



Briefing on Brexit and the Creative Industries

Equity is the trade union representing over 40,000 performers and creative workers. Our membership includes UK, EU and non EU citizens living and working across the UK's creative industries including film, television, theatre, live entertainment and variety and the music industry.

Funding

Arts Council England has surveyed just fewer than 1000 arts organisations to ascertain how much of their funding comes from Europe. 9% reported accessing Creative Europe funding, but many more, including a large number of smaller arts organisations have made use of other sources of support including European Regional Development and education/university funding emanating from Europe. For smaller arts organisations, these alternative funding mechanisms potentially represent a larger proportion of their overall support.

Across the creative sector, 46% of UK bids for European funding are accepted, second only to Germany. The UK also receives 24% of all European Research Council grants. 1.5-2% of £258bn European Structural and Investment Funds for the period 2014-2020 will go to the cultural sector and in the period 2014-2020 The European Social Fund and the European Regional Development Fund will invest £8.66bn across the UK – targeting disadvantaged areas in particular.

EU funding has also aided regeneration – Liverpool's term as European Capital of Culture in 2008 greatly boosted the area and enhanced the city's reputation internationally. Tourism to Liverpool increased by a third in 2008 and it is estimated that the city enjoyed over £750m in economic benefits. The UK was due to host another capital of culture in 2023.

10 million inbound visits to the UK involved engagement with the arts and culture, representing 32 per cent of all visits to the UK and 42 per cent of all inbound tourism-related expenditure, amounting to £7.6 billion. Funding for the arts, which is a major driver of tourism, particularly outside of London, is heavily dependent on spending by local authorities. Since 2010 local authority investment in arts and culture has declined by 17%, or £236m, and will fall even further in the coming five years.

The Creative Europe programme has boosted UK cultural exports by spending £39m promoting British films to the rest of Europe and has funded the development of many UK independent films including *The Iron Lady*, *The King's Speech*, and *Mr Turner*. Creative Europe is not limited to film – it also funds other projects in the wider cultural sector. Overall the programme is worth £1.07bn (2014-2020). In 2015 the culture sub programme supported 54 UK projects and the MEDIA programme supported 53 co-productions. Switzerland lost all access to funding schemes in 2014 after imposing restrictions on EU citizen mobility and while Norway pays into and can access schemes, they have no say in their development.

US Foreign Direct Investment in film - about £1.2bn is invested by US operators in UK film and high-end TV production each year. While this is probably secure in the short-term, given the long lead time on projects, and the current attractiveness of the low pound, investors could be deterred by no longer having easy access to the EU market and freedom of movement once the UK Brexits.

Recommendations:

- DCMS and the Department for Exiting the European Union should undertake a thorough mapping exercise of existing European funding streams for cultural organisations.
- It is vital that the UK's creative industries are able to retain access to Creative Europe and other sources of European funding. If access to EU funding for UK creative industries becomes unavailable, an amount equivalent to the UK's contributions to Creative Europe should be ring fenced by the UK Government for UK public funders in the creative industry including the Arts Councils, Creative Scotland and BFI. Such funding should be ring fenced for the type of projects previously funded by Creative Europe in the UK and should be contingent on delivering specific cultural, diversity and social outcomes.
- The UK should also explore the possibility of re-joining Eurimages as an alternative source of international funding for independent film.
- Brexit could positively affect the UK's ability to provide increased state aid to the creative industries. Creative tax reliefs have provided a major boost to the UK's film, television production, animation and theatre industries and the case for expansion should be explored.

Mobility - talent

Employers and engagers in the live and recorded media sectors, as well as representatives from the agent community, have expressed concerns to Equity about the impact of Brexit on their ability to provide work opportunities for performers. In the days following the referendum result, it was reported to Equity that a significant number of commercial/advertising jobs – which are often filmed across Europe, but make use of UK talent, were immediately cancelled.

There are significant skills shortages in the UK creative industries – it is estimated that 11% of talent across the sector is non UK, with 6% coming from the EU and 5% non EU. In some fields it is much higher than this – orchestras are 80% non EU and in the visual effects industry 60-70% of workers are non EU.

Performers are some of the most mobile workers in the economy, particularly dancers, models, audio artists, circus and variety performers who work across the EU and internationally without language barriers. These workers enhance the reputation of our own cultural institutions, particularly opera and the UK's world leading dance companies.

Touring organisations in the live arts and individuals artists are very concerned about mobility and how this will affect their business models. There are also fears that in the film sector important co-production agreements which allow international film producers to work together to create a film which can gain state protections and tax benefits from

multiple countries at the same time could be compromised. Being outside of that framework, or the uncertainty of having to re-sign up to it could be damaging for the UK film industry.

Exchange rate volatility is also affecting talent costs as performers and other creative workers coming to work in the UK, are particularly those from the US, are now costing significantly more.

Recommendations:

- Freedom of movement for workers across the EU is essential in the increasingly internationalised labour market that services the entertainment sector. DCMS and the Department for Exiting the European Union must ensure that entertainment industry workers are able to work across the EU post Brexit with minimum administrative burdens.
- EU citizens currently working and residing in the UK should be allowed to remain post Brexit without having to apply for additional work or residence permits. Reassurance for these workers is urgently needed.
- Existing co-production agreements must be protected and if necessary the UK should re-sign up to the European Convention on Cinematographic Co-Production as a European non-member state.

Intellectual Property

EU Directives have created and improved intellectual property rights for performers including the extension of copyright protection for music performers from 50 to 70 years in 2011. As it stands, the UK may now be excluded from future discussions around intellectual property developments at European level including the Digital Single Market and the recently published draft Copyright Reform Directive. These projects have a significant bearing on the UK's creative industries and workers, particularly regarding issues such as territoriality of licensing and performers' remuneration.

Recommendations

- Given the strength of the audio-visual sector it is vital that the UK is able to influence European level copyright developments which could have a positive or negative bearing on the industry.

Employment Rights

EU Directives prompted the UK to legislate to tackle discrimination based on sexual orientation, age and religion and belief – these laws are just as relevant to the creative sector as any other sector of the economy. European legislation has also improved the UK's health and safety regime.

Equity and other UK entertainment unions and UK based employers are currently active participants in EU sector wide bodies, specifically the Live Performance and Audio-visual Social Dialogue Committees – this kind of partnership working could be lost post Brexit.

The UK's entertainment unions have also been very active in examining the rise of atypical

working across Europe and campaigning alongside European trade union confederations for positive change which would improve the sustainability of careers in the arts and creative industries.

Recommendations:

- The Government must make good on its commitment to protect and improve existing UK workers' rights
- Any future trade deal between the UK and EU must include a commitment not to fall behind the EU on improvements to employment rights, particularly any improvements that are made to the rights of atypical workers.

Cultural Diversity

UK produced programming could potentially be excluded from quotas for EU content. Quotas are currently set out in the TV Without Frontiers and the Audio-visual and Media Services Directives. EU rules currently oblige TV broadcasters to invest 20% of their revenues into making or commissioning original content and to spend at least 50% of their time showing European works, including material made in their own country.

As the UK places more emphasis on trade talks with non-EU countries, there is a risk that cultural goods and services could be traded in a way which is currently protected by the cultural exceptions which apply in trade talks between the EU and other partners.

Recommendations:

- The UK Government should have due regard for international standards including the UNESCO treaty on cultural diversity and ILO conventions on labour standards when negotiating future trade deals.
- UK Government must ensure that UK content continues to fall within the definition of European works for the purposes of European broadcasting quotas post Brexit.

Process

The Department for Exiting the EU is currently seeking resources and has been working with existing ministries, including DCMS, in order to work what the UK's negotiating position should be in respect of the different sectors of the economy.

DCMS has formally asked a number of bodies, including the BFI, Arts Council England and the Creative Industries Council to provide detailed input on the issues to be dealt with however there is currently no voice for the creative workforce on any of these bodies.

Recommendation:

- DCMS invites representatives from the creative industries workforce to join the Creative Industries Council.