



OFFICIAL REPORT
AITHISG OIFIGEIL

Culture, Tourism, Europe and External Relations Committee

Thursday 19 April 2018

Session 5



The Scottish Parliament
Pàrlamaid na h-Alba

© Parliamentary copyright. Scottish Parliamentary Corporate Body

Information on the Scottish Parliament's copyright policy can be found on the website - www.parliament.scot or by contacting Public Information on 0131 348 5000

Thursday 19 April 2018

CONTENTS

	Col.
SCREEN SECTOR	1
HOLOCAUST (RETURN OF CULTURAL OBJECTS) (AMENDMENT) BILL	41

CULTURE, TOURISM, EUROPE AND EXTERNAL RELATIONS COMMITTEE
10th Meeting 2018, Session 5

CONVENER

*Joan McAlpine (South Scotland) (SNP)

COMMITTEE MEMBERS

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

*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:

Naysun Alae-Carew (Blazing Griffin)

Lorne Boswell (Equity)

Neil Cairns

Arabella Page Croft (Black Camel Picture Company)

Dr Michael Franklin

Annie Griffin (Pirate Productions)

Grant McPhee (Tartan Features)

Sajid Quayum (Caledonia TV Productions)

CLERK TO THE COMMITTEE

Katy Orr

LOCATION

The David Livingstone Room (CR6)

Scottish Parliament

Culture, Tourism, Europe and External Relations Committee

Thursday 19 April 2018

[The Convener opened the meeting at 09:05]

Screen Sector

The Convener (Joan McAlpine): Good morning and welcome to the 10th meeting in 2018 of the Culture, Tourism, Europe and External Relations Committee. I remind members and the public to turn off their mobile phones. Members using electronic devices to access committee papers should ensure that they are switched to silent.

Apologies have been received from Jackson Carlaw and Mairi Gougeon.

Our first item of business is the fifth evidence session in our inquiry into Scotland's screen sector. Today we will focus on finance, investment and support, and we will hear from two panels of witnesses.

I welcome our first panel. Sajid Quayum is head of production at Caledonia TV, Annie Griffin is creative director with Pirate Productions, Naysun Alae-Carew is a producer with Blazing Griffin, Lorne Boswell is Scotland organiser with Equity, and Grant McPhee is from Tartan Features. Thank you for coming to speak to us today.

This section of the inquiry is focusing on funding and support, and our inquiry generally is focused on the recommendations of the screen sector leadership group—whether they are being enacted and what needs to be done to make sure that they are implemented. One of the screen sector leadership group's criticisms of public funding for screen is that it has been very fragmented. Can you reflect on that in terms of your own experience and where you would like to see change?

Naysun Alae-Carew (Blazing Griffin): Do you mean that funding is fragmented in terms of where we get support from?

The Convener: Yes.

Naysun Alae-Carew: Blazing Griffin is a film production company, but we also produce video games and offer a film post-production service. We get support from Scottish Enterprise, from Creative Scotland for production and development, and from Scottish Development International for when we look to increase our ability to sell internationally, attend markets and things like that. The support from Scottish

Enterprise is for business growth and for things such as training and development.

Where we get support from is, therefore, fragmented. Over the past three years, we have learned how best—for us—to access each of those different sources. We have an advantage over others in our industry, because we operate in a broad range of sectors. We did that somewhat by design; in becoming investable as a company it so happened that we also became supportable by the public sector.

While fragmentation has not hindered us at all, I can see how it is a hindrance for our fellow producers, because it takes a lot of capacity to have all those relationships and to figure out all the different ways that one should be presenting oneself. The way to present for equity investment in a company as a whole is completely different from the way to present a package of intellectual property for development support. For a two-person to five-person company, that is a huge burden.

I make it clear that we would almost certainly not have had any Scottish Enterprise support had we been only a film company: we do not get specific support for film-related activities from Scottish Enterprise. That has not been a problem for us, but that is because we have worked around it rather than because it is supposed to be that way.

Annie Griffin (Pirate Productions): Naysun Alae-Carew is the exception, and I congratulate him on getting support out of Scottish Enterprise. It is brilliant that a company has harnessed film and television making with the games industry.

I congratulate the committee members on educating themselves so much about our industry. It is great to know that you are interested in our industry, want to support it and see its potential.

I have lived in Scotland for 20 years and it has been tough. Prior to that, my company was based in London. Pitching and developing a project is always hard. Whether they go to pilot or to series, it is a long process to get television projects commissioned. Every company needs to have something that it does to keep going; for example, when we were in London, we did interstitials for MTV Europe. If there was ever a period when nothing was getting development money, we would get a title sequence or short films from MTV Europe or similar networks.

Since I moved to Scotland, we have not had that possibility. My company has tried to make programmes for children's television, for instance. We do not have any experience of video games or a business model that would look acceptable to Scottish Enterprise. We have received slate

funding from Creative Scotland, which has been appreciated.

The overall problem in Scotland is that, although there has been development funding investment by Scottish Screen and then Creative Scotland, there is nowhere to go. The worst position to be in is to develop something and then have it knocked back by the network. Although we have done feature film work, my company specialises in TV. In television, the worst position is constantly to be knocked back. That is why the new network—we will get on to talking about that—is the most important thing that has come out of the process and is, potentially, the best possibility for us.

At the moment, I am working on a show in London, which is for a new network and Raidió Teilifís Éireann. Before we came into the committee, I said to Naysun Alae-Carew that, within two weeks of preproduction in London, I have, because I am in London and in the middle of things, probably run into 10 decision-making executives whom I have not seen in a year. Not having decision makers in Scotland is the worst problem for us in terms of getting projects green lit. Unless Creative Scotland and the potential of the new network get joined up, it will continue to be a problem.

Sajid Quayum (Caledonia TV Productions): Caledonia TV is, predominantly, a factual, non-scripted documentary and drama documentary company. Our situation is entirely different, although I tend to agree with Annie Griffin. Funding is rare for the kinds of programmes that we work across. Anything that we want to push towards development comes from existing production budgets.

Although we accept that television is seen to garner its own money more, there have been instances in the past in which production funds from Scottish Enterprise have worked for us. We have been around for 25 years now, but it was not until about 17 or 18 years ago that we received any funding. There is a particular pot of funding, to which we can return, that we received from Scottish Enterprise at that time, which really helped our development and to grow the company exponentially.

There have in the past been funds that worked in our industry, particularly television, but we now find that those pots are no longer available and that the products that are on offer from Scottish Enterprise and other funders are not relevant to us and our industry. We will come on to the SSLG and the work that it is doing, but the worry for us is that the focus tends to be primarily on drama and scripted projects. That is important for a growing industry. However, for example, right now Creative Scotland really has only lottery funding, so there is no way of us approaching any funding because,

even at the highest end, you are talking about £500,000 per hour for a drama documentary, which causes issues with tax.

It is for us not so much that the funding is fragmented as that it is non-existent for the television industry right now.

09:15

The Convener: I note that you make that point in your written evidence; Sajid Quayum also makes the point that Northern Ireland Screen is far more sympathetic to factual programming. On our fact-finding visit to Northern Ireland, we met Northern Ireland Screen and an independent factual programming production company that was very complimentary about the support that it got from Northern Ireland Screen.

Sajid Quayum: Absolutely. Co-production is another area that we would like to focus on and that I want to bring to the table. There are not many factual programming companies in Scotland and it is a big area.

Through the years we have realised that, because of the diverse places that we have had to go to in order to get network commissions, the environment is becoming very competitive, especially given the number of new start-ups.

We have looked at international co-production, and we have had success in Australia, Germany and more recently in Ireland. In the Republic of Ireland and Northern Ireland where, even when we have brought intellectual property to the table—that is, the idea has been ours—there have been issues because of the lack of funding here.

The only source of funding here for non-scripted or even drama documentaries has been from the broadcaster itself—that is, BBC Scotland. There is no other opportunity to bring in money. However, in the Republic of Ireland, for example, the Broadcast Authority of Ireland gives a lot of funding, and a lot of funding is also given in Northern Ireland. On top of that, there is a huge slice from the tax relief system.

In the end, when co-producing in Northern Ireland, we have had to give over our IP and the production was predominantly done there, with Irish staff and crew. On top of that, if anything is to be made at the back end, because you have brought little to the table in the first place, you get a smaller slice. Consequently, on-going revenue is limited, too.

The Convener: Do Lorne Boswell and Grant McPhee want to come in on the general question about funding before we move on?

Grant McPhee (Tartan Features): Tartan Features is a collective of individuals, and I will

speaking only personally about the films that I have made through it.

Our funding levels, which are between about £1,000 and £100,000, are exceptionally low. Because those levels are so small, we have been able to create the films ourselves, but the problem that I face is in getting funding from Creative Scotland.

Furthermore, two of my films received funding only after they were 99 per cent complete. On one film, I could access the funding only through a producer who was incredibly helpful towards my film. The film was eventually screened on the BBC and it has won awards at festivals, but I am certain that I would not have been able to access the funding that we needed to get the film to the level that it needed to be at without that help.

There are many people in the industry who have the talent, who have created films and who need funding, but who also face the problem that I had, which was filling in the forms that are required by Creative Scotland.

The Convener: Thank you very much. I will move on to Claire Baker.

Claire Baker (Mid Scotland and Fife) (Lab): I want to probe a bit further on the screen unit. I am interested in the panellists' comments on funding either being difficult and bureaucratic to access, or not being focused in the areas where you consider it should be focused. First of all, do you have knowledge of the screen unit? If so, are you being kept informed of its progress? Do you have any influence? Is Creative Scotland hearing the points that you are making today about the creation of the screen unit?

Annie Griffin: Several of us—Naysun Alae-Carew, and Arabella Page Croft, who will be here later—are part of Independent Producers Scotland, which has lobbied for the screen unit. It is very important that we are able to input into the proposal, which IPS is trying to do.

Over the past three or four years, the production sector has come together to thrash out differences and to speak with one voice, which shows real progress.

We are talking about the upcoming screen unit, are we not?

Claire Baker: Yes.

Annie Griffin: We are very excited that there will be a screen unit, and we are meeting today to talk about our input into the plans for it.

Naysun Alae-Carew: Broadly—I am speaking only from the Blazing Griffin perspective—I am very happy with how matters have progressed over the past two years and the way in which Creative Scotland has manoeuvred within its own

constraints to provide flexible support and has listened to the industry.

At the high level, the screen unit proposal that is on the table answers many, if not almost all, of the points that we have raised over the past many years. The question about implementation is in the detail, because the screen unit could work in lots of different ways. For example, it could completely ignore the microbudget segment of our industry. That would be a big issue, because that is one area in which public funding could be used effectively to grow the market and the industry in Scotland. It could support inward investment to such a degree that it crowds out domestic producers from the local labour market, or it could support indigenous producers effectively and allow us to retain our intellectual property, which is where the value will be for all of us, and to have bundles of assets that build over time.

That is a long-winded way of saying that the intention seems great. The proof of the pudding will be in the eating. We are part of the conversation, but the proposal needs detail.

Annie Griffin: It is a competitive market. A few weeks ago, there was a consultation meeting to get input on one of the funds. A producer made the point that it has become a very competitive environment for high-end drama, for example. People around Europe, including in Ireland, are saying, "Come and shoot here, Australia, and we'll give you these breaks." The funds that are set up need to recognise that situation.

Historically, Scottish Screen and Creative Scotland have been keen to have their money paid back first. We want people to say, "Oh yes! Let's co-produce with you and do it in Scotland, because you have the advantages of these funds from Creative Scotland and these tax breaks." We have not had that situation since the demise of Scottish Screen.

Claire Baker: Although it was announced that the screen unit would be established on 1 April, we have passed that date. Is it fair to say that the screen unit is still at the implementation stage? Although you are clear on what you want to see it doing, nobody at this stage knows what it will do. There is agreement in principle at the high level, but we do not know what funding will be available and who it will be targeted at; we do not even know how much funding there will be.

Annie Griffin: We know what the pot is, and I think that the parameters of the funds are being established.

Sajid Quayum: We have been well informed in the television sector. Caledonia TV Productions sits on the TV working group, which members of Creative Scotland have sat on, so we probably have more access to shaping what the screen unit

becomes than others do. There are only four or five independent companies that sit on the group, but at least 43 companies in Scotland are members of our trade industry body, the Producers Alliance for Cinema and Television. Therefore, a number of companies have not had that same access. The view has been expressed that television should be developed in a way that Creative Scotland could not develop it in the past. However, I am a little bit concerned from reading the reports that have come out and from some of the summary documents that it seems that TV is not being given much priority, although we have been told that it will have a separate group. There has to be a specialised group for television in the screen unit.

In Scottish terms, television production is one of the biggest revenue providers—the biggest companies with a turnover of £10 million-plus are in that field—so it is extremely important for that area to be looked at.

It is a bit worrying. Time marches on, and nothing specific has been established. I have not heard anything more recently, but certainly in the initial stages, independent television producers sat on the SSLG to guide it. We were happy that a wide variety of members focused on the discussion.

Grant McPhee: I read a 60-page report, and I knew as much before that from reading a couple of newspaper articles as I did afterwards.

Tavish Scott (Shetland Islands) (LD): Welcome to our life. You could be a politician with an answer like that.

Naysun Alae-Carew: On implementation, it is easy to look negatively at how change has been slow. Obviously, there were recommendations over a year ago, and the screen unit has been created. On the flip side, there is a lot of learning to do about how to best support it. We refer to the film and TV industry, but that is actually a whole bunch of different industries and markets that all need different types of support: we do not all need the same products.

I do not have a problem with things taking time, if it looks like the consultation, the discovery and even the experimentation will take time, although I realise that it is hard to say with public money, “Well, if we put a little bit of money here, maybe we’ll see what it does and then try something different fairly rapidly.” I would not necessarily consider the length of time that it takes for implementation to be a negative thing, provided that what is going on underneath the surface is data led, responsive and tailored across all our complex markets.

Claire Baker: It is interesting that, in a previous meeting there was a bit of a discussion about the

role of the state and the public sector in a commercial and competitive environment. Your comments suggest that risk needs to be taken in the sector. Can that be done with public money? That is the environment that the film and TV sector seems to work in. The environment is competitive, and the issue is how the two things merge. I know that other members will ask questions about Scottish Enterprise, which is where the enterprise and business side sits, but the creative side still sits with Creative Scotland. Will the screen unit successfully bring those two things together and be flexible enough to meet the sector’s needs?

Annie Griffin: We all need to keep talking. The problem is when people go off and devise the structure of the new screen unit and how much will be payable for the jobs without having input from the industry about what we need. That is why keeping talking is so great and important, and why the IPS continues to try to give input to the new screen unit and would prefer that it took the time to get things right.

The Convener: Rachael Hamilton and Tavish Scott both want to come in. Do you want to come in on the points that have been made?

Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con): I want to ask about many of the points that have been made about Scottish Enterprise, if that is okay.

The Convener: It is.

Rachael Hamilton: Scottish Enterprise has come up numerous times in the evidence that we have gathered from various panels. It seems that most of the panellists know more than Scottish Enterprise and can tell it how to take forward a proposal, and that there is a lack of experience and expertise in Scottish Enterprise. How can Scottish Enterprise take forward the SSLG’s recommendations to support the screen sector? I would like you to include other aspects in your answers, such as data collection and the criteria that are set, particularly the high turnover—of more than £10 million—that Scottish Enterprise currently expects from companies. Only STV and IWC Media can meet that. I think that a turnover of £4 million has been mentioned. Can we have an open discussion about how the SSLG’s recommendations can be met?

Annie Griffin: By Scottish Enterprise?

Rachael Hamilton: Yes.

Naysun Alae-Carew: I guess that I have the most experience of working with Scottish Enterprise.

I think that the SSLG is right in its recommendation about working in partnership with Creative Scotland and the other supporting bodies in Scotland, and it is probably the only way that

the system can work. Film companies—and TV companies, to a much lesser extent—cannot get to a place of critical mass in terms of their capacity to access capital, which is how companies are traditionally supported by Scottish Enterprise.

09:30

We received support from Scottish Enterprise before we hit a turnover of £10 million—we have not yet hit that, sadly; perhaps we will do that next year. Scottish Enterprise helped us with the seed investment rounds and, prior to that, it helped with development and training. It co-invested in a series A round and supported us through the entire process in lots of different ways. For me, the question is, if we are the exception, why is that the case? How can we learn from one data point? I am not sure whether we are the single exception but, regardless, there will be only a few points of data.

The question is about building capacity. How can Scottish Enterprise's remit help to create a sustainable industry and market in Scotland, with self-sustaining companies that do not need to rely continually on subsidy? What will it take to get there? It will take a raft of different things. A huge part of it is capacity building. What does it mean to talk to investors about different ways of investing in a company or a product? That is about knowledge; it does not need money—well, I guess that money might be needed for time and training, but no more than that. It is really important to have a lower threshold so that companies have access to that kind of funding and support.

I do not know enough of the detail about the intentions going forward, but under the current system, I do not know how Scottish Enterprise could invest directly in more film and TV companies, given that the propositions need to be investible. The question is how we get to that position. We need to work with Creative Scotland, whose key remit is not in creative but in intellectual property, which is what our assets are. If we focus on building intellectual property so that profits flow back to companies, I can then say, "The valuation of this company is X."

There is a creative and film-specific aspect to that, in which Creative Scotland has expertise. Creative Scotland can provide support in a lot of different ways at various stages, given the different types of market failure that there are in Scotland. It should work in conjunction with Scottish Enterprise to build business capacity, so that we can reach the point at which we can decide whether a company is investible or whether it can prove sustainable growth—

Rachael Hamilton: On that point, I noticed that the PACT study suggested that Scottish

Enterprise had supported 100 businesses, of which 50 per cent have failed. Clearly, something is not right. You used the word "sustainable", and I am not quite sure what you mean by "capacity". Do you want Scottish Enterprise to create or find potential opportunities so that you can then get funding, with international co-operation perhaps?

Naysun Alae-Carew: Personally, I do not look to the state to find opportunities for us; that is the job of the private sector. Due to the status of the international market and our lack of competitiveness—or at least our lack of ability to get to a critical mass in order to compete internationally—we need to look specifically at what it will take to improve the situation. In the film world, that means taking the creative development of projects to an international standard, which will involve having the skills and ability to ensure the development of television shows and films that will be able to compete internationally. Those skills can be learned and developed over time. If we do not have those skills indigenously, we need to look at ways of bringing them in and disseminating them.

It is also a matter of making productions efficient so that a film company is able to do two productions a year, for example, if that is what is needed for that company to become sustainable. A company needs to have built up enough of a back catalogue of intellectual property for it to know that the income from that will see it through times when there are market shocks.

Rachael Hamilton: Thank you, Naysun. I am running out of time, so I want to hear from some of the other witnesses.

Annie Griffin: I cannot teach Scottish Enterprise how to support my industry when I am focused on keeping my production company going. In the early days, we got support from Scottish Enterprise. Our experience is that, as I am sure you have heard, Scottish Enterprise executives' eyes light up when you talk about video games, but they have found it really hard to understand the hit-or-miss nature of our industry. I am very focused on trying to get projects under way rather than figuring out how Scottish Enterprise can support them because we have, by and large, given up on it for support.

Sajid Quayum: The life-blood of any television company is developing a lot of ideas at the same time and keeping relationships going with commissioning editors. In the past, our production budgets from television were high enough to enable us to sustain a small team of three to four development people. That is no longer the case. Production budgets are constantly being slashed right down to the point at which we can now barely afford one person in development in the team, so the rest of us try to pitch in whenever we can.

Therefore, support in that area is extremely important.

It has happened in the past. As we mention in our submission, there was a scheme called the creative industries development programme in the early 2000s from which we received match funding towards getting a development individual, who happened to be based in London. The flexibility of being able to do that was really useful. Our turnover trebled within 18 months to more than £1 million and we were able to work across network productions. That allowed our staff to go down to London and get experience in working on formatted and featured programming and develop in a way that would not have been possible otherwise. By the way, the Scottish crew were a lot better, and did a lot better, than the London freelancers. That system worked for us in the past and we would like something of that nature to be introduced again because it could be of benefit to television production companies in Scotland.

There was also a co-investment fund through which Scottish Screen invested in a documentary. We are talking about the lower end—approximately £150,000 per hour. It invested in a specific production with the broadcaster ITV and an angel investor in London, so it was a tripartite agreement. That production became one of our biggest selling international productions because of the nature of the documentary.

Such funds have helped in the past. They were around in the early 2000s but they are no longer available. They are one thing that we would like to be reintroduced. We should look at the past and see how those funds were successful for Scottish indie companies.

The other aspect that we would like to be considered is inward investment in production companies in Scotland. We found that we are at a disadvantage in that, if companies from England that already have quite a lot of backing come into Scotland, they can get quite large grants to help them. That is fine, but it is not a level playing field. If we were to try to get similar investment, it would not be available because we are already in Scotland.

It is great to get more companies that will provide more jobs, and some companies have been good at that. Sadly, they have been few. Many of them have collapsed, gone by the wayside or not properly established a Scottish base. I would like to see more data analysis of how that investment funding has benefited Scotland, Scottish crew and Scottish people. I talk a lot to people in the crewing sector and the freelance industry and it does not seem as though a lot of work is coming their way from such companies.

Lorne Boswell (Equity): There is little evidence that Scottish Enterprise is a willing participant in the industry. I do not think that it likes the industry—it does not like the speed that it works at or its business model. There is a case for reviewing its involvement.

The Convener: The screen unit continues to give Scottish Enterprise a role in developing larger companies. I take it from what you say that that is probably not a good idea.

Lorne Boswell: That is not really my area of expertise, but as I said, there is no evidence of interest. Scottish Enterprise focuses on specific industries with specific outcomes, and the screen industry operates in a completely different way—it is so project based. The committee has heard that people are looking for two projects a year to keep them going, and that just does not compute for Scottish Enterprise. It feels like a fish out of water.

Sajid Quayum: Our experience of being a small company and—sadly—being way under the £5 million threshold, let alone the £10 million threshold, means that we have not been account managed by Scottish Enterprise for some time. By far the majority of television companies in Scotland are nowhere near the threshold. Scottish Enterprise is focused on growing companies to go beyond the £10 million, which is fine, but it should also be growing smaller companies—those that go from £1 million up to £5 million.

Our lobbying group, the Producers Alliance for Cinema and Television, has 43 members in Scotland and I would say that only two members have a turnover of more than £10 million. Both of those have either a broadcaster or a huge international company behind them—that is the case for IWC Media. We do not think that that is the most balanced way forward.

The Convener: We have only 20 minutes left and several members still want to come in, so I ask everyone to keep questions and answers as brief as possible.

Tavish Scott: The logic of the arguments that you have made this morning about funding is that we should have a one stop shop, which would be, in effect, a Scottish screen. I take Mr Boswell's point—I cannot see the logic of involving Scottish Enterprise at all. Should we not be arguing for taking the funding pot away from Scottish Enterprise, giving it to the new organisation and ensuring that that organisation is properly staffed and resourced?

Lorne Boswell: Yes.

Annie Griffin: Yes.

Tavish Scott: I thank you for that answer, because that is where I stand on the issue.

The committee has heard evidence about the board of the new Scottish screen unit and the suggestion that the different areas of your industry that you have described should be represented on a rotating basis—we should take clever people from the industry, put them on the board for three years, make them make decisions, and then get them back out into the private sector.

Annie Griffin: We are all clever.

Tavish Scott: I do not doubt it for a minute. Would you accept that sort of model for the board, given the needs of the industry?

Annie Griffin: Yes, although it takes a bit of time to make any impact on a board, so I would suggest that it would be better if it did not rotate every year.

Tavish Scott: The members should not rotate all at the same time.

Annie Griffin: Yes. The independent production sector should be on the board.

Tavish Scott: Would that work for television as well?

Annie Griffin: Yes.

Sajid Quayum: Absolutely.

Richard Lochhead (Moray) (SNP): The convener and Tavish Scott have basically covered the points that I was going to raise, but I will perhaps elaborate on Tavish's point. Given that the industry seems to have zero confidence in Scottish Enterprise—that is what we have heard from all the witness panels—are you happy for there to be a continuing role for Scottish Enterprise after the screen unit is set up or should it all be merged into one film agency for Scotland?

Lorne Boswell: If you want to develop the potential that the industry in Scotland has, you need one body to lead on that. Scottish Enterprise just does not seem to be a willing participant—it potentially has a lot to bring to the table, but it is choosing not to. My interpretation is that that is because of the business model; Scottish Enterprise does not like someone working on the basis of two projects a year and would prefer a factory that will produce X number of widgets and therefore Y profit. Your instincts about what you are picking up are correct, Mr Lochhead.

Naysun Alae-Carew: I would modify that by saying that a single body would be fine provided that the body has expertise in business, which is something that Creative Scotland does not have.

Sajid Quayum: Absolutely. The area of specialism is important—trying to understand the industry and the nuances of the different areas is important—so perhaps we would be better served if it were one, more specialised body.

09:45

To give you some idea of the problem, I will go back to the concept of widget production. Scottish Enterprise covers a huge breadth of organisations and businesses across Scotland. It has recently embarked on a business development programme in the media industry called focus—it employed consultants from London to do that. I do not know whether Blazing Griffin is on it. Our experience is that, while such general consultants may be fantastic for a widget production company, we have benefited much more from smaller schemes for business development.

We recently got funding from a Scottish Irish Gaelic fund to have a mentor for 12 months. We were able to choose a specialist mentor, who was an ex-commissioning editor with an independent company in London and who gave us phenomenal advice over a 12-month period. The growth and development from that was much more useful for us than what we would get from a large and more generic consultancy firm.

Ross Greer (West Scotland) (Green): I have a final point on governance issues relating to the screen unit. As it is currently constituted within Creative Scotland, the unit will have its own board but ultimately be answerable to the board of Creative Scotland, which will never have anything close to a majority of individuals from your industries on it. Going a step further than what has already been asked, would it make more sense for the screen unit to be an independent stand-alone agency, which feels like going back in time a bit, or does it make sense for it to remain within Creative Scotland?

Annie Griffin: I would say yes. One of the reasons is that our industry is very different from the other things that Creative Scotland does. That was what we said would happen at the demise of Scottish Screen and it did. Absent the screen industry, there is tremendous competition and dissatisfaction between the artistic community in Scotland and Creative Scotland. It is just finding its feet as a funding body and we would rather not be involved in that, because our industry is different, needs different things and has different economic potential from the other subsidised arts in Scotland.

Lorne Boswell: That is the direction of travel. We are where we are. It will start off as an independent unit, but it would not surprise me if it became totally independent in time.

Ross Greer: There has been quite a bit of discussion about how—whether the unit ends up separate or not—priorities should be balanced between indigenous production and trying to attract larger-scale international production to Scotland. What role should the new unit play in

getting that kind of balance? As much as we would like to be the kind of country that attracts substantial amounts of large-scale international production, that will not be our bread and butter for the foreseeable future—indigenous production will be. How do we strike that balance?

Annie Griffin: There will be both, but when other screen units around Europe offer money for a production to come into their country, they insist that it uses a local producer in partnership, so that there is benefit to the independent sector within that country and consistent benefit after the production leaves. We have not done that, and I would say that that is a very important part of it.

From my own point of view, and that of my TV company, I am consistently asked to help develop projects. People say, “We have a young writer,” or, “We are a London company coming north”—only a handful of companies specialise in comedy, for example—or, “We want you to help develop this project for Channel 4/the BBC.” If I was able to say, “If you do it in partnership with my company, we can access funds from the new screen unit,” that is the kind of thing that builds an industry. The problem is that there has been no requirement to help production companies as you exploit their talents and resources.

Lorne Boswell: Annie Griffin is absolutely right, and Ross Greer has put his finger on the dilemma that the new body will face. Those two things are not necessarily compatible, and trying to knit them up is very difficult, but that is one way of doing it that we have not previously availed ourselves of.

Using Scotland as a location and growing indigenous talent are two different things. An insistence on the use of local talent—I put in a special plea here for front-of-camera talent, because that is who I represent—has been sadly missing. Somebody might get money to come here, in some way, shape or form, usually to use the location of Scotland, but they still fly up the day players—not the principals; not the names that get the commission—from London. That should be relegated to the past. We should commit ourselves to using local talent. If we use public money in Scotland, there should be a major commitment to using local talent in front of and behind the camera.

Annie Griffin: I have a quick point. Some of the documents for this meeting talk about the successes in Northern Ireland and Ireland. We could actually do better. There is no great show set in Belfast that is produced by a Northern Irish company. There is no great show set in Dublin. The show that I am doing at the moment is set in Dublin. Sharon Horgan’s company has had tremendous growth just in the past few years, but it is remarkable to think that, for all the support that the industry has had from the Irish sector, there

has never been an on-going drama set in Dublin that we can all refer to or are familiar with. We could do that in Scotland. We have the talent here; we have the locations here. We should aim higher than those other countries.

Sajid Quayum: From a television perspective, I would say that, rather than the one-off, big scripted drama—although sometimes a bit of red carpet fever, as we call it in the TV industry, is good—the real golden goose that grows TV companies is the returnable series. The two biggest companies have had returnable series here in the past number of years. That can really grow a company in a big way. It is not high-end production; it is kind of mass production and a number of different daily productions for a number of years. That can grow a company and push development.

The other area in which we have seen success is international co-production. That provides different markets because we can go to other countries. There has to be much more of that. We have not been able to invest further in it so far, because, every time we have tried it, we have found that we are not able to bring enough money to the table. That goes back to the tax breaks that other countries bring in, whether it is Ireland, Australia, Canada or anyone else we have worked with, or to the public funding that is available for low-end production. Even in high-end, scripted drama or documentary, I have never come across anything that comes close to £1 million an hour. In the BAAI and Ireland, the threshold is much lower and they bring in much more money.

Co-production is very important to growing the industry, as is putting in money for development that will help us to get returnable series. More returnable series will certainly grow companies in a big way.

Naysun Alae-Carew: I agree with everything that the panel has said thus far, and I have two additional points.

Inward investment, as it is sometimes called, or the buying of our goods and services by non-domestic producers, is great, but at the moment we do not have a huge supply of labour for film and TV. It is easy for that to mean that crews and other services are out of the price range of domestic producers. That means that we need a renewed focus on training and development, which, frankly, will take a long time. It will take two or three years to ensure that we have enough crew. If we put a real focus on bringing foreign companies here to make things, that is great, but, to keep a balance, it is incredibly important that we train enough crew.

There is another part of ensuring a balance, and going from having a lot of small-scale producers to

having a few with that bit more experience who are able to compete internationally, but the funding is not targeted on it at the moment. It is in a big way what Grant McPhee does—allowing people who are first-time producers and directors to move from making purely cultural output, such as short films that have no commercial value, to making something that might have commercial value. That is the riskiest part, that is when the market does not want to invest money and that is where the role of the state can be really meaningful. It is not a lot of money; as you heard from Grant, it might be an investment of between £1,000 and £100,000 for something that, in a lot of ways, can make an industry.

Finally, the same thing applies to short films: increasing funding can increase the talent coming through.

Annie Griffin: I absolutely agree with you, Naysun, but the new network could be a platform for that. I am more excited about its potential as an outlet for the kind of work that you are talking about than I am about anything else. That would make such a difference to the makers.

Grant McPhee: I agree with all of Naysun Alae-Carew's points. My bread and butter comes from being a crew member, so, in essence, I benefit from a service industry. However, the film industry is cyclical and we have to be careful about why companies are coming to the UK. If you read Alexander Walker's books about the 1960s and 1970s film industry, you will see that, although we have great crew members, once investment leaves, we could be left with lots of crew members and no industry overnight. It is therefore essential to grow an indigenous film industry.

As Naysun Alae-Carew said, microbudget feature films are a great way to do that. They are more cultural, but they can have economic benefits. A film-maker on one of the films that was made by Tartan Features went on to do a film with Naysun Alae-Carew. It became incredibly successful and they are both doing more successful things. Microbudget feature films can work; they are a great way of feeding something cultural and interesting into the larger film industry. It is a scalable approach.

We must focus efforts on creating an indigenous film industry. Although it is great that everybody is making a lot of money from being crew members at the moment, if the work goes, we will be left with a lot of crew members and no films.

Naysun Alae-Carew: It would take one writers strike in America and that would be it.

Stuart McMillan (Greenock and Inverclyde) (SNP): This questioning has touched on something that Equity said in its submission:

“The Screen industry is London-centric and there is a danger of Scottish public investment ending up in London.”

Will that start to change with the new network and will more of the money stay in Scotland?

Lorne Boswell: I hope so. There is no reason why it cannot but it needs joined-up thinking. One of the biggest players is the BBC, which has been incredibly London-centric since the time of John Birt, who centralised all decision making in London. Prior to him becoming director general, the powers that be in Scotland could commission programmes for broadcast. That seems to have been lost and, even when commissioners have come here, it has been a career move for them to get some power and go back down to London.

The industry is London-centric. That is a statement of fact. It is in everybody's interest that we do as much as we can to regear that and ensure that Scotland has as much autonomy as we can get. Having a powerful, independent screen unit—I sense that the screen unit will be more powerful than Scottish Screen was—is a big step towards achieving that.

Stuart McMillan: In his submission, Mr Quayum states:

“The UK tax credit system does not benefit factual TV so a reform of that system is much needed.”

Do the other witnesses agree? I ask Mr Quayum to elaborate on the point.

Sajid Quayum: It is specific to our area of the industry because non-scripted productions have lower budgets. I do not know whether £1 million an hour is commonplace for scripted productions but it is not in our area. Every time we have done international co-productions, such as the ones that I mentioned in Ireland, the co-producers have always been able to bring the lion's share in from the tax system. I know that it is a complicated issue and cannot be solved at a local level, but it should be looked into. Even the biggest, highest-end drama documentary that we might make would not come close to £1 million an hour. We would be talking £300,000 to £400,000 or £500,000 at the most.

We are immediately at a disadvantage whenever we go into international co-production. Hence, we are left with only one pot of funding, which is the broadcaster. That means that companies from Ireland or Canada can go direct to the broadcaster and say that they will make it themselves. They have to have a certain amount of Irish crew, for example, because of their funding and do not even have to do a co-production but can go direct to the broadcaster. As far as we are concerned, that is a huge hole and, if that was looked into, it could be quite a big revenue generator for Scotland, certainly from the non-scripted drama-documentary perspective.

10:00

Stuart McMillan: We heard what you would like to happen with the stand-alone unit compared with what is being proposed, but Scottish Enterprise sees the overarching Scottish economic aspect. If you were to get what you wanted with a stand-alone unit, what role would you see Scottish Enterprise playing at some point in the future to assist with your sector?

Annie Griffin: The biggest game changer for the industry would be a returning drama, or three returning dramas, fostered on the new network and potentially going out on BBC One or BBC Two. Scottish Enterprise could play a great support role in that. Look at what we have in Cumbernauld with all the facilities that are needed for “Outlander”, and look at what we had for “Taggart”. If we had an on-going series that was partially studio based with a returning cast, there would be plenty opportunities to invest in its support.

When a network decides to do something, it does it. When BBC Scotland decided that it wanted a soap, it got a soap. The new network needs to decide that it wants a returning series made by the Scottish production sector. If we have that, there will be plenty of opportunity for Scottish Enterprise to be involved in supporting it because the funding will be low. There will be a low per-hour budget for the new network, but it is an ideal opportunity to grow and develop something, and to bring in writers and actors. How many actors on “River City” have had the opportunity to work in Scotland and not had to travel to London?

We need things that are made here and that we can rely on being made next year because the network is behind them. We need the network to develop those three series and make them better. That should be the number 1 priority of the new network, and it should be joined up with the screen unit. Scottish Enterprise will have plenty opportunity to support that.

Naysun Alae-Carew: Looking ahead, we can make use of Scottish Enterprise’s expertise at the higher end when it comes to mergers and acquisitions, and facilitating and sourcing foreign direct investment in media companies and joint ventures. That kind of stuff is not necessarily relevant to our infant stage in the industry but, ideally, it will become more relevant as we grow. Helping with internationalisation and increasing exports also fall squarely within the remit of Scottish Enterprise. It has expertise in those areas. However, if we are to get to a point at which we can make use of such expertise, a stand-alone unit with some input from Scottish Enterprise would be really positive.

The Convener: A couple of areas have not been covered in depth. Annie Griffin talked about the importance of the new BBC network. The role of the broadcasters is something that we have not looked at. How important is the role of the broadcasters in Scotland, particularly the BBC? What are your views of the current Ofcom review of the out-of-London criteria? How would you change that?

Annie Griffin: When IPS first started up, we were very focused on getting Creative Scotland and Scottish Enterprise to be more supportive of the screen industry. However, a few years ago, during the discussions about the BBC licence renewal, I looked into the spend. I gave the keynote address at the industry day of the 2015 Glasgow Film Festival, so I spent ages going through the material, and it was really shocking. To say that 55 per cent of the money raised is spent in Scotland is a generous estimate. It is outrageous. Lorne Boswell talked about centralisation under John Birt, and there has been a tremendous centralisation in drama. Power was taken away from regional drama commissioners under the head of drama prior to the previous one. There has been no—

The Convener: Can I just intervene?

Annie Griffin: Yes. You have heard this.

The Convener: We had representatives from the BBC here two weeks ago. We put that point to them and they were absolutely adamant that the BBC has a drama commissioner in Scotland who is empowered.

Annie Griffin: A year ago I had a meeting with the head of business affairs at the BBC. I was talking to my colleagues beforehand and they said that the most important question to ask was whether there is a decision maker in Scotland. I asked him point blank whether the BBC can greenlight something in Scotland and he laughed. He said, “No, but the great thing is that, now we’ve got a person, there is communication between the London head and the Scottish head”. It was unbelievably patronising.

Scotland has the skills. It is outrageous that Sigma Films can get a Netflix commission, but it cannot get a BBC drama commission. It is a constant battle to be part of the inner circle in London. You can understand it when you get close to it—there is a huge amount of money and a huge amount of pressure to have a hit, so they keep everything close. They do not want to greenlight something by someone they see every six months because they fly down from Glasgow to have a meeting. It is very difficult to get anything through. I really do not think that things have changed.

STV got a commission from BBC drama and Claire Mundell, having worked at the BBC, got a commission. I do not see anyone who does not have insider knowledge of the BBC getting any commissions out of BBC drama. I suggest forcing the BBC by saying, “You will only get 55 per cent of the licence fee if you only spend 55 per cent of the money here” or by devolving the BBC. That is the only way forward because the situation has not changed.

The Convener: Is that true?

Lorne Boswell: If you get representatives from the BBC in front of the committee again, you should ask them what commissions the drama commissioner can make. The answer will be that they can do nothing—they are entirely dependent on someone in London to greenlight a project. It is like a series of parallel gates: you have to get through the first gate in Scotland and then, if your idea is still current, vibrant and alive, you have to hope for the other gate for open so that you can go through. However, the chances are that something will happen in between and the second gate will never open. There is a real logjam in commissioning.

The out-of-London definition is key. Ofcom used to produce a list of all television productions and where they are assigned to. It has been made harder to find because it is an Alice in Wonderland list—it is absolutely crazy. The definition arises from where the majority of the production spend is, where the majority of the crew come from, where the post-production takes place and where the producer is, but it excludes what happens in front of the camera. Earlier, I was talking to someone about a production about a man who went to live in the Hebrides with his dog for a year—I forget its title but The Hebridean landscape was absolutely stunning. That was considered to be a south-east England production because that is where the production spend was.

One would think that “Gavin and Stacey” would either be classed as coming from Wales or south-east England, but it was counted as the midlands. It is a completely Alice in Wonderland situation. If Ofcom could bring some clarity to where a production is based, including the front-of-camera spend, the whole idea could be much more credible. I urge the committee to lend its shoulder to the argument that we should count total spend, rather than excluding what the viewers see, in the definition of an out-of-London production.

The Convener: In awarding funding, do you think that Ofcom and the new screen unit should be looking to places such as France and Canada, where the criteria are very tough—so programme-makers tell me—and if someone is going to get money out of those countries they need to use writers and so on who live there?

Lorne Boswell: We have also heard about the Republic of Ireland. In a word—yes. We should be championing the skills and talent of the people who live here.

Sajid Quayum: Ofcom has been up to Glasgow to talk to several factual producers in Glasgow, which is a really good start. There was a really good discussion on how that should be taken forward. We are hopeful that Ofcom will tighten up the definitions to avoid further fiascos.

It is fantastic that we have the opportunity presented by the new BBC network and it is great that the money is coming for the new channel. However, the last few rounds have been incredibly competitive—it has taken them months to come back with just a year or nay for ideas—and it is not an easy hit.

It is a good start. It is fantastic that that additional £20 million has come into Scotland but it does not even begin to make up for the disparity in the licence fee that is collected and spent here, which would come in at £80-odd million, if it were comparable to Northern Ireland levels. If that was lobbied and pushed for, it could really grow the industry as a whole in Scotland, whether that is drama, scripted, unscripted and so on, and would allow for bigger budgets for drama.

Our experience of the BBC is similar in that it is very London-centric, although it has always tried to break out to other regions. We have found that the commissioning executives who come up to Glasgow or who are based in Glasgow are the middle people, and the real decisions go back to the channel controller—even for something as simple as a one-hour documentary. Sadly, the people in Glasgow do not have as much power as we would like them to have. The Scottish screen leadership group—however that is taken forward—should lobby for greater powers to be invested in the region and for more production spend in Scotland.

Annie Griffin: You will also know about the bid for a second home for Channel 4, which would be really significant—I do not see how it could fail to be significant for Scotland. A group met to discuss the issue and we consider that there should be a Scottish bid with a Glasgow base. All the places mentioned in the press this week were English cities and I do not see how that would fulfil the criteria. It would be fantastic if the Scottish Government got fully behind that bid.

Sajid Quayum: It is fair to say that the BBC is not the only broadcaster in Scotland and it is actually miles ahead of the other broadcasters. Channel 4 commissions several series here and has a number of returnable series with the independent companies that have really bolstered their business executives. I absolutely agree with

Annie Griffin that if we can get more up here it would be a step forward, because, if anything, the regional offices have been scaled back in recent years.

We must also look at the other broadcasters—STV and others—as a whole to see what they are doing here. BBC and Channel 4 have regional quotas. We expect lobbying for quotas across all the broadcasters to ensure that there is a more level playing field in contrast to the current London-centric nature of the business.

The Convener: I thank the panel for giving evidence today.

10:12

Meeting suspended.

10:20

On resuming—

The Convener: Good morning. We continue today's evidence session on our inquiry into Scotland's screen sector. I welcome our second panel of witnesses: Dr Michael Franklin, from the Institute of Creative and Cultural Entrepreneurship at Goldsmiths, University of London; Neil Cairns, who is a production accountant; and Arabella Page Croft, who is the producer of Black Camel Picture Company, and who is very familiar with this type of inquiry.

I know that you all sat in the public gallery for most of our session with the first panel, and I saw that some of you were nodding vigorously at various points, particularly latterly when we were talking about broadcasters. Can you explain why you were nodding vigorously, or reflect on any of the evidence that you heard?

Arabella Page Croft (Black Camel Picture Company): I was interested in the discussion about the commissioners and the power base in Scotland. Like all my colleagues, I am really excited about the opportunities that will come with the new Scottish channel, and the potential commissioning is significant for all of us, which is fantastic.

We have a drama commissioner in Scotland, and I am sure that when the team was here it said so vigorously. However, the power and decision making still rest in London. For example, Black Camel Picture Company has a first-look deal with BBC drama in Scotland, which is great for the narrative of the company, and I feel supported by the BBC. Nevertheless, the decision to get a project green lit is not made in Scotland. The drama commissioner definitely has power and influence, but the decision rests with the

commissioner and the controller in London. I wanted to clarify that point.

I come from a drama and film background, rather than from any other genre. It would be great to see some risk taking from BBC Scotland. I often look at the Swedes and the Danes and think that, in Scotland, we should be doing what they are doing. Years before "The Killing", "Borgen", "The Bridge", "The Legacy" and the other fantastic series that have created Nordic noir, those countries were still making drama and learning how to do it. They became really good at it before those programmes broke on to the international stage. With our new channel, we have a shot to attempt to make some drama, and to get really good at it here with our indigenous companies. I would like BBC Scotland and the screen unit to champion that and focus on our indigenous companies. We were talking a lot about returnability and how we build our businesses, and that is how to do it.

I have just come back from MIPTV, which is the international market where all the buyers and distributors go to sell, to find a co-financing market and to meet everybody. There is a big desire for Scottish products. Scotland is seen globally as a wonderful place to live. Edinburgh is an exciting city, and people love Glasgow and the Highlands. We need to sell to the world everything that we have as a nation in our dramas. People want to partner with Scottish producers and do business with us in Scotland, so we need a bit more investment and to keep that investment coming.

I am about to make a feature film—it is a Dutch co-production—with my Luxembourg and Dutch partners. In the finance plan, Film Fund Luxembourg is putting in £1.5 million, the Netherlands Film Fund is putting in £800,000 and I am putting in £250,000, but I will be shooting in Scotland for as much as I will be shooting in Luxembourg, and the story is set in Scotland. The lead role will be Dutch, but apart from that all the front of camera will be Scottish for the most part, yet I am still the poor relation. I have not been able to bring nearly as much money to the table. I applied for cultural funding but I was not awarded it. I was awarded production growth funding, but I do not have the equity stake in the film that I should have. I have digressed from drama on to film, but there are a lot of issues for us to untangle.

The Convener: Why is that happening?

Arabella Page Croft: I think that there was a case that we ran out of money when the application went in, so it was moved from cultural funding to production growth funding. It was the end of the year, I believe. IP and owning that share of a film are important for producers, but in the case of the film that I mentioned, which I

believe can be a sophisticated thriller that can travel, that has been substantially reduced.

Another aspect is that, because it is a European film, it will not necessarily be able to hit the 1:6 criteria production growth criteria. We make indigenous films but we also partner with European films. I do not think that we can have massively high ratios for inward investment for indigenous companies that are trying to build co-production networks across Europe, because very few European films can hit a 1:6 spend. For “Outlander” and the American series coming in, of course we must do that, but not for our own producers, especially when we are trying to co-produce with lots of different countries.

Neil Cairns: The new Creative Scotland screen body—we do not know what it will be called—should be much more industry focused and led, and more responsive. Without the input of Scottish Enterprise, it should be a much more flexible, adaptive and reactive body.

Dr Michael Franklin: Thank you for inviting me to give evidence today. To answer the convener’s question about what struck me in the evidence from the previous panel, I thought that Naysun Alae-Carew made several good points in pointing out the necessity of commercial thinking within the screen unit and the ability to capitalise on intellectual property and set up conditions in which that can happen. A complex set of arrangements is required, and Mr Boswell made a great point about the need for joined-up thinking.

We have discussed the overview of the unit. All the things that it sets out are correct and important and they all matter, but the devil will be in the detail and how they are linked up, because they all knock on to one other. For example, funding needs to be accessible for the different aspects of the business, which include technology, creative intellectual property and skills and training. All those things need to be thought through and supported within a one-stop shop that has the capacity to deal with that.

One of the themes that struck me was the need for integration of those aspects of the business and creative thinking in the unit, but also in the industry both in the UK and, as Arabella Page Croft pointed out, in Europe and internationally. The business is very international, from individual tranches of finance to individual members of crew and departments. That thinking about commercial practice and integration with the industry is a key theme.

The Convener: I have a question for Dr Franklin, as someone who has studied the data. The committee has talked a lot about the criteria for Scottish spend in the context of broadcasting, and Ofcom is looking at that, but there are also the

criteria for the spending of the money that the screen unit will distribute. I made the point to the previous panel that, in Canada and France—Ireland has been mentioned to me as well—the criteria are really tough, and people have to employ certain numbers of Irish crew, French writers or whatever. Has enough thought been given to how the screen unit will do that? Is data available on that?

10:30

Dr Franklin: That is a really good question. I think that there are two aspects to unpack. I do not know the level of thought that has been applied or will be applied in future. We can see the benefits and the impact of having tough, strict criteria, and that is absolutely something to pursue. The ability to affect that and have an impact depends on how much money a company has to spend. It is more onerous, but worth it, for me to come here as a producer or to do a co-production and work with Arabella Page Croft’s company, as happens with Luxembourg, France and what have you; international producers will do that, and it will be easier for indigenous producers to go out and make those deals and make Scotland attractive. However, if they have to go through those hoops and there is not enough money to make it worth their while, an international co-production will not do it.

For a producer, it is a question of looking through all the potential options, and that holds for services such as post-production, post-deals and what have you. I could make a film in three locations, get some money from a certain European production and it will be a UK co-production or something like that. I run through all the possible incentives, one of which is how much money I can get as part of soft equity from the public funder and what that means in terms of hiring local crew and so on. Another aspect is whether, linked to that, there are fantastic facilities and a post-deal that is going to put some equity into the film as well and, in effect, make it a cheaper shoot.

All those things interact and that leads to the next point, which is about the data and how it is managed. Within the screen unit, people will be looking at the potential aspects for films of different sizes—where they could shoot and what the knock-on effect of that would be. As I understand it, that data does not exist in Scotland, but it is also an issue across the creative industries and across the film sphere. Some agencies are better than others. In France, CNC has a fantastic data system and it gets lots of money from the French Government. The British Film Institute has done some really good stuff recently, but that needs to be supported. In the

sector deal for the creative industries that was announced recently, that was pointed out as a specific thing that everyone across the creative industries needs to work on.

To return to my point on integration and looking for where efficiency can be found, especially around data—I know that that will be the focus of another panel that I hope to be able to contribute to—it needs to be interoperable. We need to have the capacity to understand all of it—the data points that apply to a film that is here in Scotland, shooting in England or what have you.

Claire Baker: The committee's work follows on from an inquiry into the film and TV sector that was carried out four years ago by the Economy, Energy and Tourism Committee and from the McCormick report. One of the strong messages from the earlier inquiry was the need for a film studio in Scotland with studio capacity. In that time we have seen success in Belfast, Manchester has created a studio and I think that Liverpool is now building a studio. During this inquiry, we have discussed the proposed Pentland studios and recognised the success of Wardpark Studios where "Outlander" is being made. Is that still the key issue and what the screen unit should be focused on? What should its aim be in terms of increasing studio capacity?

Neil Cairns: I think that there has to be a film studio, and there has to be something in the west of Scotland. I was working on the Netflix film last year. We were based in the old Scottish Water building in Possil and there were two other productions in there at the same time as us—one or two smaller productions. There was also a production 2 miles away in Hyndland. During the summer months in Scotland, certainly, there is a big demand for studio space. We had to go out to the old Motorola factory to build our set. We spent hundreds of thousands of pounds building sets out there and having people travelling backwards and forwards.

The Pentland studios could be fantastic for Edinburgh, and in the long term that will be a great facility and Edinburgh crews will build up. However, at the moment the vast majority of film crew is based in Glasgow or around the west of Scotland, so in practical terms there needs to be something there, and the new body should look at that. There should be some sort of facility there, even if it is only turning the Scottish Water site at Balmore Road into big production offices. It does not, perhaps, have to be a fully fledged studio, but I think that that would attract further business for us.

Arabella Page Croft: I have made a lot of films in sheds. [*Laughter.*] I completely agree with Neil Cairns—it will be fantastic to have a studio in the west of Scotland for everybody, particularly for the

crew who have to work in such buildings all the time.

Dr Franklin: I agree that the more capacity there is, the better. Naysun Alae-Carew, who was on the first panel, made a good point when he said that that has a knock-on impact on access to crew and talent.

It has been mentioned that there are polarised views on what films are made. There are successful lower-budget films and there are successful higher-budget films. The UK's great success with high-end TV means that the key talent—those who are supposed to be bankable stars—who are used to green-light productions are probably attracted by the commitment to longer seasons, which makes it more difficult for independent film productions to access that talent and to go into production. That issue needs to be taken on board in having a holistic view of how we support the industry. Yes, we need studio capacity, but how that links to the financing is really important.

If you look at the recently concluded patient capital review and the new guidance that has been issued on enterprise investment scheme funding, the risk to capital allocations has changed. That will have an impact on film financing and the amount of EIS funding—or the type of risk that can be pursued through EIS funding—that forms part of a tranche of a feature film.

When people go to a production studio, often there is a film fund linked to it. For example, Pinewood Studios has a TV fund and a feature film fund; it also advises and manages—or, at least, it has advised and managed—other film funds. Therefore, how those matters are linked is important.

Claire Baker: You might have seen newspaper reports about the finance that was given to the Netflix film "Outlaw King". The media coverage was fairly negative about the investment—I think that about £1 million was given to the company for the production. Is such investment appropriate? Is it needed? Are there any conditions that should be attached to the investment of public money, or is that a misunderstanding of how the sector works?

Neil Cairns: Some conditions were attached to the funding. For example, a minimum spend condition was attached, but we were always going to hit that. Creative Scotland simply requested a 5:1 spend to investment ratio. For example, for an investment of £500,000, you would need to prove that you have spent at least £2.5 million in Scotland. That spend is broadly defined—not in relation to Scottish crew or facilities, but in relation to hotels, per diems and various other things.

In reality, the £1 million funding for "Outlaw King" would not have made any difference to

Netflix—it was going to make that film anyway, but the availability of funding might make it return to Scotland. Netflix looks at the bottom line. It considers how much a film would cost and then it takes into account all the tax credits and any public sector investment that it could get. Those elements are vital to the company.

The year before, I worked on “T2 Trainspotting”, which was made by Sony Pictures. It takes a similar position—it looks at the bottom line. It has a budget, it considers what the net cost of the film would be and then it works out what would get it into profit. Again, if Creative Scotland had invested money in that film, it would not have changed Sony’s decision to make the film, but it would have increased the budget slightly. Therefore, Sony would have benefited from an accessible fund that does not have any drawbacks and is not onerous on it and it would come back to Scotland knowing that that funding is potentially available, which would be on top of the UK tax credit, which is extremely valuable to the American studios.

Arabella Page Croft: It also empowers the producer—that bit of money says that she is a producer that we take seriously in our country. That recognition is important to the world, too; it is important for Netflix to see that funding support for Sigma Films and Gillian Berrie and her team on that film. I advocate that funding; it could seem like a huge amount of money, but given the revenue that I hope would be generated by the film it was money well spent—for all of you and all of us, particularly if the company makes another film.

Dr Franklin: I agree. Iain Smith, who was a witness at your first evidence-taking session on this inquiry, made that exact point. The funding is an incentive; it is an added bonus that makes somewhere a good place for inward investment for film making. A lot of questions were asked about the open or forward-facing aspect of the funding and whether there is a one-stop shop in which people can find related information, and getting that right been a priority.

Linked to such incentives is a need not only to be responsive—to have a nice, front-facing website that makes it really clear that all those things are on offer and how people can come and access all our facilities and money—but for there to be outreach. Therefore, the British Film Commission, of which Iain Smith is the chair, is constantly going on outward-bound missions to Los Angeles and other places educating people about the tax credit, educating producers who might want to come to the UK about the main facilities that we have in London and the south-east and taking people on fact-finding missions such as the one that the committee has been on, to Yorkshire or Manchester, for instance.

Such outreach has to be part of the holistic approach of the screen unit so that, when people in different countries are being educated about what is on offer here, they know about the Pentlands unit or whatever. There is a need to be proactive as well as responsive.

The Convener: Was the negative publicity that the investment in “Outlaw King” generated triggered because Creative Scotland gave the money? Is that an argument for a stand-alone agency? A small theatre company that has lost its £15,000 a year because of a decision by Creative Scotland might look at Netflix getting that money and not feel that the two decisions sit particularly well together.

Neil Cairns: That sounds possible. I can understand how you can conflate those decisions when it seems as though the funding comes from the same body.

Arabella Page Croft: Definitely.

Richard Lochhead: Looking at your biography in our notes, Neil Cairns, I see that you have worked internationally on various productions. We have had some key messages about the support—or lack of it, at times—in Scotland. Will you reflect on your international experiences and where Scotland sits in your perception of the support that is given in each country?

Neil Cairns: Scotland sits rather well. I have worked in Vancouver and New Mexico, which have greater incentives that are based on employing local labour and using local production companies. It is the local production companies that can access the tax credits. In Vancouver, up to 35 per cent of labour is accessible on top of other state subsidies, which has led to it becoming a hugely successful production centre. Similarly, in New Mexico, there is a very good incentive for employing New Mexican labour.

I have worked on a variety of productions. Some of them have come to Scotland because they are specific to the country. For example, “Outlaw King” came because Gillian Berrie is the producer, David Mackenzie is the director and it is about Robert the Bruce so it is set in Scotland. “Trainspotting” is set in Edinburgh. I also worked on “The Wife”, which is a Glenn Close film that is set in America and Stockholm. It is a fantastic film, which has not yet been released. It has nothing to do with Scotland, but the producer came here because he had previously made “Churchill” here and got support from Creative Scotland; he came here to make his £5 million film and very successfully created New York, New Hampshire and Stockholm in Scotland.

We have good crews and the support is good. The Creative Scotland support has been successful when people get it. Because there is a

competitive structure for that support, people have to apply for it. It would be good if there were some way in which it could be made more definite, such as if we found a way of introducing some sort of labour incentive whereby, if somebody employed Scottish crew, they got 25 per cent back on that on top of the UK tax credits. With the production growth fund, we already ask people to hit a certain minimum Scottish spend or a multiplier of the Scottish spend, so perhaps we could do something like that. A producer would come in advance and know that, if they employed a certain amount of Scottish crew, they would definitely achieve funding. They would not just be applying to Creative Scotland and hoping to get money; they would know that they can get it. On top of the UK tax credit, they could get another 20 per cent because they would be employing lots of Scottish crew.

I think that Scotland is a really good, flexible country to make films in and a lot of people recognise that, but it could be even better.

10:45

Ross Greer: To come back to the new BBC channel, Arabella Page Croft and Annie Griffin made this point in the previous session but we did not have time to follow up: how do we use the opportunity of the new channel as a springboard to grow capacity in the industry and to grow non-BBC production in Scotland?

As a committee, we spend a huge amount of time, quite rightly, scrutinising the BBC and its quotas for Scotland, but there is a whole other world of production out there. It strikes me that the new channel is an opportunity to grow an industry that will have considerable benefits outside of the BBC. What relationship should the screen unit have with the BBC in relation to the new channel that will allow for much wider industry growth?

Arabella Page Croft: First of all, I am very concerned about the budget for the new channel. As a drama producer, I think that it is a very low budget, given the responsibilities that it has been given to produce news and if we are going to create indigenous drama from Scotland, the budget is definitely an area for more work and more lobbying.

I have a distribution relationship with all three media, and that is a direct route to market. Given the reputation of the BBC and of BBC Scotland, it is an amazing brand for us to be able to take to the world. If I, as a producer, can go to my distributor and say that I have just got a six-part drama series from BBC Scotland, I can get the rest of the money from the world. If even 30 or 40 per cent of the budget has been provided, I can go to the rest of the world for deficit finance,

international co-production and partners— obviously, if it is a commercial genre.

My first point is that we should keep lobbying for more money. If there is more money and we can have more commissions and can hit returnable series, that is where our growth is. All three media have taken a risk on me recently, but they know that, if I deliver them one drama series that strikes and returns, that is where the gold is.

We were talking earlier about risk versus public funding. We have to take risks. I remember that, when I got my first slate funding from Creative Scotland, I had made just one film. It was a very high risk for it to put a bit of money into me, but it took a chance.

We have got to take chances on our producers at this point. They are hungry to deliver, they are hungry to go to market and they want to have a shot at this. There is huge excitement in our industry about the channel and what it can deliver, but we need to get more money into it and more money out of London so that we can deliver. It can have a huge impact nationally and globally. Globally, I think that we are going to deliver some fantastic programmes. Let's do it.

Ross Greer: Have you had much engagement from BBC Scotland so far in discussions about the new channel?

Arabella Page Croft: I have a meeting this afternoon; I will feed back.

Ross Greer: Excellent.

Arabella Page Croft: The new script person, Gavin Smith, has just been appointed and I have a meeting with him. I will find out what his budgets really are.

Rachael Hamilton: We know that drama has been one of the large global growth markets, but Scotland has not taken part in that significant growth. We are lagging behind.

I noticed that the screen sector recommends more support for writing, developing and producing skills. Then I looked at the high-end TV levy fund, which has a contribution from the skills levy of £2 million. Do any of the panelists know how the skills levy was spent in Scotland, given that those are the skills that are required to increase drama production?

Neil Cairns: Presumably you are referring to the Skillset trainees.

Rachael Hamilton: Yes.

Neil Cairns: We have five Skillset trainees on a film that I am working on in Fraserburgh called "Born to Run". They are at the very beginning of their careers. There is one in sound, one in production and one in assistant directing. We pay

their wages and Skillset refunds half of the money to us. Having five trainees is very useful for a relatively low-budget film, as we are having half of their wages subsidised. That is the way it has worked in my experience. Lower-budget films tend to access Skillset trainees. I am not aware of any other element of the funding.

Rachael Hamilton: Is the screen sector's ambition to increase drama production by 100 per cent achievable with those skills within the timeframe and the financial growth that it has set out?

Neil Cairns: I do not really have an overview of that, but I think that the answer is yes. People can be trained up relatively quickly. The National Film and Television School is now set up in Glasgow, and that will help to refine and hone higher-end skills, which we definitely need in Scotland. Last summer, we had "Outlander" in Cumbernauld, three productions in Balmore Road and one in Hyndland, so hundreds of Scottish crew members were employed. There is a pretty big production base. Some people go back and do other things in the winter, when there is less production, but there is quite a big base of people.

Rachael Hamilton: To develop that, if we have the skills and we are investing in them, why has high-end drama production not increased at the rate that it has in the rest of the world?

Neil Cairns: We do not have a studio.

Rachael Hamilton: Is that it?

Neil Cairns: I have just been offered a job in Cardiff because it has a studio. I am a freelance, and the three big jobs that I have been offered most recently have been in Cardiff, Budapest and Manchester. I have not taken any of them, but they all arose because there are studios in those places.

Arabella Page Croft: Those are studio productions. Where are the producers based? Are they in London?

Neil Cairns: The "Doctor Who" producers who are making a big production in Cardiff are based in London but they are also based in Cardiff. The Manchester one has a London producer. The Budapest one has an American producer.

Arabella Page Croft: You might not see a return for a couple of years, but we have a lot of commissions. Claire Mundell has just got "The Cry", which is a four-part drama commission. That is an Australian and Scottish co-production. STV Productions has also put in a lot of investment. You should get Alan Clements to tell you how much investment he has put into his drama development. I have only a small amount compared with what STV has had over the past however many years, but it has now won two

commissions and is definitely back in business. That is really good.

We now have indigenous companies producing drama, and we want to see much more of that. I have my fingers crossed as I am waiting for a commission. Hopefully I will have it very soon. Those are game-changing amounts of drama. It is early days, but those are indigenous companies with dramas that are going to shoot here, and that is great. I do not know whether any of them can return as I do not know the scripts, but we will see.

Producing is a precarious business and it is difficult to teach the skill set of a producer because a producer has to have an eye for a product and think, "Can I do something with that?" We have to take a certain amount of risk and say, "Is that IP worth chasing? Shall I option that theatre show?" A lot of it is about the personality of the producer. It is difficult to put your finger on what skills are required.

There are different types of producer. Some really good producers come through script editing training at the BBC, so we should definitely put lots of money into that, but there are others. Naysun Alae-Carew comes from an economics background, and I came from the floor, from being a runner for many years and making lots of tea and coffee for people. We all come from different places.

I am not sure that I am exactly answering your question, but investment in writing is important. If we develop our writers over the next five to 10 years, they will be the showrunners of the future. Let us keep ploughing the Skillset investment into them.

Stuart McMillan: The point about a film studio has come out strongly—not just today, but in other evidence sessions. Mr Cairns spoke about having a film studio in the west of Scotland and I would point out that the Greenock and Inverclyde constituency would be an ideal location for it.

The internationalisation of the process is a point that has come out from today's discussion. Ms Croft spoke about an Scottish-Australian production and a Scottish-Dutch-Luxembourg production, while Mr Cairns spoke about the programme between Scotland and the US and the Sweden-US link. How common is such multinational production in the sector?

Neil Cairns: I have not worked on so many Scottish co-productions, although I have worked on London-based co-productions, such as "Filth", which had Belgian and Swiss co-producing elements.

Arabella Page Croft: Sigma Films has made a lot of international co-productions. As the budgets go higher, we tend to co-produce more often. I am

considering co-producing another Australian project.

Much of it comes down to our companies, which are still very small. If I had an in-house line producer, I would be chasing all the co-productions, bringing them in and churning them over. However, as we heard earlier, we have to be making more productions every year, rather than having producers making one film every three years.

If international co-production leads to more business and more films being made and we can get more money into the businesses, we can enable producers to staff up, which is something that I am keen to see at the moment.

Dr Franklin: That is a great point and it links to the previous question about skills. A demonstrable impact can be made in a small company by hiring one other good person, as a development executive or a line producer. There was a Creative England scheme to cover the costs of someone working for a small production company for a year. That person would not only learn producing skills on the job but, at the same time as working on a larger film, be able to develop their own ideas and career, and in the long-term, they might be able to go on to have their own company. That support is achievable with a relatively small amount of money in comparison to contributing to the much larger budget of a huge production.

It is good to make the point about the internationalisation of co-production at this juncture, because we are faced with the potential lack of access to Creative Europe—formerly MEDIA—funding in the next few years. There was a recent report that identified exactly what was made available to the UK during the life of the MEDIA fund, and it was substantial. If that funding is not accessible, we need to find a way to support people to access international co-productions or replace that money. That is a strategic point.

Linked to that is an understanding of what benefits international co-production might have for your company. For example, if a company has a returning series—such series are the key assets of TV and film companies—with a broadcaster in the UK, the international returning rights sit with the company, so it can capitalise on that IP and get investment on that basis. That is why federalised, larger distributors go in and buy a proportion of a producer—that is how they get scale to become multimillion-pound companies. That rights allocation is not the same if you are dealing with a subscription video on demand company, such as Netflix, because it will be done on a buy-out or a cost plus model. In that case, the IP is handed over and no incremental returns are available. The company might get another series with the distributor; for example, the “The Crown” has

series 1 and 2, which is fantastic direct revenue for that company, but it is not the same as ownership.

Mapping out the different scopes and potential routes for the businesses in Scotland is important. It is great to have these top-level figures for the number of companies and the turnover that we want to achieve, but there are multiple different business models in the film and television sector and they have different approaches to risk in how they construct their projects.

11:00

Arabella Page Croft: One of the things that, I hope, come out of the screen unit relates to producers who are keen to hire. For example, I have been working with freelance script editors and I really want to take on a head of development. I have identified somebody who has been working at Sky and on “Strike Back”, and she works with me across a number of projects. She is one of my game-changer members of staff and she is keen to work full time, but I cannot afford her. I do not think that I will be able to access any money from Scottish Enterprise because I do not have a huge turnover, so how do I facilitate high-end personnel appointments? The only way that I would be able to facilitate such appointments would be if I were to have a big series, with a big production fee going into my pocket. There is a window when I do not yet have a big series or a head of development, which is when we are very vulnerable. A company’s aspirations and ambition might be big, but there is a point at which employing another member of staff could be a game changer.

Stuart McMillan: Would the proposed new screen unit help your business’s position and that of others?

Arabella Page Croft: Definitely. Producers can be incentivised by giving them a percentage towards paying for a member of staff. For example, a percentage could be given if a company could get 30 per cent out of the market or if it had a distributor relationship. We should let a company argue its case, because all companies have different cases, whether they are in the factual or entertainment genre or another genre.

We have heard from Caledonia TV Productions that it is really struggling to develop people. I am struggling because my producing partners are producing for other people. We need to take stock and think, “What do we have here? Who are our good producers? How do we stabilise and create sustainability while we are in ambitious phases of growth?”

Stuart McMillan: Dr Franklin mentioned European funding. Are you aware of any

discussions about the continuation of such funding when the UK leaves the European Union?

Dr Franklin: As far as I am aware, there has not been any firm confirmation about what we will be able to access when we leave the EU. We will have access to such funding until we leave it. The committee will have seen the large allocation of £150 million to creative services more broadly across the UK in the creative industries sector deal. As I understand it, it has not yet been decided whether that allocation is designed to replace missing money that we would previously have received from European programmes or whether that is additional money. Therefore, the position is unclear.

What is clear is that those aspects of media funding have been impactful over the past 10 years, and we need to find a way to replace them. It is also important that, when such funding is replaced, that is done on a fair and equitable basis that better represents diversity. For example, it was recently shown at a conference that about 20 per cent of the money that goes to directors goes to female directors.

As in all of this, there is an opportunity to build something that is new, from the ground up and well organised. We should build on the optimism that has come from the new station, the new unit and the investigation across the whole of the UK on data and organising it properly. It is sort of unsaid at the moment, but we have not been part of Eurimages, which is a co-production agreement, for a while, and, as with the previous point, we need to think about ways to incentivise collaboration and make it as easy as possible for international large-scale co-productions to come to pass.

We have had a fantastic boom in high-end television but, typically, independent film companies have been, and continue to be, marginal as corporate finance businesses. Lots of people want to move into high-end television but, as people have mentioned, it is incredibly competitive, and not everyone will be able to do so. The ability to have core factual returning commissions for indigenous productions built on to routes of access to scale up to access large international markets, possibly with the help of the private sector, was mentioned during the first panel session. A lot of co-productions include, for example, Sky from the UK, an American studio and a national broadcaster. "Babylon Berlin" is a recent example. It is one of the largest foreign-language co-productions and has been done with a German national broadcaster. It is important to look into all such potential models and see how we can best support them.

The Convener: Does Arabella Page Croft want to say something about the impact of Brexit?

Arabella Page Croft: As I said, I have just come back from the television market. At every meeting that I went into, everybody was wondering about what will happen. At the moment, everyone is happy to continue, but there is a lot of nervousness in the market about how European countries will partner with us subsequently, so we need clarity on that.

It is very difficult for everybody to get into Netflix, which has a European quota, but I had a potential route there. My partner on the series is a French co-producer, who asked me what we were going to do. Who knows whether the series will end up going to Netflix? If it does, will I have to set up a company for that show as a European company and not a Scottish one? I do not know. The European quota in the Netflix deal is a bridge that may need to be crossed at a certain time. I do not know where we are going to be but, at the moment, there are international concerns about how to work with us.

The Convener: That is interesting. We are slightly over our time. I am aware that we spent a lot of our time with the first panel talking about Scottish Enterprise's role in the new screen unit and the configuration of the unit as a collaboration of different agencies within Creative Scotland. It is fair to say that there has been quite a lot of negativity towards the role of Scottish Enterprise, but Naysun Alae-Carew mentioned that at least it brings business expertise. Will you reflect on how you see the new unit and Scottish Enterprise's role in it? Is that a positive thing or would you prefer that it was not there?

Arabella Page Croft: I think that I speak for pretty much all the independent producers when I say that we would strongly advocate having an independent unit and resources from Scottish Enterprise being put into it. Naysun Alae-Carew made a good point when he was talking mergers and acquisitions. Perhaps when we have companies of scale and things become more corporate, Scottish Enterprise's expertise will be valued. However, at this point, when we are growing our companies from the ground up, we need a screen unit that really gets under the skin of the whole industry and begins to know it.

The great thing about Scotland is that we are not a big country, so it will not be difficult for the people who will run the new screen unit to have a very clear sense of who is at the entry level, who is at the mid level and who the potential big players are. If we put in place a strategic system, we will be able to see growth and then perhaps it will be a good idea. At the right point, if there is a merger and acquisition and companies are growing, they will perhaps move into a more corporate position. However, having one screen unit for the companies that we have at the

moment—maybe excluding STV and IWC Media—would be fantastic.

The Convener: The argument is that it will be there for the larger companies.

Arabella Page Croft: Definitely.

The Convener: It surprised me to hear you say that you had made “Sunshine on Leith”. I think of you—as most people would—as a big player, but you do not qualify for such support.

Arabella Page Croft: No, but it takes only one drama series to radically transform a producer’s turnover and take them up to a turnover of £10 million a year. There is all to play for, but I am not there—yet.

I will make a final point. We need to talk about leadership. There is a lot of uncertainty in the industry about the leadership of the screen unit. Let us get a fantastic leader for it, please. I would like to see somebody in the role who just loves the industry from the ground up—from education to audiences and film makers. That is who we need. Our leader will be the front-facing person to the world. We need them to champion Scotland everywhere, to represent our producers, and to play Cupid between Scotland and the world, including, I hope, Netflix, Amazon, the BBC or whoever it is. We need an engaging, intelligent, really charismatic and brilliant leader, and I hope that you can find that person.

The Convener: Sadly, that is not our job. Does anyone else want to come in on the point about Scottish Enterprise and the screen unit?

Dr Franklin: I will make a related point. Arabella Page Croft spoke about high-level corporate or commercial functionality and this being a timely moment. Blazing Griffin has been expert in identifying routes to get different types of finance to develop different aspects of its business model. There is increasing innovation in things such as virtual reality, augmented reality and the development of cross-platform application of technology—for example, using a games engine and motion capture technology to use in games, live stage shows and feature films. Those businesses—more of which will, I hope, be developed in Scotland around studios and larger company investment—will need to be supported in the easiest or most accessible way possible. Blazing Griffin has done extremely well in finding support on different aspects from Scottish Enterprise.

At the moment, the way in which research and development tax credits are understood and developed in the UK is being looked at. A Nesta paper by Hasan Bakhshi looks at the redefinition of R and D so that it can be applied in creative and cultural fields. That would be hugely important and

impactful. If there is a way for the Government to be supportive of that and to look at those strategic interventions so that rethinking those models can come to pass, that could be linked to how Scottish Enterprise can support people in applying for such grants. At the moment, experts in the field acknowledge that VR has not taken off as projected in cash terms because there is not enough investment in the content. A lot of producers talk about the ability to develop content and having a development producer on the staff being really important to develop the whole business. Without the creative content, no one wants to put on a pair of VR goggles. Therefore, you need the content and you need to be able to finance it but, if the barriers to finance are purely about the definition of R and D and how it is understood, you have a problem.

Those are the kinds of policy interventions that I hope that you guys can help with and ensure that the new screen unit is on top of.

The Convener: We have to wind up there. I thank our second panel of witnesses and suspend briefly to allow them to leave the table. We have another item of business to move on to quite quickly.

11:12

Meeting suspended.

11:13

On resuming—

Holocaust (Return of Cultural Objects) (Amendment) Bill

The Convener: Our second item of business is consideration of legislative consent memorandum LCM-S5-15, which was lodged by the Cabinet Secretary for Culture, Tourism and External Affairs, Fiona Hyslop MSP. The Culture, Tourism, Europe and External Relations Committee has been designated the lead committee in relation to the LCM, which is on the Holocaust (Return of Cultural Objects) (Amendment) Bill.

The purpose of the bill is to remove a sunset clause from the parent legislation, which is the Holocaust (Return of Cultural Objects) Act 2009. The effect of the parent legislation is to enable national institutions to transfer ownership of objects in their collections when they have been found to have been stolen during the Holocaust.

Members are asked to consider whether to recommend that Parliament agree to a legislative consent motion, as outlined in the memorandum, in relation to the Holocaust (Return of Cultural Objects) (Amendment) Bill, and to delegate to the convener and the clerk the production of a short factual report detailing the committee's consideration and the arrangements for its publication. Are members content with that?

Members *indicated agreement.*

11:15

Meeting continued in private until 11:34.

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

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

All documents are available on
the Scottish Parliament website at:

www.parliament.scot

Information on non-endorsed print suppliers
is available here:

www.parliament.scot/documents

For information on the Scottish Parliament contact
Public Information on:

Telephone: 0131 348 5000

Textphone: 0800 092 7100

Email: sp.info@parliament.scot



The Scottish Parliament
Pàrlamaid na h-Alba