is calculated that, in the UK, there was £2.6 billion-worth of spend from film and TV production. That is an enormous amount of money, and £2.4 billion of that—

David Brown: Scotland needs to get more of that. We need it and we deserve it, so let us find a way.

Amy Morement: As I said, I work in the advertising industry, and tax incentives do not apply to advertising. We are often in competition with other European countries, including eastern European countries. People make decisions about whether to bring the business to us in Scotland or whether to shoot in one of multiple other countries in Europe. Tax incentives are a huge part of it and another huge part is incentivising the use of local crew but, for us, those other countries perhaps have studio spaces, when we do not. We can show them warehouses that are fine, but they are not purpose-built studios with all the home comforts that they bring.

We cannot compete on cost with eastern Europe—there is nothing we can do about that. Therefore, we try to give people other reasons to come and shoot in Scotland. That is about the talent of our local crew and our amazing locations, although other European countries are wising up to that. The more productions that they have, the more highly trained their crew are becoming. They are really looking at the locations that they offer and diversifying. As a company, we try to stay on the top of our game in that regard. For us, cost is king, but all those other elements are really important as well in trying to justify why people should bring their business to us in Scotland.

The Convener: Mr O'Donnell mentioned Georgia, which has tax incentives. Obviously, our tax incentives apply across the UK, but is there anything else specific about Georgia that we should emulate?

Jim O'Donnell: Georgia started from scratch and was even further behind than Scotland is. It had nothing. Georgia is not the best place to film, because relative humidity is high and the costs are high. However, it welcomes production people and offers incentives. I think that Tommy Gormley said that, if the Scottish Government decided to drop the tax or improve the taxation—

The Convener: The Scottish Government does not have control over tax.

Jim O'Donnell: As Tommy Gormley said, the eventuality is to have your own industry. If the Scottish Government could change that, that would be one way to make Scotland more attractive.

As I say, my comments are guarded, because I am here as a property developer, but my experience is that the guys and women who make decisions to come to any country are stimulated by the bottom line. They will make do with facilities and local areas if the bottom line is attractive

enough. Therefore, my view is that Government should make it attractive for them.

I did not say that there should not be state aid; I said that there should not be state aid for property, unless there is a gap. You should put together a sizeable film fund for the people, to incentivise productions to come here. There is that terrible statement, "Build it and they will come." That is an old anecdote from the movies, but the studio is going to be built anyway, so you need to move on from that and attract folk to come and use it now. More importantly, you need them to keep coming back to use it and to do pre and post production rather than just come here, do what they have to do and then go away.

Rosie Ellison mentioned the "Avengers" movie. When that was being made, you would see "Pinewood" on every vehicle, every sign and everything else that was there—it was all Pinewood. What was there for the Scottish companies? A very small percentage of crew was hired here, but most of the crew were brought up from the golden triangle. To me, that is where the difference should be.

The Convener: I thank our witnesses very much for their time and for agreeing to go on for longer. We know that you are very busy people, so we appreciate your coming to give evidence.

10:50

Meeting continued in private until 11:25.

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