

A photograph of a television studio set. In the foreground, a large professional video camera is mounted on a tripod, its viewfinder and lens pointing towards the right. To the right, the profile of a person wearing a headset with a microphone is visible, looking towards the camera. The background is dimly lit with blue and purple stage lights, creating a professional broadcast atmosphere. A semi-transparent blue banner is overlaid at the bottom of the image, containing the title and subtitle.

Growing the Television Broadcast and Production Sector in Scotland

Recommendations of the Television Broadcast and Production Working Group

August 2010



EXECUTIVE SUMMARY

Scotland's television broadcast and production sector has a unique and current combination of opportunities to grow and develop significantly over the next three years. Through the specific actions recommended in this report, Scotland can seize those opportunities and increase the volume and value of network television production from Scotland.

This will generate more jobs, wealth, investment, exports and competitiveness; it will also increase the level of representation of Scotland, its stories and talent to audiences at home and internationally, assisting in defining Scotland's identity to itself and to the rest of the world.

Specifically, analysis by Pricewaterhouse Coopers for Scottish Enterprise supports our ambition to grow the annual turnover of the sector from £215m to £346m and increase employment from 2,910 to 4,676 by 2013.

However, this will only happen with collective and coordinated action across broadcasters, independent production companies and the public sector.



Key Recommendations

Shared Ambition, Partnership and Collaboration

Scotland's public service broadcasters, independent production companies and public sector share the ambition to grow significantly Scotland's television broadcasting and production sector, and will work in partnership and collaboratively to achieve the goals set out.

Development of Relationships

Scotland's public service broadcasters and independent production companies will develop their relationships to maximise the potential for Scottish based independent production companies to secure network commissions.

International Marketing

Scotland's independent production companies and public sector will collaborate to increase and improve International Marketing to attract businesses, business activity and investment and to ensure that there is effective marketing of Scottish talent, businesses, ideas, formats and content internationally.

Production Incentive Finance

Scotland's public sector will investigate appropriate financial mechanisms that would attract and incentivise businesses, business activity and investment, increasing Scotland's competitive position at a UK and international level.

Company Development and Commercialisation

Scotland's independent production companies should seek to increase their scale, capacity and commercialisation and that the public sector should investigate mechanisms that would provide incentive and development finance to enable the companies to achieve this.

Industry Skills Development

Scotland's public service broadcasters, independent production companies and public sector commit to implementing the industry endorsed Sector Skills Agreement to increase and improve the scale and capacity of skills and businesses in Scotland, to foster and develop creative leadership and to retain skills in Scotland.

Production Build Space

Scotland's public sector commit to assessing and addressing the need for appropriate and flexible Production Build Space that would attract and retain businesses, business activity and investment.





Goals

Increase employment across broadcasters and independent production companies from 2,910 to 4,676 by 2013.

Increase the annual turnover of the sector across broadcasters and independent production companies from £215m to £346m by 2013.

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

To achieve a critical mass of high value, high volume drama production produced by independent production companies with a substantive base in Scotland to an annual value of £30m by 2013.

To build on Scotland's existing strengths in the factual genre, increasing turnover by 200% by 2013.

To encourage development of production in daytime, entertainment, comedy and children's production, increasing turnover by at least 100% by 2013.



REPORT AND RECOMMENDATIONS

Context to Report

This paper has been produced by the Television Broadcast and Production Working Group representing Scotland's broadcasters, independent production sector, freelance crew and public agencies within the context of the Scottish Broadcasting Commission's Final Report, *Platform for Success*¹, published in September 2008, the subsequent *Building the 'Platform for Success' Economic Development Strategy for Scotland's Broadcast Sector*², produced by Scottish Enterprise and published in March 2009 and *Digital Inspiration*³, a strategy for Scotland's Digital Media Industry,

published in December 2009. This paper will not repeat the detailed analyses and conclusions of those documents, except in setting the scene for the opportunities, priority objectives, barriers to growth and recommended actions.

This paper focuses specifically on the economic development issues and opportunities affecting the sector, as challenged by the Scottish Enterprise produced report, *Building the 'Platform for Success' Economic Development Strategy for Scotland's Broadcast Sector*.

The Scottish Broadcasting Commission's Final Report, *Platform for Success*, provides a more holistic analysis of the opportunities and needs of the sector.

And lastly, the opportunities to grow significantly the television production sector in Scotland exist in a finite window of opportunity and without prompt, coordinated and appropriately resourced action an intervention will be missed.

Super Umami, Tern TV



T in the Park, BBC Scotland



Taggart, STV



¹ <http://www.scottishbroadcastingcommission.gov.uk/Resource/Doc/4/0000481.pdf>

² http://www.scottish-enterprise.com/your-sector/digital-markets/~/_media/publications/Digital%20Markets/economic_development_strategy_scotland_broadcast.ashx

³ <http://www.digitalinspiration.org.uk/Digital-Inspiration.pdf>

Opportunities

Dynamic Take-Off: The *Building the Platform for Success* report identified that 'Dynamic take-off' of the television broadcast and production sector in Scotland is achievable, "delivering high growth and high clustering, resulting in long-term sustainable growth for the Scottish broadcasting sector. The analysis indicates a significant part of the growth will come from the emergence of large independent production companies based in Scotland. These companies will be fast growing indigenous companies, or new or returning, inward investors. If the "Dynamic Take Off" scenario is to be achieved, broadcasters and production companies will need to work closely supported by government agencies.

The growth and development of the wider sector is also vital. The emerging growth companies will draw from a supply chain of smaller suppliers who will need support from the key stakeholders to play a positive role in the overall growth of the sector. This includes freelance workers and sole traders who provide a significant proportion, 38%, of the independent production labour pool."

International Markets: The *Building the Platform for Success* report identified that television broadcast production operates at a global level – the ideas, programmes, formats, businesses, talent, finance and audiences. Specifically: "There is an ongoing consolidation in ownership of both broadcasters and production companies across the world, with fewer and fewer players having genuine power. The internationalisation of programmes, finance, talent, businesses and audiences and markets, means that attempting to view the Scottish or UK broadcasting sector in isolation is not possible. The Scottish broadcasting system exists in both a UK and international context." Therefore, as these markets continue to grow they present clear opportunities for an ambitious nation to increase its share of trade.



Impact of Digital Technology: The *Building the Platform for Success* report identified how “several technological trends – collectively described as “convergence” – are profoundly reshaping the way in which TV is produced, delivered and viewed around the world:

Digitisation has made it possible to deliver media over a number of different communications platforms.

Ongoing innovation in network architecture and services point towards increasing viewer mobility, convenience and flexibility. Technological change is driving major shifts in the structure of the global broadcasting industry.

Video streaming on the Internet and Web-based services are changing the conventional broadcasting business model.

Advertisers are switching spending from linear broadcasting to Internet channels, with a profound effect emerging in terms of commercial income and challenging conventional thinking in the industry. People are changing the way they interact with TV resulting in divergence and fragmentation of both audiences and markets.”

Scotland is already a world leader in the production of digital screen content and has a clear opportunity to accelerate growth. The Digital Media Industry Advisory Group produced its strategy for the development of the sector, *Digital Inspiration*, in December 2009. It argues for a step-change in Scotland’s engagement with digital media and whilst recognising the early potential of already successful Scottish companies, it argues for greater ambition across the chain of creativity, distribution and exploitation. It sets out priorities for growing the sector:

- increasing the number and scale of digital media companies;
- a national drive to increase the number of innovative digital media platforms owned or managed from Scotland;
- a greater and more profitable role for Scottish companies in the chain of distribution and interactivity;
- a more sophisticated understanding of the value to be derived from digital media as a growing and evolving sector;
- a greater commitment to improving the performance of companies on what we describe as “the value-chain”;
- much more profitable leverage of intellectual property rights;
- a pilot programme of tax and fiscal benefits for the Dundee Games sector to increase their global competitiveness;
- greater investor awareness of digital media as a growth sector and greater investor readiness, on the part of emergent companies; and
- a more ambitious national culture of acquisition, allowing Scottish companies to buy and not always be bought.



Burnistoun, The Comedy Unit, BBC Scotland



Investment in Scottish Production: The BBC has already committed to increasing the volume and value of network production from Scotland to at least 9% per annum – which would provide an additional £50m investment in the Scottish production sector per annum by 2016. Channel 4 is committed to increasing the volume and value of production from Scotland where possible. However, Channel 4's remit is changing as a consequence of the Digital Britain report in 2009 and the subsequent Digital Economy Act in spring 2010. It is now expected to increase its public media purposes on the most appropriate platforms, which will include television, new digital media platforms and film. C4 is required by licence to produce 3% of its original programme budget in the Nations, and Ofcom have not indicated any intention to adjust this aspect of Channel 4's licence.

Whilst the whole of the Scottish broadcast and production community, along with all parties in the Scottish Parliament, continues to support the primary recommendation of the Scottish Broadcasting Commission, that there should be a new Scottish Digital Network with an annual commissioning budget of £75m, the recommendations of this paper do not assume that the new Network will be operational by April 2012. The financial and employment impacts of the Network have therefore been discounted from the goals set out in this report.

The analysis conducted by Pricewaterhouse Coopers for Scottish Enterprise as part of their *Building the Platform for Success* report, suggests that with a collective and coordinated approach, the value of the broadcast and independent production sector could grow from a turnover of £215m and 2,910 employees in 2008 to a turnover of £421m and 5,689 employees by 2012. Maintaining a three-year development window, we will assume that the turnover of the sector could grow to £346m and employment to 4,676 by 2013.



Extreme Fishing, RDF Scotland

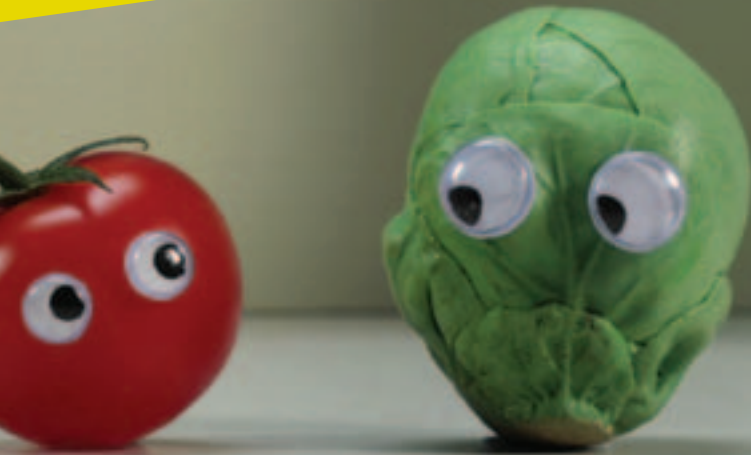


Limmy's Show, The Comedy Unit, BBC Scotland



Priority Objectives

- Improve Scotland's competitive position in the television production sector at UK and international levels
- Build the scale of businesses, business activity, skills and investment in Scotland's television production sector
- Attract businesses, business activity, skills and investment to Scotland
- Develop creative leadership and build the talent base in Scotland



The Ooglies, BBC Scotland



Jack Osbourne: Adrenaline Junkie,
Ginger Productions, ITV2



Barriers to Growth

Communication, Co-ordinated Action and Leadership:

The broadcasters, independent production sector and the public sector – the demand, supply and supply support elements of the production ecosystem – need to communicate better individually and collectively, be better aligned and have effective leadership to be able to take appropriate coordinated action.

Access to Relevant Market Intelligence: The market place is growing and changing constantly and there is an ongoing need for the commissioning and analysis of relevant market intelligence to inform future ambitions and policy.

Competition: International and domestic UK competition for attracting television broadcast production activity, businesses and investment is severe, through intense international marketing, the offer of financial incentives and the provision of flexible production build-space.

Scale and Diversity: Scotland's screen production sector as a whole lacks the scale of skills, businesses, business activity and investment and depth of diversity of genres – meaning an ongoing drain of talent, skills, businesses and business activity out of the country.

Access to Finance: There is a lack of access to working capital for most screen enterprises in Scotland – they don't have the scale to attract sufficient equity investment and are unattractive to commercial lenders and are therefore unable to fulfil their growth ambitions.

Skills: The pace of change in the sector – particularly the impact of digital technologies – demands continual re-skilling and up-skilling for individuals and businesses.

Sustainability: The variability of the flow of television broadcast production activity – both inward and indigenous – undermines the sustainability of the sector. The current fragility of elements of the sector and the potential loss of skills from the sector could undermine the ambitions set out in this report.

Time: Many of the opportunities exist in a finite window of opportunity and without prompt action and intervention may be missed.





Murderland, Touchpaper Scotland, ITV



Glasgow Film City, Savalas



High Times, STV



Recommended Actions

1. SHARED AMBITION, PARTNERSHIP AND COLLABORATION

Scotland's public service broadcasters, independent production companies and public sector share the ambition to grow significantly Scotland's television broadcasting and production sector, and will work in partnership and collaboratively to achieve the goals set out.

PROPOSED ACTIONS

1.1 That the following recommendation of the Scottish Broadcasting Commission is implemented:

"The Commission recommends that Creative Scotland takes the leadership role in bringing together broadcasters, production companies, economic development bodies, skills agencies and further and higher education to work collaboratively in delivering what is required to ensure a thriving creative content sector."

1.2 That Creative Scotland ensures that it has the appropriate experience and expertise to fulfil this function.

1.3 That Creative Scotland establishes appropriate structures with appropriate membership and members' commitment to achieve this. The Creative Industries Partnership Reference Group approach provides the obvious model for this.

1.4 That through this, options are identified for creating opportunities for increased and better communication, networking and collaboration across and within the production ecosystem.

1.5 That Creative Scotland co-ordinate, facilitate and promote communications, networking and collaboration, including the gathering and dissemination of market intelligence.

1.6 That Creative Scotland coordinates the monitoring of progress of the implementation of the recommendations in this report and reports back to all stakeholders on a regular basis.

2. DEVELOPMENT OF RELATIONSHIPS

Scotland's public service broadcasters and independent production companies will develop their relationships to maximise the potential for Scottish based independent production companies to secure network commissions.

PROPOSED ACTIONS

2.1 Broadcasters will host network commissioner events in Scotland on a regular basis, including providing bookable, one to one meetings with commissioners to explore specific commissioning opportunities.

2.2 Broadcasters will share any relevant programme supply information regarding commissioning needs (by genre, quality, volume and value) with the independent production sector and work with independent producers to maximise commissioning success against these needs.

3. MARKET ANALYSIS

The public sector will conduct and share market analysis on an ongoing basis.

PROPOSED ACTIONS

3.1 The public sector will commission and publish market analysis detailing current activity by broadcaster, by genre, by volume and by value and identifying current and future trends.

3.2 Broadcasters and the independent production sector will provide relevant data to enable market analysis to be conducted.



4. INTERNATIONAL MARKETING

Scotland's independent production companies and public sector will collaborate to increase and improve International Marketing to attract businesses, business activity and investment and to ensure that there is effective marketing of Scottish talent, businesses, ideas, formats and content internationally.

PROPOSED ACTIONS

DOMESTIC (WITHIN SCOTLAND)

Recommended activity includes:

- 4.1 Holding international festivals, markets and/or conferences that bring in financiers and buyers to Scotland.
- 4.2 Hosting familiarisation trips which promote Scotland as a location as well as Scottish talent and companies.
- 4.3 Hosting high calibre training programmes that attract key talent or organisations to come to Scotland to participate.
- 4.4 Research and development support for companies wishing to explore setting up a business or doing business in Scotland.
- 4.5 Incentive funds to persuade companies to develop or produce content in Scotland.
- 4.6 Development of facilities, services and personnel to fulfil the needs of companies establishing a business in or bringing business to Scotland.
- 4.7 Travel and accommodation support for independent production companies travelling to London to meet with broadcasters (digital and terrestrial) on a regular basis.
- 4.8 The provision of an effective Locations Service across Scotland.

INTERNATIONAL (OUTSIDE OF SCOTLAND)

Recommended activity includes:

- 4.9 A Scottish presence at international festivals and markets. This might take a variety of forms such as: a stand, a delegation, and a reception.
- 4.10 Trade missions that help individuals and companies develop relationships in new markets.
- 4.11 Showcasing Scottish talent and companies at international events.
- 4.12 The attendance of individuals and companies at major festivals, markets, events, seminars or training programmes where they can develop relationships with potential partners, or sell content.
- 4.13 Opportunities for Scottish talent and companies to participate in international exchange programmes to expose them to new ways of working, business models or markets.

5. PRODUCTION INCENTIVE FINANCE

Scotland's public sector will investigate appropriate financial mechanisms that would attract and incentivise businesses, business activity and investment, increasing Scotland's competitive position at a UK and international level.

PROPOSED ACTIONS

5.1 The public sector will investigate appropriate financial incentive mechanisms.

5.2 To introduce these mechanisms as soon as possible and by April 2011 at the latest.

5.3 To promote the availability of these mechanisms internationally.

5.4 An option considered by the working group and presented here for further investigation is:

Type of Investment Support	Investment Level	% Total Costs	Deliverable
Production Incentive Finance This would invest up to £500,000 in up to 10 productions each year.	Up to £500,000 per production.	Up to 25%	Minimum of 10 productions of scale produced in Scotland by independent production companies each year (over a 3 year period), seeking a minimum leverage ratio of 4:1. This would secure match investment of £12m per annum and create or secure an average of 240 full time equivalent jobs per annum.

PRIORITY WOULD BE GIVEN TO:

Independent production companies who are based in Scotland (who are managed on a day to day basis within Scotland, with key creative and decision making talent based in Scotland) or who partner with such Scottish based companies, demonstrating that they have a long-term commitment to working in Scotland.

Independent production companies who can demonstrate:

- Greatest level of spend in Scotland per pound invested, and therefore employment of Scottish based crew, facilities, services and locations;
- Potential 'returnability' of the production, format or talent therefore contributing to the longer term sustainability of the production sector;
- Additionality – what the investment deliver beyond the production spend?

6. COMPANY DEVELOPMENT AND COMMERCIALISATION

Scotland's independent production companies should seek to increase their scale, capacity and commercialisation and that the public sector will investigate mechanisms that would provide incentive and development finance to enable the companies to achieve this.

PROPOSED ACTIONS

6.1 That the public sector should investigate mechanisms that would provide incentive and development finance to enable the companies to achieve scale growth.

6.2 That these mechanisms should be introduced as soon as possible and by April 2011 at the latest.

6.3 That the availability of these mechanisms should be actively promoted.

6.4 Options considered by the working group and presented here for further investigation are:

Type of Investment Support	Investment Level	% Total Costs	Deliverable
Seed Equity Funding This would invest up to £50,000 per company in start up companies (not subsidiaries of existing companies)	Up to £50,000 per company	50%	Up to 4 companies supported per annum over three years
Company Growth Fund This would invest up to £250,000 per company over a three-year period in up to four companies.	Up to £250,000 per company	50%	Up to 4 companies supported, with investment level based on anticipated increase in turnover and/or jobs secured or created within 3 years of receipt of support
Talent Attraction Fund This would invest up to £200,000 per company over a three year period in up to six companies	Up to £200,000 per company	50%	Up to 6 companies supported, with investment level based on anticipated increase in turnover and/or jobs secured or created within 3 years of receipt of support
Slate Development Fund This would invest up to £100,000 per company in the development of slates of new projects	Up to £100,000 per company	50%	Up to 10 companies supported, with a minimum of 2 projects per company converted into production within 3 years of receipt of support

PRIORITY WILL BE GIVEN TO:

Independent production companies who are based in Scotland (who are managed on a day to day basis within Scotland, with key creative and decision making talent based in Scotland) or who partner with such Scottish based companies, demonstrating that they have a long-term commitment to working in Scotland.

Independent production companies who can demonstrate:

- Greatest level of spend in Scotland per pound invested, and therefore employment of Scottish based crew, facilities, services and locations;
- Potential 'returnability' of the production, format or talent therefore contributing to the longer term sustainability of the production sector;
- Additionality – what will the investment deliver beyond the production spend?



Mum and Me, Wellpark Productions



Film City Glasgow, Transmission



7. INDUSTRY SKILLS DEVELOPMENT

Scotland's public service broadcasters, independent production companies and public sector commit to implementing the industry endorsed Sector Skills Agreement to increase and improve the scale and capacity of skills and businesses in Scotland, to foster and develop creative leadership and to retain skills in Scotland.

PROPOSED ACTIONS

7.1 That broadcasters, independent production companies and the public sector work with Skillset Scotland in implementing the industry endorsed Sector Skills Agreement.

7.2 Options considered by the working group and presented here for further investigation are:

Type of Investment Support	Investment Level	% Total Costs	Deliverable
Producer Development Programme	£200,000 per annum	50%	Three new producers/directors with network credits based in Scotland
Advanced Production Apprenticeship Programmes	£300,000 per annum	50%	Twenty production based apprenticeships in craft, technical and creative production skills each year
Screen Apprenticeship Programme	£200,000 per annum	50%	Twenty screen apprenticeships in audio, camera and post production each year
Industry Leadership Programme	£150,000 per annum	50%	Three new executive producers with network credits in that capacity based in Scotland.
Skills Development Bursaries	£100,000 per annum	50%	Up to 100 skills development bursaries awarded each year

Alison Watt - A Painter's Eye, Skyline Productions



Nina and the Neurons, BBC Scotland



*Rab C Nesbitt,
The Comedy Unit,
BBC Scotland*



8. PRODUCTION BUILD SPACE

Scotland's public sector will assess and address the need for appropriate and flexible Production Build Space that would attract and retain businesses, business activity and investment.

PROPOSED ACTION

8.1 That the public sector, with input from the BBC, will commission an options analysis of the need for appropriate and flexible production build space and assess how that need will be addressed.



9. MEASURES OF SUCCESS

The public sector will review the mechanisms and metrics of measures that enable access to support to ensure that they are appropriate to the needs of the sector.

PROPOSED ACTION

9.1 That the public sector will review existing mechanisms and metrics of measures that determine success or access to support, make amendments as necessary that will make them more appropriate to the needs of the sector and articulate the types and nature of support available to the sector.

Television Broadcast and Production Working Group

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Nancy Braid, D-I Brown, Bruce Malcolm - **BBC Scotland**
Donald Campbell - **MG ALBA**
Alan Clements, Paul Sheehan - **stv**
Stuart Cosgrove - **Channel 4**
Peter Gallagher - **Association of Film and TV Practitioners in Scotland**
Eileen Gallagher, Margaret Scott - **Shed Productions**
David Hartley, George Falconer - **Scottish Enterprise**
Ken Hay - **Creative Scotland**
Katie Lander - **Finestripe Productions**
Amanda Millen - **Highlands & Islands Enterprise**
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