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18 OCT 2004

James Boyle  
The Cultural Commission  
Broughton High School  
Carrington Road  
Edinburgh  
EH4 1EG

October 14, 2004

Dear James,

Please find herewith a paper prepared by Pact on specific issues regarding screen production in Scotland.

Frank McAveety originally requested that we submit this paper and therefore we will be sending a copy to his successor Patricia Ferguson.

We would also be delighted to meet with you and discuss this paper and other matters relating to the screen industries in Scotland. I am on leave until the 25<sup>th</sup> October, but I shall contact you on my return to agree a suitable date. Allan MacDonald, our Chair in Scotland and myself would attend.

the meantime, I hope all is going well for you.

Yours sincerely,



Sarah Jane Kerr  
Head of Pact in Scotland

# **pact.** *nations & regions*

## **An approach to screen production support in Scotland**

A paper prepared for the Cultural Commission in  
Scotland, October 2004

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### **Introduction:**

A country can define itself and have a sense of its own identity through how it represents itself on screen. Film, television and other screen content are therefore key indicators of the cultural health of a nation. Building a thriving screen industry which puts high-value careers and lifelong learning opportunities on the agenda should be at the heart of Scottish cultural policy. In this paper Pact sets out a series of proposals of how Scotland could take some key steps towards creating the bodies and structures that can help us achieve a healthy and economically valuable screen production industry.

Pact urges that this should be done through a strategic screen industry body - referred to as the screen agency. This could be the existing Scottish Screen, or another body or group of bodies specifically designed for the purpose.

The screen agency should be charged with the remit of providing a strategic lead across film, television and related screen industries, working with broadcasters, financiers, production companies and government to create the best possible climate for production in Scotland. Pact has direct experience of the gains that can be achieved by such a coherent approach, for example having lobbied effectively to establish constructive new policies in the broadcasters' terms of trade and UK film tax support, creating benefits across the industry.

### **Background:**

Scottish film producers, like any around the world, suffer from the feast or famine of production cycles: long periods of development with little or no income, only getting paid fees while in production, and then having to go into development again for next project.

It is therefore difficult to build a strong financial basis for companies, and even more difficult for Scottish production companies to build a critical mass and a sustainable level of production because of the small scale of the industry.

The additional hurdles Scottish producers face in relation to the rest of the UK and the global market are familiar to any other industry: small scale of industry; small domestic market; additional distance to travel to market; consequent lack of industry profile; lack of domestic sources of investment; exporting talent due to lack of opportunities at home.

As a result of hard work over the years, and reflecting the UK industry as a whole, there is a much better established group of TV production companies, but there is still a distinct split between film and TV production, with little cross-fertilisation.

As in the rest of the UK, Scotland has more of a TV industry than a film industry, but film commands a disproportionate amount of media and public attention, which has positive as well as negative effects. This is true of most countries, particularly European ones, who pride themselves on their indigenous film industries, and create structures to invest in them accordingly.

#### **Current provision:**

The current structure of Scottish Screen is too identified with granting financial investment in individual film productions (which is the public and industry perception despite the good work it does in exhibition, training and film archiving). While there have been notable individual film successes backed by Scottish Screen, being so film-identified means that it is missing an opportunity to provide a lead across the screen industry, creating a void where a coherent cross-industry screen policy should be to capitalise on the potential of all types of screen production in Scotland, and allowing the industry to continue to be fragmented.

#### **The way forward:**

Scotland's screen agency should be looking for ways to maximise the potential of Scotland's screen production industry, both working within existing UK-wide broadcasting and film policy, and where necessary, proposing and lobbying for favourable structures to support Scottish producers, and to help level the playing field for them in relation to the rest of the UK, and beyond.

This may mean shaking off some of the old assumptions, for example that TV production should not be given public support; that the screen agency should have an editorial role in project decision making; that film production and TV production are very separate activities; that producers should not earn incomes in development or revenues from their films until all other investors have recouped and gone into profit.

#### **Proposed measures:**

***The screen agency should be empowered to put simple and automatic measures into place to level the playing field for Scottish-based producers.***

***The screen agency should form a co-production strategy for Scotland, to benefit domestic producers.***

For example, Scotland is a popular destination for international and London-based film makers; these film makers should be encouraged to form working partnerships with Scottish-based producers, by making a condition of financing or local support being working through a local co-producer. (Or at least, making a higher proportion of support available through a Scottish producer, e.g. 20% rather than 10% of budget.) Every other national body makes this a condition of support, from Scandinavia to Australia. Such a policy would have the immediate benefit of providing work and experience for Scottish producers, as well as having the long-term aim of building experience and ongoing production relationships.

***The screen agency should develop a system of automatic production and development support.***

Rather than setting itself up as yet another editorial gate-keeper (creating enemies for itself at every awards round and critics among the film-making community), the agency could devise a system linked to international market criteria. If a producer can demonstrate he or she has committed matched finance for a development or production project, they should be able to automatically claim the relevant proportion of finance from the Scottish agency.

This would not necessarily mean more money being given out, it may, in fact, reduce the amount of money, as the matching funds would have to be actually attached, rather than notionally attached, as is the case in many currently supported projects. This would also mean a much higher "conversion rate" from development to production, rather than money being tied up in projects which struggle over years without closing finance.

This proposal would run alongside, and not eclipse, opportunities for emergent and new film makers to access levels of support for short and low-budget film production.

***Create a recoupment corridor to benefit Scottish-based producers.***

This would create a further specific advantage for Scottish producers, and would represent a significant ongoing income which would make a substantial difference to the financial health of these small companies, as well as a real added incentive to make commercial choices. For example, having a 10% corridor from first dollar of a £500k investment from the Scottish agency would yield £50k if the film recouped - so everyone shares in success.

***Create an investment fund for certain types of TV production***

For example high-end drama or feature documentaries. It can cost around £250k for a one off film, or 10% more per episode, to set a production away from the centres of production, which can be a disincentive for productions being set in Scotland. Setting up a fund, again to be accessed through specifically Scottish-based production companies would encourage production activity in Scotland, with consequent benefits.

***Create a company support scheme to encourage cross-fertilisation between film and TV production companies***

This could encourage TV production companies to expand into features, and TV and film companies to join forces. This would support the growth ambitions of each sector, and encourage a move away from one-man-band operations duplicating premises and staff etc.

These are example policies. Pact believes that the principle should be that the screen agency moves towards being an industry-wide, strategic leadership body, engaging with its clients and other industry bodies in a collaborative approach, and away from being a film-identified body defined by the individual projects it supports.

In order to succeed, the agency would require the support of the Scottish Executive and the industry, for a broad programme of financial measures and strategic policies to create the climate for Scotland to have the screen industry its talent and people deserve.