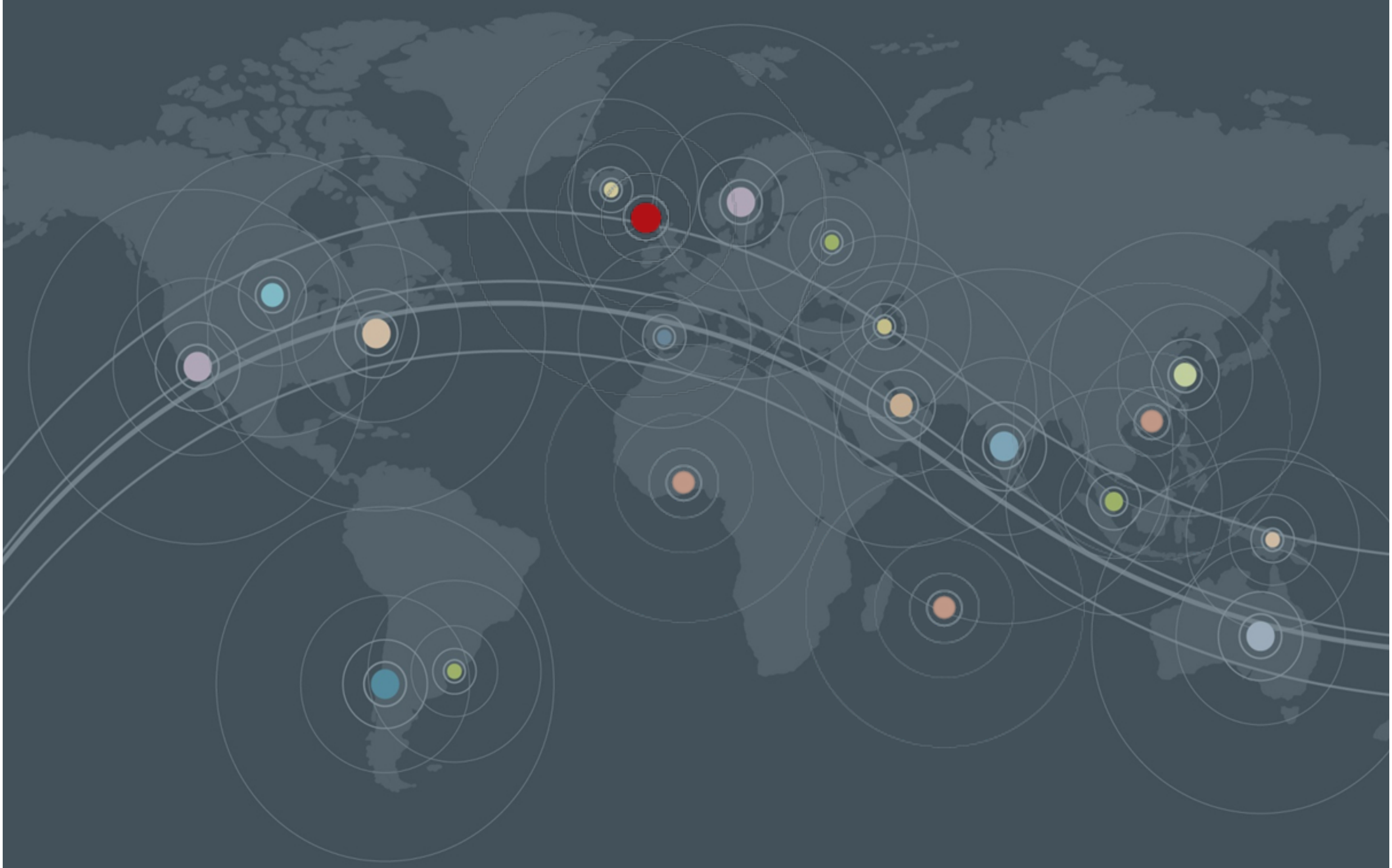
The Impact of MG ALBA's Production Investments

Report presented to MG ALBA and Highlands and Islands Enterprise by Olsberg•SPI



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1. EXECUTIVE SUMMARY

1.1. Objectives of the Study

This is the final report in Olsberg•SPI's evaluation of the cultural and economic impact of MG ALBA, and has been independently conducted over the past few months, leveraging a mixture of desk research, economic evaluation, and confidential consultations.

1.2. Economic Impact of MG ALBA

Over the last year, the direct impact of MG ALBA's operations have generated:

- 71.1 Full Time Equivalent jobs (FTEs) in total in Scotland, with 44.2 of these in the Western Isles and Skye, 4.6 in the rest of the Highlands and Islands, and 22.3 in the rest of the country;[1]
- £2.29 million in income in Scotland, with £1.32 million of this captured in the Western Isles and Skye, and £137,000 in the rest of the Highlands and Islands; and,
- £1.79 million in additional economic activity (Gross Value Added, or GVA) in Scotland, with £845,000 of this in the Western Isles and Skye, and £159,000 in the rest of the Highlands and Islands.[2]

MG ALBA's investments in independent production, meanwhile, have generated:

- 214.4 FTEs in total in Scotland, with 65.3 of these in the Western Isles and Skye, and 146.8 in the rest of the country;[3]
- £6.28 million in income in Scotland, with £1.77 million of this captured in the Western Isles and Skye; and,
- £10.4 million in additional economic activity (GVA) in Scotland, with £3.06 million of this in the Western Isles and Skye.

1.3. Future Economic Impact

Reflecting the lower investments MG ALBA will be making this year, on the basis of a smaller budget, the direct impact of MG ALBA's operations in 2016-17 are estimated at:

- 63.4 FTEs in total in Scotland, with 38.5 of these in the Western Isles and Skye, 4.5 in the rest of the Highlands and Islands, and 20.3 in the rest of the country;
- £2.06 million in income in Scotland, with £1.16 million of this captured in the Western Isles and Skye, and £137,000 in the rest of the Highlands and Islands; and,
- £2.01 million in additional economic activity (GVA) in Scotland, with £961,000 of this in the Western Isles and Skye, and £195,000 in the rest of the Highlands and Islands.

MG ALBA's investments in independent production, meanwhile, have generated:

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[1] FTEs are a measure which indicates the workload of an employed person in a comparable way, where 1 FTE is equivalent to one year of full-time work or study (2,080 hours in Europe)

2 GVA is an economic measure of the value of goods and services produced in an area, industry, or sector of the economy; no direct GVA is applicable in this case, as MG ALBA's income is government derived, hence all GVA is derived from supplier and third-party economic activity

[3] The greater share of work for the rest of Scotland is reflective of the Central Belt bias of the Scottish independent production sector

- 181.1 FTEs in total in Scotland, with 57.4 of these in the Western Isles and Skye, and 123.7 in the rest of the country;
- £5.48 million in income in Scotland, with £1.58 million of this captured in the Western Isles and Skye; and,
- £9.1 million in additional economic activity (GVA) in Scotland, with £2.74 million of this in the Western Isles and Skye.

1.4. *Bannan* and *Katie Morag*

Bannan is a television drama series which has been produced on Skye over the last few years, delivering 18 episodes over this period. As with a number of dramas in other comparable territories, such investment serves to underpin the career development of those looking to enter the sector, providing a baseline of work for emerging talent.

This has been the particular role which *Bannan* has taken, with Young Productions developing a range of talent, and utilising the facilities at Sabhal Mòr Ostaig, providing human capital to add to the physical facility. That such talent can be of value beyond the Gaelic-language sector is demonstrated by the multi award-winning CBeebies production, *Katie Morag*, which has shot 39 episodes on Lewis, utilising both the physical studios built by MG ALBA, and the talent their investment has developed.

Such inbound production helps to ensure the ongoing success of a cluster, supporting the employment of those who work in the sector, even where their primary language is Gaelic. As such, the sector – properly developed – can attract a range of productions, generating downstream impacts in areas like tourism, and supporting the Gaelic-language sector by ensuring a viable production sector in the Highlands and Islands.

1.5. Gaelic as an Asset

The 2014 Highlands and Islands Enterprise report, *Ar Stòras Gàidhlig*, underlines the wider value which the Gaelic language has for Scotland and the Scots. It shows that 57,375 speak the language with a degree of fluency, with 87,000 Scots in total having some knowledge of the language. Beyond this core, however, the Gaelic language evidences strong goodwill in the Scottish population, with an increasingly-recognised range of benefits, extending beyond the traditional Gàidhealtachd.

Culture and the Arts are a particular repository of the value which the Gaelic-language sector generates, and the impact of MG ALBA within this can be significant. As a service which brings this cultural content to a wider audience, consultees highlighted that the channel helps to broaden the audience for Gaelic culture in a way which no other can, even in the age of social media. Indeed, these productions go far beyond the core, Gaelic-speaking constituency of the channel, helping to deliver a vision of Scotland and Scottish culture which many had not seen before, aiding the Scottish people to understand their own nation.

In order to maximise this value, however, a change to the funding settlement for the service is recommended. By ensuring a long-term, stable funding structure, MG ALBA will be able to make the long-term plans and investments which will also stimulate complementary private investments, which the current structure has inhibited given the lack of certainty of return. To address this, consultees suggested a longer, larger funding settlement – perhaps 1.5 to 2 times the current volume – be adopted.

2. INTRODUCTION

This document represents the final report in Olsberg•SPI's evaluation of the impact of MG ALBA, and contains the final economic and cultural conclusions of this study. It has been developed following a detailed period of desk research, and consultations with stakeholders in the production and Gaelic language sectors in Scotland.

The following chapters will demonstrate:

- What the economic impacts of MG ALBA's direct production spending and investment have been in the last year (2015-16);
- How these are expected to change in the next year (2016-17);
- What this looks like in reality, through two case studies: BBC ALBA's *Bannan*, and CBeebies' *Katie Morag*; and,
- How the activities of MG ALBA have contributed to the value of Gaelic as an asset.

3. ECONOMIC IMPACT

This chapter outlines the economic impact of MG ALBA's operations over the last full year, by reference to the FTE Jobs, Income, and GVA generated. It does this in two parts, firstly covering MG ALBA's direct operations, and then its spending on independent production.

3.1. MG ALBA's Operations[4]

3.1.1. FTEs

	Western Isles and Skye	Other Highlands and Islands	Other Scotland	Scotland
Direct	26.0	1.0	6.0	33.0
Indirect	16.1	2.4	10.4	28.9
Induced	2.1	1.2	5.8	9.1
Total	**44.2**	**4.6**	**22.3**	**71.1**

Source: Olsberg•SPI estimates based on data from MG ALBA, Scottish Government input-output tables and ONS.

Our estimation of the jobs impact of MG ALBA's operations in 2015-16 shows that, across Scotland, they are responsible for a total of 71.1 FTE jobs.[5] This has been derived from an analysis of spend data provided by the organisation, together with additional data from the Scottish Government and the ONS.

The majority of these are in the Western Isles and Skye region, with a total of 26 directly-employed staff employed on a full time basis.

3.1.2. Income

	Western Isles and Skye	Other Highlands and Islands	Other Scotland	Scotland
Direct	790,134	42,218	367,459	1,199,811
Indirect	467,886	60,740	273,384	802,009
Induced	63,090	34,415	189,329	286,834
Total	**1,321,110**	**137,372**	**830,171**	**2,288,653**

Source: Olsberg•SPI estimates based on data from MG ALBA, Scottish Government input-output tables and ONS.

The total outlay of MG ALBA on direct operations generates total incomes of £2.3 million across Scotland, with the Western Isles and Skye region again being the predominant beneficiary at £1.3 million, direct and indirect.

These data imply an average income per FTE in the Western Isles and Skye region of just under £30,000 as a result of MG ALBA's direct operations – this compares well to the median wage in Eilean Siar, of just over £24,600.[6] This underlines the high value added nature of the

[4] In general, the estimates for MG ALBA's **operations** were derived using the same methodology as in the March 2015 report (see the Appendix to that report) with one exception. In the 2015 report, the calculations of the "subsequent effects" were based on the assumption that the rate of in-region retention of purchases of goods and services was uniform across all industries (35% for Western Isles and Skye, 50% for Highlands and Islands) (see Appendix.2.1 of the March 2015 report). This updated analysis is based on an economic impact model that incorporates rates of retention that vary from industry to industry for each region

[5] FTE Jobs are used given the freelance nature of the work conducted by most film and TV production companies – by bringing this into a common vocabulary, it allows comparability between this sector and other, full time employment

[6] Scottish Parliament Information Centre, *Earnings in Scotland 2015* (December 2015); as median wages are provided by this report rather than mean, Eilean Siar is used as a proxy for the Western Isles and Skye region

work undertaken by MG ALBA, which provides a significant economic contribution to the islands, as these wages are re-spent in the region, generating a further £530,000 in salaries at supplier and third-party industries.

3.1.3. GVA

	Western Isles and Skye	Other Highlands and Islands	Other Scotland	Scotland
Direct[7]	0	0	0	0
Indirect	740,011	99,503	460,973	1,300,487
Induced	105,454	59,458	323,893	488,804
Total	**845,465**	**158,960**	**784,866**	**1,789,291**

Source: Olsberg•SPI estimates based on data from MG ALBA, Scottish Government input-output tables and ONS.

This spending generated an economic contribution to Scotland of £1.8 million, with £845,465 of this retained in the Western Isles and Skye. Such GVA represents additional economic activity which would not have occurred had MG ALBA's work not been undertaken during 2015-16.

3.2. MG ALBA's Production Spending

3.2.1. Overview

Genre	2015/16 Spend
Factual	2,966,591
Sport	2,075,200
Drama	1,468,999
Entertainment	1,153,597
Music & Arts	1,053,900
Childrens	644,880
Dubbed Animation	534,099
Sports Rights	339,666
Comedy	126,000
Religion	31,000
Total	***10,393,932***

In 2015-16, MG ALBA spent £10.4 million in commissioning productions from independent production companies. This is spent across a variety of areas, reflecting the diverse interests of the channel's viewership, and the need to attract non-Gaelic speaking viewers with a wide range of attractive programming.

3.2.2. FTEs

	Western Isles and Skye	Other Highlands and Islands	Other Scotland	Scotland
Direct	33.5	0.0	58.4	87.2
Indirect	26.2	0.0	68.5	100.3
Induced	5.6	0.0	19.8	27.0
Total	**65.3**	**0.0**	**146.8**	**214.4**

Source: Olsberg•SPI estimates based on data from MG ALBA, Scottish Government input-output tables and ONS.

[7] As MG ALBA's income is derived directly from government, direct GVA is not applicable

This programme spending generated an additional 214.4 FTEs of employment over the period, with the majority of these being outside the Highlands and Western Isles and Skye region. Such a distribution of employment reflects the fact that the majority of independent production companies in Scotland are based in the Central Belt, particularly in Glasgow.

Of the total job creation as a result of the production investments, 65.3 FTEs were generated within the Western Isles and Skye region. Adding these to the 44.2 created directly by MG ALBA shows that a total of 109.5 FTE jobs were supported as a result of the company's direct spending and production investments, both directly and indirectly in 2015-16.

Across Scotland as a whole, MG ALBA's direct and production spending generated 285.6 FTEs of employment over the period studied.

3.2.3. Income

	Western Isles and Skye	Other Highlands and Islands	Other Scotland	Scotland
Direct	938,386	0	2,006,035	2,832,030
Indirect	706,948	0	1,957,777	2,810,348
Induced	121,173	0	480,174	642,369
Total	**1,766,507**	**0**	**4,443,986**	**6,284,747**

Source: Olsberg•SPI estimates based on data from MG ALBA, Scottish Government input-output tables and ONS.

Income generated by MG ALBA's independent production spending totalled £6.3 million over the period, with £1.77 million (28%) of this being generated within the Western Isles and Skye region.

This shows that the FTE jobs created or supported by MG ALBA's independent production spend in the Western Isles and Skye region had an average salary of just over £27,000, which as with the direct MG ALBA production spend, is higher than the median salary of £24,600 for Eilean Siar.

3.2.4. GVA

	Western Isles and Skye	Other Highlands and Islands	Other Scotland	Scotland
Direct	1,571,528	0	2,976,289	4,339,055
Indirect	1,127,496	0	3,056,956	4,366,389
Induced	356,400	0	1,294,269	1,731,726
Total	**3,055,423**	**0**	**7,327,514**	**10,437,171**

Source: Olsberg•SPI estimates based on data from MG ALBA, Scottish Government input-output tables and ONS.

GVA generated as a result of MG ALBA's independent production spending totalled £10.4 million over the period, with just under 30% of this being generated within the Western Isles and Skye region.

When this is added to the £854,000 in GVA generated though the indirect and induced impacts of MG ALBA's direct production spending, it generates a total of £3.91 million in additional economic activity in the Western Isles and Skye for 2015-16 which would not have occurred without the channel's activities.

Across Scotland as a whole, this amounts to £12.55 million in economic activity which would not have otherwise occurred.

3.3. Comparing this with the Central Belt

In order to contextualise these figures, SPI has undertaken a scaling exercise to identify the impact of MG ALBA's direct and independent production activities, had these been undertaken in the Central Belt region. This has taken the form of a comparison of the employment and wages which exist in the Western Isles and Skye, and the Central Belt respectively, to underline the scale of the impact generated for the local economy by MG ALBA.

We have identified the population of the Western Isles and Skye in 2015 as being 37,078, compared to the counties commonly identified as being part of the Central Belt whose population is 3,717,520.[8] This underlines the scale of impact MG ALBA has had in the Highlands and Islands region, as the 114.4 FTE jobs created in Eilean Siar and Skye by its activity would be equivalent to just under 11,000 in the Central Belt.

Similarly, the GVA impact in the Highlands and Western Isles and Skye (£4,075,491) would require £540 million additional economic value to have the same scale of impact in the Central Belt.[9] The equivalent value of wages generated in the H&I region (£3,229,032) would be £428 million for the Central Belt.

Together these figures underline the strong economic impact of MG ALBA, given the scale of the economy in the region they predominantly serve. While the overall numbers are relatively small in the context of the overall Scottish economy, they are incredibly important in the context of the economy in which the service primarily operates.

[8] Data from the National Records of Scotland; regions included within this calculation are Inverclyde; Renfrewshire; East and West Dunbartonshire; Glasgow City; East Renfrewshire; North and South Lanarkshire; Falkirk; East and West Lothian; Edinburgh City; Midlothian; North, South and East Ayrshire; Fife; and Dundee

[9] GVA figures calculated by reference to ONS NUTS 3 data, scaled for population where these regions did not align with our Central Belt counties; as this GVA figure is wage-derived, the same scaling factor was used for wages

4. CASE STUDY – *BANNAN*

In order to demonstrate what the impact of this investment is in practice, SPI has generated two case studies of productions which have filmed in the Skye or Eilean Siar regions. The first of these, *Bannan*, is a Gaelic-language drama, which has been produced on Skye since 2014.

4.1. Overview

Bannan is a drama series which serves well to exemplify the opportunities and challenges facing MG ALBA-commissioned productions, as well as the distinct nature of this content. Made on a budget of approximately £400,000 per episode, the programme is simultaneously expensive by the standards of the service on which it airs, and very low budget by comparison with the dramas with which the audience are likely to compare it. This reflects the fact that the average drama now costs around £1.1 million per episode, with prices having been increased by the introduction of the HETV Tax Relief in 2014, and the price pressure due to the relative shortage of crew in the UK.

As a piece of television *Bannan* is, as with many MG ALBA pieces, of its area – leveraging the cultural and geographical aspects of the Gaelic language area to tell the story. In this, it is very different from any English-language content in the same position; both the linguistic and cultural distinctiveness gives the programme a specific place in the international sales market, though the results of this will not be known for some time.

The fact that the series has now reached 18 episodes broadcast or in production will aid this, as it is something of a threshold for international buyers. This is reflected in the fact that the production has now appointed a sales agent, DRG, who will take the programme to market.

4.2. The Role of Drama

Bannan serves a range of roles for MG ALBA – in common with other drama productions, for example the soaps *Pobol y Cwm* for S4C and *Ros na Rún* for TG, it provides a training ground for content makers in a minority language. In comparable markets, such serial drama production plays a vital role in underpinning the skills and talent development in the market, a factor which can be seen clearly in the Welsh market. Here, *Pobol y Cwm* and the English-language *Casualty* operate to get people into the entry level of the sector, graduating these into higher-budget content, such as *Doctor Who*, *Da Vinci's Demons*, and *His Dark Materials*, all of which film in the Cardiff Bay region.

For *Bannan*, this underlying aim has been magnified by the structure of the production, which has taking a long-run approach to the creation of each episode, taking more time for the production than would ordinarily be required to support the development of new talent. Much of this cast and crew has had to be developed from the ground up, given the desire of the production team to ensure the crew all speak Gaelic, without which they would have difficulty following the action on screen, even if they were technically competent.

This structure saw the production work over three years, with the specific aim of increasing the capability of the sector – key staff in production departments were trained to work in Gaelic, which is necessary to support the long-term development of an indigenous-language industry. Alongside this, entry-level crew were brought in and trained to work on the production, increasing the availability of skills in the sector more generally.

In doing this, *Bannan* has helped to develop a production sector in Skye which other projects – both Gaelic and English language – can leverage; this is similar to the development which was successfully leveraged by *Katie Morag* (see chapter 7, below).

4.3. Utilising Other Investments

Aside from the development of a larger production base on Skye, this investment has served to bring together the cluster which has been developed at Sabhal Mòr Ostaig, providing human capital to add to the physical facility. Such a combination helps to maximise the value of the production investment – *Bannan* has the potential to generate downstream sales now the number of episodes has reached a sufficient level, while it has also built a base of talent which other inbound projects can utilise.

Ongoing investment in production is, however, required to capitalise on this, reflecting the need to generate an underlying level of production to ensure that the skills and talent being developed can remain on Skye, rather than having to move to the mainland for work. As we note, serial drama is a common way to do this in other markets, and though both the Irish and Welsh examples noted are soap operas, in other regions higher-end returning drama takes the same role.

An example of this is Bristol, where a combination of high-end drama like *Poldark* and *Wolf Hall*, together with lower cost productions like *Trollied* has served to underpin a sector which was rocked by the loss of *Casualty* in 2010. It is by ensuring that such content continues to come that crew are able to maintain a base in a non-traditional production location; without this, they will expect to move for work, either physically or into a different sector.

5. FUTURE ECONOMIC IMPACT

This chapter outlines the future projected economic impact of MG ALBA's operations over the next full year, 2016-17. As with chapter 4, above, this is calculated in terms of FTEs, Income, and GVA, and by reference to MG ALBA's Operations and Production Spending.

5.1. MG ALBA's Operations[10]

5.1.1. FTEs[11]

	Western Isles and Skye	Other Highlands and Islands	Other Scotland	Scotland
Direct	20.2	0.8	4.7	25.6
Indirect	16.5	2.7	10.5	29.7
Induced	1.8	1.1	5.2	8.1
Total	**38.5**	**4.5**	**20.3**	**63.4**

Source: Olsberg•SPI estimates based on data from MG ALBA, Scottish Government input-output tables and ONS.

Resulting from the reduction in the amount of money spent, together with the impact of wage inflation, the number of FTEs resulting from MG ALBA's direct production spend is anticipated to be lower, at 63.4 in the next year.

Of these, 43 will be created in the Highlands and Western Isles and Skye, with just over 20 FTEs created directly by MG ALBA as salaried members of staff.

5.1.2. Income

	Western Isles and Skye	Other Highlands and Islands	Other Scotland	Scotland
Direct	625,621	33,428	290,951	950,000
Indirect	477,782	76,110	297,594	851,486
Induced	55,336	31,563	171,229	258,128
Total	**1,158,739**	**141,101**	**759,774**	**2,059,615**

Source: Olsberg•SPI estimates based on data from MG ALBA, Scottish Government input-output tables and ONS.

The total income resulting from the direct operations of MG ALBA in the next year is anticipated at £2.06 million, with the Highlands and Western Isles and Skye receiving £1.16 million, or 56%, of this. Of this, it is expected that £533,000 of wages will be generated in supplier and third party industries as wages as a result of MG ALBA's operations over the period.

These data imply an average income per FTE in the Western Isles and Skye region of just over £30,000, which will continue to be higher than the average wage for the region as a whole.

[10] As the projected figures did not include a regional breakdown, the proportions for 2015-16 are used

[11] A 2.1% inflation rate on wages – the increase in the average weekly wages in the UK between June 2015 and June 2016 – is included in this calculation and that for income, below

5.1.3. GVA

	Western Isles and Skye	Other Highlands and Islands	Other Scotland	Scotland
Direct[12]	0	0	0	0
Indirect	863,214	136,570	536,347	1,536,130
Induced	98,056	58,643	314,076	470,775
Total	**961,270**	**195,213**	**850,422**	**2,006,905**

Source: Olsberg•SPI estimates based on data from MG ALBA, Scottish Government input-output tables and ONS.

This spending will generate a slightly higher GVA economic contribution to Scotland of £2 million in 2016-17, with £961,270, or 48%, of this retained in the Western Isles and Skye, and a further £195,213 (9.7%) accruing to other parts of the Highlands and Islands.

5.2. MG ALBA's Production Spending

Compared to the previous period, MG ALBA will be spending just over £1 million less on independent production in 2016-17, with a total outlay of £9.02 million forecast. This reflects the £1 million lower budget available to the service when compared to 2015-16.

5.2.1. FTEs

	Western Isles and Skye	Other Highlands and Islands	Other Scotland	Scotland
Direct	29.4	0.0	49.3	78.7
Indirect	23.1	0.0	57.8	80.8
Induced	4.9	0.0	16.7	21.6
Total	**57.4**	**0.0**	**123.7**	**181.1**

Source: Olsberg•SPI estimates based on data from MG ALBA, Scottish Government input-output tables and ONS.

This reduced programme spending is expected to generate an additional 181.1 FTEs of employment over the period, with the majority of these being outside the Highlands and Islands region, reflecting the predominantly Central Belt locations of independent production companies.

The 57.4 FTEs to be generated within the Highlands and Western Isles and Skye region add to the 38.5 created directly by MG ALBA to show that 95.9 FTE jobs are expected to be supported as a result of MG ALBA's direct spending and production investments. Across Scotland as a whole, MG ALBA's direct and production spending are expected to generate 244.5 FTEs of employment in 2016-17, a reduction of 41.1 from the previous year.

5.2.2. Income

	Western Isles and Skye	Other Highlands and Islands	Other Scotland	Scotland
Direct	841,669	0	1,726,285	2,469,008
Indirect	634,085	0	1,684,756	2,450,105
Induced	108,684	0	413,212	560,027
Total	**1,584,438**	**0**	**3,824,253**	**5,479,140**

Source: Olsberg•SPI estimates based on data from MG ALBA, Scottish Government input-output tables and ONS.

The income generated as a result of MG ALBA's independent production spending is expected to total £5.5 million over the period, with £1.58 million of this being captured within the Western Isles and Skye region. This brings a total income as a result of the company's

[12] As MG ALBA's income is derived directly from government, direct GVA is not applicable

activity for 2016-17 of £2.74 million for the Western Isles and Skye region, and £7.54 million for Scotland as a whole.

This shows that the FTE jobs created or supported by MG ALBA's independent production spend in the Western Isles and Skye region would be expected to have an average salary of just over £27,600.

5.2.3. GVA

	Western Isles and Skye	Other Highlands and Islands	Other Scotland	Scotland
Direct	1,409,554	0	2,561,232	3,782,856
Indirect	1,011,288	0	2,630,650	3,806,686
Induced	319,666	0	1,113,778	1,509,746
Total	**2,740,509**	**0**	**6,305,660**	**9,099,288**

Source: Olsberg•SPI estimates based on data from MG ALBA, Scottish Government input-output tables and ONS.

The GVA expected to be generated as a result of MG ALBA's independent production spending is estimated at a total £9.1 million over the period, with around 30% of this being generated within the Western Isles and Skye region. Including the indirect and induced GVA associated with MG ALBA's direct spending, this shows that MG ALBA-related activity is expected to be responsible for £3.7 million in additional economic activity in the Highlands and Western Isles and Skye in 2016-17, a fall of £ £210,000 from 2015-16.

Across Scotland as a whole, this amounts to £11.1 million in economic activity which would not have otherwise occurred, which represents a fall of £1.4 million from 2015-16, reflecting the £1 million lower budget available for the service to invest over the period.

6. CASE STUDY – *KATIE MORAG*

An English-language children's programme filmed on Stornoway, *Katie Morag* is a good example of a production which has succeeded by using the facilities built for Gaelic language content, generating additional value which would not have been possible without the investment of MG ALBA.

6.1. Overview

A CBeebies programme, based on a series of books by the Scottish author and illustrator Mairi Hedderwick, *Katie Morag* is a critically-acclaimed television series for children. Since it was first broadcast in 2013, 39 episodes have been broadcast to widespread critical acclaim, including multiple BAFTA Childrens and Scottish Awards, a Royal Television Society Scotland Children's Award, and international acclaim at Kidscreen and the Peabody Awards.

The production was shot at studios owned by BBC ALBA, and the Western Isles and Skye background – both in terms of landscape and community (in spite of being set in a fictional location) – were cited by reviewers as critical to the success of the production.

6.2. Impact

In media interviews, the executive producer Lindy Campbell has highlighted that the availability of facilities and skills on Lewis were critical in the decision to locate the production on the island. While this is reflective of the underlying content in the original books – though these are set in the Inner Hebrides – but without the investments made by MG ALBA, these facilities and skills would not have existed to use.

The utility of facilities and skills developed for MG ALBA's Gaelic-language content in this way generates significant value for the Western Isles and Skye, supporting jobs and bringing in outside funding, as well as potentially supporting future tourism benefits. This reflects the advertising value which the positioning of locations on screen – particularly those with a crucial role in the production – has for the viewership. In a recent study for Creative England, Olsberg•SPI valued this at between £100-140 million annually for England (outside London).[13]

Such a case study underlines the downstream impacts which the investments made by MG ALBA can generate outside of their core Gaelic-language market. Using such investments in another way, furthermore, helps to support this core role, by ensuring that those trained to work on Gaelic-language productions have the ability to work on other shows, they will have the ability to maintain their skills within MG ALBA's core market, rather than having to move to a location like Glasgow.

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[13] Olsberg•SPI, *Quantifying Film and Television Tourism in England* (March 2015) p.1

7. THE VALUE OF GAELIC AS AN ASSET

In this chapter, we explore how MG ALBA contributes to the value of Gaelic as an asset in Scotland, as articulated by a recent report for Highlands and Islands Enterprise.

7.1. Ar Stòras Gàidhlig

In 2014 Highlands and Islands Enterprise published a report, *Ar Stòras Gàidhlig*, which underlined the value of Gaelic-language culture and knowledge for Scottish culture and the wider Scottish economy.[14] Undertaken in conjunction with a range of partners, this report evaluated and evidenced the current use of the language as an asset both within the Highlands and Islands region and wider Scotland, and the potential impact this could have in future.

The report demonstrated that 87,000 residents had 'some knowledge' of the language, with a particular focus in the Highlands and Islands region. Of this figure, approximately 1.1% of the Scottish population – or 57,375 – claimed to speak Gaelic with a degree of fluency. Increasingly, this population is also in the located in the Central Belt's major cities, as part of a long-term shift – in 2011, 10,000 Gaelic speakers lived in greater Glasgow, and almost 6,000 in the Edinburgh region.

Ar Stòras Gàidhlig also showed that there was an increasing acknowledgement of the benefits of bilingualism, as well as goodwill towards the language across the country. This is reflective of both the development and self-awareness of these communities, as well as the wider interest in the Scottish history and culture which they have preserved by Scots from outside the traditional Gàidhealtachd.

The positive role of the language in the arts and cultural, and the economic benefits of this, were particularly highlighted within this study, and given the role of MG ALBA, it is this area which we will focus on in our analysis.

7.2. The Gaelic-Language Creative Industries

The report highlights that the creative industries are a repository of particular opportunity for the use of Gaelic, whether through the enhancement of existing content and activity, or the better use of Gaelic-language content which already exists. This reflects the fact that Gaelic as an asset adds value to a service within the cultural realm, whether this is a piece of cultural content within which the language is a crucial factor, or one for which Gaelic adds additional interest and meaning.

Similarly, the data analysed also showed that the average business for which the value of Gaelic-language was quantifiable were creative and cultural micro-businesses in the Eilean Siar or Highland regions. MG ALBA contributes to this value significantly, given the ability of television to amplify the creative contribution of other media sectors.

The Heb Celt Festival provides a significant example of how this value can be generated, as it was noted that TV broadcasts are an unmatched way of achieving profile, even where the festival is streamed on social media. Such exposure indicates the service's dual role – both

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[14] Highlands and Islands Enterprise, etc., *Ar Stòras Gàidhlig, The economic and social value of Gaelic as an asset* (May 2014)

expanding the reach of Gaelic language cultural content and, through original commissioning, increasing the amount of content available in the language.

7.3. The Role of MG ALBA

The content produced as a result of this arrangement and others of its kind has a significant reach within Scotland, moving far beyond the Gaelic-language market into households with no ability to speak the language. Many stakeholders highlighted its value to non-Gaelic language viewers, who recognise the ability of the channel to provide a window into a part of their country which exists beyond their day-to-day existence, together with a greater degree of original content than other services.

Research undertaken by Pact in 2010 indicates that in Scotland MG ALBA accounts for 50% of all commissions by hours.[15]

Producers consulted with for this project all noted that MG ALBA are easy and straightforward to work with, with quick decisions on commissioning made, and a clear strategy for what kind of productions they are looking to support. Such productions often have a dual use, in serving the core, Gaelic-language constituency alongside the wider Scottish market who will dip into programmes of specific interest to them.

Despite this broadcast value, the general opinion is that such content has a limited value for downstream sales, with most stakeholders opining that the cost of sales would outweigh any value generated. This said, MG ALBA's ability to package content, which they are now looking to do, and the precedent which will be set should *Bannan* achieve an international sale, offer an opportunity in this regard.

Overall, it is clear that the contributions of MG ALBA to Gaelic language culture are significant, particularly given the small spend on broadcasting compared to similar institutions, such as S4C in Wales and TG4 in Ireland.

7.4. Maximising this Value

This value could be increased, in particular were the current funding settlement – which consultees noted as being challenging in terms of both value and structure – increased to a level which is more commensurate with S4C and TG4, within the context of a multi-year settlement to allow for longer-term decision making.

At the moment, this lack of a long-term, stable settlement has manifested itself in a lack of private investment to support the public development of a Gaelic language industry. For example, companies consulted have noted that they have avoided making beneficial investments for the region, as they were unsure that MG ALBA would be able to recommission the programming which would use this.

Such investments would not only have been able to be used for that single production, but also used by other programmes being made in the region, capturing more value in the Highlands and Western Isles and Skye region. Without such investment, money instead leaks into other parts of the UK, serving to increase the costs of production as well as limiting the long-term development of the sector.

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[15] Pact, *Response to DCMS consultation on Reclassification of production companies* (February 2010) p.15

From a strategic perspective, there was a recognition by stakeholders of the unenviable position of MG ALBA, particularly in relation to trying to balance competing demands. This reflects the requirement to reach a broader audience than the Gaelic-speaking population in Scotland – requiring investment in content of interest to this market – and the challenge of changing funding settlements.

As a way of addressing this challenge, additional funding – perhaps 1.5 to 2 times the current rate – within the framework of a multi-year settlement was seen as desirable. This would allow the service to generate a long-term strategy, as well as providing the certainty for private investments to enhance those made publicly.