

1. Introduction

Creative Scotland is the national body that supports the development of arts, screen and creative industries across all parts of Scotland. We enable people and organisations in Scotland to work in and experience the arts and creative sectors. We do this by helping others to create culture through developing great ideas and bringing them to life.

“We want a Scotland where everyone actively values and celebrates arts and creativity as the heartbeat for our lives and the world in which we live; which continually extends its creative imagination and ways of doing things; and where the arts, screen and creative industries are confident, connected and thriving.” [Unlocking Potential, Embracing Ambition](#), a shared plan for the arts, screen and creative industries, 2014.

We aim to achieve this vision through four key functions:

- Funding support for individuals and organisations working in the arts, screen and creative industries.
- Advocacy on behalf of these sectors, both nationally and internationally.
- Development support for these sectors so that they can continue to grow and thrive.
- Influencing others to understand the value that the arts, screen and creative industries deliver.

We have recently restructured our senior leadership team to reflect these three areas of responsibility and, in the last year, we have appointed a Director of Arts & Engagement, a Director of Film & Media and we are currently recruiting a Director of Creative Industries. The Director of Creative Industries will be a joint post with the Scottish Funding Council and will work to create a bridge between both organisations; between education and the sectors we serve; and aim to deliver a step-change in the impact of the creative industries on Scotland's economy and society.

Creative Scotland's overall budget for 2014/15 is £93m, which we receive from the Scottish Government (60%) and the National Lottery (40%). We distribute this funding to the sectors we serve through [three funding routes](#): Regular Funding over three years for organisations; Open Project Funding for individuals and organisations for programmes of work for up to two years; Targeted Funding to support specific sectors, projects and initiatives (including Film & TV production).

The funding allocation across our areas of remit is broadly as follows:

Arts: £65m

Screen: £9m

Creative Industries: £7m

This budget allocation is based on protecting funding for the arts and screen sectors as far as possible based on previous spend by the Scottish Arts Council and Scottish Screen. When the two organisations merged to form Creative Scotland the new organisation was also given an additional remit for creative industries, but no significant additional budget was provided for new responsibility.

In April 2014 we published our Strategic Plan, [Unlocking Potential, Embracing Ambition](#), which presents a shared vision for the arts, screen and creative industries for the next 10 years.

At the heart of this plan is a set of ambitions and priorities that provide a focus for our work and reflect what we want to achieve, in collaboration with the sectors we support. These priorities inform our work, funding approach and decisions, as well as our own development plan over the period 2014 – 2017.

Alongside each year's [Annual Plan](#) we also publish [Companion Pieces](#) that give an overview of current sector development needs and opportunities across the arts, screen and creative industries.

Each aspect of art and culture is unique but there are many areas of overlap and connection. We support each sector in ways that are most appropriate to them. For example, the way we support film production is different to the way we support theatre, visual art, music or literature.

2. Submission to the inquiry

This submission focuses specifically on the areas highlighted by the remit of the Inquiry in the context of our overall creative industries role which reflects the Scottish Annual Business Statistics definition of Creative Industries, comprising of: advertising, architecture, arts, crafts & antiques, computer games, design, fashion and textiles, film and video, music, performing arts, writing and publishing, photography, TV and radio, software and electronic publishing, museums and galleries, and cultural education.

In the call for written evidence, the remit of the Inquiry into the economic impact of the creative industries is defined as: *To consider how Scotland can grow sustainable TV and Film, and video games industries.*

Creative Scotland welcomes this Inquiry as a further, valuable contribution to our continued efforts to deliver, not just economic sustainability to these sectors, but also the ability to thrive and grow and continue to produce work of sustained creative excellence that is recognised at home and abroad.

Over the past year, Creative Scotland has devoted a great deal of time, effort and resources to developing clear and practicable strategies for these sectors that will help achieve this ambition.

A summary of our current thinking on each of these is provided below. We have focused our response on what we see as the future challenges and opportunities for each sector, which we hope will be helpful to the Committee.

2.2. Screen (Film and TV)

Creative Scotland's support for Screen is currently in the region of £9m annually, from an overall budget of £93m (approximately 10%).

This includes direct support for film and TV production through a £4m [Film & TV Fund](#) as well as three-year funding support for film organisations such as the [Centre for the Moving Image](#) (incorporating the Edinburgh Filmhouse, the Edinburgh International Film Festival and the Belmont Cinema, Aberdeen); [Glasgow Film](#) (incorporating the Glasgow Film Theatre and the Glasgow Film Festival); [Regional Screen Scotland](#), the development agency for cinema facilities and organisations in Scotland, from independent cinemas, film clubs and film festivals and which runs the Screen Machine, taking film to communities in the Highlands and Islands; and [Film Hub Scotland](#) which aims to develop film education and distribution across all parts of Scotland and across diverse communities. We also support individual film makers through artist's bursaries, and now through Open Project Funding.

In addition, 'multi art-form' organisations that we support on a three-year funding basis also present film as part of their broader programme. Such organisations include [Dundee Contemporary Arts](#) and [Eden Court](#) in Inverness (both of which have cinemas and extensive film programmes); [Mareel](#) in Shetland and [An Lanntair](#) in Lewis (both of which have film programmes screening in their flexible spaces).

Creative Scotland also runs Scotland's [Film Locations Service](#) which promotes Scotland as a place to produce film and TV. This service is actively promoted at industry events around the world and has been successful in helping to bring large scale productions such as World War Z, Skyfall, Under The Skin and Outlander to Scotland in recent years.

We published our Film Strategy, [Creative Scotland On Screen - Film Strategy 2014-17](#) in October 2014 setting out our aim to make Scotland home to a vibrant, culturally diverse and commercially-competitive film sector. This was informed by a comprehensive [Film Sector Review](#) which was also published in 2014.

The Strategy is motivated by a shared ambition to see growth in the number and diversity of films and filmmakers; to establish an enviable reputation for excellence in filmmaking; and to cement Scotland's position as a key destination for international productions.

As identified in the Film Sector Review, Scotland's screen industry is currently falling behind the other UK nations. While the industry here has proven it can achieve widespread critical and some commercial success with a number of films - such as '71, Sunshine on Leith, For Those in Peril, Starred Up and Under the Skin – promoting the very best of our on and off-screen talent, filmmakers, skilled crews and a rich variety of locations; it is not operating to its full potential because it does not have access to resources that are comparable to other nations and regions.

Barriers include the lack of a large-scale permanent studio facility and appropriate levels of production funding to attract productions of significant scale.

While the focus of the Strategy is film, it is framed in the context of the screen sector as a whole, including those individuals and organisations whose work spans or overlaps with the film and television value chain, such as facilities and post-production houses, digital technology companies, animation companies and games companies.

The Strategy responds to the objectives and ambitions put forward in the Film Sector Review and identifies the following key priorities for film in Scotland:

- the establishment of a sustainable film studio (Creative Scotland have ring-fenced £1m to contribute to this);
- increased incentives for film and television production which match – or better – the incentives of other territories;
- greater support for writers and script development;
- talent and skills development across the entire film value chain addressing skills gaps through specific targeted programmes;
- support for and commitment to Scotland's production community, in particular documentary-making and animation, through sourcing increased funding for production;
- support for, and investment across, the distribution and exhibition sector creating better links from production through to distribution and exhibition together with a focus on audience development; and
- greater emphasis on film and moving image education with clearer, more co-ordinated routes from school to further education and on into industry, together with development of real professional opportunities and sustainable careers across the screen sector.

Focusing Creative Scotland's efforts on these priorities for film over the next three years will mean that Scotland is better equipped to compete on an equal footing with other territories; it will encourage international 'mobile' productions to establish themselves and shoot in Scotland and, at the same time, support the nation's own film sector.

In addition to the associated cultural and commercial benefits that films and film production bring to Scotland, they also raise the profile of Scotland nationally and internationally. This brings additional employment, expenditure and skills development for craft and technical crew, together with business opportunities for those working in the sector.

2.3 Video Games

Whilst we recognise that the Scottish Government looks to Scottish Enterprise and HIE to support the games industry and its growth; it should be noted that a recent SCIP mapping exercise of public sector support for the creative industries highlights that the main route to support for innovation and content development (out with the academic context) is Creative Scotland. This support is limited because of available resources.

However, in terms of current support and involvement in the video games industry, Creative Scotland has supported video games development and experimentation through the Innovation Fund (in the region of £1m over the past 3 years). Beneficiaries have included companies such as [Ludometrics](#), [Another Visitor](#), [Interface 3](#), [Hippotrix](#), [Zapcoder](#), and the [The Secret Experiment](#).

We also work with [BAFTA Scotland](#) to celebrate and raise the profile of the games industry through providing funding support for their awards, workshops, master classes, and sharing good practice. We support Abertay University's [Dare to be Digital](#) initiative, encouraging young and emerging talent and have worked with them to bring additional finance for new games from [Blazing Griffin](#), [Quartic Llama](#), [Stormcloud](#) and [Future Fossil Studios](#). We are members of TIGA, the trade association for the UK games industry, working with them to better the needs of independent developers and the industry in Scotland. In addition, we have also supported the research for their annual report into the health of the industry – [Making Games in the UK Today: 2014](#) – which highlighted the opportunities offered by the introduction of Games Tax Relief and a return to growth in Scotland.

We recognise that, while there have been some high profile success stories, much more could be done to support video games development in Scotland, including:

- Business skills development for games developers to increase the quality of their commercial practice, alongside their creative practice, enabling better access to markets in the UK and internationally.
- Better advocacy and industry representation on behalf of Scottish games developers internationally.
- Continued expansion and growth of higher education opportunities for games development, including the development of new and innovative models and approaches.
- Greater focus on, and funding for, innovation and experimentation in games development in Scotland.
- Encouraging the sharing of ideas and good practice across Scotland and internationally through supported events, local and national networks and international collaboration.
- Focus on talent retention through funding support for internships and the positioning of Scotland as a centre of innovation in games development.

- Better collaboration across the public sector agencies, games sector bodies and individual practitioners to develop common ambition and priorities for the sector and agreed approaches to achieve these.

We will address these need through our new Creative Industries Strategy, currently in development.

2.4 Creative Industries more broadly

Our approach to the Creative Industries is framed within the context of Scotland's Creative Industries Partnership (SCIP). Creative Scotland's CEO chairs this group which brings together Scottish Government, Creative Scotland, Scottish Enterprise, Highlands and Islands Enterprise, Scottish Funding Council, Skills Development Scotland, COSLA, VOCAL, Scottish Development International, SLAED and Business Gateway.

The creative industries are driven by people with creative skills who create innovative and exciting work while also contributing to economic growth and job creation. As such, it is important to recognise and understand the interconnections and dependencies across the arts, screen and creative industries. We are currently in the final stages of developing a three-year Creative Industries Strategy that will sit alongside our film and arts strategies, and define the way we want to develop the creative industries in Scotland, in partnership with the sector and other agencies. The draft of this strategy will be published in January 2015 for consultation. It has been informed by a mapping exercise analysing current support for the creative industries by SCIP members. The strategy will set out our priorities around:

- Market growth (international and domestic).
- Innovation and content development.
- Supporting the wider economy.
- Measure the social value of the Creative Industries.
- Education and skills.
- Arts and culture collaboration.
- Placemaking and international positioning.

The strategy will represent a major step towards a shared agenda for the Creative Industries in Scotland. To date, it has been developed through consultation with more than 60 individuals and organisations across the private and public sector in Scotland. These include representatives from the Scottish Government, national agencies, local authorities, HE institutions and industry. Over the coming two months further consultation will take place.

Key themes emerging from this work include:

Scotland's creative industries employ more people than the energy sector with a higher GVA (£3.6bn) than Life Sciences (sources: [Creative Industries Economic Contribution Study, 2012](#) and the [Scottish Government's Growth Sector Statistics, 2013](#)).

They are recognised as a powerhouse of the economy and their contribution to communities, places and well-being are equally valuable, if not as universally valued. Yet, for a complex set of reasons, the sector lacks the visibility and cohesive voice enjoyed by other parts of the Scottish economy. While there is growing consensus regarding the vital role that the creative industries play in a balanced, productive, innovative and distinctive economy, there is less consensus regarding how best to ensure that this sector continues to grow and flourish.

The strategy is being produced in response to three critical development questions that have emerged through consultation, namely:

1. What kind of values do the creative industries generate? From enabling talented individuals to develop productive and sustainable careers in creative disciplines to generating the distinctive content and ideas that endow Scotland with a reinvigorated cultural identity. Played right, the Creative Industries can deliver a blend of direct and indirect social, cultural and economic values that together can have a transformational impact on Scotland's communities and Scotland's role in the world. The Creative Industries should not be understood as a pure economic development proposition; but as part of an holistic approach to improving wellbeing, lifting confidence, addressing inequality and building a progressive nation. This is relevant both within the film and gaming industries and the wider creative industries.
2. What kind of economy do we want for Scotland? Across the world, the Creative Industries is a micro and small business sector. This is more so the case in Scotland and other nations with smaller domestic markets and significant rural areas. These businesses operate on an increasingly flexible, project-driven and portfolio-styled basis, embedded in local networks while, powered by digital technology, increasingly reaching globally for access to knowledge, talent and markets. These businesses also operate in a mixed economy and ecology with strong links to the more subsidised arts and cultural sector and a growing relationship with the education sector, both of which provide access to infrastructure, knowledge, skills, talent, content and ideas. Micro and small creative businesses can play a major role in delivering a balanced and resilient economy for Scotland. More significantly, if we enable micro and small businesses across the country to produce excellent products and services founded on innovation, authenticity and provenance, we can deliver growth through domestic and international markets of a quality and durability previously unobtainable. This brings into question what we mean by 'growth' in the Scottish economy and where the growth may come from. In the future, it is likely that sustainable and inclusive growth will come more and more from a strongly networked project economy of micro enterprises with creative production at their heart.

3. What kind of support and investment landscape will enable the Scottish Scotland's Creative Industries to flourish and deliver value? For a generation or more, dedicated programmes and instruments have been in place to support the Creative Industries in Scotland. While the support offered across the UK has reduced through shifts in policy and the impact of austerity; in Scotland a set of substantial options remain available for creative businesses should they be in need of, for example, business support, skills, investment, showcasing, or workspace. This landscape is to a large extent shaped by the members of the Scottish Scotland's Creative Industries Partnership (SCIP), with very significant investment and support also offered through local authorities, higher and further education institutions, arts and cultural organisations, sector skills councils and UK-wide initiatives. For the Creative Industries to flourish and generate a range of values for Scotland, it is critical this support landscape is effectively coordinated, that it is legible and accessible, and that it is founded on complementarity and joint purpose. It is also of fundamental importance that the support landscape is not too instructive, top-down and inflexible, but is founded on dialogue with the sector and designed as a sympathetic enabling system for creative businesses to follow their own paths.

Our next step will be to agree a work programme that more effectively coordinates funding and support across Scotland, opening up new ways for the creative industries to innovate, grow and flourish.

Alongside the above, Creative Scotland provides some direct funding for the Creative Industries through support for craft (funding individual projects and practitioners as well as three-year funding support for [Craft Scotland](#), [North Lands Creative Glass](#) and the [Dovecot](#)); publishing (we provide direct funding support to publishers as well as three-year funding support to organisations such as [Publishing Scotland](#), the [Scottish Book Trust](#) and the [Gaelic Books Council](#)); and we have provided support for creative technology and gaming through our Innovation Fund. We also provide funding support for the [Cultural Enterprise Office](#) which, in turn, delivers support and advice for creative businesses in Scotland.

We also fund specific initiatives in the fields of design, fashion and textiles, architecture and skills development and we support creative industries networks such as [Creative Edinburgh](#) which offer platforms for practitioners to meet, make connections and to develop their practice and businesses.

3. In Conclusion

A considerable amount of work aimed at identifying the issues and priorities for Film & TV, Games and the broader Creative Industries has either recently been completed or is underway. This work has led to the recent or imminent publication of detailed strategies for Creative Scotland's work in supporting these sectors and has been developed collaboratively through consultation with organisations and individual practitioners working in these sectors as well as partner organisations across the public sector.

In the wider UK context, the importance of the creative industries is underlined by the recent [Create Strategy, July 2014](#), produced by the Creative Industries Council, outlining a vision of industry and Government working together to develop the UK's creative industries to their full potential to 2020 and beyond as well as an international action plan developed by UK Trade & Investment. Scotland will be represented on the Council in future by Creative Scotland's CEO.

Another recently published [New Economic Foundation Report, September 2014](#) also clearly positions the role of arts, culture and creativity as one of four key policy areas that can contribute to driving a healthy society and economy.

Finally, in addition to our art form and specialism strategies, Creative Scotland is also producing an International Strategy. This will take Scottish Government international trade and cultural diplomacy priorities into account, alongside industry ambition. It will focus on export, import, cultural exchange and learning and the pivotal role that the arts and creative industries can play through cultural diplomacy and soft power.

We hope that this work helps to inform the Economy, Energy & tourism Committee's inquiry into the Creative Industries and that the outcome of this Inquiry leads to further support for the successful delivery of the ambitions that have already been set out, to the benefit of everyone working in the film and gaming sectors, the wider creative industries, and to the people of Scotland as a whole.

Creative Scotland

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Notes

1. We have included hyperlinks to further reading, documents and relevant organisations' websites throughout this submission.

2. Some of the text in section 2.4 is drawn from Creative Scotland's draft Creative Industries Strategy, authored by [Dr Tom Fleming](#), currently in development.
3. A couple of further points for the Committee to be aware of:
 - a. This Inquiry comes at a time when we are expecting the publication of the Report on the Economic and Cultural Contribution of the UK Film, High-End TV, Animation and Video Games Industries which was commissioned in 2014 by the BFI, Pinewood Shepperton plc, The Association for UK Interactive Entertainment and the British Film Commission. The Report is expected to be published at the end of January 2015. The Report once published, will be one of the core reference documents of the UK Film, TV and Video Games Industries. Earlier editions of the report have been referenced in submissions to UK Government on film policy and creative sector tax reliefs, the 2011-12 Film Policy Review, speeches by executives and ministers and submissions to UK parliamentary committees. We would recommend that this Inquiry reviews and digests this report as part of its remit.
 - b. Additionally, the European Audiovisual Observatory is about to publish a new analysis of the impact of fiscal incentive schemes – tax shelters, tax rebates and tax credits - which aim to stimulate investment in the production of film and audiovisual works in Europe. The analysis identifies, describes and categorises the schemes in place across Europe and evaluates their impact in attracting foreign investment, both from within Europe and from other countries too. It then compares the various schemes according to their advantages/disadvantages and examines how they work alongside other economic and political measures. The report concludes by evaluating the impact of these systems in the international context. Again, the findings of this Report should play an important part in the analysis of information submitted to and conclusions reached by the Economy, Energy & Tourism Committee.