

Brexit & the Creative Industries

EU funding and investment



The creative industries are the UK's fastest growing sector, contributing one in 11 jobs and exporting £35.9bn a year in goods and services. EU cultural and educational funding gives the creative industries - from UK SMEs and independents to, in some cases, non-UK companies and/or their subsidiaries based in the UK - the backing they need to deliver jobs, growth, innovation and cultural regeneration across the country. It is essential that the UK secures or adequately replaces these schemes if our creative industries are to continue to flourish post-Brexit.

Recommendations

- Ensure the UK Shared Prosperity Fund maintains and builds upon the levels of support structural funds currently offer to the creative industries. Government should consult the creative sector during the fund's development.
- Maintain participation in EU funding programmes including Creative Europe, Horizon 2020 and Erasmus+ post-Brexit. It will be extremely difficult, if not impossible, for domestic funding to replicate the role of these EU programmes in developing networks and cross-border collaboration.
- Negotiate an agreement with the EU that allows the UK continued access to the European Investment Bank and the associated European Investment Fund.

Which EU funds do the UK's creative industries benefit from?

- **European Structural and Investment Funds** provide over €450bn to support jobs and growth in regions across the EU. The **European Regional Development Fund (ERDF)** invests in infrastructure and services in underdeveloped regions, while the **European Social Fund (ESF)** helps to create and improve jobs.

Example: £48m of ERDF funding was invested in the [Connecting Cumbria](http://www.connectingcumbria.org.uk/)¹ project, providing 12,500 SMEs with broadband access within two years. Broadband is essential for video games, visual effects, architecture and graphic design companies to set up in the local area.

Example: £1m of ESF money was granted to [Cultivator](https://cultivatorcornwall.org.uk/),² a programme working with 420 Cornish creative businesses to develop internships for local residents not in employment, education and training. It provided citizens with an entry point into a rapidly-growing industry primed to deliver local growth.

- **Creative Europe** is a €1.5bn fund for the creative sector. The **Culture** strand provides funding for sectors such as performing and visual arts, while the **MEDIA** strand invests in the audiovisual sector. The **Cross-Sector** strand facilitates access to finance for the creative sectors and promotes transnational policy cooperation.

Example: Creative Europe MEDIA has supported [MeetMarket](https://sheffdocfest.com/view/meetmarket)³ at Sheffield Doc/Fest since 2006, with an annual budget of €130,000. It has hosted 7,300 meetings and pitching opportunities between international partners and raised £30.5m for 433 documentaries, including co-productions such as 'The Act of Killing' (UK, Denmark and Norway) and 'Searching for Sugarman' (UK, Sweden and Finland). Many films would not be made without this

¹ Connecting Cumbria: <http://www.connectingcumbria.org.uk/>

² Cultivator: <https://cultivatorcornwall.org.uk/>

³ MeetMarket: <https://sheffdocfest.com/view/meetmarket>

For more information, contact Samuel Young, Deputy Head of Policy and Public Affairs at 020 3771 0350 or at samuel@creativeindustriesfederation.com
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investment.

Example: *Pride (2014)*,⁴ an independent British film, received over €1m from **MEDIA** for its distribution in 17 European countries, achieving 1.8m admissions and €12.6m in box office revenues, with releases on over 200 screens in Germany, France and Italy. In all countries it was released in, the MEDIA grant was matched by distributors' own investment totalling €1.74m.

Example: Creative Europe **Culture** provided close to €2m in 2017 to support *Opera Vision*,⁵ run by the Royal Opera House in partnership with 29 other opera houses in 19 countries. The project creates a free-view, online platform for European opera curated to attract young, emerging audiences.

- **Horizon 2020** is a €79bn fund to maintain the EU's position as a world leader in research and innovation. It makes up a quarter of all public investment in UK research. Like Creative Europe, the UK receives more from Horizon 2020 than it invests.
- The **European Investment Bank** offers EU businesses access to finance. Its **European Investment Fund (EIF)** helps private banks and funds to offer loans to SMEs. With SMEs making up 89% of all creative businesses, this is of huge value to the sector.

Example: *Barclays*⁶ is using a combination of **EIF** and **Horizon 2020** funding to offer loans of up to £5m to SMEs focusing on innovation in products and services. This is extremely valuable to creative businesses, where high levels of innovation mean they often face challenges in attracting private investment.

- **Erasmus+** supports education, training and youth opportunities for EU citizens, including through university exchange programmes.

Example: *University of the Arts London*⁷ has used Erasmus+ funding to increase the number of staff visiting institutions around the world to learn the latest techniques in their field. The programme allowed them to increase the number of international staff visits from 9 to 42 within a year, improving the quality of teaching.

How do these schemes benefit the UK?

- **Networks:** Creative Europe, Horizon 2020 and Erasmus+ award a significant proportion of their budgets to projects involving several international partners and support a range of initiatives and events designed to strengthen cross-border collaboration. The international networks these programmes foster provide businesses with access to new opportunities, expertise, and export markets.
- **Finance:** EU funding provides direct financial support to many creative businesses in the UK. It often allows recipients to attract further private and public funding too. It is difficult to fully quantify the total amount received because of the complex landscape of public funding. Nevertheless, the UK has a very high success rate in EU programmes, such as Creative Europe, and industry analysis has gone some way towards highlighting this:
 - A report by the British Film Institute (BFI) shows that the UK screen sector received £298.4m (supporting 1,766 projects) from EU funds over the last decade.⁸

⁴ Pride (2014). <http://www.pridemovie.co.uk/>

⁵ Opera Vision: <https://operavision.eu/en>

⁶ Innovation Finance: https://www.barclayscorporate.com/products-and-solutions/financing/corporate-lending/innovation_finance.html

⁷ University of Arts London Erasmus+: <http://www.arts.ac.uk/study-at-ual/erasmus--non-erasmus-exchanges/>

⁸ BFI. March 2018. "Mapping Study of EU Funding of the UK Screen Sectors 2007-2017"

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- Creative Europe Desk UK report that €57m was invested in the UK through their programmes between 2014 and 2016.⁹
- Analysis by Arts Council England demonstrates that 1 in 7 from the arts and culture sector directly receive EU funding, while 3 in 10 benefited indirectly by being part of a consortium or a user of an EU funded project.¹⁰
- According to reports by EUCLID, Historic England, and Historic Environment Scotland, heritage projects in England received a minimum of £450m from EU funds in the period 2007-2016,¹¹ with a further £36.8m spent in Scotland.¹²
- **Business and export support:** It has also helped fund business support services such as those offering finance and export advice. With 95% of creative businesses in the UK employing under 10 people, these services are highly valuable to the creative sector.
- **Infrastructure:** EU funding has helped develop physical and digital infrastructure which creative businesses depend on - from major cultural venues to broadband access.

What does Brexit mean for these funds?

- The UK will no longer be eligible to receive structural funding after Brexit. This could leave us with a £8.4bn funding gap.¹³ The government has promised to use money repatriated post-Brexit to develop a UK Shared Prosperity Fund to replace this funding stream.
- The UK may be eligible to pay into schemes such as Creative Europe and Horizon 2020, where there is a precedent for non-EU countries participating. The Prime Minister has indicated that the UK may seek to secure this in the negotiations. However, there remains uncertainty on how we participate particularly if the UK does not retain free movement of people. Moreover, if we participate as a third country, UK businesses may not be able to lead on projects.

About the creative industries

- Worth £91.8bn to the economy - more than oil and gas, automotive, aerospace and life sciences combined
- Growing at twice the rate of the wider economy
- Creating jobs four times as quickly as the wider economy
- Responsible for almost 10% of all UK service exports
- A priority sector in Government's industrial strategy
- Growing faster in nations and regions including Scotland, the West Midlands and North West than in London

About the Creative Industries Federation

The Creative Industries Federation is the national organisation for the UK's creative industries, cultural education and arts, providing an authoritative voice in a way never done before. We are entirely independent. Our revenues, and our strength, come from our members - businesses, institutions and individual practitioners working in every part of the creative industries throughout the UK.

⁹ Creative Europe Desk UK. 2016. "Creative Europe in the UK 2016"

¹⁰ ICM Unlimited on behalf of Arts Council England. "Impact of Brexit on the Arts and Culture Sector."

¹¹ See Historic England research compiled by Euclid: 'Assessing the European Union's contribution to England's historic environment' Project No: 7541.

¹² Historic Environment Scotland, June 2017. "The European Union's Contribution to Scotland's Historic Environment."

¹³ "Beyond Brexit: Future of Funding Currently Sourced from the EU." LGA, July 2017.

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