



CREATIVE INDUSTRIES TRANSITION AND RECOVERY PLAN

**Creative Industries Council
(industry members)**

June 2020

INTRODUCTION

This note sets out proposals for a range of key measures to enable the UK's creative industries to recover quickly from the impact of COVID-19, once restrictions are lifted.

The UK's creative industries, and those who work in them, have been severely affected by the pandemic lockdown. The emergency measures which Government has put in place to help firms and workers through the immediate crisis have been welcome. There have been ongoing discussions between Government and sector bodies to identify and plug gaps in this provision – including around support for the self-employed, freelancers (including those who work on short term PAYE contracts) and small creative businesses. The Creative Industries Federation and subsector trade bodies have been playing leading roles, in partnership with CIC and others, in identifying urgent issues affecting the creative industries now, and working with Government to resolve them. Work has also been going on in a number of sectors (eg. film and TV production) to develop **guidelines for safe working** to enable key activities to restart as soon as possible. Urgent discussions are also being pursued with Government to resolve difficulties related to **insurance cover**, which will be critical in enabling production and other activities to restart.

Nevertheless, as described below, we expect that the impact of the lockdown will be severe and could be long lasting. The economic impact will be felt across all sectors, but the particular characteristics of the creative industries means that there are both problems and remedies which are distinctive for this sector.

Since the landmark Creative Industries Sector Deal in 2018, the CIC has been working on a range of policy and delivery proposals to further boost growth across the creative industries over the next 3-5 years. That work will continue, as will our engagement on key elements of the wider policy agenda critical to the future success and development of our sectors, for example on **migration, post-18 education and IP protection** (where there is evidence of an increase in piracy since the lockdown, underlining the need for urgent progress). In the immediate term the CIC has focused on identifying measures for early implementation to facilitate a swift and strong recovery for our world-leading creative industries, once the crisis abates.

Improving diversity has long been a key priority for the CIC, which adopted a landmark Diversity Charter for the Creative Industries last year. There is a risk that, with substantial job losses due to the pandemic, there could be an adverse impact on diversity across the sector. Early action to encourage and enable the continuing flow of diverse new talent into the sector will be vital in mitigating this, alongside sustained action against the commitments made by industry on diversity and inclusion under the Charter.

Likewise, the development of strong creative industry clusters outside London has been a key focus for the CIC, and was reflected in the Sector Deal. It is likely that the impact of COVID-19 across the nations and regions will not be felt equally (further evidence is being gathered on this). A number of the proposed actions below (for example around access to finance and R&D partnerships) would help to address this, contributing to the “levelling up” of local creative economies outside London.

Alongside recovery, there are opportunities for our creative industries to play a major role in the future growth and competitiveness of the UK economy. As described below there is evidence that creative content, services and activities, in a range of areas such as games, music

and audiovisual, have been playing an important role in people's lives during lockdown; and more widely the UK's creative sectors have been at the forefront of technology-based transformation in products, business models and audience behaviour. The UK has historically been a globally recognised hub for creative innovation and talent and, with a strong and swift recovery, there is opportunity to quickly re-establish and build on the success and rapid growth they have achieved over the last decade.

Objectives and key proposals

The CIC's proposed package of "transition and recovery" measures is the main focus of this note. Our key objectives in drawing up this package are to:

- protect jobs in all parts of the UK
- secure the pipeline of new talent and career opportunities in the creative industries while sustaining and improving diversity
- re-establish and grow the UK's international competitiveness and status as global hub for the creative industries
- turbocharge innovation across the sector as a driver for future growth
- ensure access to investment finance for creative businesses with potential to grow in the near-to-medium term

In the remainder of this note we set out 7 broad proposals which, taken as a whole, are aimed at delivering on these objectives. In summary these are:

1: Tapered COVID support to avoiding a cliff edge; plus help in securing insurance to enable key subsectors to restart

2: R&D stimulus - widening access to R&D tax relief to support investment in innovation

3: R&D challenge funding – adjusting and expanding short-term opportunities, including further support for R&D clusters around the UK

4: Access to Finance: boosting access for high-potential CI businesses, including measures to support growth outside London

5: Fiscal incentives: stimulating renewed investment in creative production

6: Reactivating the talent pipeline, sustaining and improving diversity

7: Export support: an agile, industry-led approach to re-enter key markets quickly

The attached table shows how these proposals relate to both the urgent issues already under discussion around crisis mitigation and the CIC's ongoing work on longer term priorities for growth.

CONTEXT – A UK SUCCESS STORY

Creative Industries have been key to the UK's economic success and play a critical role in the lives of its citizens. They contribute to:

- Economic Growth: generating over £110bn in annual GVA and growing at more than twice the rate of the whole economy since 2010.
- Jobs: employing more than 2m people, with growth of 30% since 2011; with another 1m employed in creative occupations in other sectors.

- **International Standing:** accounting for more than £45bn pa in exports; a recognised global hub for inward investment, and key to shaping the UK's image abroad.
- **Communities:** providing content and services which enrich people's lives, bringing people together and reflecting diverse experiences
- **Local Economies:** providing culture and creative infrastructure which make places attractive locations in which to live and work, and contributing to local growth, with some 47 clusters identified around the UK.

Creative businesses have been playing a key role in helping people to stay at home during the lockdown, for example delivering content and services which are highly valued as sources of information and entertainment; providing valued home activities (with significant numbers for example turning to online craft tutorials and kits) as well as bespoke educational resources to facilitate home learning. New evidence from the Creative Industries Policy and Evidence Centre shows the breadth and depth of engagement with creative content and demonstrates how this has been playing an important role in helping people deal with the challenging circumstances of the COVID-19 crisis.

In addition, creative subsectors such as design and architecture are vital to the wider economy and have key roles to play in developing solutions which can help businesses across the economy return to growth. There may be specific initiatives which could help to enhance this, for example around access to public procurement and a successor to the Designing Demand programme to help businesses make the most of design at the heart of their strategies.

IMPACT OF COVID19

Evidence gathered to date suggests that the impact of the lockdown on creative industries is severe and is likely to be prolonged after the pandemic crisis ends. Clearly many other parts of the economy are also facing serious consequences, and many of the issues affecting creative businesses will be shared by other sectors. However, the creative industries have specific characteristics which means that they face a distinctive set of risks. These characteristics include:

- a high reliance on freelancers (estimated at around one-third of the total workforce, double that in the economy as a whole) and individual creative talent
- an overwhelming preponderance of small and micro-businesses (95% of creative businesses have 10 or fewer employees)
- flexible working models in many creative sectors, built around time-limited projects
- high numbers of businesses in key subsectors reliant on visitor-based business models (including theatres, cinemas, music venues, galleries, and craft fairs and other events)

Impacts vary across subsectors, and the magnitude will depend on how long COVID-related restrictions last, but the types of impact being reported include:

- complete loss of revenue, particularly for those businesses based on live events (e.g. theatres, cinemas, music venues and tours) and/or high street retail (e.g. bookshops), while still incurring rent and other fixed costs

- shutdown of production activities, affecting both domestic and inward investment
- closure of export markets and cancellation of key international trade events
- loss of on-the-job training affecting skills supply
- risk of losing vital workforce members due to financial instability, particularly where there are problems in accessing government support schemes
- wider damage from loss of live audience events, for music and other sectors where they are a key means of showcasing creative talent for audiences (UK Music estimate a potential loss of £900m GVA in live music alone).

Recent survey evidence from the Creative Industries Federation reported that:

- Around two-thirds of responding creative businesses expected their annual turnover to decrease by more than 50%
- Reserves are limited: 1 in 7 respondents had sufficient to last for less than 4 weeks, with most reporting reserve cover of under 12 weeks.

In a recent ONS survey some 82% of arts, entertainment and recreation businesses reported a closure or pause in trading vs. 24% for the economy as a whole.

The Creative Industries Policy and Evidence Centre, funded by UKRI under the Sector Deal, has been pursuing a number of activities related to COVID-19, including a weekly survey on demand for content; advice to the sector on survey design; and providing an oversight of data collection activities across the creative industries; as well as pivoting existing research activities to collect key insights around the impact of the pandemic.

Further evidence of the impact across creative industries will continue to be gathered over the coming weeks, through further surveys and other work. The Creative Industries Federation, in partnership with others, has commissioned Oxford Economics to produce evidence-based, quantitative estimates of the impacts of the pandemic on businesses and jobs across the creative industries.

The package of short-term support measures for businesses and workers which Government has put in place is very welcome, and is helping many of those affected to stay afloat during the immediate crisis. Discussions have been ongoing with Government on further adjustments needed to remedy a number of remaining gaps in coverage, including for example around PAYE freelancers and those who have been self-employed for less than a year.

Nevertheless, even with these measures, our creative sectors face the prospect of emerging from the crisis significantly weakened. Further action will be needed to enable our creative industries to recover quickly, sustain and defend our international competitiveness, maintain and improve diversity, and continue their critical contribution to the UK's economy and public life.

PROPOSED TRANSITION MEASURES

Avoiding a Cliff Edge

PROPOSAL 1: Tapered COVID support; plus action on insurance (funding/policy)

In most parts of the creative industries, it is highly unlikely that businesses across the creative sector will see significant revenues until some time after they are able to reopen, particularly where revenues have dropped to zero during the lockdown, often while still incurring fixed costs such as rents. It will take time for visitor numbers and retail footfall to rise; for productions to resume and deliver new content; for supply chains to resume fully effective operation, and for international markets to open up. There may well be some permanent changes to which businesses will need to adjust, including for example an accelerated shift towards online consumption of creative content.

Similarly, firms which have furloughed significant numbers of staff are likely to need time to get back to full capacity, as commercial activity increases; and many freelancers will need time and support to re-engage with the labour market and find new assignments.

It is therefore critical that the main COVID-related support measures – particularly the Job Retention Scheme – are not stopped abruptly when businesses are able to start reopening. We propose:

- A tapering of support after the lockdown ends, for a period of months long enough to enable a gradual shift back to full capacity as commercial activities and revenue streams return.
- Early clarity on how and over what period the current schemes will be reduced and then closed, so that business can start planning for it now.

We welcome the recent extension of the Job Retention Scheme to October and increased flexibility around part-time furloughing (while awaiting some further clarity on details). However it is important to recognise that the time needed for recovery is likely vary across different sectors and activities, depending on the phasing of exit from lockdown restrictions and the impact of continuing social distancing requirements - which could, for example significantly affect the economic viability of live events for a prolonged period.

Substantial work has been done in a number of subsectors in developing detailed guidelines to enable businesses to resume work safely – for example in film and TV, where hundreds of productions have been on hold during the lockdown and, similarly, for advertising production. However the lack of available insurance against the risk of having to suspend activities due to COVID remains a major barrier to resuming work in some areas – particularly in content production. Producers are unable to secure the finance required to cashflow production without insurance. If this issue is not resolved, a prolonged suspension of production will have a major and lasting impact on the UK’s highly successful production sectors, with knock-on effects for broadcasters, cinemas, theatres and others, as well as for audiences. Discussions are underway with the insurance industry around a potential “Pandemic Re” risk-pooling mechanism for the future, but this will take time to develop. In the meantime, **CIC urges Government to provide the guarantees against COVID-related risks necessary to enable production in key subsectors to restart.**

Supporting innovation-led recovery and growth

Evidence shows that creative industries are highly innovation-intensive. They rely on constant innovation, both creative and technological, to sustain and grow their consumer base. And most of the creative subsectors have business models and value chains which have been and continue to be transformed by advances in technology. Government has long recognised the value of public investment in innovation, through both direct funding and tax incentives. However, historically, there has been relatively low take-up by the creative industries.

The UK's creative sectors have been at the cutting edge globally of innovation and, as many of them transition to primarily digital businesses, new international opportunities will open up. Businesses will struggle, however, to sustain investment in these activities - which will take time to generate returns - in the immediate aftermath of the crisis without support and incentivisation from Government. On the other hand, an early boost in support for innovation/R&D could play a critical role in enabling our creative sectors to remain world-leading, as well as enabling creative businesses to build up their capacity ahead of a return to full commercial operation.

Driving innovation can help the UK's creative industries both to recover swiftly from the impact of COVID-19 and then to move onto growth through technological innovation and R&D. There is an opportunity to capture the next wave of growth for the creative industries globally and locate it in the UK, ensuring for example that the rapid adoption of new digital applications benefits not only the top tier of companies but is shared right through the supply chain and reaches from multinationals to startups. It is also important to ensure that the great research which goes on in our universities is translated into benefit for the industry across the whole country. With the right support the UK can maintain its global competitive edge, staying ahead through innovation and the rapid translation into the market of world class R&D.

The Council has two key proposals.

PROPOSAL 2: R&D stimulus - widening access to R&D tax relief (fiscal)

Research shows that, in steady state, creative businesses have been considerably more engaged in innovation than other services sectors, and have invested in R&D at comparable rates to manufacturing firms. However much of this activity is aimed at experiential and behavioural innovation and so tends to fall outside the current scope of R&D tax relief, which explicitly excludes knowledge advances in arts, humanities and social sciences. Although the UK tax relief is based on OECD guidance (the Frascati manual), other countries apply different interpretations which do not incorporate this exclusion.

There is strong evidence that R&D tax relief stimulates increased investment and generates large economic returns to UK plc. A forthcoming (pre-COVID) DCMS-funded survey, nearing completion, is expected to show that a large proportion of creative businesses report that they already undertake some R&D activities which could qualify for relief if the scope was slightly widened, but do not do so currently.

This suggests that a targeted expansion of qualifying expenditure would have a major positive impact on innovation investment across the creative sectors, at a critical point for the

industry when such investment is much needed but firms will otherwise struggle to finance it. This could be introduced temporarily – e.g. for one year – in order to provide a stimulus enabling the UK to regain its competitiveness as a world class creative hub, and over which time the scheme can be evaluated.

PROPOSAL 3: R&D challenge funding (funding)

As set out below, we are proposing a programme of action to both extend and build on the important existing Creative Industries Clusters and Audience of the Future programmes established under the Sector Deal, and establish new initiatives targeting specific and immediate opportunities. These could help in providing both rapid relief to sectors impacted by the pandemic and opportunities for the UK industry to establish world leadership in key new developments.

The Creative Industries Sector Deal included two major R&D programmes, run by AHRC/UKRI: the Creative Industries Clusters Programme (CICP), bringing together universities and creative firms in a suite of R&D partnerships located around the UK; and Audience of the Future (AoF), driving business research and demonstrator projects developing innovative uses of immersive technology. These programmes have been showing considerable early success.

The AHRC has recently launched Boundless Creativity, a new campaign to explore and demonstrate the role of innovation, collaboration and participation in shaping cultural experiences in the current pandemic and develop the evidence base for future growth.

The CIC welcomes the Government’s recognition of the importance of protecting and driving innovation and development across the economy in the wake of the coronavirus, including new investment funding via the British Business Bank (see investment section below), and Innovate UK grant opportunities. The Council also welcomes the DCMS-led 5G Create competition, currently under way, which offers opportunities for creative companies to develop innovations using 5G technology; and an approach which could be built on in future.

The CIC is working closely with UKRI - particularly AHRC and IUK - and others to develop a single strategy for publicly funded R&D across the creative industries as the foundation of recovery and innovation-led growth post-lockdown, including (but not limited to) proposals to:

- build on the success of the existing Challenge Fund programmes; expanding the CICP to play a key role in “levelling up” through building innovation partnerships in locations across the UK; and through accelerating business-led R&D in key subsectors through AoF (particularly those not covered in the first stage) to deliver new products and services.
- address specific new challenges and opportunities related to the transformational potential of AI and associated advanced digital technologies to drive rapid innovation in areas such as: virtual production/content creation (which could include, for example, the StudioUK proposal being developed by Digital Catapult); supply chain management; discovery and ethical data use.

Meanwhile immediate priorities for the recovery and transition phase are to:

- Support AHRC in pivoting and expanding the CICP and AoF programmes to ensure that innovative companies can both weather the impact and exploit opportunities in the post-lockdown environment
- Engage closely with IUK to ensure that the creative industries have full access to new innovation funding opportunities, and to promote them across the sector. We would like to explore scope for a bespoke fast-start grant programme, drawing on the £750m of additional IUK funding recently announced, to stimulate recovery through innovation. This competition would focus on the wide range of small and micro enterprises in creative industries with immediately applicable innovation projects who might not be otherwise be exposed to or know how to access funding from IUK.

Access to Investment – restarting investment flows

The Creative Industries Sector Deal recognised that creative businesses face particular barriers in accessing investment finance – both debt and equity – due to (among other things) their small size; reliance on intangible assets (creative IP); and information gaps around investment readiness and risk in both the industry and investor communities. Businesses based outside London are particularly affected.

The Sector Deal contained a number of actions as first steps towards addressing these issues. However, there will be an urgent need for further action to reinvigorate access to finance for creative businesses, and to incentivise investment in creative products. Without this, many high-potential creative firms in locations around the UK will struggle to recover and grow in the immediate post-crisis period.

The CIC proposes urgent action in two areas to address this.

PROPOSAL 4: Reinvigorate access to investment finance for high-potential CI businesses (funding + policy)

The CIC has had ongoing constructive discussions with key players in the investor community and public agencies (eg. the British Business Bank) and Government around further action to improve access to finance, building on the Sector Deal. We propose now that discussions be fast-tracked on design and implementation of a package of measures to ensure fast, early access to finance for creative businesses with potential to grow their contribution to local and UK economies. Specific elements to include:

- Investment Readiness Support: funding for an expanded and extended programme, learning from and building on the scope of the Sector Deal’s Creative Scale-Up initiative, remodelled as needed. This would be aimed at enabling CI businesses growth potential to develop their pitches to investors, and cultivating more creative industry-friendly investors, particularly in the Angels sector.
- Maximise CI access to key British Business Bank products, including the £100m Angel Co-Investment Fund; the new Future Fund (eg. flexing the requirements for previous equity financing; review compatibility with EIS); promoting Start-Up Loans for CI businesses; and retaining the Bounce Back Loan Scheme well

into the recovery period to provide CI businesses with the finance they need to restart successfully.

- Support for Creative Industry clusters in locations around the country, in particular through encouraging and enabling LEPs and local authorities to make local grant and investment programmes accessible to creative businesses. CIC will continue working with the Creative Industries Federation, who have been convening LEPs, combined authorities and devolved administrations, to consider potential recovery-focused action at local and Nations level. The forthcoming Shared Prosperity Fund also has a potentially key role to play in supporting recovery, innovation and growth at local and regional level.
- Patient Capital: to explore how support such as the Enterprise Investment Scheme might be adapted in the short term (eg. through relaxing investment thresholds), to help stimulate capital investment to meet business needs in the post-crisis period.

PROPOSAL 5: Enhance fiscal incentives for investment in creative production (fiscal)

There are a number of existing production-based tax reliefs specific to individual creative industry subsectors, which have a proven track record in driving substantial investment into the development and production of UK-based creative outputs. These currently cover: films, high-end TV, children's TV, animation, video games, theatrical productions, orchestral concerts, and museum and gallery exhibitions.

A number of subsector bodies have been working up cases for specific **enhancements to existing creative sector tax reliefs**, in order to provide a strong boost to investment post-lockdown which, in some cases, will have stopped completely during the crisis. There are also proposals in development for enhancements or additional schemes to meet similar objectives in subsectors not current covered (e.g. music; publishing; advertising; fashion and crafts (enhancing the existing M&G relief)).

There are particular concerns around the future of physical format sales for content: for example, high street booksellers are crucial to the £2bn consumer publishing business; and CD and vinyl music sales have continued to be worth over £350m pa, but have been severely affected by closure of retail outlets due to COVID. There is a risk that, without intervention, the retail channels for these formats will disappear permanently. Affected subsectors are pursuing proposals for a **12-month suspension of VAT** on these products to mitigate this. Similar proposals have also been put forward to re-stimulate demand in other areas such as fashion retail, and ticket sales for live music and other events to help in reviving promoters and venues who have incurred major losses due to COVID

The CIC urges Government to give serious consideration to these proposals, which have potential to make a major impact on speed and resilience of recovery across key CI subsectors.

Workforce – secure the supply of critical skills and talent back into industry

The CIC has been working on measures to secure the future talent and skills pipeline over the medium and longer term, particularly in areas of shortage. It has also prioritised the improvement of diversity and inclusion across the industry, as set out in the Creative Industries Diversity Charter adopted by the Council in 2019.

It is vital for future success that our creative industries are able to attract and retain key talent, but also that our people are able to continue developing their skills and learning new ones, particularly given the high pace of technology-driven innovation and business model change across the sector. We look forward to further engagement with Government on this issue, including the potential role which the forthcoming **National Skills Fund** might play in supporting this objective.

In the short term, as investment restarts and creative industry businesses reactivate, demand for specialist skills and talent – in both creative and tech-related roles – will increase again. However this is likely to happen over time, and opportunities for new entrants are likely to take longer to increase again. There are also risks to supply which will need to be addressed in order that key sectors can return to economic activity as quickly and fully as possible, that areas of skill shortage can be addressed, and to avoid a negative impact on diversity across the industry. For example:

- a large number of freelancers will have lost most or all of their income during the lockdown and will need support in re-engaging with the creative industries labour market
- there is a risk that the supply of new talent into the industry will be constrained, with new or recent graduates, recent entrants and prospective creative entrepreneurs needing help and advice to find opportunities and new career development paths

Addressing these issues is vital not only for the strength and speed of economic recovery, but also in avoiding an adverse impact on diversity in the creative industries – a critical priority for the CIC, shared by Government, as embodied in the Diversity Charter adopted last year.

The CIC and its members will continue to drive progress on diversity and inclusion across our industries, against the specific pledges in the Charter.

PROPOSAL 6: Reactivating the Talent Pipeline (policy + funding)

In the short term, we propose a programme of modest but important actions to mitigate the recovery risks outlined above

Increasing Apprenticeships (policy): CIC has made a separate submission to Government advocating some practical reforms to the apprenticeship system to enable a substantial increase in places across the creative industries; as well as a joint working party to look more widely at how to maximise the effectiveness of apprenticeships and T-levels for our sectors and others experiencing similar barriers. Early implementation of the proposed adjustments – in particular to increase compatibility with freelance and project-based working patterns – would enable an

increase in creative industry apprenticeship places for new entrants as businesses return to operation.

Creative Careers Programme (funding): this programme, which was funded for an initial two years under the Sector Deal, has seen substantial success in engaging young people, employers, schools and enterprise coordinators, offering advice, events and experiences to improve understanding of entry routes and careers in the creative sectors. The Government funding leveraged substantial engagement from industry, to a value significantly greater than the grant. CIC is working with the three delivery partners (Creative Industries Federation, ScreenSkills, Creative and Cultural Skills) and DCMS on proposals to extend and expand the CCP from 2021. In the shorter term, we support proposals for two specific sets of activities, each requiring modest funding to be more than matched by industry commitments:

- a) **a digital Discover! Careers Week** – building on the success of the inaugural week in 2019, which engaged some 11,000 young people in events around the UK involving some 400 employers. This would take place in late 2020, providing continuity and an important opportunity to further increase the profile of CI careers and engagement between employers and prospective future entrants.
- b) **CCP Coronavirus Response:** a one-off programme of bespoke advice, information and assistance with identifying and finding opportunities, targeted at: early career creative professionals and freelancers looking to re-enter the industry post-lockdown; Students newly graduating and ready to start their careers; and employers wanting to continue support for entry level opportunities through a financially challenging period; and including the continuation of year-round Discover! Employment engagement activities both digital and otherwise, particularly targeting those most disadvantaged and least represented across the industry, ensuring diversity of talent remains at the forefront of recruitment and retention plans

School and Higher Education

We also know that, in the immediate term, Higher Education institutions are facing major problems as a result of the current crisis and are may need further Government support to manage through this period. It is vital that any support measures fully recognise the critical value of creative subjects and related vocational courses – not only to the creative industries but to the wider creative economy, society and communities. The CIC will also continue to argue strongly for the value of high quality creative courses to be recognised in any future reform of post-18 education for the medium and longer term.

Separately, the educational value of creative content, and creative approaches to school-age learning is currently being demonstrated by the range of material being curated, provided and used to support home learning during the lockdown period. The BBC, Arts Council England and others across the creative industries have been devising, collating and making available creative and cultural resources; and education publishers have made millions of pounds worth of digital content freely available to support teaches, parents, carers and pupils. This will leave us well-placed to continue

the work begun previously in the CIC, led by ACE, to develop creative education in schools and deliver on key recommendations of last year's Durham Commission report.

International Trade – maximising opportunities under changed circumstances

Exports are a key part of the UK creative industries success story and have been growing rapidly year on year. The Creative Industries Trade and Investment Board (CITIB), established under the Sector Deal, continues to pursue its published strategy aimed at achieving a 50% increase in exports by 2023.

The CIC, principally via the CITIB, will continue working to ensure that negotiations on future trade agreements, with both the EU and other countries, maximise opportunities for the creative industries – including through incorporating the **baseline principles on treatment of creative IP**, drawn up by the Council's IP Working Group.

Government support for exports, working alongside industry investment, plays a key role in enabling the creative sectors to build profile in overseas markets, make contacts and find new opportunities. However many of the activities which would usually be supported, including major trade shows and missions, have been cancelled this year due to the pandemic.

Export opportunities are likely to reopen and grow at different times in key markets as pandemic-related restrictions ease. This could offer major opportunities for creative businesses to rebuild and extend their international activities relatively quickly. It will be important, particularly in the short term, to ensure that the industry and Government are able to respond quickly and agilely as opportunities arise. There is a strong argument for additional export support from Government, working as now alongside industry investment, to provide the stimulus for these opportunities to be realised.

The CIC, with partners, will also continue to build Createch – the annual creative industries festival of AI and breakthrough technology – in order to promote and simulate cross-sectoral and international business innovation and collaboration.

PROPOSAL 7: An Agile, Industry-Led Export Support Stimulus Programme (funding + policy)

Discussions have begun with DIT around potential action to support strong growth in exports as restrictions lift and markets open up. This will need to focus on:

- Flexibility: supporting a wider range of activities – including digital trade shows and missions – which could fulfil the functions usually provided by physical events.
- Agility: enabling industry to take advantage of new/reopening market opportunities at pace, as they arise, maximising UK competitiveness.

We propose the creation of a bespoke Stimulus Package of export support, with substantial additional funding to ensure that the UK's creative industries can capitalise on the opportunities for export growth, which are likely to open up quickly over the coming period as lockdowns ease. Our historical success and growth in international trade across the

creative industries indicates that this could play a key role in recovery for many businesses across the sector.

We propose that the allocation of this additional stimulus funding, alongside any remaining uncommitted export support for this year, should be made via a streamlined decision making process led by CITIB (this could be modelled on the process used to distribute the additional DCMS funding provided last year, which was allocated by the Board, distributed and spent within a few weeks). (As now, this would operate in addition to existing sector specific initiatives such as the Music Export Growth Scheme).

This would work alongside actions by a number of industry subsectors to provide guidance via accelerator programmes, in particular to help increase the number of small creative businesses building significant export activities

Inward investment

Inward investment has also been badly affected in some subsectors, particularly film and high end TV production. In particular, the CIC strongly supports work being done – for example in the Screen Sector Task Force convened by BFI - to develop working protocols and approaches to insurance issues in order to enable key production and other activities to resume while complying with ongoing social distancing requirements.

CREATIVE INDUSTRIES COUNCIL TRANSITION AND RECOVERY PLAN: SUMMARY TABLE

	CRISIS MITIGATION Immediate – already ongoing	ENABLING STRONG SWIFT RECOVERY Specific short-term measures	BACK TO GROWTH Policy and delivery priorities for post-recovery growth
ACCESS TO INVESTMENT	<ul style="list-style-type: none"> • Coronavirus Business Interruption Loan Scheme; Bounce-back loans: ensure loans accessible to CI businesses • Grants: broaden access to emergency grants for most at-risk CI businesses 	<ul style="list-style-type: none"> • Transition out of COVID support schemes: tapered and adaptable exit plan giving businesses time to restart. [PROPOSAL 1] • Action on insurance to enable content production to restart [PROPOSAL 1] • Reinvigorate investment finance [PROPOSAL 4]: <ul style="list-style-type: none"> • Investor Readiness: Bring forward expanded and remodelled intervention – building on Creative Scale-Up - to encourage renewed investment flow into high potential businesses. • Startup Loans and access to BBB products: Fast-track access to loans for CI startups and maximise access to BBB initiatives, inc. angel co-investment and future funds. • Local support for clusters: work with LEPS/LAs to make programmes accessible for CIs • Explore short-term enhancement of EIS to stimulate patient capital investment 	<ul style="list-style-type: none"> • Creative Scale-Up: further expansion of (remodelled) investor readiness programme • Routes-to-Finance Guide • Shared Prosperity Fund: shape for CIs • Promote increased Angel investment into CIs: potential measures under discussion with UKBAA

		<ul style="list-style-type: none"> • Enhance CI fiscal incentives to boost investment in creative production; plus consideration of time-limited VAT suspension to mitigate risks of retail closure (eg. in physical content formats) [PROPOSAL 5] 	
WORKFORCE	<ul style="list-style-type: none"> • Job Retention Scheme (JRS): iron out issues to maximise accessibility for CIs • Self Employed Income Support Scheme (SEISS): secure adjustments to ensure maximum coverage for CI freelancers • Apprenticeships: extend expiry dates for voucher spend; • Creative Education resources: ACE gathering resources from cultural and other sectors. • Post-18: strengthened govt intervention to safeguard key universities and courses, inc. specialist institutions 	<ul style="list-style-type: none"> • Transition out of COVID support: tapering of schemes giving businesses in each subsector time to restart and freelancers time to re-enter labour market [PROPOSAL 1] • Diversity: understand and mitigate any negative impact from COVID lockdown and ensure new interventions promote improvements [ALL PROPOSALS] • Reactivate the Talent Pipeline [PROPOSAL 6]: <ul style="list-style-type: none"> • Apprenticeships: flex, including temporary extension of time limit on spend, to enable increased opportunities in CIs. • Creative Careers Programme; funding for key activities in 2020: digital Discover! Week and one-off support for returning/new entrants. • Creative Education: capture and build on evidence/innovation in digital creative education during COVID 	<ul style="list-style-type: none"> • Post-18 education – ensuring reforms recognise value of creative education, including potential role for industry-led quality marks • Creative Education in Schools • Extended/expanded Creative Careers Programme from 2021 • Diversity and Inclusion: delivering on Charter • Migration: ensure continued access to critical skills from abroad post-transition period • Apprenticeships: Flex levy to work better for freelance/short-term contractors; press for Govt/Industry review group. • National Skills Fund: maximise scope to support CI skills needs
INNOVATION/R&D	<ul style="list-style-type: none"> • ISCF projects: make adjustments to enable AoF and CCP projects to continue (AHRC lead) • IUK funding: ensure creative 	<ul style="list-style-type: none"> • R&D stimulus [PROPOSAL 2] temporarily expand scope of R&D tax relief to boost creative R&D activities • 	<ul style="list-style-type: none"> • R&D Strategy (see column 2 – phasing to be determined) • R&D govt/industry working

	industries are aware of and can benefit from announced new innovation funding	<ul style="list-style-type: none"> • R&D Strategy elements to include [PROPOSAL 3]: <ul style="list-style-type: none"> • Aof/CICP – pivot and expand • AI challenges: eg. virtual production; supply chain mgt; discovery; ethical data use • IUK funding: enable/promote access for CIs, including via bespoke scheme • 5G Create: ongoing (DCMS lead) 	group: (as per sector deal commitment), to investigate and address low CI take-up of R&D support measures
INTERNATIONAL TRADE		<ul style="list-style-type: none"> • Agile, industry-led export acceleration [PROPOSAL 6]: <ul style="list-style-type: none"> • Export stimulus: increased export support, under industry direction, to ensure strong “bounce back” of international trade as markets open up. • Support boosting of sectoral export accelerator activities 	<ul style="list-style-type: none"> • Pursue Strategy commitments, reviewed for post-pandemic. • FTA input: esp. to ensure strong IP standards
<i>Other ongoing priorities</i>			
DIVERSITY AND INCLUSION	<ul style="list-style-type: none"> • Gather evidence to understand impact on CI diversity 	<ul style="list-style-type: none"> • Ensure all proposals on workforce etc. address D&I and contribute to the principles of the CIC Diversity Charter 	<ul style="list-style-type: none"> • CIC Charter: promote and report on Implementation
CLUSTERS		<ul style="list-style-type: none"> • Ensure all proposals recognise impact and opportunities for clusters outside London (see also access to investment section above) 	<ul style="list-style-type: none"> • Clusters growth plan: continue development following case studies • Town Deals: work with key towns to promote incorporation of CIs
INTELLECTUAL PROPERTY		<ul style="list-style-type: none"> • IP Roundtables: secure outcomes 	<ul style="list-style-type: none"> • IP framework: press for further improvements, including on online “Know Your Customer” obligations; and continued funding for PIPCU and “Get It Right” campaign • Free Trade Agreements: promote key guiding principles for IP standards and submit unified CI positions on FTAs.