



**UK TRADE & BUSINESS
COMMISSION**



UKTBC POST-SESSION REPORT: CULTURE AND THE ARTS

JANUARY 2023



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1. INTRODUCTION

The UK Trade and Business Commission brings together ten MPs from all nine Westminster parties and all four nations of the UK, along with business leaders and expert economists to provide independent scrutiny of the UK's trade deals and provide recommendations to the UK Government.

Art and culture is a cornerstone of the UK's global influence and soft power, but creative industries have been badly impacted in recent years by Brexit and the Covid-19 Pandemic. On the 26th of January 2023, the UK Trade and Business Commission took evidence on the current economic challenges facing the creative

sectors and what is required in future trade details to ensure the UK's cultural sector thrives.

Witnesses highlighted that the cultural sector has a vital role to play in the UK economy and provided evidence on the most significant challenges experienced across creative organisations in the UK.

2. SESSION WITNESSES

- 🗨️ **DAVID FURNISH**, CEO, Rocket Entertainment Group
- 🗨️ **JOHN GODBER**, Creative Director, Theatre Royal Wakefield
- 🗨️ **DR MARGHERITA LAERA**, Senior Lecturer in Drama and Theatre, Kent University School of Arts
- 🗨️ **RÓISE GOAN**, Artistic Director, Artsadmin
- 🗨️ **PROFESSOR CHRISTOPHER SMITH**, Executive Chair, Arts and Humanities Research Council
- 🗨️ **ELAINE BEDELL**, Chief Executive, Southbank Centre
- 🗨️ **PAULINE BURT**, CEO, Ffilm Cymru Wales

3. KEY FINDINGS

1. The culture and arts sector are suffering from a lack of funding.
2. The industry has been hit by increased red tape and admin costs of touring. This has profoundly affected collaboration opportunities in the UK and EU.
3. The industry is facing skill shortages due to reduction of labour mobility and a lack of investment in skills creation.
4. The arts and culture industry wants recognition of the soft power it generates through the UK Government's cooperation with organisations and artists.

3.1 LACK OF FUNDING

The creative industries provide significant economic value to the UK. Despite this, our witnesses outlined chronic underfunding across the sector. Arts organisations that are unable to secure more private investment are facing the need to reduce their creative output and are struggling to remain competitive internationally.

“Creative industries in recent years have delivered more economic value to the UK than life sciences, aerospace and the automobile sectors combined. This is a £116 billion industry.” - **CHRISTOPHER SMITH, EXECUTIVE CHAIR, ARTS AND HUMANITIES RESEARCH COUNCIL**

“We have sustained at Southbank Centre a real terms cut of 42% over the last few years, that has real consequences in terms of the amount of artistic activity and innovation we can do, not least in terms of apprenticeships and skills development.” - **ELAINE BEDELL, CEO, SOUTHBANK CENTRE**

“The Creative Industries Policy in Evidence Centre which is funded by HRC, they've looked at investment in arts through local authorities and capital revenue expenditure in the arts in England has fallen by more than 30% in real terms between 2009/10 and 2019/20.” - **CHRISTOPHER SMITH, EXECUTIVE CHAIR, ARTS AND HUMANITIES RESEARCH COUNCIL**

The UK creative industry is struggling to recover from the Covid-19 Pandemic at the rate of other countries because the Government has not provided adequate fiscal support. While witnesses agreed that the support given during the pandemic was vital, they broadly agreed that the support has not lasted long enough or been translated into long-term policy measures to support the arts.

“Other countries are using tax incentives and other funding, much more strongly than we are. So US, Canada, France and Germany continue to use fiscal measures to support their creative industries whereas we've rather tailed off their contribution. China, Singapore, South Korea are investing in creativity in ways that we aren't. Italy, Canada, Korea and Denmark have more competitive tax incentives than we do that are running on past [the] pandemic. And we're not adopting the OECD full Frascati definition for R&D tax credits [...] there was a wonderful input of cash to get us over a real crisis which was fantastic, but that needs to turn into a systemic approach to underpinning activity because the shadow of Covid is very, very long.” - **CHRISTOPHER SMITH, EXECUTIVE CHAIR, ARTS AND HUMANITIES RESEARCH COUNCIL**

Leaving Creative Europe has caused a significant loss in funding. There is uncertainty as to the future of its replacement, Creative UK, if the UK is to leave Horizon Europe.

“Behind all of that I think it’s important to note that the loss of Creative Europe funding for us is the major issue. We as an organisation that have been working in creating networks in Europe for 45 years, we were part of three Creative Europe projects, which brought in direct income to us of over £100,000 per year, but in addition to that income what that opportunity created was multi-lateral exchange with colleagues in Europe, it supported the mobility of artists, mobility of artist projects, the exchange of ideas, the seeding of co-productions that would have a much longer life than the initial investment that came through the Creative Europe funding. [...] And despite promises that there would be some replacement fund for Creative Europe, all of our partnership projects are currently reapplying for creative funding and we have been completely excluded from that process with nothing to bring to the table. So I think for us that’s both an artistic loss and also an administrative and financial challenge as we move forward.”

- RÓISE GOAN, ARTISTIC DIRECTOR, ARTSADMIN

“In terms of multi-lateral collaboration and opportunities, Creative Europe programme is really, really essential for not-for-profit arts organisations in the UK. And it is in many ways a propeller, it’s about providing further admission to activity that is already happening and provides a kind of incubation space for new projects, new ideas, new collaborations.”

- RÓISE GOAN, ARTISTIC DIRECTOR, ARTSADMIN

“On Europe, just to say, we are participating now through Creative UK any European community knowledge and innovation community which is probably worth about £300 million as a whole. Now that is secured at the moment but any successor programme we will be excluded from if we don’t associate with Horizon Europe. So that’s just some indication of the network that we will not be part of unless we find a solution.”

- CHRISTOPHER SMITH, EXECUTIVE CHAIR, ARTS AND HUMANITIES RESEARCH COUNCIL

3.2 BARRIERS TO TOURING

Artists have seen a huge shift in their ease of access to Europe post-Brexit. Without freedom of movement, touring now requires extra administration and extra costs, making it increasingly difficult for artists to tour in Europe or for European artists to tour in the UK. Artists and companies now have to negotiate with single states in Europe and face ATA Carnet and Cabotage charges, a process that is expensive and time consuming.

“Unfortunately they are now finding themselves for touring Europe with a lot of red tape, a lot of complications and a lot of additional costs in order to launch and build a global music career [...] And in the past a young artist could load up a van of gear, jump in the van, go across over to Europe and do all the performing that they wanted. Now they face a landscape of complicated carnets, additional costs associated with carnets, issues in relation to cabotage and trucking which makes things increasingly difficult for them.”

- DAVID FURNISH, CEO, ROCKET ENTERTAINMENT GROUP

“[Touring] was seamless and easy and provided extra revenue that would fill the gap of stagnating levels of funding. This is no longer very easy, it is in fact quite difficult because now companies have to negotiate with single states, so they have to conform to the regulations of single states in Europe for instance, and it is no longer possible to have a single entry point where for instance if you’re touring to Spain or France or Italy, you have to negotiate with single states. And it is not worthwhile to go to a single one because the market isn’t big enough, you can’t tour to enough venues and therefore it is the small and medium companies are the most affected because it takes staff time, administrative time, to create all the conditions that would enable the companies to create a worthwhile international tour to Europe and it is burdensome and sometimes it does not make financial sense because of all the red tape.”

- MARGHERITA LAERA, SENIOR LECTURER IN DRAMA AND THEATRE, KENT UNIVERSITY SCHOOL OF ARTS

For organisations or individuals with limited resources, the increased costs of mobility have resulted in prohibition from touring altogether. The income from touring which would have helped fill gaps in Government funding is no longer accessible, and as such, a decrease of international opportunities has compounded the funding challenges discussed in the session.

"I am a Trustee at Actors Touring Company, it has been so far impossible to resume touring to Europe because it's been quite difficult to get all of those administrative tasks completed with the level of staffing that we can afford. I think the same is also true of companies being invited to the UK, I have spoken to colleagues at the University of Kent, the Institute of Creative and Cultural Industries and they have said they have approached European companies to come and visit and host them, and they have said sorry, we would've come but it's become too difficult." - **MARGHERITA LAERA, SENIOR LECTURER IN DRAMA AND THEATRE, KENT UNIVERSITY SCHOOL OF ARTS**

"Orchestra touring has become almost unmanageable in terms of costs precisely because of the carnet situation in terms of transporting the instruments and same for ballet companies as well." - **ELAINE BEDELL, CEO, SOUTHBANK CENTRE**

"The booking of British acts at European music festivals is down by 45% versus pre-Brexit" - **DAVID FURNISH, CEO, ROCKET ENTERTAINMENT GROUP**

It is not just about administration and extra costs, the challenges in touring have brought friction in international collaboration.

"The more you go to a local market, the more that you build a relationship with that market that sustains you through the rest of your career." - **DAVID FURNISH, CEO, ROCKET ENTERTAINMENT GROUP**

"I think really how vital it is, it is vital for creativity, it is vital for sharing, it is vital for the ethos of the arts and culture sector. It is vital for our budget lines, it really would make the difference from you know potentially reaching a marginal profit and potentially being able to reinvest those profits into more work done in the UK with the communities that we want to reach, etc. It really would make a massive difference and the body tasked with this would be absolutely essential." - **MARGHERITA LAERA, SENIOR LECTURER IN DRAMA AND THEATRE, KENT UNIVERSITY SCHOOL OF ARTS**

"The movement of people and freight needs to become easier, so any international trade deal would need to incorporate an understanding of how vital it is that artists are allowed to collaborate in a simple fashion." - **MARGHERITA LAERA, SENIOR LECTURER IN DRAMA AND THEATRE, KENT UNIVERSITY SCHOOL OF ARTS**

3.3 SKILLS SHORTAGE AND EDUCATION

The changes in movement between the EU and the UK has created labour shortages across UK industry. However, there are particular skills and labour shortages issues faced by the creative sector. Experts highlighted the importance that future trade deals recognise the ecosystem in which creative businesses operate as well as the unique make-up of the creative workforce.

"So one third of the cultural and creative sector depends on freelancers and it is now incredibly difficult to get visas for freelancers to come in and collaborate with us." - **ELAINE BEDELL, CEO, SOUTHBANK CENTRE**

"I also look after the food and retail operation on the Southbank, so it's an ecosystem of several interrelated businesses including hospitality. We are the landlord for all those businesses and we're very concerned about the ability of those restaurants and retail outlets to attract staff. There has been an absolute staffing crisis across nearly all of our restaurants and cafes, some of them very big chains." - **ELAINE BEDELL, CEO, SOUTHBANK CENTRE**

"I think we are seeing this lack of skills and everyone I've spoken to have been looking for those backstage workers and technicians and have been unable to find enough people." - **MARGHERITA LAERA, SENIOR LECTURER IN DRAMA AND THEATRE, KENT UNIVERSITY SCHOOL OF ARTS**

There has been a drain away from some creative industries to the film and television sector, which attracts more funding. This industry is also growing at a rate that UK skills creation cannot keep up with.

“Technical craft skills which I think we have seen in the arts and cultural sector a drain away from the arts sector towards the much better paid, much better funded, much more rewarding financially film and television sector, so I think that’s something we all need to think about very carefully. We have always been the training ground for those kind of technical skills. I know at the Opera House there has been a real crisis in terms of the specialist costume design and the attraction of film and television away from those kind of live venue performances. I suppose the other point I was making in my opening was also what I suppose has traditionally been called low skilled workers and the crisis in attracting those to our related businesses in the ecosystem here on the Southbank which is our retail restaurants and bars and that has obviously also been an absolute crisis in finding sufficient staff for all of those.” - **ELAINE BEDELL, CEO, SOUTHBANK CENTRE**

“What then exacerbates the problem of an under-funding and under-investment in R&D and is also sharpened by that is the skills gap. So Elaine mentioned the issue about our film and screen industry, we have a major new investment in virtual production coming up which is trying to address this, but the flow and the under-supply of skills into that sector is really dramatic, but it actually runs right across the creative industries.” - **CHRISTOPHER SMITH, EXECUTIVE CHAIR, ARTS AND HUMANITIES RESEARCH COUNCIL**

“The other very particular and acute area where it really needs a lot more private investment is around training and skills to build the capacity in the sector, because we have seen an enormous amount of growth, particularly around production for film and high end television [...] Massive demand, lots of production and studies which BFI commissioned indicate that we need around about 20,000 additional full time equivalents by 2026 working in the sector across all kinds of roles and skills and around about 104 million of additional investment per year by 2025. You can’t do that without significant private investment coming into the mix.” - **PAULINE BURT, CEO, FFILM CYMRU WALES**

Skills creation is not only affected by lack of funding but also by rhetoric around creative education. There has not been enough investment in the skills pipeline for creative sectors and cuts to arts subjects in education are impacting access to creative skills across the country.

“We have seen parents advising their children against, because of breathing that rhetoric against the arts and humanities that don’t offer a future, that don’t offer a secure job. But in fact we are seeing such a level of skills shortage, so I think that needs to stop and actually our funding for creative subjects has been cut, so for each student we are receiving less.” - **MARGHERITA LAERA, SENIOR LECTURER IN DRAMA AND THEATRE, KENT UNIVERSITY SCHOOL OF ARTS**

“We are seeing application numbers go down, we no longer having European students coming to study with us. And we are seeing applications in our subjects are significantly affected because of that sense of well if you study drama, if you study music or if you study arts history or if you study other subjects in the creative industries, well you’re not going to have a secure job, there is no prospect. But this is completely untrue, also because our students go on to do and work in many sectors, not just in the creative sector and they acquire transferable skills and they acquire critical skills and critical thinking skills that can be applied anywhere, and benefit the economy in general.” - **MARGHERITA LAERA, SENIOR LECTURER IN DRAMA AND THEATRE, KENT UNIVERSITY SCHOOL OF ARTS**

“When we lose drama in schools, we lose not only audience, but we lose the potential to cultivate [...] the marginalisation of drama in school actually affects us all, it means that people who are not connected to the arts or parents are interested in the arts are not getting access.” - **JOHN GODBER, CREATIVE DIRECTOR, THEATRE ROYAL WAKEFIELD**

“What needs to change from our point of view is that rhetoric against the arts and humanities, that rhetoric of de-valuing and defunding education in arts and humanities.” - MARGHERITA LAERA, SENIOR LECTURER IN DRAMA AND THEATRE, KENT UNIVERSITY SCHOOL OF ARTS

Our experts outlined that the current skills shortage can be used as an opportunity to build a more diverse and inclusive workforce across the cultural sector.

“[We] have talked about how as we are now unable to find qualified technicians realising how overwhelmingly male and white that cohort of workers were. And actually, that there is an opportunity here now to think about the diversification of a sector that is highly skilled, adaptable as Elaine has said, able to transfer their skills into different sectors and opportunities and thinking about rebuilding this workforce in a different way and I think there’s a huge opportunity there.” - RÓISE GOAN, ARTISTIC DIRECTOR, ARTSADMIN

“There are disparities here, but interestingly there are also real problems when you get to social diversity which I think Róise mentioned earlier, so 52% of the creative industries workforce is from high socio-economic backgrounds, compared to 38% across all the industries. So we know that we’ve got some structural issues and I thought Róise was very powerful at saying there is an opportunity now to rebuild this workforce.” - CHRISTOPHER SMITH, EXECUTIVE CHAIR, ARTS AND HUMANITIES RESEARCH COUNCIL

3.4 SOFT POWER

Witnesses made it clear that the creative industries in the UK have a lot more to offer than economic growth. International creative collaboration and exchange builds the UK’s soft power. There is a huge international interest in British art and creativity but without funding and support from the UK Government, artists and organisations are unable to take full advantage of this interest and the opportunities it presents. Implementation of a coherent and strategic approach to the growth of the creative sector would therefore build the diplomatic power of the UK.

“I think our Governments need to really step up and recognise the real power, the diplomatic power, the cultural power, the unification power, we’re only going to move this planet forward if we all pull together and music and arts are such a powerful, powerful way to do that and it’s a shame that the DCMS is not giving us the sense that they’re as committed to the importance of that and the power that it has.” - DAVID FURNISH, CEO, ROCKET ENTERTAINMENT GROUP

“I think here we need to shift the Treasury green book, we need to understand things like non-use value, heritage value, and also the feed through into wellbeing and the impacts of wellbeing. So we’ve done this when we started to think about the economic impact of climate change, we need to do the same kind of deep analysis of the economic value of cultural heritage as well as the creative industries.” - CHRISTOPHER SMITH, EXECUTIVE CHAIR, ARTS AND HUMANITIES RESEARCH COUNCIL

“Storytelling is crucial for making sense of the world, for understanding it, for connecting with each other and that kind of goes to the root of who we are as human beings, how we work in every sort of sector. And if you can’t imagine the future you can’t start to work and innovate to actually get to that future. So it feeds into everything, to technology, to business, etc. And it’s very much about problem solving, so I think those are very difficult things to quantify and I absolutely would agree with Christopher that we need to get into a space where we can look at that and talk about the impact of that more holistically.” - PAULINE BURT, CEO, FFILM CYMRU WALES

“This is something we have always done brilliantly in Britain, it is the best self-diplomacy that we could ever ask for, if we want to make Britain an attractive country and we want people to come and think that there’s wonderful things happening here and there’s great creativity and life happening in Britain, then musicians travelling the World with British-based music are some of the best ambassadors we could ever hope for.” - DAVID FURNISH, CEO, ROCKET ENTERTAINMENT GROUP

“But I think it is more the larger organisations that tend to still be able to work internationally and leverage the importance and prestige of the UK sector in arts and culture. But for instance at ATC and in other smaller companies we have noticed that our European partners seemed to lack confidence to work with us, there is a sense in which the UK is now problematic and therefore I think this impacts the sector even if it’s quite a fuzzy vague thing to say, it does affect us. [...] we need to send out the message to our European partners, former European partners, whose collaborations with us have been hampered by the pandemic but also by Brexit, that we are willing to start again and to collaborate and there needs to be a clarity sent out internationally. [...] And so I think this would really help to clarify regulations, to make it easy also for international partners to understand what the regulations are to come here and how to collaborate.” - **MARGHERITA LAERA, SENIOR LECTURER IN DRAMA AND THEATRE, KENT UNIVERSITY SCHOOL OF ARTS**

“People are curious about British artists, British creativity, there is definitely an interest there.”
- **RÓISE GOAN, ARTISTIC DIRECTOR, ARTSADMIN**

“The cultural sector is punching way above its weight in terms of soft power and contribution to the economy given how much it costs.” - **ELAINE BEDELL, CEO, SOUTHBANK CENTRE**

