Department for Culture, Media & Sport

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The Rt Hon. Baroness Stowell of Beeston MBE
Chair of the Communications and Digital Committee
House of Lords
London
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18 April 2023

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Dear Baroness Stowell,

I am writing to you as chair of the Communications and Digital Committee in the House of Lords in response to the Committee's report of 17 January titled *At risk: our creative future*.

In the report, the Committee made several further recommendations to the Government in relation to the future of the creative industries. I enclose a response to the Government recommendations put forward by the Committee.

As the Secretary of State discussed with you recently, the Department for Culture, Media and Sport (DCMS) intends to publish a Creative Industries Sector Vision in the coming months. Alongside the response I am providing to your Committee's report, the Sector Vision will set out how the Government is prioritising the creative industries and building on the positive momentum from the Spring Budget where the Chancellor repeatedly identified the creative industries as one of his five priority sectors. The Sector Vision is not the end point of a process, but a milestone which sets out the commitment of Government and industry to work together to meet their shared ambitions by 2030. We will build on the framework provided by the upcoming Sector Vision to strengthen our support for the future growth of the creative industries.

I am copying this letter and the enclosed response to my colleague, Lord Parkinson of Whitley Bay, in his capacity as DCMS Lords Minister.

Thank you to the Committee for its scrutiny and advice in this important area.

With best wishes,

Julia

Julia Lopez MP
Minister for Media, Tourism and Creative Industries

Government Response (April 2023)
House of Lords Communications and Digital Committee
At risk: our creative future

Introduction

The Government thanks the Committee for its report "At risk: our creative future" and notes the findings. We agree with the Committee that the UK's creative industries are world-leading. As you note in your report, the creative industries are one of the fastest growing sectors of our economy, contributing £108 billion in output in 2021, employing 2.3 million people, a 49% increase in employment since 2011.

The Government has been clear that the creative industries are a priority and we are putting the sector at the heart of our future growth agenda, contrary to the conclusion made in the Committee's report. Following the 2022 Autumn Statement, the Chancellor outlined a long-term vision to grow the economy in his January 2023 speech at Bloomberg, in which he identified the creative industries as one of five priority sectors. At the 2023 Spring Budget the Chancellor again reiterated that the creative industries are a priority growth sector. This followed the 2021 Spending Review announcements of nearly £50 million in Department for Culture, Media and Sport (DCMS) funding to support growth and investment in creative businesses across the UK, and over £100 million UK Research and Innovation (UKRI) funding to support creative research and development (R&D) and innovation.

We agree with the Committee's report that we cannot take the sector's continued growth for granted, which is why we will publish a Creative Industries Sector Vision in the coming months. The Sector Vision will set out a strategy for the whole of Government to work with industry to deliver growth over the next decade. It will outline how we intend to support the UK's creative industries to make the most of new technologies and to outperform international competition, including through addressing access to finance issues. It will set out how we intend to help the sector to attract and develop the very best creative talent and skills from all backgrounds and parts of the country. It will also explain how we will maximise the sector's wider impact, including in areas such as wellbeing, the environment and the UK's soft power. The Sector Vision is not the end point of a process, but a milestone which sets out the commitment of Government and industry to work together to meet their shared ambitions by 2030. We will build on the framework provided by the upcoming Sector Vision to strengthen our support for the future growth of the creative industries

The Government's responses to each of the Committee's recommendations are set out below, but we expect the Sector Vision to represent a fuller response to the Committee's report. The Sector Vision will contain a more in depth response to the

Committee's recommendations on Intellectual Property (IP), R&D and innovation, taxation, levelling up, skills and education.

We have grouped certain recommendations together to make our response clearer. We have not responded to recommendations in paragraphs 21, 22, 54 and 91 below as these have been addressed in this introduction.[1]

Intellectual Property (IP) Recommendations

1. *The Intellectual Property Office should pause its proposed changes to the text and data mining regime immediately. It should conduct and publish an impact assessment on the implications for the creative industries. If this assessment finds negative effects on businesses in the creative industries, it should pursue alternative approaches, such as those employed by the European Union. The Intellectual Property Office should write to us confirming its plans and timelines in response to this report. (Paragraph 35)*
2. *The Government should ratify the Beijing treaty on audio-visual performances at the earliest opportunity. It should set out its timelines for doing so in response to this report. (Paragraph 42)*
3. *The Department for International Trade should commit to maintaining the UK's existing standards of intellectual property rights in all future trade deals. (Paragraph 47)*

Intellectual Property Response:

<u>Text and Data Mining (paragraph 35)</u>

In light of additional evidence of potential impacts on the creative industries, the Government will not be proceeding with its proposal for a broad copyright exception for text and data mining. In the Government's response to Patrick Vallance's 'Digital Review on Regulation for Innovation,' the Government committed to work with users and rights holders on text and data mining. For example, by producing a code of practice by the summer and helping to ensure that the tech and creative sectors can grow together in partnership.

<u>Beijing Treaty on Audiovisual Performances (paragraph 42)</u>

The UK has long supported the Beijing Treaty and signed it in 2013. While it was a member of the European Union (EU), the UK was not able to ratify it independently,

[1] These recommendations are about: working with the Creative Industries Council on: putting the creative industries at the heart of Government's growth plans (21), publishing the Sector Vision at the earliest opportunity (22), matching technological improvement with complementary plans to support the workforce (54) and improving access to international access to finance (91)

but has been resolved to do so since leaving the EU. Although UK law already largely meets the requirements of the Treaty, some changes are required and the Treaty also contains optional provisions that the UK will need to decide whether and how to implement.

To ratify the Treaty, the UK will need to decide on specific options for implementation through stakeholder consultation. In spring 2021, the Intellectual Property Office (IPO) undertook a call for views. Respondents broadly supported the Government's intention to implement the Treaty but views on how to do so varied. The IPO is now in the final stages of preparing for a further consultation that will build on the evidence gathered in the call for views. The aim is to publish the consultation in spring this year. The implementing legislation will be subject to the affirmative procedure and so will require debate in both Houses.

Ratification is expected to take place in 2024, subject to gaining the necessary clearances. This will include completion of the Constitutional, Reform and Governance process to enable the UK's instrument of ratification to be deposited at the World Intellectual Property Office (WIPO). The Treaty will come into force in the UK three months after being deposited at WIPO.

International Trade Deals (paragraph 47)

The UK is currently pursuing a number of free trade agreements (FTAs) including with India, Canada, Mexico, the Gulf Cooperation Council, Switzerland, Israel and South Korea. The Government is seeking an intellectual property chapter as one of the many chapters within these agreements. The UK also substantially concluded negotiations on the UK's accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) on 31 March, an FTA including 11 members: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam with a baseline of IP standards. Once the final steps required for the UK to formally accede to the CPTPP are complete, membership will provide the UK with a new and powerful means of engaging members of the CPTPP, with a combined population of around half a billion people, on trade-related issues which includes intellectual property.

The Government believes that FTAs should be balanced so as to best ensure that UK creative industries and rights holders receive protection and fair remuneration for the use of their works abroad, while providing reasonable access and use of works for others.

R&D and Innovation Recommendations

4. *UKRI should review its funding allocations and identify options for continuing the most successful clusters within the Creative Industries Clusters Programme after March 2023. UKRI should publish its plans and decision timelines in response to this report. (Paragraph 67)*
5. *The Arts and Humanities Research Council and participating universities should work with regions which are not part of the Creative Industries Clusters Programme to share best practice and create links between clusters. (Paragraph 68)*
6. *We recommend Arts Council England works with the Government to incentivise further collaboration between the commercial and non-profit sector to support innovation. This could include Government-backed incentives for SMEs to collaborate with arts organisations, for example. We also recommend that Arts Council England plays an enhanced role in providing coordination among organisations receiving public funding, to support cost sharing on expensive projects and ensure the widest possible reuse of new initiatives. (Paragraph 106)*

R&D and Innovation Response:

R&D and Innovation (paragraph 67)

The Government has taken steps to ensure we capitalise on the huge opportunity for increased R&D and innovation in the creative industries. We have announced more than £100 million in UKRI funding to support R&D and innovation. This includes a £75.6 million Convergent Screen Technologies and Performance in RealTime (CoSTAR) programme and the £30 million Creative Catalyst programme. By 2025, UKRI will also deliver a £12 million programme of targeted interventions to inspire, involve and invest in excellent design for innovation. UKRI will also work with the Design Museum to deliver a £25 million, 3 year Future Observatory: Design the Green Transition programme to support design-focused research and innovation to address the climate crisis.

The Creative Industries Clusters Programme (CICP) has been a successful programme, supporting R&D and innovation at a local level since 2018. Several clusters have developed sustainability plans, including using other kinds of UKRI funding, for example, Strength in Places. UKRI has also developed specific actions regarding the existing clusters, which includes:

- The Arts and Humanities Research Council (AHRC) and DCMS's £2.5 million Demonstrator Programme, in partnership with the Department for Science, Innovation and Technology (DSIT), is largely routed through existing clusters;
- AHRC has committed £11 million of funding, over 5 years, for the Creative Industries Policy and Evidence Centre (originally part of the Clusters Programme), in partnership with Newcastle University and the Royal Society

of Arts, to enhance the evidence base on the value add of the creative economy;
- AHRC and partners' £6 million CulturalXR programme is deepening the CICP footprint in devolved nations, partly via the clusters; and
- AHRC and Innovate UK (IUK) and Natural Environment Research Council's (NERC) £15 million partnership on Circular Fashion will grow and strengthen existing CICP networks, supported by an immediate £700k investment.

UKRI will publish future plans in relation to the creative industries and the Clusters Programme. AHRC and IUK are conducting a refreshed UKRI deep dive across its investments and looking at industry needs to understand how they are supporting the creative industries and where there are gaps. This work is due to be completed in April 2023. In addition, UKRI are keen to develop a cross-UKRI plan for future investment in existing and new clusters, and across the creative industries, in collaboration with sector organisations and in alignment with the Creative Industries Sector Vision.

Working with regions to share CICP best practices (paragraph 68)

UKRI is committed to building on the strong foundations of CICP and is already investing in short and medium-term sustainability and capacity-building options to maintain the momentum of this high-performing programme in new regions and sectors. As well as those listed above in response to paragraph 67, current initiatives to drive continued economic benefits and understand next steps, include:
- As part of the deep dive activities and through other means, AHRC are starting to scope clusters in new sectors including design and architecture, publishing, music, and advertising;
- Capitalising on a Tactical Fund Pilot Project (formerly of the Department for Business, Energy and Industrial Strategy) to secure Foreign Direct Investment/R&D investment in Creative Economy, via Midlands Innovation where no current cluster exists.
- Careful management of the major infrastructure investment CoSTAR will offer broad access for small medium enterprises (SMEs) across the UK to virtual screen technology.

All of these investments have been designed with an eye to the future, ensuring AHRC is ready to respond at pace to high-value future funding options.

Commercial and Non-Profit Collaboration (paragraph 106)

In its 10-year strategy Let's Create, Arts Council England's (ACE) has committed to encouraging cultural organisations to embrace innovation, adopt new technologies, be more collaborative and form partnerships with technology and commercial creative sectors. In strategic programmes focused on innovation and new technologies, ACE always seeks to work collaboratively, where possible, with other funders and development agencies.

ACE funds The Space Community Interest Company (The Space CIC) to support arts and culture organisations to develop their knowledge and ability to make and distribute culture digitally. The Space is now part of ACE's 2023-2026 National Portfolio, and so will be regularly funded over the next 3 years. Government backed programmes such as UKRI's CICP and the Audience of the Future programmes have also created opportunities for cultural organisations to collaborate, experiment, and learn from partnerships with creative businesses, researchers and technology experts.

ACE is also in discussions with the British Film Institute (BFI) about how they can best develop opportunities together for audiences to experience new cultural works made with immersive technologies, such as through the development of new immersive reality (XR) programming strands in venues in which ACE and the BFI have a joint investment.

ACE also works with British Underground and with the British Council to support a Future Art and Culture showcasing delegation to attend the influential SXSW interactive festival in Austin, Texas each year. The Future Arts and Culture programme helps to provide a co-ordinated presence for the UK creative industries at SXSW and involves partnerships with other UK development agencies such as BFI and UKRI.

Taxation Recommendations:

7. *The Government should change the definition of R&D for the purpose of tax relief to include more of the creative sector. It should conduct and publish a substantial review setting out the risks, costs, and benefits of adopting such an approach. It should start by exploring the OECD definition of R&D tax relief. The Government should provide timelines for this review in response to this report. (Paragraph 76)*
8. *The Government's consultation on creative industry tax reliefs must benchmark UK incentives against those in other countries to ensure the UK remains competitive. (Paragraph 80)*

Taxation Response:

R&D Tax Reliefs (paragraph 76)

As part of the Government's ongoing review of the R&D tax relief schemes, the 2021 consultation sought views on whether the definition of R&D and the scope of qualifying expenditure for relief remained fit for purpose. A report published in November 2021 laid out the findings of this consultation, including respondents views on the merits of changing the definition of R&D.

There was a strong consensus amongst respondents that the definition of "R&D" itself does not require amendment given it is well understood, embedded and consistent with the Organisation for Economic Co-operation and Development (OECD) Frascati standard, including the core criteria within it. Some respondents said that companies value the breadth of the UK definition and how accessible it is to a wide variety of companies undertaking R&D across all sectors. Some raised concerns that a further widening of the definition could result in deadweight claims, uncertainty and complexity.

The current R&D definition is not sector-specific, so businesses in the creative industries are able to benefit from the R&D tax reliefs in so far as they meet the Government's definition of R&D for the purpose of the reliefs. The Government does not see the need to consult again on the definition of R&D at this time, as it would create unnecessary uncertainty when the principles of which activities are considered R&D match the Frascati definition. In addition, concern over abuse and boundary-pushing involving the R&D tax reliefs has grown in recent years. The Government takes the need to reduce error and fraud seriously, and administering a broadened definition of R&D could create challenges for fraud and error reduction.

At the Spring Budget 2023, the Chancellor announced a new R&D scheme for 20,000 SMEs in the UK - coming in from 1 April 2023 and worth around £500 million per year. These changes are a key part of the Chancellor's plan to get the economy growing and make the UK the best place in the world to start and grow a business by promoting the conditions for enterprise to succeed. The scheme is targeted specifically at loss making R&D intensive SMEs. Eligible companies will be able to claim £27 from HMRC for every £100 of R&D investment, instead of £18.60.

The Chancellor also announced a series of administration changes to simplify the tax system to make it easier for small businesses. A simpler tax system frees up time and money for the UK's 5.5 million small businesses to grow. With an estimated turnover of £2.3 trillion, they make up 52% of the private sector.

International Benchmarking (paragraph 80)

The Government provides generous and targeted support to the creative sector through the eight creative industry tax reliefs; film, animation, high-end TV, children's TV, video games, theatre, orchestra and museums and galleries. Following consultation, at Spring Budget 2023 the Government went further to support the creative industries through the tax reliefs and thus ensure the UK remains competitive.

The Government announced that the film, high end TV, children's TV, animation and video games tax reliefs will be reformed to refundable expenditure credits, which will provide a greater benefit than the current reliefs. Under the 'Audio-Visual Expenditure Credit' film and high-end TV productions will be eligible for a credit rate of 34% and animation and children's TV production will be eligible for a higher rate of 39%. The Government also listened to stakeholder concerns about increasing the £1 million per hour expenditure threshold for high end TV, which included the negative impact this would have on the UK's competitiveness, and announced that the threshold would remain unchanged. The Video Games Expenditure Credit will provide a rate of 34%. Furthermore, the Government announced that the current 45% (for non-touring productions) and 50% (for touring productions) rates of relief for theatres, orchestras and museums and galleries would be extended for a further two years.

The Government does not formally benchmark its programme of reliefs against international comparators. However, an external evaluation of the film and TV tax reliefs published in November 2022 found strong evidence that the reliefs lead to productions taking place in the UK that would not have happened here otherwise. Whilst tax treatment is just one of many considerations for a company when choosing where to invest, the tax reliefs were seen as having attractive and competitive features beyond their headline rate of relief, relative to incentive schemes in other countries. Common themes were around their simplicity, consistency, and speed of payment.

The objectives of the consultation were to simplify and modernise the existing reliefs and ensure they continue to boost growth in the audio-visual industries whilst remaining fiscally sustainable. A full list of the objectives of the consultation can be found on page 4 of the consultation. We believe the Spring Budget announcement has met these objectives.

Levelling Up Recommendations:

9. *The Government should monitor the impact of the Create Growth Programme, identify its most effective interventions and help local authorities share key learnings across the country. (Paragraph 96)*
10. *The Government should work with local authorities to help consolidate guidance for creative sector businesses into easily accessible support hubs. Local enterprise partnerships provide a good vehicle for delivering this work. (Paragraph 97)*
11. *The Creative Industries Council should work with the Department for Levelling Up, Housing and Communities to evaluate options for improving long-term access to affordable workspaces for creative businesses, such as building on the Creative Land Trust programme. (Paragraph 100)*

Levelling Up Response:

<u>Create Growth Programme (paragraph 96)</u>

DCMS is working closely with Innovate UK and six local area partnerships to deliver the £17.5 million Create Growth Programme (CGP). The CGP will deliver tailored business support, finance and investor capacity building in six regions of England to help creative businesses access private investment and growth. These regions are Greater Manchester; the West of England and Cornwall and the Isles of Scilly; Norfolk, Suffolk and Cambridgeshire; Leicestershire, Derbyshire and Lincolnshire; Kent, Essex and East and West Sussex; and the North East of England.

As we deliver this programme, we will keep it under constant review to monitor the most effective interventions, share learnings and ensure it is delivering value for money. We have contracted Frontier Economics to provide an evaluation of the programme that will provide key learnings for other local authorities across the country.

<u>Cultural Development Fund</u>

In March 2023, the successful recipients of the £32.4 million third round of the Cultural Development Fund were announced. This round of funding will go to 8 projects in Basildon, Bradford, East Lindsey, Medway, Morecambe, North Devon, Stoke and Walsall.

The Cultural Development Fund aims to level up through investment in culture. The fund unlocks local growth and productivity, promotes economic and social recovery from the impact of Covid-19, and regenerates communities through capital investment in transformative place-based creative and cultural initiatives.

This is the third round of the Cultural Development Fund, bringing the total amount of investment to £76.9 million, with 20 projects receiving funding. Places like Barnsley, Worcester, Plymouth, Stockport and the Isle of Wight received transformative funding through rounds one and two, creating jobs, unlocking economic growth and making places more attractive to live, work and visit. This fund has made a real difference to local people. It will create local jobs to provide greater opportunity for people to forge creative careers in the regions. It will create new training places, and support local cultural institutions, attract tourists and new businesses.

Support Hubs (paragraph 97)

The Government, Arms-Length Bodies, and wider local and regional bodies are already providing a significant amount of training and skills development programmes for cultural, creative, and heritage organisations and partnerships, as well as for local and regional government representatives and wider stakeholders. Existing resources and programmes developed include the Connected Growth Manual, published by DCMS in 2019, and the Local Government Associations (LGA) Cultural Strategy in a Box, published in 2020. We are sharing and will continue to share these resources with relevant stakeholders as required.

The trailblazer devolution deals agreed with Greater Manchester Combined Authority and the West Midland Combined Authority commit the Government to establishing a new Strategic Productivity Partnership with the Combined Authorities. This will aim to ensure strategic planning, integration, promotion and complementarity between national and local commissioning activities to maximise value for money and ensure an effective business support ecosystem, with resultant benefits for creative sector businesses.

In the Spring Budget 2023, the Government also announced the prospectus for Investment Zones which will build on the strengths of local areas and support the growth potential for local businesses by providing a range of investment and support. The Government also announced that it would be consulting on devolving the delivery of Local Enterprise Partnerships to local authorities to provide tailored, local support for businesses.

In addition, England's Destination Management Organisations have an important role to play both in the recovery of both the tourism and creative sectors from COVID-19 and achieving the Government's Levelling Up objectives. Their role is to work with local businesses as they recover, and to help stimulate private sector investment in their cultural, creative and broader economic ecosystems.

Affordable Workspaces (paragraph 100)

The Government has committed to launching a review of the landlord and tenant relationship and the legislation surrounding it. It will seek to develop proposals for a framework that helps support the efficient and flexible use of space, which will cover, but will not be limited to, spaces for creative businesses. Further details will be announced by the Department for Levelling Up, Housing and Communities (DLUHC) in due course. We have sought to engage further with stakeholders, and would welcome their views on barriers to accessing property faced by the creative industries.

DLUHC has also introduced High Street Rental Auctions (HSRAs) as part of the Levelling Up and Regeneration Bill, to tackle the problem of persistently vacant property and to help places to create vibrant and mixed-use urban centres with a strong creative sector presence. HSRAs will also create the option for a more diverse mix of tenants on the high street and make town centre tenancies more accessible and affordable for tenants, including SMEs and community groups.

We have also introduced reforms to enable more flexible use of existing buildings. The use class reform creates a new ‘commercial, business and service’ use class. Class E provides for greater flexibility to move between such uses and also allows for a mix of such uses, including for creative industries, to reflect changing retail and business models.

Skills recommendations:

12. *The Government should set out its plans for improving the collection and use of skills data (including on freelancers) in the creative industries to inform and drive change in skills policy. (Paragraph 116)*
13. *Post-16 education plays a critical role in developing skills for the creative industries. But training pathways are confusing for students and employers. Clearer routes into the industry are needed. (Paragraph 142)*
14. *The Department for Education must work closely with the Department for Digital, Culture, Media and Sport in keeping under review the content and structure of T Level courses relating to the creative industries. (Paragraph 148)*
15. *We recommend the flexi-job apprenticeships pilot is promoted more widely. (Paragraph 152)*
16. *Courses available as part of the Lifetime Skills Guarantee and Lifelong Loan Entitlement should be informed by labour market data on creative industry skills needs. (Paragraph 163)*
17. *The Creative Industries Council should have engagement from the Department for Education to support coordination between creative business needs and skills policy. (Paragraph 168)*

Skills Response:

Skills Data (paragraph 116)

The Unit for Future Skills is an analytical and research unit within the Department for Education (DfE). It works to improve the quality of jobs and skills data, working across the Government, including with DCMS, to make this available to decision makers within the skills system.

The Unit is engaged with DCMS to coordinate data, analysis and research on jobs and skills relating to the creative industries including apprenticeships and career pathways of employees (e.g. post-16 qualifications held by employees in terms of numbers and earnings). This collaboration will enable us to better understand and track the changing skills needs across the creative industries as well as the skills and education pathways into the sector, and associated outcomes.

As well as the Unit for Future Skills, DCMS also works with DfE to understand skills shortages and gaps through the Employer Skills Survey and has worked with the Creative Industries Policy and Evidence Centre to produce an analysis of job quality. This work recognises that skills development does not end with formal education programmes. On freelancers, DCMS is working with ACE on forthcoming research to address gaps in the current evidence base.

Finally, there is also an important role here for industry, and we will set out further in the Sector Vision the work that industry will do with the Government to improve data on skills needs. This includes a commitment from the Creative Industries Council to complete sub-sectoral skills audits in the coming months allowing us to understand where there are opportunities and skills gaps at a more detailed level.

T Levels (paragraph 148)

The Institute for Apprenticeships and Technical Education (IfATE) is responsible for managing and maintaining the content of T levels. An annual review is undertaken for each T level to ensure the content remains relevant and DCMS will be consulted as part of this process. Creative sector representatives and employers such as Framestore, the BBC and the Society of British Jewellers sit on the T Level Action Groups and the joint DCMS-DfE and industry-led Creative Advisory Group (CAG) keeps an ongoing interest in their development.

Not only must T Levels be high quality qualifications, we must also ensure they are delivered to high standards so every student has a great experience. We are confident that the NCFE awarding body has developed a strong new qualification, however Ofqual’s investigation of NCFE has raised concerns over NCFE’s capacity to launch three further T Levels in addition to their six already in delivery. As a result, we have decided to delay delivery until 2024, to ensure that all parts of the system are operating well. This delay notwithstanding, DCMS continues to engage with sector stakeholders to understand the priorities for post-16 skills pathways and how policy can evolve to support them.

Apprenticeships (paragraph 152)

Apprenticeships provide employers in the creative sector one way of building a skilled and diverse workforce. So far 56 creative and design apprenticeship standards have been developed by employers for the sector to access. The Government has worked in close partnership with the creative sector, including through the CAG, to create and promote flexi-job and portable flexi-job apprenticeships.

Following extensive engagement with industry, the Government created flexi-job apprenticeship agencies which allow apprentices to work with different host employers. As of January 2023, there are 30 organisations on the register with over £5 million in support, and five of these - including ScreenSkills and the BBC - are creative.

The Government will continue to promote flexi-job apprenticeships with employers and providers across all sectors through the DfE employer engagement teams and through the Apprenticeship Ambassador network. More widely, the DfE's 'Get the Jump' and 'Skills for Life' campaigns will ensure apprentices and employers are aware of the benefits of apprenticeships.

The Government's portable flexi-job offer is a new programme which enables apprentices to choose their employers and is currently being piloted, so our first priority is to ensure everyone involved has a high-quality experience. If the pilot scheme is successful, the Government will roll out portable flexi job apprenticeships more widely, supported by communications promoting the scheme.

Lifelong Learning (paragraph 163)

Many learners, including those with an interest in the creative industries, need to access courses in a more flexible way, to fit study around work, family and personal commitments, and to retrain as both their circumstances and the economy change. The Lifelong Loan Entitlement (LLE) will give people the opportunity to upskill and reskill over their careers to progress and adapt to changing skills needs and employment patterns. The LLE will be available for both modules and full courses at higher technical and degree levels (levels 4 to 6). The flexibility of the LLE could be of particular interest to the creative industries workforce, with its relatively high proportion of freelancers and need for more frequent upskilling to meet the changing technical demands of industry. It will also appeal to older workers considering a return to work.

On 7th March 2023 the Government published its response to the Lifelong Loan Entitlement consultation, as part of its planned pathway to delivery from 2025. This response demonstrates the Government's commitment to meet the needs of the economy, focussing on employer needs.

The Government's Free Courses for Jobs (FCFJs) fully funds high value A level-equivalent qualifications for low skilled, low earning and unemployed adults. FCFJs fund qualifications with the strongest wage outcomes and ability to meet key skills needs, and include qualifications that can support employees regardless of the sector they are in. For example, it fully funds accountancy and digital qualifications, which are applicable across all industries. Mayoral Combined Authorities, the Greater London Authority and awarding organisations can suggest additional qualifications to include in the list of courses.

We are keeping the list of qualifications and the Sector Subject Areas in scope under review to ensure they adapt to the changing needs of the economy.

Industry and Education Alignment (paragraphs 142 and 168)

On skills needs, the Government has engaged formally with the creative industries via the aforementioned CAG, which brings together DfE, DCMS and a range of creative experts across many sub-sectors including film, music and fashion. The lead industry representative on the CAG is a member of the Creative Industries Council, ensuring close engagement between these fora.

This group focuses on addressing structural incompatibilities between apprenticeship training models and creative industry working practices, to increase apprenticeship uptake in the sector. The group, which started in 2020, was instrumental in shaping policy around Flexi-Job Apprenticeship Agencies, which enable apprentices to work across multiple host employers, simulating the project-based, freelance work common to the creative industries. In 2022 the CAG extended its remit to consider a wider range of DfE skills programmes and reforms such as T Levels, Higher Technical Qualifications and Skills Bootcamps. Alongside policy development, the CAG is also working with DfE to ensure the marketing and communications of post 16 technical education pathways are effective for both young people, SMEs and older workers wanting to upskill, via campaigns such as Get the Jump (Skills for Life).

Education Recommendations:

18. *The Government should work with education leaders and industry bodies to promote the work of the Careers & Enterprise Company. Programmes providing guidance on routes into the creative sector need to be expanded. (Paragraph 125)*
19. *The Benchmarks' guidance should be revised to include references to careers in the creative industries. (Paragraph 126)*
20. *We endorse the recommendation of the House of Lords Youth Unemployment Committee that careers guidance be made a compulsory element of the primary and secondary curriculum. (Paragraph 127)*
21. *The Department for Education must tackle the decline in take up of school subjects relevant to the creative industries—particularly Design and Technology. It should start by urgently promoting the value of creative subjects and highlighting the rewarding career opportunities they can offer. It should also review other options, such as including a greater focus on creative education in Ofsted's inspection regime. The Department should provide an initial update on its plans in response to this report and a further update by the end of June 2023. (Paragraph 137)*
22. *The Department for Education, in providing strategic direction to the Office for Students, should change its approach to 'low value courses' to take better account of the realities of work in the creative industries. This should take more detailed account of business lifecycles and freelance work. (Paragraph 158)*

Education Response:

<u>Careers Advice (paragraphs 125 and 127)</u>

We welcome the Committee's recommendation to expand programmes providing guidance on routes into the creative sector. The Government has recently relaunched the £1 million Discover! Creative Careers Programme (CCP). Delivered by lead partner ScreenSkills with a wide range of industry partners and the Careers & Enterprise Company, the CCP provides specialist information, advice and guidance for young people across England about creative careers and pathways into them. Since launching the pilot *Discover! Creative Careers* in 2019, over 1,000 creative sector employers have engaged with the programme leading to 113,000 student interactions with the industry at over 1500 state schools across England and Wales. We are keen to explore ways of building on this exciting initiative, both across the Government and industry, in order to maximise its impact.

Complementing the above, the Government is taking action to ensure that careers advice is embedded within both the primary and secondary school curriculum. Our approach is based on establishing clear requirements and expectations on careers advice whilst also giving schools the autonomy to shape their careers offer in-line with the needs and circumstances of their pupils.

In January 2023, DfE introduced a new £2.6 million pilot programme delivered by the Careers & Enterprise Company that targets primary schools in the 55 Education Investment Areas. The programme seeks to inspire pupils about the world of work, drawing on positive role models from a range of industries and sectors to help raise aspirations, challenge stereotypes and help children link their learning to future jobs and careers. The programme will run until March 2025 and we will review its effectiveness to inform future policy for careers provision in primary schools.

Secondary schools have legal duties to secure independent careers guidance for year 7-13 pupils and to ensure that there is an opportunity for a range of education and training providers to access year 8-13 pupils for the purpose of informing them about approved technical education qualifications or apprenticeships. In January 2023, the Government updated the statutory guidance to set out what schools must do to meet their legal duties and explain how schools should use the Gatsby Benchmarks to develop and improve their careers programme. The benchmarks make it clear that every school should have an embedded programme of careers education and guidance.

Careers provision is considered as part of Ofsted’s education inspection framework. Inspection evidence about careers contributes to the judgements made about the quality of education, personal development and leadership and management. In turn, this is a factor in the judgement about the school’s overall effectiveness

Employers and professional bodies in the creative sector can also sign up to ‘Inspiring the Future’, run by the Education and Employers charity. This free programme allows volunteers to visit state schools to talk to pupils about their job. This seeks to raise the profile of various careers within the creative sector.

Gatsby Benchmarks (paragraph 126)

The Gatsby Benchmarks are a world-class standard based on rigorous national and international research. From a standing start in 2018, there are now 4,244 secondary schools and colleges reporting progress against the Gatsby Benchmarks using Compass.

The Gatsby Foundation has announced they are looking at the future of career guidance, capturing the experiences of schools and colleges, reflecting on changes in the education and labour market and deciding if any small amendments are needed to the benchmark framework to ensure its continued impact. The Gatsby Foundation is encouraging people to engage in their open consultation in spring

2023, run by the University of Derby. More information can be found on Gatsby Foundation's website.

Creative Subjects (paragraph 137)

The Government believes in a high-quality education for all pupils and integral to this is cultural education, including the wider arts, music and creative subjects. Design and Technology (D&T) as a creative subject is engaging and rewarding, taught as part of a broad and balanced curriculum and it is compulsory in state-maintained schools from key stage 1 to 3. Pupils in maintained schools also have an entitlement to study D&T in key stage 4 and the subject is included in Progress 8 and Attainment 8, which are headline measures for school accountability. Over half of Key Stage 4 pupils in state-funded schools have taken an arts qualification over the past four years and to help bring in more high-quality teachers, we have also increased our offer from a £15,000 to £20,000 tax-free bursary for Design & Technology teachers.

Following the 2021 Spending Review settlement, the Government announced its continued support through investing around £115 million per annum in cultural education over three years to 2025, through our music, arts and heritage programmes. We published the Model Music Curriculum in 2021 and a refreshed National Plan for Music Education (NPME) in 2022 to support teachers in delivering high-quality music education. As part of the NPME, the Government confirmed continued investment of £79 million per year into the Music Hub programme, in addition to a new investment of £25 million capital funding to enable the purchase of musical instruments and technology, including adaptive instruments where needed for pupils with SEND. We will publish a Cultural Education Plan in 2023, which will aim to support young people who wish to pursue careers in our creative and cultural industries.

Ofsted's Education Inspection Framework, which launched in September 2019, has a greater emphasis on ensuring schools are providing a high quality curriculum across all subjects, including those specifically focused on creativity. Inspectors expect schools to provide a broad, rich curriculum for all their pupils and that schools nurture, develop and stretch pupils' talents and interests through the curriculum and extra-curricular activities. As part of a school inspection, inspectors will look at a range of subjects across the curriculum, including the arts. While inspectors do not examine each individual subject on every inspection, they will undertake a series of 'deep dives' into a sample of subjects in order to understand the quality of education being offered to pupils. These deep dives are selected from across the curriculum and will often include creative subjects such as art and D&T.

The nature of an effective education to nurture creativity is discussed in Ofsted's art and design research review, which was published on 22 February 2023. It will also be covered in Ofsted's forthcoming design and technology research review report, which will be published later this year. Ofsted also plans to publish subject reports exploring the quality of both art and design and design and technology in schools later this year.

Low-value courses (paragraph 158)

We want all students, regardless of their background, to benefit from high quality world-leading higher education. The Government is committed to tackling low-quality courses and ensuring that students and the taxpayer see returns on their investment.

We believe that graduates should be achieving outcomes consistent with the higher education qualifications they have completed and paid for. We have taken forward significant regulatory reform with the Office for Students (OfS), which has introduced a more rigorous and effective quality regime. This includes stringent minimum numerical thresholds for student outcomes as well as measures to ensure a high-quality academic experience. This regime has been consulted on extensively, and the OfS took the views of creative course providers and industry representatives into account during its development and implementation.