



ALBA | CHRUTHACHAIL

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Convener
Culture, Tourism, Europe and External Affairs Committee
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IM/KM
14 June 2019

Dear Convener,

Further Information

I am writing on behalf of Iain Munro, Acting Chief Executive, to follow-up on the further information sought in your letter to him on 15 May. Specifically:

- 1 Responding to the changing funding environment
- 2 Engagement on the 'Shared Prosperity Fund'
- 3 The Creative Europe programme in a post-Brexit environment
- 4 Budget update on Screen Scotland
- 5 The assessment of funding structures in comparator jurisdictions
- 6 The Studio and Screen Scotland KPIs
- 7 The timing around the Locations website going live
- 8 An update on the resourcing plan for Screen Scotland
- 9 Skills Strategy progress
- 10 Screen Scotland financial support spent in Scotland
- 11 The Scoping Study on business development support

1 Responding to the changing funding environment (with particular reference to the National Lottery and local authority provision)

Creative Scotland recognises the changing and challenging funding landscape that currently exists for the arts, screen and creative industries in Scotland. Therefore, we will continue to make the case for the arts, screen and creative industries but also remain prudent in forward planning budget assumptions and maintain close regular contact with the Scottish Government regarding future budget planning.

We are also seeking to work collaboratively with partners wherever possible to ensure that we maximise the impact of the resources available.

In reference to the National Lottery

The process to award the 4th National Lottery operator's license has begun, and Creative Scotland is contributing to the process along with other distributors to try to maximise returns to good causes in the long term.

The 25th birthday of The National Lottery this year provides an opportunity for all involved to reinvigorate interest and participation in The National Lottery. There is a significant programme of events and activities currently planned across the UK and Creative Scotland are playing a significant part in ensuring the arts, screen and creative industries and connected to, and participate in, these activities.

This is part of concerted efforts being made by all National Lottery Distributors, with the operator Camelot, the Department of Digital, Culture, Media and Sport (DCMS) and the Gambling Commission, to address the challenges arising from competition from society lotteries and the resulting fluctuations and volatility in the income generated and subsequently distributed to good causes.

In reference to Local Authorities

Since the Committee meeting and our evidence on 2 May, we have begun two key programmes of work in support of future collaboration between Creative Scotland and Local Authorities in addition to ongoing activity.

The first of these is the commissioning of an extensive programme of research and consultation with local authorities. This work will:

- Establish an authoritative understanding of the current position of local authority support for arts, culture and creative industries across Scotland.
- Identify future challenges and opportunities, including prospective models of collaboration between local authorities and Creative Scotland.
- Increase awareness of the current position and potential future models of collaboration amongst key stakeholders.
- Increase awareness of the benefits of creative and cultural activity in supporting the generation of cultural, social and economic value.

Following an open tender process, we have appointed an external research body to undertake this work. This will begin in late June and the outputs will be made public in late Autumn.

Given the scale of the challenges, this development work will provide a foundation for our future collaboration with local authorities. However, this does not preclude taking practical steps now, for example, in looking to realise the potential for joint-funding approaches with local authorities and future place partnership related activity.

The second strand of work has been linked to the UK wide Cultural Cities Enquiry. This Enquiry has analysed, and prepared practical recommendations on how culture can be more effectively resourced across the UK. The report can be found [here](#).

As a first step, we have brought together senior representatives from across cities in Scotland to discuss the report and the recommendations in a Scottish context. This was a constructive discussion and although there are clear distinctions between Scotland and other parts of the UK, shared challenges and opportunities exist. As a follow up, it was agreed that proposals specific to Scotland would be drafted and shared across the cities. This included exploring the potential for the establishment and alignment of 'Cultural City Compacts' as cross-sectoral leadership bodies for culture in each city.

2 Engagement regarding a potential 'Shared Prosperity Fund'

In 2017, Creative Scotland published research which assessed the European Union's contribution to the arts, screen and creative industries in Scotland, which can be found on our [website](#).

This research showed that two thirds of this funding had come from European structural funds rather than culture specific programmes. Therefore, any UK Government funding that replaces EU structural funding is very important to the creative sectors in Scotland.

The UK Government has proposed the 'Shared Prosperity Fund' to support structural investment. Exactly what this fund would be and how it will operate has been difficult to establish and Creative Scotland and the UK Arts Councils have been maintaining a close dialogue to share intelligence on any proposals from the UK Government that continue or replace EU funding.

Creative Scotland has also responded to the Scottish Parliament's Finance and Constitution Committee inquiry on the future of funding of EU Structural Fund Priorities in Scotland, Post-Brexit, and this submission can be found [here](#).

Creative Scotland recognise the significant value that European Structural and Investment Funds bring to the cultural life of Scotland, in particular to rural and island communities. We strongly advocate that post-Brexit structural funds should, as a minimum, match this current contribution for cultural activity in Scotland. We do, however, believe there is an opportunity for development through establishing priorities and models of support which allow for arts and culture to play a greater role in tackling inequality and supporting inclusive growth.

3 The Creative Europe programme in a post-Brexit environment

Creative Scotland hosts the [Scotland office of Creative Europe Desk UK](#), the contact point for the EU's Creative Europe funding programme and a partnership led by BFI and British Council with Arts Council England, Creative Scotland and Welsh Government. Creative Europe Desk UK-Scotland provides free information and advice to Scottish creative, cultural and heritage organisations on Creative Europe projects, partnerships and applications. The office also signposts to information on other EU funding programmes such as Erasmus Plus, Europe for Citizens and Horizon 2020.

In the event of a deal between the EU and the UK

In November 2018, the UK and EU negotiating teams reached consensus on a Withdrawal Agreement, which includes a transition period that will start on the EU leave date and last until 31 December 2020. This announcement confirmed that,

pending ratification, UK organisations can continue to apply for EU programme funding until December 2020. This includes UK participation in, and funding applications for, Creative Europe. This would mean that Scottish organisations can continue to receive funding until the end of projects, which in some cases could be until 2023 (given that projects can run for up to 4 years in length).

In the event of 'no deal' between the EU and the UK

In a 'no deal' scenario there are several measures proposed, or in development, for alleviating the risk to ongoing projects supported by Creative Europe. These include:

- On 30 January 2019, the European Commission announced in a [press release](#) that it has published a final set of no deal contingency proposals regarding the EU budget which "enable the EU to be in a position, in a 'no-deal' scenario, to honour its commitments and to continue making payments in 2019 to UK beneficiaries for contracts signed and decisions made before 30 March 2019, on condition that the UK honours its obligations under the 2019 budget and that it accepts the necessary audit checks and controls."
- Should this arrangement not come to pass and payments to UK beneficiaries cease after the leave date, the UK Government has provided reassurance that it will [underwrite](#) the payments of awards for the full duration of the project, where UK organisations have successfully bid directly to the European Commission on a competitive basis while we remained in the EU. This includes projects that are only informed of their success or sign a grant agreement after the UK's withdrawal from the EU. The guarantee does not cover funding for organisations from other countries who are in consortia with UK participants – only the funding for UK participants is in scope.

However, beyond the risks to ongoing projects, a "no deal" scenario (on 1 November 2019 or otherwise) would mean a sudden loss of access to support for Scotland's creative, cultural and screen sectors. Creative Scotland considers this to be a high risk that would require action in terms of a swift introduction of UK compensatory measures so as not to leave a gap in funding and opportunity for Scotland's creative, cultural and screen organisations and individuals.

UK participation in the future Creative Europe programme (2021 – 2027)

The decision on whether the UK can participate in the next programme (2021–2027) will be taken as part of the future partnership negotiations with the EU. The UK Government's [Brexit White Paper](#), published July 2018, stated: "The UK is open to exploring...continued involvement in Creative Europe to support the cultural, creative and audio visual sectors."

Creative Scotland's position is that it endorses an approach which seeks participation in the future Creative Europe programme beyond 2021, in the case of Brexit as a non-member state, in the same way in which 13 non-EU countries participate in the current programme. These include EEA countries such as Iceland and Norway as well as neighbouring countries such as Serbia and Albania (a full list is on the [EACEA website](#)). These countries must still comply with certain EU regulations and policies and pay a financial contribution in order to participate.

4 Budget update on Screen Scotland

We are still in discussion with Scottish Government regarding the budget for 2019-20 and are therefore unable to publish budget details at the moment. We will provide this detail to the Committee as soon as we are able.

5 The assessment of funding structures for screen in comparator jurisdictions (such as Canada, France, Ireland and Northern Ireland)

Research was undertaken on comparator nations and regions: Ireland, Denmark, Australia, Canada, Northern Ireland and Wales. This assessment was commissioned by Creative Scotland and was published in full as [Screen Agencies: An Overview](#). These jurisdictions were chosen because the support they offered their screen industries extends beyond fiscal incentives.

The research was undertaken by EKOS, an economic and social research consultancy, and we published a summary of their findings in Appendix E of the [Screen Unit Collaborative Proposal](#). While France was not specifically focused on in this report, information on their incentives are available [on the Film France website](#). Comparative information on international screen funding structures is accessible from a number of sources including the [Olsberg SPI Global Incentives Index](#) and the [Olffi database](#). Our Screen Officers, which include a representative from the Creative Europe Desk, keep up to date with international developments and use this knowledge to inform our guidelines and processes.

6 The Studio and Screen Scotland KPIs

The KPIs surrounding the Studio focus on making sure it is open and accessible. Performance Indicators relating to initial stages included achieving the tender publication, securing interest notification, and achieving deadlines for tender submission and evaluation.

A Film Studio Delivery Group has been established which comprises representatives of Screen Scotland, Creative Scotland, Scottish Enterprise, Highlands and Islands Enterprise and Scottish Government. The group is responsible for developing the strategic direction of work to enable a range of studio infrastructure in Scotland. It will deliver a strategy that seeks to enable the availability of an appropriate range of studio infrastructure in Scotland to suit productions of all sizes and ambitions. This work is underway and performance indicators are in development.

The Screen Commission's ongoing business identifies and monitors availability of studio and build space in Scotland. A deliverable includes maintaining a list of [Film and TV Studio and Buildspace in Scotland](#).

The Screen Scotland Business Plan sets out KPIs for the work of the team in 2019-20. There are, additionally KPIs that relate specifically to Equalities, Diversity and Inclusion in order to ensure this is fully integrated into our reporting. Beyond this we continue to monitor a range of internal performance metrics on our funding and its impact on an on-going basis. These include levels of application and request to all our Screen Scotland funding routes, success rates, partnership funding levered through our awards and the location of both individuals and organisations applying to our funds. We further monitor a range of data on our Regularly Funded Organisations (RFOs) working in the screen sector, across their workforce, audience, education and outreach work and financial position.

7 The timing around the refreshed Locations website

We anticipate that the Locations website will be live before the end of this calendar year.

8 An update on the resourcing plan for Screen Scotland

The following provides an outline of progress in the Screen Scotland resourcing plan.

Phase 1

Increasing the capacity of the existing Screen Scotland team to deal with the increased work levels. The following roles have been recruited:

- Screen Commission Officer
- 3 x Screen Officers

Phase 2

Providing extra capacity to the Screen Scotland team and support functions to deliver the specific workstreams of the Collaborative Proposal. The following roles have been recruited:

- Film Education Officer
- Digital Communications Officer
- Media Relations & PR Officer
- Research Officer
- Funding Officer
- Business Affairs Executive.

Phase 3

Roles directly impacted or influenced by the appointment of an Executive Director.

The following roles have been recruited:

- Director of Screen
- Executive Assistant/Screen Administrator

Preparatory work is also underway to recruit to the following roles:

- Screen Skills Officer
- Head of Screen Business Development
- Screen Business Development Officer
- Executive Officer

The overall Screen Scotland structure is being reviewed, taking into consideration those roles that are currently fixed term contracts, the needs of Screen Scotland and the sector going forward. A significant amount of work has already taken place and this will be progressed over the coming months.

9 Screen Scotland Skills Strategy progress

There are a number of key areas of work which are currently being progressed or completed:

- A major workforce study was delivered in April, providing comprehensive analyses of a freelance survey, a company survey, and provision in further and higher education.

- An event on 19th June at the beginning of the Edinburgh International Film Festival will present and discuss with industry representatives' key findings of the workforce study
- A Skills Working Group, comprising the five Screen Scotland agency partners and Scottish Government, has been convened to oversee the development of our skills strategy.
- A Project Manager (with high level executive experience as well as experience in crew training) has been contracted temporarily to support the development of the strategy.

We expect to complete a first draft of the strategy by the end of 2019. Meanwhile, we continue to directly support skills development through support for Screen NETS, BECTU Vision, PACT Indie Diversity Training Programme, Outlander Training Programme, our Professional Development Fund, and other means.

10 Screen Scotland financial support spent in Scotland

All funding allocated by Screen Scotland enhances the Scottish screen industries and we actively encourage co-productions for the creative and economic benefits they bring to Scotland. A number of our funds (Film Festivals, Film Education Partnerships, Cinema Equipment) are for applicants' resident in Scotland. Other funds (Markets and Festivals, Professional Development) invest in our workforce and do not restrict Scotland-based talent to local opportunities for development and growth. For our Development and Production, Broadcast Content, and Production Growth funds we take into account estimated spend in Scotland at the point of application, and request details of actual Scottish spend through our end of project monitoring process. Information on what qualifies as Scottish spend is available on our [website](#).

11 Scoping study on business development support for the screen sector.

Screen Scotland has commissioned EKOS Ltd to undertake a Scoping Study which aims to:

- Establish the joint working delivery approach to provision of screen business support between relevant Screen Scotland Partner Agencies (Creative Scotland, Scottish Enterprise, Highlands and Islands Enterprise, Skills Development Scotland), Business Gateway (COSLA) and South of Scotland Economic Partnership.
- Focus on the user journey, identify the potential target 40-50 screen companies, and undertake user testing to identify the best approach to delivery across the agencies
- Agree on a business analysis triage process and data sharing approach, including undertaking a Data Protection Impact Assessment

A Business Development Support Working Group comprising the five Screen Scotland agency partners, Scottish Government, Business Gateway and representatives from the emerging South of Scotland Enterprise agency has been convened to oversee the development of the Scoping Study.

EKOS is currently consulting with a sample of screen companies to determine future support needs. They will consult with support agencies and providers to review emerging recommendations, work with partners to identify suitable data sharing arrangements, recommend Creative Scotland staff resourcing needs.

EKOS will develop final recommendations in their report for the Screen Committee in July 2019.

I hope this update has been useful. As always, if you have any questions, please do contact us.

Yours sincerely,

A handwritten signature in cursive script that reads "Kenneth W. Miller".

Ken Miller

Interim Director, Communications

Creative Scotland