

## The Film Industry and Scottish Independence



*Admittedly this blog rarely deals with film policy, but film is an important part of the creative industries and audiovisual media sector. In this post, University of Glasgow Professor and Visiting Professor at LSE **Philip Schlesinger**, comments on the implications of a potential Scottish independence for the nation's struggling film industry.*

Last November, the Scottish Government published *Scotland's Future* – its White Paper on independence. Although considerable attention has been devoted to broadcasting, very little indeed has been given to film.

It is very timely, therefore, that the first ever conference convened to discuss independence and the **future of film in Scotland** was held in Glasgow on 15 February. The well-tempered and wide-ranging debate revealed present shortcomings in policy debate and implementation. My comments here draw on my contribution as a panelist at that event.

### Losing the regional competition

A mere two days after the Glasgow talk-fest came the announcement that Pinewood Studios **were setting up** a major operation in Cardiff.

Given the competitive regionalism that characterises the quest to capture the creative industries to boost local economies, many would judge that Scotland has lost out to Wales. Setting up a major studio has been on the policy agenda since the late 1990s and was once again raised by the leading film producer, Iain Smith, at the Glasgow conference. How to deepen and extend Scotland's production capacity has been a hardy perennial of debate. The possibility of independence has thrown the question of Scotland's capacities into sharper relief. What is missing is a credible plan.

Currently, the Scottish Government's policy is encapsulated in one paragraph:

“We will ... encourage inward investment in film and television production in Scotland, and use our new overseas network to promote Scotland as a location for film and television production. We plan to continue the existing fiscal incentives for such production, and, within the first term of an independent Scottish parliament, we propose to look at ways to encourage further development in the sector, through incentives, infrastructural investment and support for development, skills and training.” (*Scotland's Future*, 2013, p.320)

If the White Paper doesn't have it, where can we find a Scottish film policy? Possible options have been outlined in *The Review of Film Policy in Scotland*, commissioned by the national cultural agency, Creative Scotland, and published on 23 January 2014.

This has covered many of the most pressing issues, including consumption, production, education, employment and enterprise and public support.

While the Scottish Government has not commented on the review so far, Creative Scotland has committed itself to publishing an 'effective strategy' on film this June.

### Creative Scotland's role



To date, Creative Scotland's role in film policy is not widely regarded as successful. Formed in July 2010, Creative Scotland amalgamated the Scottish Arts Council and Scottish Screen. The latter was the UK's first agency devised to combine the cultural and industrial dimensions of film policy. Creative Scotland's wider remit has led to a loss of focus on film, which is still to be retrieved.

The *Review of Film Policy* consultants came as near as they dared to calling for a break-up of Creative Scotland. They proposed the reinvention of something very like Scottish Screen – what they call a 'screen-focused public agency' – to be set up within the existing national body.

While mooted change in the support landscape tends to set the heather alight north of the border, in fact it really is a sideshow to the independence debate, as it does not address the fundamentals of public film finance.

### Tax relief at risk?

The UK's biggest public spend on film comes from the tax relief given to what are called British Qualifying Films. This tax break is a rebate on production expenditure – and amounts to nearly 60% of public funding for films throughout the UK (most, of course, concentrated in London and the south-east of England).

If Scottish filmmakers find that, post-independence, their companies are no longer in the UK, the present tax break would not be available. The Scottish Government would therefore need to substitute another in order to maintain parity of competition. *Scotland's Future* does touch on a continuing fiscal incentive. Might a Scottish variant be more favourable to producers to incentivise greater production in the country and attract inward investment?

To be a British Qualifying Film, a production has to pass the Cultural Test recognized by the European Commission. As the British Film Institute explains:

To apply for **the cultural test**, there must be one film production company (FPC) that is registered with Companies House and within the UK corporation tax net.

This underlines the potential problems faced by a post-independence Scottish production company that is not subject to UK corporation tax.


### And EU and lottery funding?

Scotland's relationship to the European Union is also relevant for film policy. President of the European Commission José Manuel Barroso's far-fetched contention that Scotland would find it well nigh impossible to join has been **properly questioned**.

That said, any delays in Scotland's transition to membership could mean a hiatus in benefit from the **Creative Europe** initiative through which European co-productions are financed.

This has been an important source of funding for Scottish film producers.

*Scotland's Future* also says the Scottish Government intends to stay with the National Lottery run by Camelot. This assumes that creating a new state will not disrupt the present arrangement. UK-wide, 14% of film funding comes from the Lottery, a proportion of which is paid to Creative Scotland, a recognized distributor of funds to the arts and film. The future of National Lottery funding in the event of independence is already privately preoccupying Creative Scotland.

That the prospect of independence has tapped into reservoirs of idealism and enthusiasm was more than evident at the Glasgow film conference. But these do not obviate the need to ask about the future of public finance, nor indeed whether devolved Scotland is presently sufficiently **fleet of foot** in film policy. Creative Scotland had best not tarry in formulating its 'effective strategy' 

*This article gives the views of the author, and does not represent the position of the LSE Media Policy Project blog, nor of the London School of Economics.*

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