

UK Trade & Business Commission

Arts & Culture

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Deborah Annetts

Thank you for attending the latest session of the UK Trade and Business Commission. Today we've got a slightly different structure, we are spending two hours looking in-depth at the UK arts and cultural sectors and what has been happening to them over the last couple of years or so and what their needs are for the future. We have with us a very distinguished panel, so thank you all for attending. Because we have such a packed agenda, can I ask you to try and keep your answers quite succinct and don't feel you have to answer every single question. The Commissioners will be asking specific questions to specific members and then if you really feel that you need to add something that hasn't been covered, please do come in then. We are conscious of time, so I'm going to leap right in with the first question if I can, which is going to be looking at what do you see as the major challenges facing the UK's cultural sector and what is the main driver of these challenges. Now that is a very broad question, and if I could first go to Elaine from the Southbank Centre, if you're there, it would be great if you could start us off.

Elaine Bedell

Hello, good morning and thank you for having me. Briefly, Southbank Centre is partially funded by the Arts Council, 37% of our income comes from Government sources through the Arts Council and we have just sustained a cut in that funding, we receive our funding every three years. That was a result of the Arts Council being instructed by the DCMS to shift £30 million outside London. We are very grateful to be one of the biggest beneficiaries of Arts Council money but we also sustained a cut, so we had a 10% cut in our annual funding. So that obviously is of great concern to us, it amounts to £1.8 million a year and what concerns us obviously about that is the degree to which we can truly remain competitive in terms of providing as you know at the Southbank Centre we have a very broad cultural offer which includes all art forms, visual arts, the Hayward Gallery, classical music in our concert halls, but also contemporary music performances and dance, spoken word as well as our investment is that 40% of every we present here is free to access, which is very much suits the sort of democratic principles on which the Southbank Centre was founded, that there should be sufficient access for everybody to world class art and culture.

I think other concerns are that audiences have not quite returned in the same numbers post-pandemic that they have done, particularly in classical music. We're seeing a sort of 20% reduction in audiences regardless really of repertoire or orchestra, and we know that that is also a global phenomenon that is shared around the World, so that is of concern to us. We are also finding that there is a drain in skills to film and television, obviously film and television was very sustained during the pandemic, it has also benefited hugely from a great deal of investment and our technical staff, many of whom we spent a lot of time and effort and investment in training, there has been an absolute drain over to film and television. And now many of us in the live venue and cultural sector are really concerned about our failure to attract new talent or experienced talent into the technical sides of our businesses. We're very involved in talking to other organisations about an apprenticeship scheme which would address that, but obviously that equally is going to require investment.

And then speaking very self-interestedly, at 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. We are a London living wage organisation so we do pay London living wage and we require our restaurants to pay London living wage, but they are not managing to attract sufficient levels of staffing.

I think those would be my highlights.

Deborah Annetts

Thank you very much Elaine. I'm going to different, well not different but a slightly separate part of the cultural sector, can we go to David Furnish, what are your perspectives here from the music side?

David Furnish

Good morning, thank you very much for inviting me to participate. I'm going to focus on the live music side and most importantly the new generation of artists coming through. 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. When you talk to Elton about what you need to survive, what would create a lasting career in the music business, he feels you need to write and record your own songs and then be able to go on the road and perform those songs live. 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. And live music and recorded music is such an important part of the British cultural landscape since the 1960s, we have always punched above our weight in this area. Britain has led the World with its world-beating creativity in the music sector and the live music sector and the current generation, the successful generation, they can afford to navigate the logistics now we've had to make some adjustments in our business in relation to getting Elton's tour over to Europe and getting our gear and crew around safely.

But for a young up and coming generation of artists it's a roadblock and artists are not business people, they're not particularly good at unravelling red tape, they don't understand business affairs and they don't have the management and business support in order to be able to cut through the red tape and get out on the road and learn their craft. 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. Whenever an artist tours and goes to another country that country really takes them to heart, you make connections with local promoters, you make connections with local media, you make connections with other artists and it's a relationship that really helps create a foundation and a platform for future success.

So if there was a way to support younger artists to help them navigate these complications, or to actually reduce and cut through the red tape, I realise we're dealing in a changing times with a lot of ... and there has been some progress made in terms of trucking, although it's tended to benefit the larger side of the sector, but if there was a way to sweep away or cut away a lot of that red tape or create artist-friendly visas that would go a big way in terms of making it easier for people to get on the road, learn their craft and also you learn a lot from performing to different audiences in different countries, you learn how different audiences respond to your music, you get the feedback in person

and that informs your artistic and your creative process in terms of the music you write and how your music goes down in other markets.

So that would be the primary area where I think we need to make some changes.

Deborah Annetts

And of course once you're on the road you can sell your merchandise and hopefully make more contacts and then come back and build your career as well across many different states.

David Furnish

Yes, without question it's the start of a process that goes on to sustain your career. If you look at the success of an artist like Ed Sheeran who was managed by Rocket Music Management for over ten years, Ed has toured constantly and he's now with one of the top five, if not the top then most streamed artists in the World globally and that's gone from Ed going on the road embedding his music in and embedding his name and his face in, in all those markets around the World. And 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.

Deborah Annetts

So true David. Can I go to John Godber, I can't see him on my screen, hopefully he's out there somewhere? Is John Godber with us? Theatre Royal. Wakefield. No, doesn't look like it. OK I'll come to Christopher Smith, you're the last person I'm going to come to and then I'll go to the next question. Christopher, your thoughts.

Christopher Smith

Thank you very much, it's a pleasure to be here. I want to speak rather more about the creative industries and their contribution to the economy and the cultural sector because there are others on the call who already have spoken and will speak better to the specific issues of arts and culture, all of which I very much agree with. But even just thinking about either the Southbank Centre or the music industry they are fed by the developments in creative industry and R&D which allow for innovative performances, the capacity to stream those performances, the capacity to underpin some of the IP issues around music streaming, etc.

So in terms of the challenges I would refer predominantly to the House of Lords Digital Communications Committee just earlier this month which talks effectively about the incoherence of Governmental approaches to the creative industries, and creative industries in recent years have delivered more economic value to the UK than life sciences, aerospace and the automobile sectors combined. This is £116 billion industry, I hope we get on later to some of the statistics about foreign direct investment. But what that committee showed was that Government doesn't draw the connections between that technological and skills base, which is so important for our creative future, with all the ancillary benefits and support that it offers to culture, levelling up, social cohesion and so

forth. And even if we actually look at just the heart of putting R&D investment into creative industries we don't have a sufficiently coherent approach.

There are some particular issues I think about the under-funding of research and development, we know for instance that creative industries are more likely to apply for venture capital than non-creative based companies, but no more likely to succeed. So there is a gap in understanding, I think there's a gap in understanding when we talk about technology, that technology is actually fed by developments in creative industries, that it's not a one-way street that you have a technology and creative industries as simply an eco-phenomenon, actually we've seen plenty of examples where creative industries feed into technology and therefore drive our economic growth.

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. There are really significant challenges in design, in architecture and other sectors of creative industries and one only needs to think very quickly, if we have a net zero challenge you will not meet that net zero challenge unless you have investment in design and in architecture. So that skills shortage is really difficult and also difficult for digital literacy.

I think one other thing that I would say which is perhaps on the industries themselves to address rather more sharply are working conditions and precarity [ph 0:13:46.3] so we can't spend all our times blaming the external world for our challenges, creative industries have a problem of social inclusion, of precarity and improving their working conditions and that's I think something that we do need to address for the future.

Deborah Annetts

So can I just ask you, do you know anything about what's happening in our schools in England at the moment around the provision of arts education, so covering everything from music to drama etc?

Christopher Smith

Just to give you one example where we're very concerned at the moment, design is a subject which is seeing a massive drop-off at GCSE level. Now we need to understand that better, there could be a number of reasons and it doesn't necessarily feed through to people taking design degrees, but it might do and if it does that's a real challenge. We're talking about something like a 60% drop off. So that's really dramatic. We have a national plan for music which I think is a welcome attempt to focus on that particular area, but I think that one of the problems always is that we take this in piecemeal, so we've got a national plan for music curricular in schools, but where is the pull through into what's happening in higher education, further education and lifelong education.

This comes I think to a fundamental disconnect that we know that culture is important and investment in culture is important. We know that investment in creative industries is important for the country, for its economic growth, but at the same time we have a narrative about the lack of value of creative industry degrees. That obviously then feeds into student choices at school and the impact there. Now that's a disconnect of language which creates breaks in the pipeline of talent, and I think it's critically worrying because if we cannot think in a joined-up way across cultural industries and creative industries there will be economic impact. This comes to really basic things like skills, jobs, digital literacy, social cohesion. So we are seeing some challenges but I think they're being exacerbated almost by discourses that are outside a school conversation and in just competing incoherence of messaging from Government.

Deborah Annetts

The ISM has done a lot of work around what's happening with accountability measures in our schools and we have found that in terms of arts education, so all subjects, design, tech, drama, music in particular, there has been a massive reduction since the progress eight accountability measure was introduced in about 2014, and I think those accountability measures really need to be looked at because they are having such an adverse impact on this particular industry in a way that perhaps the other subjects which are part of the EBAC [ph 0:16:49.9] are not having so much, they don't have such a direct link necessarily into an industry as some of those other design-based, creative subjects which are definitely linked to the creative industries which are now disappearing from our schools. So that's certainly something that we should be adding into the mix.

So, can we now head off to the second question with Philippa, so over to you. I can't quite hear you, no still quite quiet, can't hear anything. No, still not. No. Our techy friends from the Commission, can you help?

Secretariat

I think your microphone isn't connected to Zoom unfortunately so would it be a problem to hand that question over?

Philippa Whitford MP

Can you hear me now? Can you hear me now?

Secretariat

Perfect, thank you Philippa.

Philippa Whitford MP

OK so obviously it's my earphones and microphone, I was trying to be smart to block out all the background noise. Sorry about that. So I want to pick up on the issues that David raised, we haven't said the B-word yet but it is very much the post-Brexit change to the UK's international relationships moving away from the EU, but also what will be discussed by other colleagues later, future trade deals with other parts of the World. So I'd like to start with Margherita and then Róise and then come back to David to see if there is other things he wants to ask. So Margherita, what logistical administrative challenges do you see facing the sector, how could the sector be supported to deal with them in the short-term, exactly what David was talking about, young musicians, young performers, we are seeing it a lot in Scotland with traditional performers, traditional music, big market in Europe and it's a struggle for them to go. So how could they be supported in the short-term but how could we actually tackle it in the long-term?

Margherita Laera

Thank you, yes so I represent here the theatre sector and especially small independent companies who would have had the opportunity to tour to Europe with a single entry point up until the day

before Brexit. They would have been able to call up various multiple partners, theatres, festivals, companies and create international tours that were worthwhile and took people on the road for a significant chunk of time, going from one state to the next with a single entry point. Which 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.

And so this is for us especially, 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.

So really what the sector needs is an understanding that visas for temporary work in the UK but also for UK practitioners to go and tour to Europe are a priority and there is a need to understand that these visas need to come quick and need to be easy to access and also at the moment there isn't an organisation that is able to advise all the requirements for small companies to tour to Europe and vice versa. So I've spoken to colleagues where people have tried to get advice from Equity, advice from the Independent Theatre Council and then further advice was required and they were directed to HMRC, but HMRC did not understand what was required and therefore it's a full circle and we're none the wiser at the end. And so there is a lack of clarity of what is needed and we need support, especially for small companies because of the staffing levels.

Of course if you are a large organisation you can perhaps afford the level of staffing time that is required, so touring is still possible, some European companies are still touring to the UK and vice versa but it is becoming very difficult.

Philippa Whitford MP

So do you think, excuse the sound of a washing machine in the background if you're hearing that, so do you think having a central body, Arts Council or someone who actually knew what everyone had to do and maybe even could assist with paperwork, the visas, the work permits, the carnets, etc, that David highlighted, do you think that is something that we should be lobbying Government to actually produce in the meantime and you did mention that companies generate extra income from their European touring, kind of how vital is that?

Margherita Laera

I think it would be vital to have a body that is tasked with advising and supporting, if possible, especially the small companies and the medium companies, but also the large ones, to really support the touring, international touring. 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.

Philippa Whitford MP

So the income, I mean the cultural diplomacy that David was talking about is obvious, but actually the income from this touring is also vital to support the survival both of small companies and indeed larger ones. If I could come to yourself Róise what your feelings are and experience about these roadblocks that we're seeing for touring in Europe and for cultural exchange in Europe.

Róise Goan

Thank you very much, my name is Róise actually, thank you. It's alright, it's an Irish name, thank you. I work at Artsadmin, we're a producing organisation, we're not for profit, we're Arts Council funded and we support the work for independent artists usually that sits in between forms and we work an awful lot in Europe and always have done.

I think I would disagree slightly with Margherita in terms of access to information, I think that there is good information out there, I think Arts Info Point UK has provided some really great information as have Extracts. We ourselves supported by the Arts Council created a kind of how-to guide on touring in Europe for independent artists working at a small scale. I think where we wouldn't see so many challenges in terms of visas in Europe, we're definitely seeing it in terms of freight and that's I suppose in terms of the administration required for freight and also the time that it takes in terms of thinking about carnets and cabotage, just as David articulated very well. I think in addition to that the cost of freight, for us we're seeing twice, three times the cost to bring any kind of set or materials into the European continent.

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. It provided crucial match funding for us in terms of project development and created I suppose economic opportunities, artistic opportunities for artists, not only in Europe but also across the UK and further afield through that multi-lateral exchange that Creative Europe provided.

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. Not to mention the kind of boring practical logistics, but really important logistics that have been mentioned.

Philippa Whitford MP

I think obviously that parallels a topic we've discussed before regarding research, being outside Horizon Europe etc, one is getting the equivalent funding and we haven't seen that in any sector, but it's a failure to understanding the importance of international collaboration.

Róise Goan

Absolutely it's that exchange that makes it.

Philippa Whitford MP

Absolutely, exchange of ideas, exchange of culture. Before I come back to you David if I can take briefly Elaine and Christopher, but just very short because I've only got a few minutes before we move to the next question. Elaine.

Elaine Bedell

Yes, very briefly, I just wanted to make the point about orchestras which, you know 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. I also wanted to, by way of a solution, say I think there used to be a Home Office Cultural Liaison Group that about ten years ago that precisely did operate in order to look at any immediate or urgent visa or restrictive blocks in terms of touring and it might be an idea to propose reinstating that.

Philippa Whitford MP

Thank you. And Christopher, just very briefly.

Christopher Smith

Simply to say that this also applies to tech companies moving in and out and that's actually quite important so that the top end, the permitted paid engagement high potential visas are also part of this, for part of our economy. I do think that the system is complex and there are different bits advising, so Tech Nation for instance advises on digital companies, but the system itself is complex. So in some ways you have all the advisory bodies but a simplification of the system would be helpful.

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.

Philippa Whitford MP

Well I think it is that network as well as the practical things that we are talking about. David obviously you laid out the kind of post-Brexit impact of struggling to engage with Europe, from Chris's point of view obviously we've a big gaming sector in Scotland, big traditional music sector, as well as all the

others, ballet companies, opera companies, theatre companies that we see elsewhere. But is there anything else David that you've thought as we've discussed this, and maybe things that need to be thought about in future trade deals regarding our engagement with elsewhere in the World. Because as you say, British cultural exports didn't just go to Europe, Europe has become much harder. Are there things we should be thinking about to make it easier to actually export to other parts of the World?

David Furnish

I agree with what Margherita talked about, I feel if we can have a central office or a central place of support where people can go, not a website, when you're touring and when you're touring in different incarnations and sizes, there's no cookie cutter solution to that sort of thing, you need to have a helpline or an office where you can go in and sit down to people and actually put together a plan and work through all the complicated logistics, in the short-term, to help you get on the road as quickly as possible. In the longer-term the more we can remove those complications the better and if there's a way to create for artistic exportation, if there's a way to create visa free or carnet free type arrangements for artists, I mean again the best British ambassadors we could ever hope for in an area that we've always led the World with so well.

I'd just like to add particularly for younger new musicians, recorded music revenue for them has gone down in the shift to streaming. Now recorded music as a business is actually incredibly healthy, it's growing at double digit growth, but unfortunately that is not being passed down to the artist. Not always in equal proportion and a way that streaming royalties work is the royalties tend to get better the more you stream. So when you're at the beginning of your career and you're just starting to stream, you're at one of the lower possible royalty tiers. So you're in a bit of catch-22 situation. So getting income from live touring is essential just to be able to stay alive, you have to get on the road, you have to play to people to make money in order to survive. And the bigger playground you have to go to perform to, the more countries you can go to, the more you can support yourself and spread your music to a wider audience.

Philippa Whitford MP

I mean Róise's point that obviously information is there in a way we maybe need information about where to get the information, but I would equally agree with David that people who are Celtic singers or lone fiddlers or a tiny group, they may need a bit of hand-holding. Several on the group here of MP colleagues are on the Partnership Assembly, the EU/UK Partnership Assembly with members of the European Parliament and I would say this is a topic that has come up in every one of our meetings and would be seen as a win-win, obviously there are other roadblocks, but hopefully this is something that we can be pushing to actually try and get change, because European performers would welcome this as much as British performers. But thank you both, if we can move onto question three, thank you.

Deborah Annetts

Thank you very much Philippa. We have actually asked DCMS if they could put something on the DCMS website to assist creatives and they said that they would be very nervous about attracting liability by offering advice. So I'm not sure that the DCMS really wants to be part of the solution, I think we may need to find another solution somewhere. Over to Tamara.

Tamara Cincik

Thank you, Deborah. So, I'm asking question three. Given the issues you mentioned with regards to logistics, has this affected your sector's collaborative work internationally, I think I'm going to know what the answer is, what changes are needed to facilitate international collaboration. I'd like to start with Margherita please.

Margherita Laera

Thank you. I have spoken to several colleagues who have ongoing projects, or had ongoing projects with international partners, especially European partners, and some have reported a lack of confidence from our European partners to work with the UK. Some haven't. 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. So I think as well as being able to enable British artists to tour internationally, 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 as well to say this is an office, or this is where you can get the information, this is how we do it and we want to keep doing it, and we are ready to do it again. Because again, of a lack of confidence.

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.

Tamara Cincik

Thank you, I mean I work in the fashion industry and I met with a large UK-based model agency last week and they told me that their numbers are 20% down and they have to hire someone to manage the visas, and arguably in fashion it's even more of a just-in-time model than touring, but it's just as many sole traders or freelancers within that economy and there's obviously correlations between fashion and other arts, so I identify with those issues greatly as being very similar to the ones we face. The same question to Elaine please.

Elaine Bedell

Yes, I'd just like to highlight the one issue about freelancers, 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. And obviously that cross-fertilisation pre-Brexit was incredibly fruitful for the entire creative sector in the UK. The Arts Council is able to make special visa requirements for what I think is called extraordinary talent or words to that effect, which effectively means you're an Oscar nominee or ...

Tamara Cincik

You walk on water.

Elaine Bedell

Exactly. But for up-and-coming artists you know the very sort of cuspal artist that actually people do want to collaborate with, it's incredibly difficult to get them into the country to work and to collaborate with our own artists. So that is a real issue, particularly given the dependency of the creative sector on freelancers generally.

Tamara Cincik

Yeah and that cultural exchange I would imagine is crucial to building up one's reputation, certainly I had to work abroad to have any reputation in the UK. And I would imagine it's the same for a lot of your artists. I'd be interested to know how many are trying to get EU passports or have already managed to secure them to be able to keep those doors open. And lastly I need to ask Christopher, Margherita I know you've got your hand up, but I'm just worried about time so maybe we can bring your points up in the next question. Christopher?

Christopher Smith

Just a quick thought about creative industries, about 6% of the UK economy is creative industries but they represent 10% of foreign direct investment. Now in 2020 we saw a marked reduction in those inflows, that could be Covid but it's also the last year before the new UK-EU deal, so I think we need to look very, very carefully at those FDI inflows. Again, this is critical to our economy and creative industries outperform 6% of the economy, 10% of the FDI inflows.

Tamara Cincik

Yeah, it was growing 11% year on year wasn't it and a very important growth in comparison to other areas. I always think about Freeze Week [ph 0:40:54.6] and how important that is for the investment that I brings into the country. I'm coming in for other questions but I'm going to defer back to the Chair now because of time and Margherita I'm sure you can bring your points in later, thank you.

Deborah Annetts

Can we go to question four please?

Charles Rose

Good morning. I'm going to bring up the point of public and private funding and to see where this is at the moment. I have a personal and particular interest in chamber music and I think one of the things that we saw over the past three years was the Wigmore Hall in particular survived through the pandemic with large private grants and I just wonder how people are experiencing this in their sectors. And I wonder if I could direct this question which is formally how do you feel about the state of public and private funding within the arts sector at the present time, to Pauline and then Christopher if I may?

Pauline Burt

Good morning, thanks for inviting me. Well, film has always really had a blend of public and private funding it's sort of the nature of the way projects evolve, but I would say it depends which part of the chain you look at. So when you look at early R&D it's very, very difficult to get private investment into that part of the chain, as you might expect. We're dealing with an intangible asset, when you're looking at intellectual property all the time and particularly when you've got new and emerging talent coming through or new and emerging companies, very hard to bring in private investment to that early R&D. So the points that Christopher referred to about looking at R&D in a much broader way for how that works for the creative industries is really important, whether that's via tax credits, whether it's UKRI funding, how does it work for much, much smaller and micro companies, how does it work when you're an intangible asset business, so I think that's really important to support that kind of R&D.

And also when you're looking at building those relationships, so from an international point of view, again it all tends to be the burden if you like of developing those relationships, it's falling to small and micro companies on the whole and to the public sector, and it takes a very long time counted in years to develop the kind of trust and relationships that seed projects and not all of those projects will go into production, so it's time consuming and when you then layer on top of that the need to expand our international relationships into new territories and deal with the kind of perception issues that have been talked about already here, where we're having to do an awful lot of heavy lifting to rebuild the confidence with partners that we may have worked with many, many times over the years, that yes we're still very much open for business, this is how it works now. You can see how sort of labour intensive that is on the public side and I think a lot more needs to be done in that area.

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, you can see it when you look at your box sets, when you look at studios and streamers and the amount of growth that they've seen throughout Covid when we were all locked inside our houses. That has fed consumer behaviour and changes in the way that we watch films and television. Massive demand, lots of production and studies which BFI [ph 0:45:21.1] 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.

Charles Rose

Thank you, I think that's given us quite an overview as to the demands in the film sector and I wonder if you Christopher could take this up now?

Christopher Smith

Thank you, yes I think the contribution of private sector to R&D is critical but again we are back to issues around an ecosystem of coherence that's desperately needed so we have benefited in the creative industries from R&D tax credits, but probably there's a great deal more to be done to actually improve that system and obviously with the ONS recent re-evaluation we're very concerned that there should be unintended consequences or wrong decisions made. Overall our investment against OECD statistics is weak, so for the total investment for creative industries in other sectors, R&D from business public sectors is underneath the OECD average and creative industries actually has been improving as moving up from about 11.5% of business R&D in 2018, so there's a lot of creative R&D going on despite the nature of the sector with a lot of small and medium enterprises.

So actually I think the sector is doing a lot of work but it's not necessarily helped by Government intervention. So that's a coherence issue.

I think one of the other aspects of this is to look at the arts and cultural sector, so just going back to work by 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. Now a good deal of that is actually library expenditure, even if you take that out it's still a 15% drop. But I don't think you should take libraries out because we know that libraries actually are a critical part of the arts and cultural ecosystem and also have increasingly offered business support and activities to help SMEs.

So there is a big drop that we're seeing here that in local authority spend, that local authority spend was often what was holding up a drop in central Government spend. So, we have on the one hand an incoherence in the system which isn't allowing the private sector support to come through as strongly as it should do, coupled by drops in the public sector both on a national and local level. Now clearly we also must celebrate things like the Cultural Recovery Fund, there's no question that DCMS's activity of the Cultural Recovery Fund was absolutely critical and a hugely important moment in our history and we really should be thanking those who were engaged in that. But what I think is interesting is that that one-off intervention needs to translate into an understanding at Treasury terms of ongoing contributions. So why was it important for us to invest to bring the cultural sector back during the pandemic and the intellectual reasons for that feed through to a better understanding of cultural value and capital. And 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.

Charles Rose

Thank you. I wonder if I could open this up to whoever is here to see if there are any comments about the importance of the cultural sector and the importance of funding it in relation to the soft skills which David referred to earlier and the softer side of international relations. Any takers?

Róise Goan

Hi, I will lower my hand. Yes, I mean I think I would agree with Margherita that actually a lot of our partners in Europe are still really, really keen for the artists that we work with to come to them, to have the opportunity to come to the UK, there is still a huge amount of interest, this is a destination people want to come to. People are curious about British artists, British creativity, there is definitely an interest there. I think we have been in a series of cycles of decline around public funds for the arts over the last 12 years, there is no denying it. In our own organisation we have luckily, we're based in London so there's a particular challenge as has been already articulated by Elaine, around funds taken out of London. But we've managed to secure a standstill in funds throughout the last three cycles of MPO [ph 0:51:16.1] funding from ACE. What that effectively mean is that we are now at a 45% cut in terms of how we have negotiated the last 12 years as an organisation and that is met with a declining market or difficulty to access the market particularly in Europe, and also declining funds from Europe.

And I think something that's important to say is when we think about private funds and public funds, increasingly both private and public funds are interested in social outcomes as the major metric for how funding is allocated and while social outcomes are extremely important they're not the only

outcome that the arts offers society. There are, as Christopher has very clearly articulated, economic impact, but I think there is that sense of the good news story, the story of ... in Europe we are often talking about is the story of how we can raise the alarm around climate change through the arts, how we can increase access to the arts, I mean the UK is a World-leader in terms of thinking about access particularly to disabled people within artists making work and also how audiences experience work. Those good news stories are at risk as well in terms of our access to the international space.

Charles Rose

Thanks. I've got a couple of hands up and we've got a couple of minutes left. Elaine, would you like to come in?

Elaine Bedell

Thank you. I'd just like to echo Christopher's point, we were the very grateful recipients of the Cultural Recovery Fund loan which we now have to pay back, and I think the critical point about the Cultural Recovery Fund which was a lifesaver for us and for I know all our cultural colleagues, but one of the points about that was obviously to kind of secure our immediate future, but also to sustain the long-term viability of the cultural sector and coming out of the pandemic of course we are facing a whole new set of financial challenges, not least inflation, the war in Ukraine, the hike in fuel prices, the consequences of Brexit in terms of this freedom of movement that we've been talking about. And so I think it's really important that we all remember what the cultural recovery fund was meant to sustain and that it can continue to do that or there is sufficient funding to do that, as Róise says, I mean 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 and I think ...

Charles Rose

Can I just cut across you here because I've got a minute or so left and wonder if I could bring Pauline back in.

Pauline Burt

Thank you, yes talking to the soft skills and that kind of cultural importance, we're dealing in a sector that's all about storytelling essentially in its different formats. 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.

Charles Rose

Thank you, I'm going to hand back to the Chair now but with a comment that I thought when we were opening this question as a can or worms and answered simply by saying we need more money, but I think that what we've seen here is that there's a very significant raft of things which are done that the arts and cultural sector contribute to and that the challenges just seem to be ever longer. Back to the Chair please.

Deborah Annetts

I would totally agree with you there Charles. Before we go onto the next question, could I ask David just to comment because music is a slightly different type of model, so again can you just fill us in on your thoughts around the state of public and private funding within the music sector, you operate very much within the commercial sector so what are your thoughts here?

David Furnish

I think the great contribution that the Government made to live music venues during Covid and during the Covid lockdown I think was very, very much appreciated at those venues that had to shut down and had no revenue whatsoever were able to survive. But from the nature of what we do with young musicians and established musicians; we don't have a heavy reliance on public funding. We're able to cobble things together and do things ourselves. The music business is an intrinsically cool and attractive business and so we can attract people that want to come along and apprentice, that want to learn, that wasn't to come on tours, that want to hang around with musicians. We just want to create a culture and an environment where they can just get on the road and do what they do. Every established musician has a story about the beginnings of their career, sitting in the backs of vans and hanging around backstage and bringing coffee to people, that type of work. The music business will always attract those types of people, the commercial side of the business I think quite easily. So we're not asking for, at least from our business perspective any sort of additional increase in public funding other than public funding to support young musicians being able to get on the road, do what they do and build their craft.

Deborah Annetts

Absolutely, it's just you want to do what you do, that's as simple as that.

David Furnish

Yes, and just cut away the red tape and make it easy to get on the road and you know spread your music and spread the word to as many people as possible.

Deborah Annetts

Fantastic, onto the next question which I think is with Stephen.

Stephen Farry MP

Yes, thank you very much Deborah and good morning, everyone. I think the first part of my question around the impact and rules on mobility for skilled workers in the sector has been touched on by

many of you already, but just to develop that a little bit further, could you maybe elaborate how that's having an impact in terms of skill levels in your different areas and arising from that what changes would you like to see in terms of Government policy in that regard to try to address it. Obviously there may be some [inaudible 0:58:35.7] steps that could be taken but obviously there's big ticket solutions as well which are probably obviously things many of us would want to see but are probably going to be much more politically difficult in terms of the current climate, so in terms of that spectrum what sort of interventions. I'm not quite sure who wants to pick that up, so I'll just look for any hands to see who wants to volunteer to pick up on that one.

Deborah Annetts

I think if we could go to Elaine because she was talking about skills and then we moved on, so perhaps if we go back to Elaine that would be great.

Stephen Farry MP

OK yes, I see Margherita and Róise as well, so I'll go to them next and so Elaine first please.

Elaine Bedell

Thank you, well I spoke about the particular issues around 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.

Stephen Farry MP

Sure, thanks very much, and Margherita.

Margherita Laera

Thank you, absolutely agree with everything that Elaine has said about this. In terms of what needs to change 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. So I work in a University where we train those people and a lot of my colleagues as well, 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. I represent the theatre sector as I said, so a degree in drama has often been publicly devalued and the idea of a Mickey Mouse degree and we are seeing especially with the pandemic where the theatres had to be shut, and we're seeing how vulnerable we were to that particular challenge. 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.

Stephen Farry MP

Just to come in on that Margherita, recently we had the Prime Minister making reference to the need for maths to be studied up to 18 in some shape or form and there's also various talk about changing, how higher education is funded more generally and perhaps weighting towards certain subjects. Of course maths and SEM subjects are important to protect the tactical skills and support a lot of the creative industries anyway, but do you feel that that sort of tenure coming from Government is a potential worrying sign for the sector and how skills are going to be valued in the future?

Margherita Laera

It's worrying but it's not new, it's been ongoing for decades and we are seeing the results of them. 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.

Stephen Farry MP

Thank you very much. Over to you Róise.

Róise Goan

Thank you. I would just echo everything that Elaine and Margherita have said with such brilliance and so articulately. Something I would add is we are also definitely feeling the shortage of skilled theatre technicians and I think there is also an opportunity here as we think about how we recover here, to think about what [inaudible 1:04:35.2] 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.

Stephen Farry

That's great, thank you very much. Unless anyone else is itching to come back in I'll pass back to the Chair, thank you very much.

Deborah Annetts

Thank you, if we could move on now to question six which is with Claire.

Claire Hanna

Thank you very much Chair and thanks to all of our witnesses, it's a really interesting session. Some of the issues facing your sector are fairly universal in terms of coming out of the pandemic and some of them aren't and I wanted to ask how the UK sector is recovering from the pandemic compared with others, and are there policies or initiatives being deployed in other countries that could usefully be transferred over. I might start with you please Christopher.

Christopher Smith

Thanks, so we've heard some of the statistics about low return or not quite recovering audiences. I think I'll let others speak to that because they're better informed. Obviously the pandemic had a huge hit, there were benefits or gainers within the pandemic, one of the issues of course which was a huge plus in many ways was the capacity to see streamed events all across the country which didn't happen before. Our evidence suggests that streaming has actually dropped off now because it's obviously a competitor with ticket pricing. Now that's understandable but it's actually not necessarily good overall for the sector and for diversity, for access, so there's an interesting set of tensions here that as venues try to get people back in they will dial down on what was a very useful mechanism of streaming out. So I think there's a conversation to be had there.

In terms of international comparisons, I can't speak to comparisons in audiences, what I can speak to is just some of the really critical things about the fact that 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 pandemic. And we're not adopting the OECD full Frascati definition for R&D tax credits. So there are a whole bunch of things which speak to Elaine's point that 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. And I think just to give an idea, Germany spends over €9 billion on culture per year, whereas DCMS spent £1.8 billion in 2021 on culture out of its £9 billion budget, because most of that is going into telecoms, without necessarily thinking about the content needs to be transmitted through. So, I'll leave it there.

Claire Hanna

Thanks very much. David, would you want to come in there please?

David Furnish

Yes, I just wanted to say that the booking of British acts at European music festivals is down by 45% versus pre-Brexit and Brexit and Covid kind of collided so it's hard to know which is contributing to which, although music festivals are held outdoors and have been able to come back much more quicker than indoor venues. I mean this is a real blow to young British musicians because festivals are historically amazing gathering points for young people, for influencers, for musicians to meet and to get access to a large audience and a large platform and a large infrastructure that is well above their ability to afford and create themselves. And if we're making it harder and harder for young musicians

to get to music festivals because of the red tape that's involved, we're cutting off a huge opportunity for them to build their careers faster. So that's a very worrying decline in statistics.

There has also been recent BBC cuts to local radio stations, streamlining to less regional programming and so many of those regional programmes have been essential at giving young artists a platform for breaking and coming into the market. So that's something that's very worrying, where again shutting down another avenue for a young artist and a young musician to get their music discovered by other people.

Claire Hanna

Thanks and I know colleagues are going to pick up on a couple of those issues around international agreements and so on. I don't know if anybody, Róise I'm aware [inaudible 1:10:28.9] Arts Council of Ireland as well and things like there's a pilot rolled out there on minimum [inaudible 1:10:38.0] are there any other initiatives in Ireland or elsewhere that you think would usefully transfer?

Róise Goan

Yes, I mean first to say that I think the stories that we're experiencing around audience behaviour and the way things are, the shortage of staff etc, you know these are international stories, they're not just particular to the UK but what you see if that the response is different. So yes, in the Republic of Ireland they are trialling the Universal Basic Income for artists but in addition to that Arts Council funding in Ireland has almost doubled since 2019, so you're seeing the response there is about invest in the cultural sector and actually the impact that that's having on the lives of artists and the capacity to create is something that is really felt and it's felt right across the creative industries. You may have seen a record 14 Oscar nominations for Irish artists in the day before yesterday's announcement. I also think it's important to note that how important that British Council has been historically to artists in the UK working internationally, not just in Europe but across the World, and the other things we've noticed in the last couple of years is the decimation of the British Council, removal of the arts function from head office in London, as well as in the teams across the World. We currently are running a programme called Another [inaudible 1:12:12.0] which is about supporting UK artists to internationalise global health challenges, geopolitical realities and the climate emergency, completely dependent on the local skills and expertise of the British Council team across the World and seeing that threatened is also a real risk to the creative sector and the arts in particular as we try and create relationships internationally. So I think it's important to mention that.

Claire Hanna

Thanks a million. I've just noticed your hands both Margherita and Pauline, if you wanted to come in first Margherita thank you.

Margherita Laera

Yes, I just wanted to make the point that in comparison to other countries especially in Europe such as France and Germany, the UK venues for instance in theatre are much more reliant on ticket sales, so Arts Council funding for instance, counts as maybe 35% of overall budget on average, whereas in other countries such as Germany and France it's much higher, it's over 50%, even 60 or 70% of their overall budgets. This means that they are less reliant on audience behaviour and therefore this

allows them to just bounce back, as audiences adjust and this of course has a massive impact on what kind of art can be made.

Claire Hanna

Of course, absolutely, thank you, and Pauline.

Pauline Burt

Just building on something Chris said just to reiterate this kind of long-term on the impact of Covid, particularly on exhibition [ph 1:14:08.3], on film exhibition many of those cinemas are also based within mixed arts venues to speak to the ecology. We're still according to Comm School [ph 1:14:17.2] across the whole of that exhibition sub-sector, 28% down on pre-Covid levels. In 2019 we had 1.35 billion of admissions and currently we have 978 and a half million. So we've got a long way to go and that means that cinemas are dealing with how is the experience economy changing, what do you have to do to get an audience out to a venue now that's different to what you had to do in 2019 which is a very significant set of challenges. And then from a sort of more international perspective just to say that there's an awful lot of collaboration going, we're very active members and have been for many years with a group called Cinereggio [ph 1:15:03.4], it's a group of 15 European film funders and we meet three times a year at various places around Europe and for about three years now we've been working on how from a public sector point of view, funding in the ways that we work and particularly the ways we engage with the big private entities, the streamers and the studios, needs to adapt in our varying attitudes to it and there's a very important report that they've been working on that will get published later on this year and I think that will be very insightful.

Claire Hanna

Thank you very much. Chair, I'll hand back to you, thank you.

Deborah Annetts

Thank you very much. I mean I think some of this really should be going into the DCMS vision that they're supposed to be producing by the end of this month, early next month, I just wanted to add into the mix of course that there has been an awful lot of cuts to funding from Arts Council into the music sector, particularly the classical music sector, which had a pretty miserable pandemic and is now having to deal with those cuts as well. So, if we could go onto the next question which is with Stephen.

Stephen Kinsella

Yes thank you, and this question is perhaps a bit more forward looking as well and it's primarily directed I think to David and then to Elaine, but we've been asking ourselves what would a successful UK cultural sector actually look like and in particular to deliver that what sort of opportunities need to be made available over the coming years if it's going to bounce back. And obviously linked to that I suppose, who are we going to look to to provide those opportunities? And if I look to David first,

David in your opening remarks you described really a sector that needs to flow, that you need that fluidity, you put a lot of emphasis on that and you had some good practical suggestions I thought in terms of what could help, such as visa free movement or carnet free movement, on the ground help, particularly for smaller bands. And I wondered, that could look a bit piecemeal but did you want to expand a little on what that would look like and in particular who can we rely on to provide this practical help?

David Furnish

Elton and I have had extensive discussions with people on the label side in terms of the resource that labels might be prepared to provide in terms of private sector investment, as I mentioned earlier the recorded music business is doing quite well and getting double digit growth year on year. This year if you look at the top ten acts they're all British for the first time in history and that's as a result of a long-term investment in those careers over time. I think the private side of the business and the label side of the business recognises the importance in investing in new talent because it creates a brighter future for everybody, but I think it's something that has to be done hand in hand with the Government. I think the DCMS needs to really recognise the financial value and impact of the arts and of culture, and to British industry overall. Really appreciate where that investment is required, and I think by providing centralisation, sweeping away the red tape, being seen to be doing their bit and investing to remove as much red tape as possible. I know we've talked with the labels about perhaps partnering hand in hand and working together to create these resources and create these advisors who can work together. A and R which is Artist and Repertory, the people that go out on the road and look at new artists, labels invest substantially in that, it's their life-blood, it's their future. But I think the best solutions, we see the same thing on the philanthropic side with our work that we do with HIV Aids, the public/private partnerships are the ones that always work best. It's like you do your part, and we'll do our part too. I just think people would be more encouraged by certainly recent cuts in the BBC, talks about selling off Channel 4, things that are sending messages that perhaps the Government isn't valuing the cultural sector as much as they are, I think makes the commercial sector a bit more gun-shy and I think if the Government was to show that they really valued what music has done for Britain and what all the other arts sectors have done for Britain, I think it would attract more private investment and together we could work hand in hand.

I think those are the solutions that we're going to find going forward, our Governments are obviously strapped for cash, huge amounts of boring huge deficits but bureaucratic change doesn't require ongoing funding, it requires a commitment from people to say we recognise the value of these industries, the importance of getting these artists on the road and the importance of getting them out to as big an audience as possible, that this attracts so much to our country in a much, much bigger scale. And then the private sector feels more incentivised to lean in. We have to do it together; I really think that's the best way for all of this to go forward.

Stephen Kinsella

Thank you, yes and obviously we hope that the work and the time you're putting in and the conclusions that will come out of the Commission are going to be part of helping to articulate that and trying to persuade Government and others, although disappointing to hear the DCMS doesn't want to be seen even to be giving advice on its website, because of liability issues which I struggle to understand that. But Elaine again in your opening remarks you focused very much on the practical side, you talked about funding, you talked about the difficulties of attracting labour and you talked about in the past there had at least been some liaison group that had been very helpful. Again is this something we need, are we always having to look to Government to provide these mechanisms or is

that something the sector has to do and then just go to Government saying well we need funding, but we've got this, we're going to handle it if you're reluctant.

Elaine Bedell

Well I think the importance of a vibrant cultural sector, creative industries sector, has been very well laid out by Christopher, the enormous contribution it can make, punching way above its weight in terms of soft power and contribution to the economy given how much it costs. Speaking specifically for the non-profit area which is obviously the world that I operate in, you know we are fantastically entrepreneurial so we receive Government funding through the Arts Council and that makes our artistic programme, but the enormous amounts of work that we do on community outreach, on education, on skills development and very importantly on arts and wellbeing, on the whole we all fund that through our philanthropic fundraising and so that is an enormous amount of contribution that we make of additional funding coming into the sector and that you know is I suppose not recognised by those departments responsible for it. So we don't get any kind of DfE recognition about the huge amounts of work that we do, the National Theatre do, the Royal Opera House do with schools right around the country.

Interestingly to go back to our conversation on skills development in schools, UK music I think just produced a statistic that 57% of parents who have a choice about schools will choose schools that have a music provision and so you know it is obviously and sort of I suppose instinctively true that parents care about their children having a rounded arts education. And a lot of arts centres like mine, or organisations like mine, are stepping up to provide that, where there is a lack of it in schools. But the way that we find the investment through that is through philanthropic fundraising and that is getting harder and harder and it has fallen away particularly post-pandemic from corporates. Corporates are much less willing to fund the arts, they are looking to put their funding in other areas. And so we are all fishing in an increasingly, and a sort of diminishingly small pool in terms of philanthropic fundraising.

So a recognition for that work that we do and especially in the health arena, where we're the home of the National Academy of Social Prescribing at the Southbank Centre, we do enormous amounts of work around mental health issues, social isolation issues, we've started up a youth choir, we do a lot of free dance classes here, the work that the orchestras do around dementia. So I think again in terms of that being recognised.

And finally my one point would just be the absolute recognition of the importance part that London as a vibrant cultural capital city has to make and the competition that we are now facing from other European capital cities that we desperately need investment in our infrastructure, in our buildings, to keep them fit for purpose and to keep them as attractive places that music artists that David is talking about want to come and perform at, or artists want to come and do their best practice and their best work at. But unless we get help with the considerable capital costs that we have in running these often heritage buildings, we're not going to be able to compete with other vibrant capital cities.

Stephen Kinsella

Thank you both, I saw a lot of nodding in response to both your interventions. Christopher I saw your hand up but I think I have to hand it back to Deborah's Chair and I'm sure you'll get an opportunity throw your point in, in response to the next couple of questions but thank you both.

Deborah Annetts

Thank you very much Stephen. Onto the next question which is with Paul.

Paul Blomfield MP

Thanks very much Deborah. Opening our session today Christopher I thought spoke really powerfully about the economic value of the creative sector, now what's always interested me as a Member of Parliament representing Sheffield is how far we ensure the equal benefits of that economically and indeed in other ways, across all the regions and nations of the UK. And a few years ago I led a Parliamentary debate on the disparity of funding. Now since then we've had the so-called levelling up agenda from the Government and we've obviously had the recent not uncontroversial Arts Council England announcement over funding, it seemed heavily directed by Government, so I guess my question is how do you think that the benefits can be shared equally across the UK and I really should start by providing a voice from the North, John would you like to kick off on that. You're on mute.

John Godber

Sorry I'm late to the party. Well thank you for the opportunity. I live in Hull, I'm speaking to you from Hull. Just off the cuff there was an Arts Council ... I don't run an MP or funded organisation anymore, I had 26 years of it running Hull Truck [ph 1:26:33.9] so I've been around the block a bit, built a theatre in Hull then left for various reasons, all good, so I run my own company with my own money, so I don't apply for Arts Council funding yet, but everything I've heard so far really chimes with me, it makes perfect sense and I think the arts have always been at a crossroads, they were at the crossroads when I left teaching nearly 40 years ago and it doesn't seem to be getting much better, particularly with the use of drama in state education, of which I'm a massive advocate. When we lose drama in schools, we lose not only audience, but we lose the potential to cultivate and I'm speaking as somebody who failed their 11-plus and taught in a comprehensive school for five years before coming to the mecca of arts which is Hull.

Let me give you an example of the disproportionate notion and the way I think the Arts Council think, and this is completely without any prejudice. Years ago you might recall there was a thing called Catalyst, and Catalyst funding was the Arts Council would match whatever you were able to raise locally. Now I was invited by Kevin Spacey at that time, not so much non-gratis as he is now, to do a thing at the Old Vic and in one night the Old Vic raised £185,000. I'd been at Hull Truck for 27 years and we'd not raised anything like £187,000 and the point is this, many years ago when I first left teaching and I came to Hull I did a talk in London at the Adam Smith Centre and I said that actors who work in the North should be given more money. Now you can understand how that went down with a lot of people who lived in London, luckily I'm 18 stone so it didn't throw me that much, but the point is we need obviously more water and good soil in areas where it's more difficult to grow and cultivate people.

So consequently the reason I referenced the Catalyst programme is because how could we possibly match funding in Hull, because we didn't have billionaires living round the corner. There's one round from me but he's sold Meadowhall now, and he doesn't have an interest in the arts. And this is what I think Government has to reconcile that it is not, and I can't foresee it being a level playing field currently, and we need to be able to access some kind of disproportionate levelling up whereby when these projects come online which are about Arts Council spend and matching public spend, we're actually able to prop up things in the North because frankly we do not have the same kind of spending capacity that you have in London.

Now, I love London, it's great, my daughter lives there, fantastic, no disrespect to anything that's happening there, but I've lived in the North for 67 years and it's what Alan Bennett said, we're quite different, we're not strange, we're different and we need a different way of approaching funding because we do not have critical mass, so we do not have a large market. As David Ayre I think said there was 22,000 theatre goers in London, I think there's about 220 in Hull. So every time you go out you're having to start from zero. Now whether or not that helps this discussion, they are for greater minds to draw that conclusion, but certainly it feels to me that we're heading towards some kind of ... we're on a slippery slope, the reason I was late to the party, I've got two shows opening, one in Doncaster and one in Bracknell and one is about drama education in schools which I wrote 35 years ago because I was a drama teacher. Things are not any better, 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.

And listen, I know there's great work being done all over the place, but when I left teaching in 1984 I thought Red Ladder [ph 1:31:05.6] and companies like that had done all the work, no, there is so much penetration to do. Of course money is scarce but in my neck of the woods we can't rely on a public/private partnership because it's drying up.

Paul Blomfield MP

OK that's really helpful John and I think some of the points you were making about what's happening in our schools we've covered slightly differently earlier in our discussions and clearly that issue about critical mass affects not only the creative sector but it's a very powerful one. Let me bring in Christopher because you've touched on some of these issues, what's your thoughts about how we ensure those benefits are shared more equally? Because clearly the Arts Council England's decision recently didn't go wonderfully, even in parts of the regions.

Christopher Smith

Sure. I'm just going to say Arts Council England obviously responded to a government directive and their hands were not entirely free and I think it's fair to say that. So what I want to start by saying is that creative industries is, if you shake it, a lot goes down to London and the South East and that's simply the case, 54% of creative industries employment is in London and the Greater South East, only 15% of employment is in the North of England. 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.

I think it's really important that we don't get into a dichotomy by saying that the answer to this is to take money from London and put it somewhere else, but to invest more in the entire system. London is not a unitary city, it has huge areas of under-employment and deprivation and the social infrastructure which Elaine is talking about for the Southbank is replicated in small micro industries and companies in London as it is elsewhere. But there is no doubt that we need to move investment across the country and there are really strong reasons for that. Everything we've talked about in terms of social infrastructure and the value of arts works out of London and the South East and we aren't thinking in a very joined up way about this and I'll come back again to thinking in this systematic fashion, an either/or zero sum gain isn't the right answer. Nor is the right answer to under-invest in devolution deals, so it's great to have greater devolution but it won't help anybody if what you do is shift costs out of the capital into other regions to try to race to catch very small sums of funding.

I can think of three regional schemes in competition with each other at the moment and we've just seen statistics about how much money local authorities had to spend in order to try to chase money which then actually did not eventuate. So we've really got to think very hard about the way that we manage this. Now, one way that we did it in the Arts and Humanities Research Council was by creative industries clusters programme, yes one of those clusters is in London and the Greater South East, but the rest is spread across Wales, Scotland, Northern Ireland and the regions and what we were using there was a collaboration between local authorities, universities as anchor institutions with a drive into SMEs, that form of clustering spread across regions is really useful because we gathered investment together and interestingly the answer to that is that £1 of public investment garnered £4 of co-investment from private and other funds. So there's a real track evidence, that creative industries clusters programme comes to an end next month, it doesn't have a successor. That is exactly the kind of thing which leads to the failure to address the structural issues that John's referring to, so we put money in but it doesn't stay, it doesn't stick, it's not sustained.

So I think my quick answer, it's possible, there are major hurdles to overcome but stability and joined up eco-system thinking is absolutely essential.

Deborah Annetts

I'm just very conscious of time, so perhaps we can go to the supplementary.

Paul Blomfield MP

Yes, I was going to hand over Deborah because I can see that Pauline has got her hand up and I'm sure she's got some really useful stuff to say but I know that my colleague Hywel wants to come in on this so over to you.

Hywel Williams MP

Thank you Paul and thank you Chair, I'm just thinking of not just levelling up but the triple whammy that we've faced with Covid and Brexit as well and for me it's Wales and for me it's in languages other than English, I think it's quite significant that Netflix is now carrying the first drama series wholly in Welsh produced in Wales and that's for the very first time. So clearly there's quality there's not quantity, there's huge ambition, so what do you think are the opportunities and what do you think are the policy implications not only for London and the South East but also for Governments in Wales and in Scotland, Northern Ireland. Perhaps Pauline might like to comment on that.

Pauline Burt

Thank you, yes maybe I could merge what I was going to say with the question you're asking there. I think when we're looking about ... I mean there's talent everywhere isn't there, but there isn't opportunity everywhere and there isn't necessarily the ways of implementing the change that's necessary everywhere. There is an abundance of opportunity in the South East, but I absolutely recognise and second what Christopher said about that's not uniform across that area and there's definitely areas where you can't access that opportunity.

I think that we need to look at wherever there is a Vonda [ph 1:37:47.6] whether that's Government, whether it's a devolved responsibility, whether it's a broadcaster etc, that firstly they're accountable, that they actually measure what the kind of geographic impact is as well as other forms of inclusion.

And they're not just looking at it from population. And then I think it's really important how we implement the interventions of people in different geographic locations. So if you look at Big Lottery's People and Places approach for example, if you look at the Cluster programme that Christopher talked about and UKRI of which we're a partner in at the moment, it really has to be led by organisations and people in those areas that know what are the particular barriers and challenges to access those opportunities, can work with partners on the ground so you get more scales of economy and have a kind of joined up response that allows you to scale those interventions.

So when you look at social disadvantage for example, social economic disadvantage in which we have very high levels in Wales, the kind of practical barriers you have for people accessing and going into the creative industries are lack of transport, lack of anybody else in your peer group being in the industry, lack of information, problems with childcare, so you have to deal with that in a very tailored way and that comes from working with people on the ground. So definitely there's changes happening in that area, the BFI did a big skills review and have implemented a skills cluster programme that very specifically moves away from a UK-wide body having little pots of money that you bid into that don't tend to sort of fit necessarily to what you need in a geographic area, to devolving money into areas, large regions and nations and working with multiple partners there led by a single entity, to look at what do you need in those areas and how does it need to work.

So I think much more of that would be very welcome.

Deborah Annetts

Thank you. I'm going to move on the question now to Tamara and can I ask people just to keep their answers to two minutes because we are a bit behind in terms of timing. Over to you Tamara.

Tamara Cincik

Thank you, Deborah. So my question is what do you think the UK arts sector requires from future international agreements to allow it to flourish. I think that's a big question that probably deserves its own session in lots of ways. I don't know how aware people are who are being asked about the upcoming or potential trade deals that are being negotiated at the moment, but I would like to start therefore with Margherita I think and then if other people want to come in on this just for time, put your hand up and I'll come to you, thank you.

Margherita Laera

I think just to reiterate points that I've made before, 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.

Tamara Cincik

So you're talking about ease of goods and services, of course if you're doing touring and you're going between different territories it might be that you have ease to one territory but then not to the neighbouring one and the tour might be going between the two, so unless it deals with that holistically it's going to still come up with the same issues which is why the deal with the EU was so important to have some structure and we haven't got that. So would you see a benefit from having a deal with India as opposed to the deal we had before when we were part of the EU, Margherita?

Margherita Laera

I think any international deal could make a difference, I mean the importance of a deal with the EU as a whole before Brexit was that it is our closest neighbour and it is the closest in terms of our geographic position but also the exchange of ideas, so of course a deal with India would enable a lot more exchange with that country and it would benefit us greatly, but at the same time also if we think about climate change and travel, it is much easier to travel by train to Europe and so to incentivise that would benefit the climate and our net zero challenge as well.

Tamara Cincik

I would agree with you, there is definitely a contradiction between the ambitions towards net zero and extended trade deals with territories further away than the one that's 20 miles away. Christopher, I'd like to bring you in and then if any of our other evidence givers would like to put their hand up and just come in quickly, but I'm going to try and race through to get back on time for Deborah.

Christopher Smith

I'll be really quick. IP, Horizon Europe offered a very mature framework when you move out into other bilaterals and multi-laterals you've got to recreate that framework. Intellectual property is a huge issue of creative industries and for the income that can be raised by individuals as well as companies, so I'll leave it there.

Tamara Cincik

It's the same for the fashion industry where you've got new designers who if they now have to register twice, the EU and UK, there's lots of copyright issues as well that are coming up and these are people who are starting out and already riddled with debt. There's so much around this topic that really does overlap and chimes, especially the need for creative education from key stage one onwards, I think it's something that's desperately needed and of course hopefully on the cards in the coming years with different perspectives in Government. Anyone else want to come in otherwise I'm going to go back to Deborah.

Róise Goan

I would just say the restoration of Creative Europe programme or coming back into the Creative Europe programme, there are many members of Creative Europe who are not members of the European Union, they are not mutually exclusive, and 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.

Tamara Cincik

Thank you, also what I'm hearing a lot from all of the evidence is a sense of amazement I think is the nuanced word for a lack of understanding of the value, not just the economic value which is obviously important, but the cultural value of placing arts and culture ... because what is a life without art and culture, I mean I really do draw back to that and we need to learn ... I for one was very glad that Watford Grammar School for Girls did not force me to do A-level maths. It would've been my idea of hell quite frankly. David, I want to bring you in before I go back to the Chair, thank you David.

David Furnish

Just to add to what you've already said, one of the things I think we're all facing and are horrified by what's happening in the World at the moment is we seem to be living in a World that's becoming divided, it's a very, very divided World and it's being divided by misinformation. The power of culture, the power of music, the power of the arts, nothing brings the World together like two things, art and sport. Those two things bring people together more than anything, and 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. And Britain wants to rule the World, justifications that we heard for Brexit, that we can be a stronger partner internationally, they have to really understand and appreciate the value that culture has in that vision.

And also, in relation to Europe, whilst we welcome opportunities for markets like India, we've already done so much cultural groundwork in the EU where British culture is already understood and appreciated, so it's always easier to play to your strengths than to go to new markets and build things. You welcome the opportunity to do it but the British brand travels really, really well within the EU and we want to continue to play to those strengths, so let's not take our foot off the gas where that's concerned.

Tamara Cincik

Yes, you've just said some brilliant quotes, I hope that the team use them for social, I love what you were saying there. I'm going to defer back to Deborah now but thank you everyone.

Deborah Annetts

Thanks very much Tamara, is Geoff with us for the next question?

Geoff Mackey

Yes, I am, thanks very much Deborah. Good morning, we've already heard from Christopher a comment about the economic benefits of the sector, I just wonder could I take another challenge back to that and ask do we think the tangible economic benefits of arts and culture are being fully recognised? Thanks, can I just pick that up with one or two of the other colleagues, Pauline could you start please?

Pauline Burt

So we're talking about tangible economic benefits here, are they understood, did I just catch that? I do think that the economic benefits are understood but not the complexity of the eco-system and how if you don't look at it as a whole right the way from education to skills, to the cultural benefit, then you could [inaudible 1:48:21.7] the whole. The reason why I think it's the economic benefit is met, certainly from a film and television point of view, is looking at how quickly the film and TV restart scheme was put in place by Treasury with Covid when there was all the narrative that they weren't going to be sector specific deals. And there was a convening across the UK of many of us, I think it was about 80 of us that were all working together, lots of working groups, to rapidly speak actually with one voice about what the needs were, doing a lot of work around how we had to change working practice etc, and then Treasury responding with that financial support package, which basically made good defunctive [ph 1:49:06.5] insurance and allowed the sector to get going again. And so hence we're in this position of significant growth on the production side and that is because of that recognition. But I really don't think that they get that inter-connectedness that we've all been talking about throughout these various questions.

Geoff Mackey

Thank you, David, tangible benefits, how on earth do we sell this one?

David Furnish

I mean the economic power of the music business alone is a massive industry statistically, but again the thing with music, culture, fashion, even consumer products and marketing can all link up together, music and the arts can be such a locomotive for which you can attach a whole lot of other things to the back. Again, I really agree with what Pauline has said, I think it is a very complex eco-system, I think you just look at music on its own and I'm focusing on that, it is incredibly robust, but I think when you look at what artists, what music, what music through social media, what it can do through advertising, promotion, film, theatre, when you start to link those things together they become incredibly powerful and they can support other industries as well. Again, it's about breaking down barriers. It's about breaking down walls. And nothing cuts through like culture and arts as a way of doing that. So, I'm just going to agree with Pauline on the complexity of the eco-system and the need to get a better understanding of that.

Geoff Mackey

Thank you very much. Elaine, anything to add to that?

Elaine Bedell

No, I think I echo all those points made and Christopher's opening points about the value of the creative industries, the cultural sector as a whole, I just think and to reiterate the whole point of the cultural recovery fund was to sustain this and we need to recognise the importance of it going forward.

Geoff Mackey

Thank you, John as a last one on this one, a regional voice or a different perspective to the question of tangibility.

John Godber

No, I don't think I'd say anything contrary to what's already been said. What I would say when I was Chairman of the Tourist Board up here, you know if you took the West End out of London what have you got? And if the metropolitan mind-set is what politicians down there understand, then what you say is look OK, let's close every theatre in Shaftsbury Avenue, close the Festival Hall, close them all, what are you left with? And that's how you communicate how important, without it you don't have society. Absolutely, the arts is absolutely baked into how we function. And so I can only endorse everything that I've heard in this short session I've been taking part in, so that's what I would say.

Geoff Mackey

Thank you, on that note, Deborah back to you please.

Deborah Annetts

Thank you very much. Good to have a perspective from the North on that question as well. So, can I hand over to Hilary for the last question?

Hilary Benn MP

Deborah, thanks very much indeed. This has been an absolutely wonderful session today and what really comes across is as we know the UK is a cultural powerhouse, this is a fantastic export industry for the nation, why we're not doing everything that we can to take full advantage of it is a bit of a mystery, so I'm going to challenge all our witnesses today, you've said a number of things already and don't feel the need to say them again, but if DCMS were to join the call now, and there was a Minister, Secretary of State appearing on the screen and I asked you to say OK what are the three things, and very succinctly, what are the three things that you would like Government to do to address some of the problems that you've highlighted this morning, what would those three things be? And I'm going to start with Margherita.

Margherita Laera

Thank you so much. Well, my three things would be to remove barriers such as red tape, invest more but also to change rhetoric and value the arts.

Hilary Benn MP

OK, now that's really clear, that is very helpful thank you very much. Róise.

Róise Goan

Mine are very ambitious but I'm just going to go for it. So the first would be to double Arts Council funds, to eliminate the red tape as has been discussed in terms of easing movement of people and things in Europe and the third would be to restore participation in the Creative Europe programme.

Hilary Benn MP

OK, thank you very much. Christopher.

Christopher Smith

So my over-arching one would be that it's not just a DCMS challenge, so number one would be to DCMS make sure you're convening the Department for Education about improving creative education in schools, make sure you're persuading the Treasury of the significance of cultural heritage and capital so that it's put into the grain book, make sure that you're talking to the Department for Education to take away the negative rhetoric around degrees, so that you can actually push through, make sure you're talking to DIT about the massive foreign direct investment values and make sure you're talking to all of those responsible for things like R&D tax incentives to make sure we have a joined up system and invest in R&D for the creative industries because it is good for the country. So, it's actually only one, talk persuasively to the rest of Government.

Hilary Benn MP

OK, that's a very important point. David.

David Furnish

Thank you, well number one would be sincerely join the call, great that you're onboard but really, you know start to walk the walk rather than step in and engage. The second is to engage with the industry and particularly the private sector as well, the conversations that Elton and I have had with the label, I would say that they very much welcome partnering with the DCMS to come up with solutions. And then the third is just in relation to red tape, in the short term let's get information and support to navigate the red tape that currently exists, and longer term let's do everything we can to remove that red tape to make it easier for people to spread their craft around the World.

Hilary Benn MP

Thanks, hear hear to that. Elaine.

Elaine Bedell

Thank you. My message would be please arrest the decline in arts funding [inaudible 1:56:08.7] local authority funding and directly to organisation, it has been going since 2009/10 and it is drastic and please give us some longer term security so that we can work to continue the vibrancy of the sector. Please support creative education and the development of training and skills in the creative sector. And can we have some freedom of movement for artists and freelancers across the Schengen area.

Hilary Benn MP

OK, thank you very much indeed. Pauline.

Pauline Burt

I would want them to jointly advocate with us for all of the benefits of the creative sector, actually get them engaging with what those range of benefits are. I would want them to focus on what's needed for systemic change and business innovation that is fit for the creative sector. And I would want them to take more of a place based and asset based approach so that we can be green and inclusive in our growth.

Hilary Benn MP

Thank you very much, and John, you get the last word. Over to you.

John Godber

Thank you. Well, I agree with everything that's been said, I'm a bit more kind of in the sticks, so I'd close every private school tomorrow, that would be the first thing I'd want to do. And I'd make sure that arts are absolutely at the centre of the school curriculum, because if we don't grow it from the roots it's never going to happen. And doing maths until you're 18 is just ... I don't get it, and I'm great at maths, but thank you.

Hilary Benn MP

John, thank you very much indeed. And Deborah back to you.

Deborah Annetts

I just want to say thank you for an absolutely brilliant discussion this morning, it was an absolute pleasure to hear all of your contributions and the Commissioners were also fantastic in their probing questions. So I wish you all well because I know it's really hard out there at the moment, but we really do make it worth living and as John was just saying, we do need arts education back in our schools. Thank you all so much for this morning.

