

Written evidence submitted by Creative Scotland

Introduction

Creative Scotland is the public body that supports the arts, screen and creative industries across all parts of Scotland on behalf of everyone who lives, works or visits here.

We enable people and organisations to work in and experience the arts, screen and creative industries in Scotland by helping others to develop great ideas and bring them to life.

We distribute funding from the Scottish Government and The National Lottery.

Screen Scotland sits within Creative Scotland and is a partnership with Scottish Enterprise, Highlands and Islands Enterprise, Skills Development Scotland, Scottish Funding Council, with funding from the Scottish Government and the National Lottery.

Screen Scotland is leading the growth of the sector through increased funding and support for film and television production, an increase in specialist staff and further investment in skills, festivals, audiences and education.

Covid-19 Overview of Impact

Creative Scotland is collating information on an ongoing basis, gathering information from funded organisations and drawing on consultation and research undertaken by sector partners.

Please accept the following as an initial contribution to the Committee's inquiry into the impact of Covid-19.

General

Given the speed and scale of change we are currently experiencing, it is not possible to predict outcomes with absolute certainty. A more detailed analysis is currently being compiled however the following provides an indication of the impact and need known to date.

The immediate impact is now widely evident and includes:

- A significant loss of income for individual artists and creative practitioners causing immediate financial hardship, loss of employment opportunities and impacting on their emotional wellbeing
- Significant short-term operational implications for organisations which have limited or completely stopped activity
- Long term implications for the future of organisations, the livelihoods of individuals who work with them and resultant impact on the audiences and broader communities they serve

- The closure of venues and the postponement or cancellation of activity, including television and film production and major cultural events
- An instant and often extensive loss of income for people and businesses across the arts, screen and creative industries.

While the funding measures mentioned earlier will be supportive, the scale of the impact now and in the coming months questions the sustainability of many creative businesses. This includes many charities which rely on significant levels of earned income through, for example, ticket sales.

With uncertainty on when social-distancing measures will be fully eased and whether restrictions may be reintroduced; the length of time that remedial Government measures will be retained; and the extent to which the public will be willing to congregate in venues and public spaces, the context is extremely challenging. Without additional support, many people and organisations working in the creative sector will no longer be able to continue. This will have a profound effect on cultural and tourism activity, the economy, employment, and more broadly, the life and wellbeing of people across Scotland.

Impact on Creative Scotland funded organisations

Many organisations we are in contact with indicate they are facing temporary (or potentially permanent) closure of facilities and the cancellation or postponement of events, festivals and tours. Where activity is still scheduled to take place later in the year, changes to formats are likely. We understand public funders are honouring current funding agreements and it is hoped that committed sources of income from other funders, trusts, foundations and donors and sponsors will be maintained at projected levels.

The mixed funding model operated by cultural organisations nevertheless relies heavily on earned income, including ticket revenue, venue services such as cafes or shops, and fees paid for education and outreach activities. While it has been possible for a number of organisations to present some activity online, this is typically free to access, whilst costing to deliver.

A significant number of organisations at risk include established venues, production facilities and event organisers. These have long formed part of civic life, providing much of the infrastructure for artists and creative practitioners and the core cultural programming available within their respective localities.

We are seeing similar impacts from the loss of project income to organisations in regular receipt of our project funding.

Impact on creative sectors

The Office of National Statistics has reported that over 80% of the Arts, Entertainment and Recreation sector has reported temporary closure or a pause in trading. This is the largest percentage of all sectors of the economy.

For the first time in over 70 years, the five August Edinburgh festivals will not take place. Together, these festivals comprise over 5,000 events across Scotland's capital each summer, welcoming audiences of 4.4 million and over 25,000 artists, writers and performers from 70 countries. The most recent economic impact assessment of the festivals measured economic impact at £280m in Edinburgh and £313m in Scotland.

Impact on individuals working as freelancers

These concerns are common to applicants to Creative Scotland's Bridging Bursaries, who report facing a number of significant challenges, primarily:

- a sudden and unexpected cancellation of their work
- the closure of venues they perform in
- the closing of buildings where they normally use facilities
- the cessation of ability to travel and tour
- the cancellation and/or postponement of festivals
- an inability to continue teaching
- the absence of new commissions.

Key concerns articulated through the Bridging Bursaries feedback include:

- Immediate concerns for those applying are maintenance of rent/mortgage payments, paying bills as well as looking after children and family members.
- In many cases, income comes entirely or mostly from freelance work. In cases where freelancers make up part of their income with other work, this has often also ceased - many applicants document teaching or retail and hospitality work as secondary income. Furthermore, freelance work can be on short or temporary contracts resulting in the loss of multiple sources of income at once.
- Loss of income from cancellation or postponement of work can also be compounded for freelancers from inability to earn income from merchandise from live events or touring.
- 24% of applicants have also applied for other sources of Covid-19 related financial support. In some cases, applicants have noted that their immediate income needs and/or loss of income is greater than the £2,500 maximum threshold of the Bridging Bursary.
- 47% of applicants are ineligible for self-employment income support. In many cases, the reason cited is that self-employed income is not as much as 50% of income, are not currently registered as self-employed, or have not been self-employed for a long enough period.
- The difficulties faced by self-employed artists and freelancers were further stressed via the Creative Scotland enquiries service. There is a perception that self-employed freelancers are being penalised as a result of the type of work balance they have, as they may not qualify for Government support.
- In the screen sector, although project development can be continued during lockdown, some writers and producers have raised the issue of lack of income for other freelance work, and therefore appreciate the introduction of the bridging bursaries. A number of projects are dependent on the resilience of production companies in the short-medium term.

Film and Television Production

Film and television production in Scotland has all but ceased since the start of lockdown. Across the UK it is estimated that at least £1billion of production work is on hold across the film and television sector.

¹ Projects commissioned and produced by Scotland based producers during lockdown include Glasgow indie Red Sky's *Socially Distant with Susan Calman* and Raise the Roof's *Kirstie: Keep Crafting and Carry On*.

Broadcasters have continued to produce news and related current affairs programmes and some reactive/lockdown-compliant programmes or series have been commissioned by both the BBC and C4 from independent producers based in Scotland¹ but the overwhelming majority of projects that were scheduled to have been filmed during the period March to September 2020 have been postponed. All location shoots for incoming productions overseen by our Screen Commission have been delayed until further notice, with the majority planning for a production restart no sooner than September 2020.

As a result of the suspension of production, the majority of film and TV production personnel have been furloughed or released.

The prospects for recovery of production activity across film and television are good but there are factors that need to be resolved, specifically health and safety protocols and insurance provision for productions.

Screen Scotland has participated in the BFI coordinated Screen Sector Taskforce (the SSTF) alongside the British Film Commission, PACT, the UK broadcasters, the relevant unions and trade organisations. The SSTF is focused on these factors:

- Implementation of new health and safety guidelines/production protocols
- Insurance cover for productions, given no new cover will include COVID 19
- Examination of fiscal incentives to build recovery and support sustainability.

Screen Scotland worked with the Scottish production community to coordinate sector feedback from Scotland on the draft health and safety protocols developed by the SSTF (for film and "High End TV") and broadcasters (for the majority of television production across the UK). The Scottish Government has been kept informed across these parallel processes.

ITV, BBC, Sky, Channel 4, Channel 5, STV, ITN, the Association for Commercial Broadcasters and On-Demand Services (COBA), and Pact have joined forces to introduce new industry wide guidelines for producing television safely in the weeks and months ahead. The guidelines are intended to provide a return to production protocols for the television industry.

This guidance covers the broad range and scale of all TV programme making in every genre and is complementary to the forthcoming British Film Commission guidance on managing the risks associated with film and high-end TV drama production. These were [published](#) earlier this month.

While these new protocols are essential, it is estimated that they could add to production costs across film and television. With the margins on production for much of television already small, this may impact the viability of some forms of production.

The impact of the collapse in the UK economy on the television advertising market and, in turn, commissioning budgets of the UK's commercial public sector broadcasters (detailed below) will, combined with the sector wide impact of Covid-19, impact on sector growth in 2020 and 2021.

Film and Television Development

Development activity is impacted by the loss of revenue from production and the loss of staff to furlough. That said, it remains viable and is what most Scotland based producers are focused on.

Production companies across Scotland's screen sector have refocused their efforts onto the development of new projects in preparation for the easing of restrictions on work/movement and the restart in commissioning by the UK's broadcasters. This means they are actively devising and developing new ideas, engaging with potential commissioners (television) or investors/buyers (film), scheduling and budgeting within the limits of available knowledge around the easing of restrictions.

Development of new ideas is ongoing and an essential precursor to the overall recovery of the screen production sector. There is evidence of market failure as both commissioning broadcasters and distributors/commercial funding sources move to protect their own capital reserves. The commercial PSBs (ITV/STV, C5 and particularly Channel 4) have indicated they do not currently have the resources to fund development for TV at pre Covid-19 levels.

Broadcasting

The impact on broadcasters has been considerable, with the loss of scheduled events that populate the schedule in normal times and revenue both impacting the BBC and commercial PSBs.

The BBC continues to face significant financial pressures as a result of the combination of the collapse in the economy, the Corporation's decision to delay the reintroduction of License Fee charges for the over 75s, and the UK Government's debate around decriminalization of non-payment of the License Fee. This has led to speculation about the reduction or closing of some services, with BBC Four currently the subject of industry concern. BBC Four is a particularly valuable source of commissions for independent producers based in the UK's nations.

Broadcasters will be dependent on:

- continued supply of programming that engages audiences, a particular challenge for the terrestrial broadcasters given the increased penetration of VOD/SVOD suppliers (Disney+ and Netflix in particular but also Sky/Now and Virgin)
- improvement in the economy broadly and in advertising spend for television; and
- most significantly for the Scottish production sector, stability in the BBC's finances. The BBC's centrality to the strength and resilience of the production ecology across the UK has been reinforced by the impact of Covid-19.

Screen Scotland's continued support for development has been widely welcomed by the broadcast sector, which requires a continuous supply of new programme ideas but currently does not have the resources they would normally have to invest in development.

Cinema and Exhibition

Since lockdown, all cinemas in the UK have closed. All film festival activity has also ceased or moved online (where monetization potential is greatly restricted for festivals which rely on audiences buying tickets or passes). In line with BFI's Research and Statistics Unit figures and comScore data, Screen Scotland's Knowledge and Research team have estimated Scottish cinemas are losing over £250,000 (in aggregate) of box office revenue per day.

Screen Scotland has honored all of its grants to the cultural exhibition sector (cinemas and film festivals).

As with the production sector the reopening of the cinemas/exhibition sector in Scotland is initially dependent on two factors:

- Implementation of new health and safety guidelines/protocols; and
- Insurance cover, given no new cover will include Covid-19.

Screen Scotland is working within the BFI coordinated Screen Sector Task Force to:

- Track public sentiment around cinema-going, by demographics
- Develop a 'back to cinema' marketing and promotion campaign
- Draw up a safeguarding protocol for the reopening of cinemas in general but cultural cinemas in particular. A draft of this protocol entitled "Back to Cinema" was provided to the Scottish Government on 8th May.

As with film and television production the sector anticipates new safe-guarding measures will add significantly to cinema operating costs. This increase in costs for cinemas will occur alongside an anticipated 70-80% cut to income. Viability of the exhibition cultural cinema sector, which is reliant to a greater degree than commercial cinemas on older patrons, will require public sector support that extends beyond the end of lockdown and restrictions on social contact in general. The sector will also rely on furloughing to maintain its workforce beyond the easing of these restrictions.