



Select Committee on the European Union

Services Sub-Committee

Corrected oral evidence: Inquiry on the future UK-EU relations: trade in services

Thursday 21 January 2021

10 am

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Members present: Baroness Donaghy (The Chair); Lord Bruce of Bennachie; Baroness Couttie; Lord Davies of Stamford; Lord McNally; Baroness Neville-Rolfe; Baroness Prashar; Lord Sharkey; Viscount Trenchard; Lord Vaux of Harrowden.

Evidence Session No. 2

Virtual Proceeding

Questions 13 - 22

Witnesses

I: Cortina Butler, Deputy Director for Arts, British Council; Harriet Finney, Director of External Affairs, British Film Institute; Horace Trubridge, General Secretary, Musicians' Union.

Examination of witnesses

Cortina Butler, Harriet Finney and Horace Trubridge.

Q13 **The Chair:** Good morning and welcome to the EU Services Sub-Committee public evidence session, as part of our inquiry on the future of UK-EU relations on trade in services. The session is being broadcast on parliamentlive.tv. A full transcript is being taken and will be made available to you to make any correction shortly after the session. I am delighted to welcome our three witnesses for the session: Cortina Butler, deputy director for arts at the British Council; Harriet Finney, director of external affairs at the British Film Institute; and Horace Trubridge, general secretary of the Musicians' Union. You are all welcome. We are very pleased to see you.

As chair of the committee, I will open the questioning. Please use this as an opening remark. How important is trade with the EU for the UK's creative industry sector? Does the UK leaving the EU with a deal have an impact on the creative industries?

Cortina Butler: Thank you very much indeed for inviting us to appear before this committee. As we go through, I think that colleagues on this panel, Harriet and Horace, will be able to talk in more detail about specific implications for different parts of the sector. From a British Council perspective, since 1934 our focus has been on stabilising and strengthening international relationships. For us, the long-term partnerships between UK and EU arts organisations and professionals have always been a priority and will continue to be. The EU is an important market for the UK creative industries. It is home to many of the world's most established and influential cultural institutions, festivals and biennales and some of the world's most visited museums.

There is a great tradition of cultural exchange and cross-fertilisation between our cultural sectors, with UK creatives building lives and careers across the EU at all levels of the creative economy, and vice versa. The European cultural sector is a dynamic trigger of economic activities and job creation throughout the EU territory. Some 6.3 million people in the EU work in the cultural sector and it is growing at an average annual rate of 1.3%.

Europe is also a stepping stone to the rest of the world, a starting place for many UK artists in building their international networks and profile. This was recognised in the 2017 ICM SQW report for Arts Council England, *Impact of Brexit on the Arts and Culture Sector*. Short-term mobility within the European Union was identified as the most important future priority for around a third of the stakeholders.

It is quite difficult to get figures that entirely and perfectly sum up the value. I have a couple that are indicators, really. DCMS sectors include, as you will all know, a very wide range of areas of work. In 2019, across the DCMS area, £295 billion was contributed to the UK economy, 15% of the total UK gross value added. That was rising. It went up from 14.6% in 2018. Of that—again, this is an indicator, because it is quite hard to

get exact figures—the figure for DCMS sector goods exported was £36.2 billion, 38.4% of which was exported to EU countries. As I said, those are indicators, but it is an important market.

Publishing, for example, is a big market. The total revenue is around £6.3 billion now; £3.7 billion of that is export sales. In the physical book market, 35% of total value is made up of European sales. Around foreign language rights and co-editions, 40% of the £69 million comes from Europe. In summary, it is an important market, but a market that we anticipate continuing and growing.

Harriet Finney: Thank you very much for inviting the BFI to speak about the impact of the EU exit on the UK screen industries. By way of agenda setting and setting the scene, as you know the BFI is the Government's arm's-length body for the screen industries. We have been working incredibly closely with both government and industry since the referendum to consider the implications of leaving the EU for the sector, but also the opportunities potentially provided by EU exit.

We have undertaken a lot of this work through the BFI-led Screen Sector Task Force. That has a membership drawn from across the entire breadth of the UK's screen industries and across the four nations, with a very wide representation. We have been keen to make sure that everybody across industry who is not part of that group is kept up to date by way of a very detailed online EU exit Q&A, which I would encourage people to look at, as well as the evidence we are giving today.

For scene setting and context, going back 12 months is the best place to start. This time 12 months ago, the UK screen industries were at an all-time high. By the end of 2019, production spend on film and high-end television production in this country had reached a record-breaking £3.6 billion. That was a 16% increase on the previous year. We were the fastest growing part of the economy in the third quarter last year and were credited with keeping the UK out of recession. We employ about 166,000 people across the screen sectors.

The pandemic last year hit the sector very hard. Q1 2020 was set to be the highest quarter ever on record of production, but then of course everything shut down in March last year. I wanted to let you know that what is extraordinary is that production is back up and running again. Quite amazingly, in the quarter from July to September, £832 million worth of production resumed. The figures for the latest quarter will be published fairly shortly.

This return to production has been enabled by the work of the BFI Screen Sector Task Force, which pivoted from looking at EU exit through to looking at Covid in March. We worked very closely with industry and government, designing health and safety guidance for film. We were incredibly lucky to secure a £500 million production restart scheme from the Chancellor, which has been critical to getting production back up and running. Independent cinemas across the country are covered as part of the culture recovery scheme as well. The sector is in good health.

Looking at the potential impact of leaving the EU on the sector, trade with the EU for the UK screen sector is incredibly important. Film exports in 2018 totalled £2.6 billion and over half of that went to Europe. The UK is also the world's second largest exporter of TV content, with exports of £1.5 billion in 2019-20, 33% of which went to Europe. It is fair to say that we punch above our weight internationally, particularly with the EU.

In terms of where we stand today, we know we went into the EU exit and the pandemic with a sector that was performing extremely strongly. Thanks to the huge amount of work between industry and government, the sector is back up and running, even during a third national lockdown. Importantly, we view that we are very well positioned as a sector to be a really powerful driving force for economic recovery and jobs across the country, as we come through this period of huge change and disruption.

As we build back, one of the key things is getting this new relationship with Europe right. We have to maximise opportunities to do more with Europe, rather than less. We also need to look at what opportunities exist for us internationally. For us at the BFI, it is particularly important that we look at UK independent film within this. As a part of the market, it has been particularly hit by the specific challenges pandemic-wise, with festival circuits and cinemas being closed, but we will talk later about the particular issues facing independent film from leaving the EU.

Horace Trubridge: Thank you for inviting me to give evidence. I am very pleased to be able to tell you about the music industry and my members. The Musicians' Union has 32,000 members. It is fair to say that we have everything from first clarinetists in the London orchestras through to bedroom grime artists. We represent a very wide range of musicians. The industry itself is worth about £5.8 billion to the UK economy, so it is considerably more than, for instance, the fishing industry, which seems to be talked about quite a lot at the moment. It also has well over 100,000 full-time jobs, so it sustains a lot of employment as well.

I am sure you are all well aware of the impact of Covid on the music industry. The live industry ground to a halt in March of last year and has not recovered at all. Unlike Harriet's film industry, which has done a fantastic job in getting things back up and running, the live music industry is still on zero, without a great prospect of recovering over the next few months. The impact on my members has been considerable. Most of them are self-employed and as many as 40% of them have not been able to access the Self-employment Income Support Scheme, for a number of reasons: they earn slightly more than £50,000 a year, they have had to form little limited companies, or they have been self-employed for less than a year. There are a number of different reasons, but the impact has been considerable.

My union has had to put over £1 million into hardship payments to members. I have raised about another £500,000 from the industry to try to help musicians, but they are leaving the profession. We are losing

musicians at an alarming rate, because they simply cannot stay in the profession.

Moving on, how important is the ability to work in Europe easily to our members? I can give you a good example—a contrast, if you like—of how successful UK musicians have been working in Europe over the last 20 or 30 years. It is extremely difficult to get into, say, the US to perform as a musician. It is extremely expensive. Only the musicians, artists and acts that have reached a certain level can look at expanding their business into the US.

Most artists at a grass-roots level, who may be quite successful in the UK but have not been able to build that into a real money generator, do not even bother trying to get into America. Those artists are the ones who have really enjoyed all the festivals and live music opportunities who exist in Europe, and have been able to grow their fanbases so that they have a sustainable business.

If you are a musician, writing original music and performing live work just in the UK, it is difficult to generate enough income to sustain your business. If you can go and play in France, Germany, Italy and Spain, play little festivals, do little tours, develop your fanbase, sell a bit of merchandise, increase the traffic to your website, increase the streams and downloads that you get, you start to get to a point where you can get an income that means that you can stay in the industry. All that seems to have been shut down now.

It looks like we are facing a situation where getting into Europe to play live gigs could be as difficult and expensive as it is to go into America. That is with every individual European country. Some will be kinder than others, but musicians do not work like engineers, builders or scientists when they go to Europe. They do not go to one place, work there and then come home. Typically, a band may do a four or five-week European tour and play in three or four different European countries, in order to make the economics work and expand their fanbase. That will be extremely difficult and accessible now only for successful artists, not those trying to develop what they do.

We are very concerned, on the back of a devastating Covid impact, that this will mean that promoters in Europe are simply not going to bother to try to book UK artists.

Q14 Lord McNally: I think it will help if I read out the two questions I was scheduled to ask and then put them into context for the responders.

To what extent does your industry rely on the ability to undertake short-term business trips to the EU and/or move personnel between the UK and the EU? What effect will the TCA's arrangements for the mobility of professionals have on the creative industries? In what way could these arrangements be improved? Is there scope to make an easement under the framework set by the agreement?

You will have seen, in the last few weeks and days, questions in

Parliament and articles in the press about the nitty-gritty of operating in Europe: visas, carnets, permits, travel, et cetera. As a committee, we want to reach what Harriet mentioned: getting this new relationship right. Do we have to make this agreement work, or is there time and opportunity to improve it? Can your answers be constructive in that respect? What you think can and should be done to address these problems?

Horace Trubridge: Something that has been a bit of a pet subject for me over the last two weeks is the confusion that arises with the term "visa". Even our Prime Minister has commented that it is visa-free travel. That is fine, but in some countries they use the term "visa" and they mean work permit. Even in the UK, we have had politicians using the term "visa" when they actually mean work permit, or they do not realise that a visa does not necessarily mean that you can go and work in a country.

The situation we have now with the TCA is that we need some kind of side agreement, and I would love to come up with a more technical term than that. Clearly, we are not able to reopen the TCA negotiations. If we are going to have a Europe-wide reciprocal agreement to make frictionless mobility for musicians, we need a side agreement to the TCA to enable that. At the moment, every country operates a different system. In the more difficult countries to access, such as Italy and Spain, we will definitely need work permits for musicians to work there. We might not need work permits for musicians to work in France, but we will need carnets. Carnets are expensive and quite prohibitively so for developing acts.

I must emphasise here that, for UK musicians, it is just as important that European musicians can easily come to the UK to perform. That is because of what we talked about before: the cross-collateralisation of culture and because, very often, they hire UK musicians to work with them. That is just as important. A reciprocal agreement that would enable frictionless mobility for musicians in the UK and throughout Europe is exactly what we need. I can only see that being achieved as a side agreement to the TCA. Without that side agreement, we are looking at individual bilateral deals with each of the countries, which will be time-consuming and difficult.

Without any movement on this issue, I see a situation where it might be possible for UK musicians to go and work in France without too many additional costs, although there will be double taxation, because of course they will be treated as employees in France, under their taxation laws. With a lot of European countries, it will require work permits and carnets, unless we can get some kind of agreement with Europe.

Lord McNally: Harriet, does this affect the film industry as well?

Harriet Finney: Yes, it does. Like the music industry, the film industry is incredibly international in its nature. We are a key partner in the UK, in collaborating with European producers. We work on co-productions

together. Europeans come here to make films. We go out to Europe to make films. That need to travel is vital for the sector.

The UK is one of the key global hubs for inward investment production. We have a huge number of international filmmakers who make the UK their centre for making films. Some of that has been, historically, the very easy access they have if they want to shoot on location across Europe as well.

An important difference between us and the music industry is that, within the agreement, and we are extremely grateful, there is tariff-free movement of equipment for TV and film production. That is actually named in the TCA, although we will still need carnets. As with music, we are not cited as individual professionals moving for short-term business, as part of the TCA. As Horace has said, that means individual arrangements on a bilateral basis with each member state.

Quite quickly post the agreement, as has happened with the music industry, France came out and said that UK nationals would be permitted to work in France for the purpose of TV and film production for up to 90 days. Hungary also has time-limited visits for location shooting without the need for either a visa or a work permit. The issue remains that you have to look at a huge variety of regimes in each member state.

We are already actively engaging bilaterally. We have very good relationships with our equivalents, the other film institutes in all the different territories, in trying to find other ways of making it easy for us to collaborate on film and TV production. The British Film Commission at the moment is undertaking a very detailed piece of research, which will be mapping visa and work permit requirements across the member states. The BFI is helping in this. If there was any opportunity in the future to build a formal side agreement or open up conversations again, we would hope that, alongside musicians and other creative industry professionals, TV and film production professionals would be included in those mobility arrangements.

Cortina Butler: What we are hearing from the film industry and the music industry applies to all parts of the creative sector. Everybody is working very hard to find out exactly what the implications are. As you are hearing, it is not only that things will be less straightforward but that there are different regulations in every one of the 27 countries, which have to be worked out. To reiterate, for the creative industries it is about people. That is the nature of creativity. It is about people connecting and collaborating.

We have mentioned Covid several times and I am sure we will again. I know that the national arts funding bodies and most of the other arts support bodies in the UK regard international working as critical to recovery post Covid, bringing that back up and drawing on as many opportunities in the international sector as we can. The British Council will be supporting that. We are, on a detail basis, working with the arts councils to come up with clarity as far as possible on the different

arrangements in the different countries. As Harriet referenced, we are getting news from different countries about how they will interpret and their own specific requirements. It is a bit of a moving feast.

Ideally, anything that makes it easier for artists and other creative professionals to move about any countries in the world is welcomed. It should be noted that the UK cultural sector is almost as interested in how easy it is to bring artists of different kinds to the UK as it is in the ease in which UK artists and professionals can travel. We spend quite a lot of time at the British Council, particularly when it comes to writers coming from abroad, in helping, as far as we can, people to navigate the visa arrangements here.

There are two practical things. We would support any moves to clarify, create more consistency and ease around the complexities of travelling abroad. I know that all parts of the industry are looking for ways to support particularly lower-income, early-career emerging artists, who will be most hit by the costs of this travel, to carry them over until a point at which we hope that there is some easing of the restrictions.

Lord McNally: The dilemma we are in is this. In all our inquiries over the last year or so, we have been faced with Ministers saying, "It will be all right on the night" with some of these things. How much of a surprise to the creative industries was it that, in the final agreement, there should be this bump in the road? Were you anticipating it, or did it come as a surprise? A number of you are saying what you are doing about it now. Let me be blunt. One piece of evidence said, "I think the reason is political. I think it's been driven by the Home Office and its commitment to ending freedom of movement". Do you think you have become the victim of an ideological commitment to end freedom of movement, for which the creative industries have had to be abandoned?

Horace Trubridge: There is a very strong possibility of that. The Musicians' Union has been campaigning on this issue since the referendum. We have been talking to politicians on all sides of the House. Their response has always been, "Don't worry. We'll make sure your industry is fine coming out of this. It's all going to be perfectly all right. You don't even need to have petitions or campaigns. It's all going to be fine". There is an awful lot of conjecture going around in the press about what has happened.

Boiling it all down, it appears that the EU offered a 90-day period across Europe, very similar to the one I have described for France, but the UK countered with a 30-day exemption, which was linked to mode 4. Mode 4 enables the UK to introduce work permits if it wants to, and the EU was very unhappy with that. I have heard a number of times that we must not forget that the whole point of leaving Europe is so that we can take back control of our borders. It seems that that principle has been applied to the creatives as well as anybody else the Home Office decides it does not want in this country.

Lord McNally: I am trying to ask these questions not as a blame game,

but to see what happens next. Any evidence you can give us that there is a way forward that would not mean abandoning the TCA but would be properly constructive, perhaps where there are parallel examples of EU arrangements with other sectors or parts of the world, will be very valuable to us in taking this forward. As a committee, we want to be constructive in getting out of this mess, rather than indulging in a blame game. Your answers today have been helpful in that.

Harriet Finney: Ultimately, we are where we are. It matters as much to our European counterparts, whom we work incredibly closely with, as it does to our own domestic production community that we make it work. It is about having that continued dialogue with our counterparts, to come up with arrangements on a bilateral basis. France and Hungary have moved very quickly. We have already had a number of our European counterparts picking up the phone to us and asking, "What can we think about to make sure that there's something that works for both of us here?" It is about being pragmatic, seeing how much we can do and how quickly we can do it. The pandemic buys us a little time but, ultimately, we hope that, within the next few months, we will have more potential arrangements, like we do with France and Hungary.

Lord McNally: Are you having similar talks with colleagues in Europe, Horace?

Horace Trubridge: No, not as yet. I have been corresponding with the International Federation of Musicians and its general secretary, Benoît Machuel, who is based in Paris. He is talking to the European Commission about the problem. We will need to touch base with the members of FIM and all the musicians' unions around Europe, who, as Harriet has said, will be as anxious to secure bilateral deals as we are.

We have been caught on the hop here, I am afraid, because of the reassurances we were given. All the way up to the end of December, we were told that everything was going to be fine. In some respects, we should have had a plan B, where we had investigated alternative provisions that would get us round the problems we are now facing, but we did not expect this to happen. We are now talking to our European counterparts to see what can be done.

Cortina Butler: As you are aware, the creative industries have been lobbying all the way through for continued free movement. There may be a particular realisation now about the fragmented nature of these kinds of regulations. This issue of movement in the European Union is not one problem that needs to be solved. There is the realisation that every one of the countries has the freedom to have its own arrangements.

Outwith a whole-Europe solution, as we have talked about, we will have to have individual negotiations with individual countries and individual bits of the creative sector in each country. Before that, anybody wanting to travel to the EU, which is why it is particularly an issue for music, has to work out how they navigate it and what the costs will be for every

country. In so far as there was a surprise, it was the fragmented and complex nature of the work that has to be done.

Horace Trubridge: I want to re-emphasise the difference for musicians. They do not just go to one place and work. That is the thing. A complication that has arisen out of the TCA, which you may well be aware of, is a word that I had never heard before: cabotage. That is to do with hauliers and the fact that, under the terms of the TCA, you can make only three stops in Europe before you have to return to the UK. An orchestra with a truck full of instruments that wants to play six concerts in France and Germany will have enormous problems with that. That is a real difficulty. There may even be more things within the TCA that crop up to create obstacles for musicians, because they are a very unique group of workers, who have to travel to Europe to expand their market.

Lord McNally: I hope it is not too late. I do not think the sector should throw the towel in yet about finding some more comprehensive agreement. Just to leave you with this rather complex, diverse set of agreements and arrangements, which is like solving a Rubik's cube every time you go on tour, does not make sense.

I honestly had no awareness of the sheer scale of the industry—1,000 trucks were on the road during the summer—the back-up and the other skills involved with putting those musicians on a stage. I give you the old Whitehall saying, because that is what we will be working on: "The man or woman with the plan has an advantage". We will be looking for evidence that will support a workable way forward on this. As has been said in evidence, this is a massive sector, with thousands of jobs and millions of pounds involved. Somehow, we have to get a way forward on this.

Q15 **Baroness Couttie:** I would like to ask about what you feel the impact for the sector will be of the UK no longer participating in the EU funding programmes, such as Creative Europe. What is your view of the Government's proposed domestic alternative funding schemes, such as the Global Screen Fund?

Harriet Finney: It was February last year when the Government took the decision not to participate in Creative Europe in the future. The programme was split between the art side, the culture side and the media side. The BFI looks after the media programme. It was a seven-year programme, and it ran until its completion in December 2020. As I say, we will not be participating going forward.

Historically, it has played an important role in the sector, particularly in supporting the distribution of UK independent film across Europe, and has seen a huge number of collaborations and partnerships built over that time. With all things that are organised on a multilateral basis, there were times when it did not work particularly well. It did not always secure the outcomes that we might have wanted as the UK.

The relationships that have been built over a really long time through that Creative Europe programme will not be lost. Those relationships exist and the BFI has a key role to play in making sure that opportunities continue to exist for UK independent film and TV producers to work with Europe. These will include the Global Screen Fund but will not be limited to that. At the BFI, we need to continue to work very closely with the other screen agencies to make sure that there are as many opportunities for collaboration as possible.

The Global Screen Fund is a brand new fund. It is a new opportunity for us as the UK screen industries. It was announced back in November as part of the Budget. I give huge thanks to both the Treasury and the Secretary of State for approving the funding in what was obviously an extremely challenging time.

From our point of view, this is a brand new opportunity to do something completely new and innovative, to help UK independent film expand its success around the world and look at seizing growth opportunities in markets we have not had the funding to explore before, particularly emerging markets such as Asia. The appetite for content, as we all know at the moment, has never been higher. This is about boosting international recognition of UK content, growing its revenue and, importantly, growing our commercial and cultural ties with new trading partners.

To be clear, this funding sits alongside a range of other government interventions that are already there to support the sector. You have the BFI's own film fund, the creative sector tax release and the Young Audiences Content Fund. There is now a suite of different funds that are designed to work together to support the UK's independent sector.

In terms of where we are with the fund, I cannot give you any exact detail on the nature of the fund or what streams we will be supporting in this first pilot year. We are in very active consultation at the moment with industry on what they want to see out of the fund. We are working closely with government to make sure that its outcomes are aligned with government priorities. We will be launching in April. At that point, we are very happy to give you more detail on that.

There is only one caveat that we have to flag. It is a one-year pilot, and we are launching it in April. We are launching it against a complex background, and given that international travel will continue to be disrupted for a long time after the launch of the fund. Cinemas remain closed across an awful lot of the world. We want to be able to very quickly show impact from this fund.

We feel confident we can do it, but it will be against a challenging international backdrop, because we have an opportunity to bid into the next spending review to show the success of the pilot, and hopefully get a fully funded programme at the autumn spending review. That will be a challenge but, as I said, we view this as a fantastic opportunity for UK independent film.

Cortina Butler: We partnered with the BFI on running the Creative Europe desk in the UK, supporting UK organisations in their applications to the culture fund component of that. The Creative Europe scheme was designed to encourage cross-EU collaboration. The UK sector has benefited significantly from it in funding and partnerships. Across the UK in the Creative Europe culture and audio-visual sectors, we received over €100 million during the period of the fund. The British Council loves collaboration. That is what we do. We have just closed a £1 million digital collaboration fund for working with ODA countries around the world. This is crucial for the UK as part of building trust, building connections and all the stuff we do with cultural relations.

We know there is an appetite for continued collaboration with European organisations. Through the programme alone, the UK cultural organisations worked on collaborative projects with 1,191 partners across 37 of the Creative Europe participating countries. Some 43% of the culture subprogrammes had UK partners and we were the third most successful country by number of funded culture projects.

This tells us that there is a real appetite from European organisations to collaborate with UK ones, which is great. We want to see that continuing. As I mentioned before, the various arts funding bodies in the UK are looking at ways to support collaborative relationships through different sorts of funds going forward. We will continue to work on that. For the British Council, brokering connections between UK and European cultural organisations is crucial. While there may well be potential for new funds, it is a tight period at the moment for any sort of funding. Those that are particularly focused on collaboration we would welcome and support.

Horace Trubridge: European funding has been very useful in the past as matched funding. Very often, funding bodies in the UK have offered funding grants, but only on the basis that you can get match funding. European funding has helped in that respect. It has helped an awful lot of community and grass-roots music projects to happen. The well-being, mental health and self-esteem benefits with those projects must not be underestimated in terms of lifting communities and giving young people a sense of purpose.

There has been a bit of a bugbear for me with the cultural fund. The cultural fund has been great for creatives but, in order to deliver what creatives create, you need world-class musicians. The cultural fund has not dealt with musicians who have spent maybe 20 years perfecting their art, becoming very good on their instruments, but are not creators. They are not writing things. They are not composing. They are concentrating all their skill base on being good on their instruments. The cultural fund has neglected them.

There were a number of European funding schemes that helped that body of musicians, which we are so proud of. West End musicians, for instance, are the finest in the world. Even Broadway producers will admit that. Creatives and creators are not necessarily people who always have to

create something new. They also deliver what people create. Funding for those people is just as important.

Baroness Couttie: That is a very good point. It sounds to me, from what Harriet was saying, that while we have both cultural and physical proximity to Europe, and we hope it will always remain an important market, there are opportunities globally that we may now be able to take advantage of. Would you agree with that?

Harriet Finney: Independent film in particular, bar a very small part of the BFI's film funding through our lottery funding, has not historically had structured support to help us look beyond Europe. The industry is quite excited. There are opportunities as far afield as South America, Asia, Australia and New Zealand. Even in the US, there will be opportunities where we just have not had that flexible funding support available to the industry previously. It is about designing a programme that works, proving it and then, I hope, coming back and getting a much more ambitious programme in 12 months' time.

Cortina Butler: Where do artists want to go? Whether they are performers or creatives, it is essentially places where there are markets for their work, which tend to be the developed markets. They tend to be closest, which is why Europe is a focus, because it is cheapest, there are cultural links and everything else. Artists also want to go to the States and to east Asia: Korea, China and places such as that. The Creative Europe fund has provided funding for artists to develop their markets close by.

Funding that could be extended to other developed markets, wherever they are, would be hugely welcomed. It is more difficult to access. There is not necessarily funding available from the countries where people want to go. As funding becomes available, something that enables access to a much wider range of countries than just European ones would be hugely welcome.

Baroness Couttie: Horace, it sounds as if the music industry finds it a little more challenging, but I would quite like your view on this as well.

Horace Trubridge: There is no palpable sense of excitement about some new ventures and new horizons for funding for musicians. Most of the funding for grass-roots musicians comes from the industry itself. It comes from PRS Foundation, the Momentum Music Fund and things like this, which are industry-supported funds. They are supported by the collecting societies. That is how grass-roots musicians are enabled to go and showcase in America or in European countries. It is through those foundations, which are funded by the industry.

Q16 **Lord Sharkey:** Good morning. We have already noted the absence of provisions in the TCA on audio-visual services, and we have already discussed some of the consequences. Could I ask a slightly more general question? What impact do you think this will have on the long-term future of the UK's TV and film sectors? What can we start to do now to help that

long-term future? As an addendum, are we still worried about the designation of UK content as European? Is there a threat to that now or in the foreseeable future?

Harriet Finney: There is a very long tradition of audio-visual services being excluded from European trade agreements. In fact, there has never been an instance where audio-visual services have been included. We always knew that the likely outcome of the negotiation was that we would be set aside. The work we have been doing with the Screen Sector Task Force, since the very beginning, was to make sure that we fully understood what the implications of exclusion would be. There were no surprises or unintended consequences. That was very much anticipated.

There is one material difference in terms of exclusion, but we had a lot of visibility on this. If you are a broadcaster based in the UK, you no longer have unrestricted access to the EU because of the loss of country of origin. That basically allowed you to have a licence in one EU territory and to transmit freely across the rest of the EU. We have fallen out of the country of origin system. If we look at just what a powerhouse of film and television production the UK is at the moment, we think that the huge growth and production investment in this country, which is forecast to hit about £6 billion by 2024, from around £3.7 billion last year, will far outweigh the impact of losing country of origin.

To your question about European works status, to be very clear, the EU exit arrangements and the TCA do not mean that the UK no longer qualifies for European works. We will still be a European work-producing country for the purpose of the quotas in Europe. The reason for this is that they are governed by the European Convention on Transfrontier Television, which is a Council of Europe measure, and the UK remains a member of the Council of Europe. For the purpose of quotas, UK works produced in this country will still count towards EU quotas for European works.

Lord Sharkey: That all sounds rather bullish, as you did earlier. Can anything be done to actually help or improve the situation?

Harriet Finney: For us, similar to what both Cortina and Horace have said, the biggest challenge in the short to medium term is the ease of travel and being able to produce easily with the European production community, either because we are shooting there on location or because we are working together. Our teams are very often international, pulling the very best from across Europe. That is the one area where we need to continue to do a lot of work, so that we do get stuck not being able to have the right people in the right place at the right time.

Q17 **Baroness Neville-Rolfe:** I want to talk about intellectual property and ask how important the UK-EU arrangements on intellectual property are for your sector and, indeed, for other creative industries. I imagine that copyright is especially important here, as I know it is very important for the independent sector. Linked to that, how will the provisions in the TCA affect UK-EU trade in the creative industries?

Harriet Finney: We will all have been pleased to see the specific reference to IP and the dedicated section in the TCA on intellectual property. For both UK and European producers, it is incredibly important to make sure that we continue to have very robust protection for copyrighted TV and film works, for both sides of the equation. The issue of copyright theft continues to be a major challenge, even within the European market. Anything that is there to insure and enforce is extremely welcome.

Your second question was to do with affecting EU trade. To be honest, for issues of copyright it is just the fact that we have it as a separate section. The robust protection is what we needed, and it is there.

Baroness Neville-Rolfe: You are saying that it is working, because services potentially do not get held up at the ports in the same way. The IPO seems to have done a reasonable job.

Horace Trubridge: One of the reasons why Covid has had such a massive impact on musicians is because they are not really earning very much money from recorded music. You have to be a very successful artist to earn enough money from streaming to sustain your career. We have some household names among the musicians who have come forward and said that, because they have no live work, they cannot even pay their bills, because streaming is not paying them enough money.

Within the European copyright directive, which the UK has decided not to adopt, article 17 calls for fair and proportionate remuneration for musicians and for performers generally. This is exactly what we need. You will be aware that the DCMS Select Committee is currently running an inquiry into streaming. We are desperate to see certain elements of the European copyright directive adopted in the UK. Unfortunately, they have not appeared in the TCA. One of them is the issue of fair and proportionate remuneration for performers and transparency.

In this industry, it is about commercial contracts and negotiation, but there is a massive imbalance of bargaining power when you have an artist who has not had huge success talking to a major multinational record company. It is impossible for that artist to negotiate a deal that will be more beneficial to them than it is to the record label. We also have a situation where session musicians and non-featured musicians do not get any money at all from streaming. They are not paid anything. They get paid for radio play, but they do not get paid for streaming.

Covid has thrown a spotlight on the fact that musicians cannot live off their income from recordings. Article 17 of the European copyright directive would address that, because it would enable them to receive fair and proportionate remuneration to the success of the recordings that they make.

Baroness Neville-Rolfe: I appreciate that situation. Are there any problems for the EU in the deal on intellectual property? If there are, it is more likely that one can do a side deal, because you have to have

potential for improvement on both sides. I spent two years of my life when I was the IP Minister negotiating the portability agreement, which allows online programmes to zoom around Europe. If you are in Italy on holiday, you can watch "EastEnders"; if you are a German in London, you can watch Bayern Munich. That comes to an end as a result of the deal.

Is there potential there? Cortina, what is the situation for you on intellectual property? Are there issues on both sides? Harriet has given us a fairly rosy view, but I wonder whether you agree.

Cortina Butler: This is not an area of detail for the British Council. At a high level, we have talked a lot about the size of the European market for UK culture. The UK is a critical market for many European creators and cultural industry organisations. If you go back to the 16th century, copyright protection and remuneration for creatives underpin the cultural sector. Horace has referenced the fact that the music sector is less independent than it might have been, because of the relatively small amount of money that comes from streaming. They are less able to support themselves where you see remuneration perhaps not being as high as it could have been.

I know there are also tensions about freedom and sharing of cultural content, but getting the balance right is critical. I would anticipate, without this being an area of specific expertise for the British Council, that the EU will be keen to ensure continued updating of reciprocal arrangements on copyright protection. It is a changing feast, as we know. I would have thought that the UK could look at the directive and see whether there are elements that need to be addressed. I would be genuinely surprised if there were not areas where it was in the interests of the EU to engage with the UK in those discussions.

Horace Trubridge: It probably behoves me in this session to find an opportunity for the UK in all this. That is to look at the European copyright directive, which is far from perfect, and improve on it so that it benefits performers more. Over the last 20 years, we have seen some really good things come out of Europe in terms of copyright. The extension of the term "copyright" for sound recordings, for instance, was very useful for rights owners and performers. The UK has to look at what Europe has done in modernising copyright, particularly improving performers' rights, and build on that to maybe do something better. That is the only opportunity that I can see right now for musicians in the TCA.

Baroness Neville-Rolfe: There is always a balance on copyright issues between the cultural sector, which I am very supportive of, and the consumers. That is always the problem you get when you try to legislate. As we know, the copyright directive was heavily debated in the EU. Thank you very much indeed for your comments on that interesting area.

Q18 **Lord Bruce of Bennachie:** Good morning. A lot of the focus is on the movement of people and equipment. Baroness Neville-Rolfe asked about intellectual property. I will ask how important the free flow of data between the UK and the EU is across the industry—both ways, as

Baroness Neville-Rolfe has said. Does the EU have an interest in data transfer to the UK? We have a transitional arrangement at the moment. If there was no positive data adequacy decision, what would the implications be?

The Government are producing all these initiatives to promote global growth. There was of course nothing to prevent the Government doing that before. Is there a concern that we are being actively encouraged to move our engagement away from Europe to elsewhere, rather than try to get an agreement with Europe that will enable us to get the best of both worlds?

Horace Trubridge: There is a saying in the music industry: "Data is king". It is vital. Collecting societies often struggle to distribute all the money they collect to the right people, because the data is not good enough. We need a very free and smooth-running data agreement between collecting societies in Europe and around the world, and collecting societies in the UK.

I have to own up: I am a director of PPL. PPL collects money from premises and from broadcasters for the use of commercial sound recordings. Quite a lot of that money is difficult to allocate to performers, because we do not have sufficient data. A lot of the money that comes into PPL comes from European collecting societies, whose data perhaps is not quite as good as it could be. We would like to see an improvement and very smooth-running pipes and channels for data in the music industry, because it enables more performers and creators to be rewarded.

Cortina Butler: I would endorse that across all sectors. The glue that would be poured into the system from not having a positive data adequacy decision would have significant impact. An obvious area is remuneration around rights. I am not a specialist in the area, but not having a data adequacy agreement would have huge impact, I would have thought.

Lord Bruce of Bennachie: Horace is saying that the data is not good enough, but if we did not have an agreement it would become worse. I am assuming that is the implication. Does it affect the film industry in the same way? I imagine it probably would.

Harriet Finney: Yes, it does. If you think about the enormous rise we are seeing at the moment in streaming and access to TV and film content over digital platforms, it has become a priority, as it has for music, given the increasingly digital nature of the screen sectors. Interestingly, an increasing amount of data flow happens in actual production and post-production. For that, it also remains important. It is not just about consumers and audience data, but also part of the process of production. There are also parts of our sector, such as video games, that are born digital. Again, data transfer is vital there.

We are hoping that there will be data adequacy agreements post the six-month period. We have been working very closely with DCMS to make

sure that those in our community know what they need to put in place and to consider, in case something does not come through. We keep our EU exit Q&A regularly updated with the latest advice and things that people should be taking into consideration there.

On the issue of portability, which Baroness Neville-Rolfe raised earlier, portability has been a huge bonus in the past, certainly for the consumer. There is no EU-wide provision for this as part of the TCA. We genuinely feel that this is probably a decision for rights holders as to what they want to do about licensing their content going forward.

Lord Bruce of Bennachie: Can I pick you up on the digital games point? The UK is quite a leader in this. Are you saying that, if we did not get a positive decision on data adequacy, that would have a significant negative impact, or do you think they would find a way round it?

Harriet Finney: I will completely admit that I am not an expert on all things games. If you were to speak to UKIE or TIGA, which are the two trade associations that lead on games policy, for them it has probably been the most important area that they have been working on. I do not know the exact impact that it would have, but I know it is their key priority going forward.

Lord Bruce of Bennachie: Maybe as a committee we should just ask them if they can give us some written submission on that. It would be good to know.

Q19 **Lord Davies of Stamford:** Apparently, there are to be national reservations to the global terms of the UK-EU trade and co-operation agreement. Is that a good idea? Will such national reservations help to further the aim of maximising the turnover of the cultural and creative industries? Could such reservations in fact become obstacles to trade?

Harriet Finney: We had a look at this question, and we did not think there would be anything specific due to the national reservations that would impact film and TV, as far as we can see at the moment.

Lord Davies of Stamford: That is reassuring, thank you.

Horace Trubridge: I have not come across anything either that would help or hinder the music industry.

The Chairman: This may develop, as countries decide that they might want to create national reservations. It is a country-wide issue for the future. It is just something to keep an eye on.

Lord Davies of Stamford: I had another question, which arises from the earlier part of our discussion. Why did we reject the idea of remaining in Creative Europe? What was the motive for that? What were the considerations behind it? Creative Europe seems to have been financially and promotionally a success. Some people are disappointed that it has now disappeared from our point of view. I am trying to understand who in the Government decided to get rid of our relationships with Creative

Europe. What were the reasons for that?

Harriet Finney: The sector had advocated for continued membership. The decision was taken centrally. It certainly was not taken by us as a sector.

Cortina Butler: From my understanding, it was largely about cost. The cost of membership of Creative Europe was deemed to be larger than was regarded as acceptable.

Lord Davies of Stamford: I presume it was a net cost, because we had gains as a result of our membership of Creative Europe, as well as outgoings. It is important in a situation like that to assess the net position, whether it was positive or negative from our point of view.

Cortina Butler: Forgive me. I cannot speak to the detail of the negotiations, but I think that in that calculation it was decided that it was not cost-effective.

Horace Trubridge: It is quite possible that it was more an idealistic decision than necessarily a financial one.

Q20 **Lord Vaux of Harrowden:** We have discussed most of the big headline issues that have been raised about Brexit and the impact on the creative industries. This is almost a catch-all question. Do any other barriers to the creative industries emerge, as a result of the TCA or otherwise, as part of Brexit? Are there any other impacts that we ought to be aware of? Horace mentioned the cabotage question.

Cortina Butler: It is quite early days still and the sector is working through the details. I know there is anxiety about social security payments, which we have referenced. There are also issues about recognition of professional qualifications, which architects are particularly worried about, and the movement of cultural goods.

The British Council is very proud to be the commissioner of the British pavilion at the Venice Biennale. It alternates between an architectural biennale, which there will be this year, and the Art biennale, which there will be next year. Setting up the exhibition at the architectural biennale involves the movement of 'commercial goods', which seems to be quite straightforward under the TCA. Once we come to the art biennale in 2022, where we have the artist Sonia Boyce appearing, it comes under artworks and 'cultural goods'. They will be subject to customs and further logistical considerations, and will be impacted by tariffs, carnets and export licensing charges. There are other things going on, as Horace has referenced, to do with the TCA, which the sector will have to navigate.

I mentioned the cross-fertilisation of cultural professionals in Europe and the ease of that. We all know about Simon Rattle coming backwards and forwards between London and Berlin. Neil MacGregor is a founding director of the Humboldt Forum, and Hartwig Fischer is the director of the British Museum. That cross-fertilisation of cultural professionals, which is

crucial to the development of the sector here, slows up as a result of what is going on. That may be just because it feels more difficult.

An area that the British Council works in is trust. There is a risk that the tensions that surrounded our exit could lead to a breakdown in trust, which could disrupt trade. I know that is a very nebulous thing and it is quite hard to tie it down. Hearteningly, research that we carried out in 2018 suggested that young people's views of the UK had not been significantly impacted, but we should not become complacent. We know that favourability towards a country is one of the drivers of willingness to trade and do business.

We should not assume that attitudes towards the UK coming come out of the various discussions and negotiations over the last four or five years have been unscathed. From a British Council point of view, the EU is a really important region for us, and if there is a trust deficit we need to do everything we can to build it back up. The creative sector is both affected by that and, from our perspective, crucial to any recovery that proves necessary. We will be focusing on that. That is a slightly more high-level and nebulous potential impact that we have, not so much from leaving but from the process of leaving, which has been difficult for everybody.

Horace Trubridge: Cortina has summed it up quite well. For us, the headline things that we are still trying to unpack are to do with double taxation, VAT and withholding tax. All these issues will affect musicians who want to bring goods into the EU, such as merchandise.

Harriet Finney: The point has been very well covered by both Cortina and Horace. Nothing that we identified in our first sweep of the TCA came as a surprise. The devil is in the detail and how it plays out practically over the coming months.

Q21 **Viscount Trenchard:** Good morning, everybody. Could you say a little more about the upside and the new opportunities that may be available looking forward? Harriet, you have been quite optimistic about the future. We have talked about EU copyright law. Does our freedom from that for intellectual property give the sector more flexibility in the future? As you know, we have been talking about accession to the CPTPP, the trans-Pacific partnership of 11 countries. What would you like to see in that for your sectors?

Cortina Butler: At a high level, cultural exchange between the UK and the EU countries predates the EU by centuries. It will continue whatever different regulations are in place. I believe that events, whatever they are, are always good opportunities for engagement, for looking at relationships and for finding open discussions about new ways of working together. Sadly, Covid functions as an event in that way as well.

In broader terms, it is a bit soon to see exactly what those opportunities will be, but we are confident that they will be there. We will be focusing on continuing the relationships with the EU, but recognising that the UK's leaving the EU is an opportunity for other discussions with countries that

we also work with. Sorry, that is a bit general, but we have to wait and see. I am confident that there will be opportunities, but I am not quite sure exactly what they are yet.

Viscount Trenchard: Harriet, are you aware of what the CPTPP would bring for the film industry?

Harriet Finney: I just have a couple of further comments on Europe. Part of my rosy outlook for the future is because we are very fortunate that the BFI has been able to invest a lot of time in building very strong bilateral relationships. We meet our European counterparts regularly. There are three or four moments in the year when we sit down and spend a day with them. That is not an EU group; it is much wider. It is an EEA group, spreading out almost as wide as the Council of Europe. We will remain part of that group.

They look to us for leadership in some areas. We will continue to have quite a lot of influence in Europe on education, film heritage and culture, and sustainability, which is becoming a key priority for everybody working in this industry. We are leaders in thinking about the really challenging issues of diversity and inclusion in our sector. There are already strong relationships and strong dialogue, and we know that they continue to look to us for leadership in those areas. That is a really good way of keeping conversations going.

We are also a member of the European Audiovisual Observatory. The presidency of that moves around from year to year, and the UK has presidency in 2021. That means that we have a full year of being able to work really closely with our European counterparts on a huge range of really detailed research issues. We will be hosting a big conference towards the end of the year with all our European partners here. There are lots of opportunities for continued engagement. Horizon Europe, which we have announced that we will be participating in, has a new strand in it that covers culture, creativity and inclusion. We have not seen any detail of that yet, but that is also an opportunity for us to continue to engage on a UK to EU basis.

In terms of the rest of the world, we have talked about the Global Screen Fund. What future trade agreements may bring about is probably a whole other Select Committee conversation. In terms of how the audio-visual sector sits within trade agreements historically, as part of the Screen Sector Task Force we have done a huge amount of work with our UK counterparts on making sure that any trade agreements not only maximise opportunities for the sector but do not diminish our ability to invest in the sector in the UK for its future success.

It is quite complex in audio-visual, but we have hope. We have a good dialogue with negotiating teams in DIT already up and running. We hope that they fully understand both what the opportunities are and what is at risk.

Viscount Trenchard: Horace, I know the music industry well because

my son runs a music festival, so I know how devastating for the sector Covid has been. The restriction on free movement of artists has made it a bit worse, but parts of the industry are completely frozen with no income. It is more difficult for the music industry to see the upside.

On the other hand, the global demand for British product, British content, British music is not decreasing—quite the reverse. Do you have any thoughts on guidance you could give to your sector as to how to take advantage of the new freedoms looking forward? Can you look on the bright side?

Horace Trubridge: I am a genuinely positive person normally, but I am really struggling to find positive things from the TCA that will benefit my members. As I mentioned earlier, if there is a will in the UK to look at the elements of the European copyright directive that deal with performers' rights, take them and improve upon them, so that being a recording artist could be a viable career in itself and not something that you do alongside where you make your money, which is playing live, that would be a wonderful thing.

Just to bring it home to you, you talked about festivals. A middle-ranking band that you might hear on 6 Music during the day could do one festival in Germany and France, and earn about £10,000 for playing it. I cannot begin to add up all the noughts you would need to add to the number of streams you had to earn £10,000. There is a real problem with the industry right now. The record companies are making loads of money and the artists are really struggling.

Viscount Trenchard: It is not just the artists, but all the people who put up the infrastructure and make the festival possible, who are not artists. Most of them are freelancers, and a lot of them are suffering, too.

Horace Trubridge: Before I came on to this, my breakfast meeting was with creative leaders trying to tackle the problem of freelancers and supporting them during this terrible time.

Q22 **Lord Bruce of Bennachie:** In the *Times* today, Oliver Dowden has said that the Government will consider providing financial support to musicians and others for travel, for visas and all the related costs. This was on the back of a letter in the *Times* yesterday, signed by a whole variety of artists and musicians, which was helped to be co-ordinated by the Liberal Democrat DCMS team. The Government's response to that is not to say, "We'll get an agreement that will waive these requirements and the bureaucracy associated with them", but they are considering contributing towards the costs.

I wonder how you would react to that, how helpful that would be and whether you would regard that as acceptable to the alternative, which is actually finding an agreement across the piece. Horace, musicians are obviously going to be affected by that.

Horace Trubridge: That is really interesting. Thank you for informing us, because I had not picked up on that yet. It troubles me slightly that it

seems to be saying, "It's easier for us to just give these people some money than to solve the problem we have". I would much prefer to see the problem solved than UK taxpayers' money being used to try to cure a problem that could be solved if there was a will on both sides to sit down and negotiate. I spoke to Oliver Dowden yesterday. I am a trade union negotiator with 30 years' experience. I am quite happy to help them if they would like me to. If there is a will on both sides, and both sides say there is a will, let us do that rather than throw money at the problem.

Lord Bruce of Bennachie: I suppose it is at least a recognition that it is a problem that needs to be addressed, but it is similar to the fishing industry. The deal has become apparent, the industry is screaming, so the Government have said, "We'll give you money". Having said that, money is of some help. Harriet, I wonder whether you, for example, would regard that as a useful step forward or what your own view is from the film industry's point of view.

Harriet Finney: I have not seen the letter in question. As Horace has said, if there was any possibility of looking at the TCA at some point in the future and having a unilateral solution for movement of people in the creative sector, that would be hugely welcomed.

Lord Bruce of Bennachie: You would prefer that to contributing to the costs of having to do what you will have to do if there is no such agreement.

Harriet Finney: For the ease of the sector long term, some sort of multilateral agreement, or more bilateral agreements, to make it a simpler process, would probably be the solution that we are looking for.

Cortina Butler: The Minister, Caroline Dinenage, referenced in the House of Commons on Tuesday how complicated the negotiations are likely to be. We would all ideally like to see a simpler arrangement, but bear in mind that we hope that live performance and travel will open up as soon as possible. The realistic expectation is that it will take a while to get to something more straightforward and more desirable for the sector in terms of regulations. I do not know the details, but some funding to support particularly low-income, emerging, young artists start their recovery process with lower costs would be welcome.

Lord Bruce of Bennachie: Just to clarify, the report says that Oliver Dowden told industry leaders that the Government would help to pay for work permits and transport costs imposed because of rules that came into effect at the start of the year. It also said that they would not be seeking a comprehensive agreement. It seems to be implying that that is the most likely offer. From what you are all saying, while that might be helpful, in your view, it would be better if the Government considered trying to negotiate a more comprehensive agreement.

Horace Trubridge: My industry is on its knees. If money will be made available, that is fine, but I am surprised by this, because it suggests to me that the Government do not feel there is much possibility of

improving what is in the TCA for performers in Europe. If that is the case, yes, they will have to provide funds, as Cortina says, to enable the industry to get back up and running, and to be as successful as it has been in previous years.

Lord Bruce of Bennachie: A government source said that the Government rejected calls to reopen the Brexit trade deals to address the issue. It seems their offer is money rather than an agreement.

Horace Trubridge: I was on that call yesterday, and that is correct.

The Chairman: That concludes the questions. You have had quite a grilling. We are extremely grateful to you for coming along. I sincerely hope that you three do not end up as travel agents, because it seems to me that the complexities you have raised this morning mean that you will be spending disproportionate amounts of your time on complex and unnecessary processes. I am sure the committee will wish you all the luck in the world to try to sort it out.

Cortina Butler, deputy irector for arts, British Council, Harriet Finney, director of external affairs, British Film Institute, and Horace Trubridge, general secretary of the Musicians' Union, we are very grateful to you and we thank you for your time.