

## Creative Europe Desk UK written submission to

### Culture, Media and Sport Committee Inquiry: The impact of Brexit on the creative industries, tourism and the digital single market

October 2016

## I. Executive Summary

- Creative Europe is a highly effective programme supporting the UK's creative sector to thrive through collaboration with peers in other countries; strengthening European cultural diversity; and improving circulation of cultural and audiovisual works. The programme has a strong multiplier effect. According to the European Commission, every €1 from the MEDIA sub-programme budget generates about €6 in private investment from the audiovisual industry.<sup>1</sup>
- During its first two years (2014 and 2015), Creative Europe has supported 230 UK cultural and creative organisations and audiovisual companies as well as the cinema distribution of 84 UK films in other European countries with grants totalling €40 million<sup>2</sup>.
- In addition to the financial return, there are many important, but less measurable benefits that stem from full participation in the programme, such as exchanging know-how, improving practices, growing international peer networks and reaching out to new audiences.
- Creative Europe allows for participation of non-EU countries under certain conditions, so the UK's participation in the programme could continue beyond its exit from the EU. Evidence suggests that it is only through continued, full participation that we can ensure the two-way benefits of the programme, which flow both inwards and outwards of the UK, including access to audiences and markets, and to international knowledge and peer networks.
- Should continued participation not be possible as a result of the leave negotiations on overarching issues, such as free movement of people or access to the single market, the Government could put in place a replacement UK funding scheme, which would continue to stimulate and support the UK creative sector's international ambitions, including with Europe.
- If this outward-looking activity, focused on partnerships, is no longer supported at all, the creative sector's capacity to flourish and realise its international potential is likely to be diminished both to the detriment of the sector and to the detriment of UK citizens' access to diverse cultural works throughout the nations and regions.

## 2. Context

The creative sector is a thriving part of the UK economy, contributing £84.1bn GVA and growing at 8.9% a year - making it the second fastest-expanding industrial sector<sup>3</sup>. A crucial ingredient in this success story is Europe. As the sector's most important marketplace, it accounts for 57.3%

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<sup>1</sup> [http://www.bsac.uk.com/wp-content/uploads/2016/02/bsac\\_response\\_to\\_dcms\\_creative\\_europe\\_consultation.pdf](http://www.bsac.uk.com/wp-content/uploads/2016/02/bsac_response_to_dcms_creative_europe_consultation.pdf)

<sup>2</sup> 'Creative Europe in the UK 2014 – 2015' Creative Europe Desk UK, May 2016

<sup>3</sup> 'Creative Industries Economic Estimates 2016' DCMS, January 2016 [www.gov.uk/government/statistics/creative-industries-economic-estimates-january-2016](http://www.gov.uk/government/statistics/creative-industries-economic-estimates-january-2016)

(£11.4bn) of the total exports of services<sup>4</sup>. Supporting the UK sector's links with Europe remains a priority beyond the UK's exit from the EU. Membership in the EU automatically provides certain support measures, but even before the UK leaves, it needs to consider alternative ways to support the sector, if it is to continue to flourish.

Creative Europe is one of the means of stimulating international cooperation between British and other European cultural creative and audiovisual professionals, organisations and companies with the aim of exchanging know-how, improving practices, growing international peer networks and ultimately strengthening the organisations while increasing audiences beyond national borders.

The UK's participation in Creative Europe continues as business as usual until the UK leaves the EU, i.e. at least until the end of 2018 as we currently envision, which is almost to the end of the current programme (it runs from 2014-2020). Within this timeframe, the future engagement of the UK in the programme needs to be decided.

### 3. About CED UK and our submission

Creative Europe Desk UK (CED UK) is an information and promotion office for Creative Europe in the UK. It is led by the British Council and the British Film Institute, with support from the UK Department for Culture, Media and Sport and the European Commission, and with partners from around the UK.

Our submission is focused on one of the seven questions posed by the Inquiry, namely the impact of the loss of Creative Europe funding. We are submitting this evidence because we have an expert view of the programme and its demonstrable impacts on the UK's creative sector. Part of our work is to track the UK's engagement with the programme, analyse results on an ongoing basis and spot trends, etc. We interact with potential applicants and actual beneficiaries on a daily basis, and we can see the long-term effects the programme is having on creative professionals' skills and careers as well as the development of companies and organisations.

Crucially, the outputs of the industries that Creative Europe has supported in the UK – among them films, television programmes, theatre productions, public art exhibitions and performances, festivals and so on – play an important part in helping bring people in communities throughout the UK together in a shared recognition of common values.

In particular, in a digital age, the opportunities for people from all backgrounds and walks of life both to participate in the creation of works and to access them in an increasingly diverse range of ways have never been greater and this is something that we should continue to build upon through Creative Europe or any successor, tailor-made programme based in the UK.

Three other questions in the inquiry are particularly relevant to us: employment in creative industries, copyright and Digital Single Market (DSM). Should the absence of Creative Europe funding prevent projects in the UK from proceeding, employment might naturally be affected to the detriment of our reputation as a world leader in this sector and in terms of our ability to attract and

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<sup>4</sup> 'Creative Industries 2016: Focus on Exports of Services' DCMS, June 2016  
[www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/528175/Creative\\_Industries\\_2016\\_Focus\\_on\\_Exports\\_of\\_Services.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/528175/Creative_Industries_2016_Focus_on_Exports_of_Services.pdf)

nurture talent. The creative sector has profited on many levels from the freedom of artists and creative professionals to work and showcase their work in other countries. We recognise however that the Prime Minister has indicated that the immigration framework will be changing once we leave the EU and we recognise the need to both influence the development of this framework and work with the grain of it once it is in place.

With regards to copyright, it would be desirable for the UK to remain compliant with the EU's copyright regime, or for the new UK copyright regime to remain as close as possible to the EU regime, operating under the principle of regulatory equivalence.

With regards to the Digital Single Market policy, it can be seen as a challenge but also as an opportunity. Creative Europe is aligned with the Digital Single Market policy by supporting experimentation with new business models and helping the industry to adapt to the digital shift. DSM strategy will still apply to the circulation of films and other audiovisual works in Europe once we have left the EU. It is therefore crucial that the Government seeks to play the fullest role possible in helping to shape the DSM, while we still have influence.

## 4. About Creative Europe

Creative Europe was established by the European Commission in 2014. It builds on two previous programmes: MEDIA – supporting the audiovisual industry, and the Culture Programme supporting cultural and creative sectors. The current round has a budget of €1.46 billion over seven years (2014-2020). Although limited in absolute terms, the budget has a strong multiplier effect in terms of investments. According to the European Commission, every €1 from the MEDIA sub-programme budget generates about €6 in private investment from the audiovisual industry<sup>5</sup>.

Creative Europe has two aims:

- To safeguard, develop and promote European cultural and linguistic diversity and to promote Europe's cultural heritage;
- To strengthen the competitiveness of the European cultural and creative sectors, in particular of the audiovisual sector, with a view to promoting smart, sustainable and inclusive growth.

The programme offers a comprehensive range of funding schemes aimed at different players within the cultural and creative sectors and the audiovisual industry, from those working across all art forms and heritage, film and television producers, distributors, exhibitors (cinema owners), and film festivals, to providers of training and operators in Video-on-Demand.

The MEDIA sub-programme supports project and skills development, distribution, exports, exhibition and the promotion of European audiovisual content (fiction, documentary, animation and video games) for a variety of distribution platforms including cinema, television and online.

The Culture sub-programme emphasises the concept of partnerships and cross-border work amongst cultural organisations (visual and performing arts, heritage, music, design) through the Cooperation Projects strand. The rest of the budget is spent on European platforms and networks

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<sup>5</sup> [http://www.bsac.uk.com/wp-content/uploads/2016/02/bsac\\_response\\_to\\_dcms\\_creative\\_europe\\_consultation.pdf](http://www.bsac.uk.com/wp-content/uploads/2016/02/bsac_response_to_dcms_creative_europe_consultation.pdf)

as well as on literary translation. Platforms promote European talent while networks encourage closer professional exchange between cultural operators. The translation and promotion of European literature, poetry and theatre across European languages is supported by the literary translation strand.

In addition to the two sub-programmes of Creative Europe, the European Commission and the European Investment Fund (EIF) have launched, in June 2016, a €121 million guarantee initiative to support SMEs in the cultural and creative sectors via financial institutions. This scheme is expected to create more than €600 million worth of bank loans over the next six years.<sup>6</sup>

## 5. The Value of Creative Europe to the UK

The value of Creative Europe to the UK can be summarised by the following points:

### 5.1. Creative Europe provides the UK with opportunities

On average, Creative Europe provides €20 million of annual investment for the UK's creative sector in addition to a substantial range of benefits that are harder to measure. For example, social impact, providing access to international networks, building the UK creative sector's reputation abroad, and bringing diverse talents from different communities throughout the UK to innovate, reach new audiences and share skills and experiences.

### 5.2. UK-led projects are punching above their weight

The application success rate for the UK is high at 28% for MEDIA and 24% for Culture in 2014 and 2015. For many strands the success rate is twice the European average. More recently, a special Creative Europe call for cultural projects supporting the integration of refugees saw three out of 12 successful project applications led by UK organisations, selected out of 274 applications in all.<sup>7</sup>

### 5.3 Long-term partnerships increase the UK's international influence

The UK is in exceptionally high demand as a partner and lead in Creative Europe projects, which strengthens its reputation abroad and increases its reach and influence. For the Culture sub-programme, across all strands, the UK has been the second most partnered country, involved in 102 projects (to Italy's 105). These 102 projects involve nearly 500 additional partners from all over Europe. For Cooperation Projects, over all three years, the UK has been involved in 45% of projects, which is higher than any other country.

### 5.4 The UK benefited from 13% of the entire Creative Europe budget 2014-15

During its first two years (2014 and 2015), Creative Europe supported 230 UK cultural and creative organisations and audiovisual companies, as well as the cinema distribution of 84 UK films in other European countries. With grants totalling €40 million, this meant it received 13% of the entire €319

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<sup>6</sup> [https://ec.europa.eu/programmes/creative-europe/cross-sector/guarantee-facility\\_en](https://ec.europa.eu/programmes/creative-europe/cross-sector/guarantee-facility_en)

<sup>7</sup> [http://eacea.ec.europa.eu/creative-europe/selection-results/refugee-integration-projects-eacea-122016\\_en](http://eacea.ec.europa.eu/creative-europe/selection-results/refugee-integration-projects-eacea-122016_en)

million Creative Europe budget in this period. This compares favourably with the UK's contribution to the programme over that period, estimated at €30 million, which is 10.7%.<sup>8</sup>

### **5.5 €28.5 was invested in the UK's audiovisual sector 2014-15 <sup>9</sup>**

Through Creative Europe's MEDIA sub-programme, €28.5 million was invested in the UK's audiovisual sector: 82 UK companies and 53 cinemas across the UK from Dundee to Belfast in the Europa Cinemas network benefitted directly from grants totalling €16 million and 84 UK films had their distribution supported in other European countries with €12.5 million of investment.

### **5.6 €11.3 million boosted the UK's Culture sector in 2014-15 <sup>10</sup>**

Through Creative Europe's Culture sub-programme, 95 cultural, creative and heritage organisations in the UK - from literary festivals in Wales to heritage projects in the Shetland Islands to classical music in York - benefitted from €11.3 million. Many Culture sub-programme projects explicitly prioritise the opening up of access to areas that are harder to reach, and where people are less likely to have the chance to experience art. For example 'Corners' develops and presents public art to small towns in the North East of England, and 'The Crossing Lines Project' sees Folkestone and Newbury-based creative organisations help young people who don't normally have access to theatre to put on public performances.

### **5.7 The UK sector sees the value of the Programme and wishes for it to continue <sup>11</sup>**

We have recently carried out an independent survey amongst UK-based professionals who used our services in the last five years. Its findings show that there is strong evidence that respondents value Creative Europe and wish to see it continue in future. The sample sizes for the surveys were 378 people for the MEDIA survey and 242 people for the Culture survey. For example:

- In this survey, around three quarters (74%) of MEDIA survey respondents said they would make an application to Creative Europe in the future, as did 59% of Culture survey respondents.
- 86% of respondents to both surveys think the UK audiovisual, creative and cultural sectors would benefit from continued participation in Creative Europe and its successor programme.

### **5.8 The priorities and objectives of Creative Europe are aligned to UK sector priorities/interests/needs**

The UK sectors have a healthy international visibility and influence, and can build on this good international and world-wide reputation. Of necessity, the UK sectors have become, and are seen as, more business-minded and have also created good links with research and higher education institutions. In the second half of Creative Europe there will be a much stronger focus on digital technologies, in particular to align with the policy priorities which the European Commission is pursuing for the Digital Single Market. The same will be true for the successor programme from 2020, and the process of design for this has already begun. The UK has one of the strongest "tech" sectors in Europe and were we no longer participants in Creative Europe we would miss out on the opportunities that this emphasis on digital will present.

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<sup>8</sup> 'Financing the EU budget' by G. Cipriani, Centre for Policy Studies, 2014

<sup>9</sup> [https://issuu.com/mediadeskuk/docs/media\\_creative\\_europe\\_in\\_the\\_uk\\_141](https://issuu.com/mediadeskuk/docs/media_creative_europe_in_the_uk_141)

<sup>10</sup> [https://issuu.com/mediadeskuk/docs/culture\\_creative\\_europe\\_in\\_the\\_uk\\_1](https://issuu.com/mediadeskuk/docs/culture_creative_europe_in_the_uk_1)

<sup>11</sup> 'Creative Europe Desk UK Survey 2016', Creative Europe Desk UK, publication pending

## 6. Options for future engagement

There are three principal options for future engagement with rest of Europe's creative sector:

### 6.1. Option 1 - Continued full participation in the programme

Participation in Creative Europe is automatic for EU countries, as its budget is part of the overall EU budget. The programme is open to participation of non-EU countries under certain conditions. 39 countries currently participate in Creative Europe. 11 non-EU countries (see Annex I) have negotiated access to the programme and pay a contribution. In principle, the UK Government could negotiate the UK's full continued participation in Creative Europe beyond the exit. This would involve paying an agreed financial contribution and complying with certain EU principles, regulations and policies.

#### **Benefits of Option 1**

Under this option, the UK creative sector's organisations and companies would continue to be fully eligible to apply for Creative Europe funding. This option also ensures a wider benefit of participation, rather than just access to grants. The UK would continue to be a valued partner for other European countries and for the programme itself. Finally, the advantage of this option is that the UK keeps a place at the negotiating table, via the Programme Committee and other forums, and is able to influence the implementation of the programme, current policy and the future of Creative Europe post 2020.

Sector-specific considerations:

#### MEDIA Sub-programme

Across Europe, European films occupy around 30% of screen space, which is dominated by Hollywood studios.<sup>12</sup> Under Option 1, independent British films would count as European when sold by European sales agents, be distributed by European distributors, shown in the 2,300 screen network of Europa Cinemas, and at around 60 supported festivals or on supported VoD platforms. The value of Creative Europe's support for distribution of UK films is approximately €6-7 million a year on average. It also means that UK audiovisual professionals and their projects would count as European when accepted onto one of over 100 supported international training programmes, co-production forums, markets and industry events.

#### Culture Sub-programme

In 2014 and 2015, UK partners were present in nearly a half of all the Cooperation Projects and are very sought after for their experience and expertise. Through partnerships they too acquire new skills, learn about business models and best practice from their peers abroad and reach new audiences. While many Creative Europe supported networks and platforms have their HQs outside of the UK, they are designed to benefit many countries, and as such UK professionals are greatly advantaged by enjoying access to them, while leading on some of them. 25% of platforms were led by the UK in 2014 and 2015, providing visibility and mobility of new talent. UK's cities can benefit from being European Capitals of Culture, as demonstrated by the lasting success of this initiative in Liverpool in 2008.

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<sup>12</sup> <http://mecetes.co.uk/wp-content/uploads/2015/06/Jones-Circulation-and-Reception-of-NNE-films-in-UK.pdf>

### Guarantee Facility

According to the European Commission the investment gap in the creative industries is estimated at €1.1 - €1.9 billion a year between 2014 and 2020.<sup>13</sup> This gap impedes the sector's growth and is due mainly to perception rather than the real potential of the sector. The Guarantee Facility is designed to address this need. The call for expression of interest for banks is currently open and we have reassurance from Brussels that in principle British banks can still apply from 2016 - 2018.

### **Risks related to Option 1**

In addition to the financial contribution the UK will be required to pay, there are several other big issues which are inextricably linked continued participation in Creative Europe. It is expected that without a compromise on some or all of these issues, participation will not be permitted by the EU or other member states. These are:

- Free movement of people
- Access to the single market
- Compliance with EU regulation – Digital Single Market, Audiovisual Media Services Directive, Copyright Directive

Norway, while outside of the EU, accepts these principles and participates fully in the programme. That said, the free movement of people issue resulted in Switzerland being excluded from Creative Europe in 2014.

## **6.2. Option 2 - UK replacement funds**

If continued participation in Creative Europe is not feasible, the UK Government could commit to replace the funding and set up an equivalent UK funding programme which will stimulate similar activity through a UK-based new or existing agency (or agencies) for the benefit of the UK sector.

The UK's international reputation is that of an open, reciprocal and generous partner, especially in the screen and creative fields. The UK has a strong track record, and has been seen across Europe as an innovator in fields such as new business models in the creative industries, creative hubs, audience development, and training and education in the cultural and creative sectors. In order for that reputation and track record to be maintained, the Government would need to put measures in place that stimulate and support this type of activity. In particular, contribution of other European countries' specialist knowledge and skills to the UK would need to be facilitated in a new way.

We have been analysing the areas of funding which provide most value for the UK to help design replacement funds should this route be pursued by Government. The UK sector participates in nearly all Creative Europe funding schemes. In the audiovisual sector it is the support for the distribution of British films which will leave the biggest gap, followed by funds for producers to develop and produce feature films for cinema, TV drama series, animation, documentary and video games. In the culture sector, the greatest value has derived from UK organisations engaging in collaborative projects with European partners.

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<sup>13</sup> 25 Years of the MEDIA Programme Fact Sheet' European Commission, May 2016 [http://europa.eu/rapid/press-release\\_MEMO-16-1709\\_en.htm](http://europa.eu/rapid/press-release_MEMO-16-1709_en.htm)

## **Benefits of Option 2**

The UK-based support can be closely tailored to the sector's needs. The Government may decide to stimulate wider international activity rather than focusing just on Europe. Thus the UK's links to the emerging markets outside of Europe, in China, Brazil, Nigeria, could be more generously supported. The UK scheme could be light-touch, with the flexibility to respond quickly to technological changes – for example in the way audiovisual works are distributed to audiences. The UK alone will be deciding the priorities and objectives of this funding rather than complying with shared objectives, sometimes geared to smaller or newer EU member states.

## **Risks related to Option 2**

While this option potentially allows for a closer fit to the UK sector's needs, or a wider international scope, it comes with some challenges. Critically, the added value of the mutual benefits of a Europe-wide approach through the programme to support the sectors would be lost. Access of UK professionals to European networks; influence of sector organisations in the development of the Europe-wide policy; and innovation would all be diminished.

In the MEDIA sub-programme, UK films and professionals are likely to be classed as 'non-European' so other countries will have little incentive to acquire them. British films exports will no longer be supported by the EU. In the sales and distribution sector, the removal of these grants will have a serious impact on European sales agents and distributors' decisions to acquire British films.

Under the Culture sub-programme, even if the UK stimulates cross-border cooperation, UK organisations would not be eligible partners, and their involvement in partnership projects would be relegated to 'associate partner' status with strongly reduced involvement and influence, giving other European partners less incentive to work with UK partners.

Added to this is the fact that culture is a competence devolved to UK nations and there may be no appetite for one UK-wide programme or facility specifically to encourage European collaboration in these sectors.

Finally, the UK will need to take the responsibility for administering the funds itself, along with the overhead bill. This would potentially require, in addition to funds for UK companies, for the screen sectors, the setting up of a fund for foreign distributors to release UK films in cinemas on the continent. It is currently unclear whether it would be feasible to do so.

## **6.3. Option 3 - The engagement of the UK's cultural sector with Europe is no longer supported**

### **Benefits of option 3**

In the long term this option may offer an opportunity to develop of a more resilient cultural sector, less dependence on public funding and geared more to private sector and audience demand. Through this option the most entrepreneurial operators could develop the strategies that will ensure healthy, audience focussed cultural activity. There is no guarantee however that this would be the outcome.

### Risks related to option 3

Many of the risks concerning Option 2 would also apply to Option 3, but should the engagement of the UK's cultural sector with the rest of Europe be no longer stimulated and supported, there is a further risk of an irreparable damage to reciprocal relations which link the UK and European cultural operators and audiences. Europe has been and remains an important part of the world for the UK, with close cultural links based on common heritage, shared view of the world and belief in peace and democracy. The EU is currently one means by which these cultural links are nurtured and this in turn helps contribute solutions to some of today's major political and societal challenges such as xenophobia, populism, and divisions in society, for example through refugee integration projects and intercultural dialogue. With no support, the UK's influence on the international cultural arena is likely to be diminished. This would significantly impact on the UK's solid, globally recognised reputation of a forward-thinking state that recognises the political and societal value of culture (so called "soft power").

The UK's audiences would be likely to have access to a less diverse range of cultural works, and international audiences less likely to be exposed to the UK's cultural exports. In the audiovisual sector this most likely means even greater dominance of Hollywood studio product on screens big or small, in the culture sector there would be fewer collaborations between the UK and other European theatres, opera houses, galleries, museums and multi-arts venues – collaborations that currently help make the UK world-class when it comes to culture.

## 7. Tax exemptions and sponsorship

The inquiry asks whether tax exemptions or sponsorship could replace funding schemes such as Creative Europe. Our response to this is as follows:

Creative Europe funding could be replaced with alternative grant-in-aid funding, a tax relief, or a levy, but it remains unclear whether that funding would have the same spill-over benefits that are associated with the current funding model.

Our observation of other parts of the audiovisual sector suggests that it would be over-optimistic to assume that sponsorship could fill the gap to a considerable degree in the near future even were the domestic financial climate once we leave the European Union. Such a change of culture from reliance on public funding to philanthropy, sponsorship and closer support from private sector would take time and there is no guarantee that it would succeed.

## 8. Conclusion

On balance, it is the view of the Creative Europe Desk UK that Option 1 – continued, full participation in Creative Europe – is the most beneficial for both the UK's creative sector and the audiences/consumers across the UK. The programme has an excellent record of responding well to the sector's needs and offering good value for money, while providing solutions which only can be achieved by pooling international resources. Should continued participation prove impossible, UK replacement funds could be put in place to support international activity, with an emphasis on the mutual benefit to British and international operators.

## Annexes

- Annex I List of Countries Participating in Creative Europe
- Annex II The Value of Creative Europe to the UK
- Annex III Case Studies of Successful Projects

## Annex I - List of Countries Participating in Creative Europe

Creative Europe is open to the following countries: as per the legal base:

In addition to Member States and overseas countries and territories which are eligible to participate in the Programme pursuant to Article 58 of Council Decision 2001/822/EC (source), the Programme should also be open, subject to certain conditions, to the participation of European Free Trade Association ("EFTA") countries which are parties to the Agreement on the European Economic Area ("EEA") and of the Swiss Confederation. Acceding countries, candidate countries and potential candidate countries benefiting from a pre-accession strategy as well as countries covered by the European Neighbourhood Policy should also be able to participate in the Programme, except as regards the Guarantee Facility.

Non-EU countries participating in the MEDIA sub-programme (as of July 2016)

Full Participation:

- Albania
- Bosnia and Herzegovina
- Former Yugoslav Republic of Macedonia
- Iceland
- Montenegro
- Norway
- Serbia

Partial Participation (in Training, Festivals, Audience Development and Access to Markets):

- Georgia
- Moldova
- Turkey
- Ukraine

Non-EU countries participating in the Culture sub-programme (as of July 2016)

- Albania
- Bosnia and Herzegovina
- Former Yugoslav Republic of Macedonia
- Georgia
- Iceland
- Moldova
- Montenegro
- Norway
- Serbia
- Turkey
- Ukraine

Source: [https://eacea.ec.europa.eu/sites/eacea-site/files/01122015-eligible-countries\\_en.pdf](https://eacea.ec.europa.eu/sites/eacea-site/files/01122015-eligible-countries_en.pdf)

## Annex II - The Value of Creative Europe to the UK

### I. The MEDIA sub-programme

The financial benefit to the UK industry in 2014 and 2015 was €28.5 million. This figure is made up of the €16 million received directly by UK companies and the €12.5 million received by non-UK European distributors to acquire rights to and release UK films.

#### Direct funding from MEDIA for UK companies, 2014 and 2015

| Sector                          | Total Grant Amount |
|---------------------------------|--------------------|
| Film and TV Producers           | €7.8 million       |
| Distributors and Sales Agents   | €4.2 million       |
| Training and Network Organisers | €2.3 million       |
| Video Game Developers           | €0.6 million       |
| Festivals and Promotion         | €0.5 million       |
| Exhibitors                      | €0.5 million       |
| <b>Total</b>                    | <b>€16 million</b> |

#### Producers

UK film and television producers made good use of MEDIA sub-programme schemes, receiving in total €7.8 million. Out of this figure €2 million was for projects in the early stage of development. In its first two years Creative Europe has supported 16 British companies, from smaller companies such as **Optimism Film** and **1973 Films** through to more established companies such as **Aardman Animations**, **Number 9 Films** and **Sixteen Films**.

Across MEDIA funding schemes there is the general principle of support being aimed at unlocking the international potential of the product. Producers need to aim with their projects for the international market, this means that investment from outside of the UK may be deployed to realise UK-originated projects. Creative Europe funding for the development stage enables producers to prepare the product better for the competitive market. With these funds, writers can be properly remunerated for their creative service (writing the script) while the professional services of line producers, casting directors, researchers and others can be used to strengthen the development package to make it irresistible for investors who will raise the money for the expensive production (filming) stage.

Approximately one-third of projects supported by MEDIA in development enter production (which is higher than the industry average). When they do, jobs are created to form the production crew, on average 50 – 80 people. Recent examples of films that received MEDIA development funding and then successfully completed production are Ken Loach's Cannes winner *I, Daniel Blake*, Ben Wheatley's adaptation of J.G Ballard's *High-Rise* as well as upcoming releases *Trespass Against Us* starring Michael Fassbender and Brendan Gleeson and *Their Finest*, starring Gemma Arterton, Sam Claflin and Bill Nighy.

Funding from the Creative Europe programme also opens new opportunities for producers working on TV programmes with international potential. The usual fundraising model is to approach the relevant UK-based broadcasters and for many producers this is where the road ends, but for those who venture out beyond their country, new opportunities open. In 2014 and 2015 €5.9million helped to co-finance British TV programmes – nearly a quarter of the total amount awarded EU-

wide. Examples of companies that have accessed this funding include; Sheffield's **Warp Films** who received €1 million to co-produce Sky Atlantic drama **The Last Panthers** starring Samantha Morton and John Hurt, documentary producers Brook Lapping for their BBC2 series **Inside Obama's White House** and the producers of *The Gruffalo*, Magic Light Pictures who received funding for BBC One Christmas special **Stick Man**.

### Video Games

The launch of Creative Europe in 2014 created a new funding opportunity which the UK's dynamic video game sector were quick to embrace, with 2015 seeing the UK receive the highest total allocated to a single country from the EU-wide budget. The grants allow developers to experiment with new concepts and ideas in-house in order to help them develop their own IP. Six British developers have received this funding including multi-BAFTA award winners **The Chinese Room**, Belfast-based company **Italic Pig** and York's Revolution Software, developers of the popular **Broken Sword** series.

### Distributors

Creative Europe increases the purchasing power of UK distributors. UK distributors and sales agents received €4.2 million to give UK audiences more opportunities to watch a wider range of quality European titles. In 2014 and 2015 31 European films were released in the UK with this support including such box office hits as **Two Days, One Night** and **Force Majeure** as well as Oscar winners **Ida** and **Son of Saul**. All four were released by **Curzon Film World**, a leader on the UK market for the quality independent film. Regular funding from Brussels has enabled them to acquire and bring to the UK theatrical market award-winning, highly acclaimed European titles as well as helping them to adapt to changing audience behaviours by making content available online and experimenting with new release models.

### Training

Seven UK training providers offered professional training with Creative Europe grants, including the prestigious UK-based **Inside Pictures**, organised by the National Film and Television School (NFTS), which trains film executives to work with the Hollywood system. In addition to this over 100 UK audiovisual professionals a year take part in various courses organised across the continent. Creative Europe funded courses always have an international mix of trainees so, in addition to providing knowledge, are an invaluable opportunity to meet partners for future collaborations.

### UK film exports

MEDIA has a big impact on the export of British films to other European countries. In 2014 and 2015 the distribution of 84 UK films in Europe was supported to the level of €12.5 million. British films that benefitted the most in this period included: **I, Daniel Blake**, **Pride** (with grants over €1 million boosting its release in 16 countries), **Jimmy's Hall** and **Paddington**.

### International opportunities for trade and business exchange

Creative Europe invests funds to create an environment for industry operators to work across borders. It funds approximately 50 co-production forums, specialised markets and other business encounter type of events where sellers from different countries meet buyers. For example a Creative Europe grant helps the UK organisation **Film London** organise the Production Finance

Market where producers from all over Europe pitch their feature film projects to financiers from different European countries and beyond. **Sheffield Documentary Festival** hosts, with MEDIA support, **MeetMarket** where documentary filmmakers can meet international broadcasters and buyers of documentary programmes from around the world.

UK professionals have made good use of networking opportunities at the Creative Europe-supported markets and events in other European countries, including **Berlinale Co-Production Market, CineMart** and **Cartoon Forum**; they also took advantage of assisted participation in major international film and television trade events in Cannes and Berlin by joining the **MEDIA Stands**.

## Audiences

Audience development is a key priority of Creative Europe and the programme brings a wider variety of films to British audiences through its support for distribution and exhibition.

The **Europa Cinemas** network screens European films in 900 cinemas, in over 500 cities of the 31 countries participating, representing approximately 20% of first-run cinemas in Europe. Creative Europe invests around €10 million a year to offer grants to members of the network to reward them for programming European non-national films. The result is that on average 60% of films shown in these cinemas are European (double the European average of 30%).

There are 53 Europa Cinemas in the UK. They are independent smaller cinemas offering an alternative to multiplexes dominated by Hollywood fare. Examples include **BFI Southbank, HOME in Manchester, Tyneside Cinema, Gloucester Guildhall, Birmingham mac, Ipswich Film Theatre, Glasgow Film Theatre, Queens Film Theatre Belfast, Chapter Cardiff, and Watershed Cinema Bristol**. They receive around €250,000 a year.

Importantly, Europa Cinemas outside the UK are the primary exhibition venues for many independent British films on the continent. Just like British cinemas receive subsidy for programming other-European films, cinemas on the continent are encouraged to programme British films. The network supports individual cinemas in running their business and becoming more competitive. The members share know-how and best practice, and learn new ways of managing the relationship with the audience using new technologies and social media.

Increasing knowledge of, and interest in, film can play an important part in expanding audiences. Two UK film festivals, **Leeds International Film Festival** and **Encounters Short Film and Animation Festival** in Bristol receive funding for placing a strong emphasis on films from other European countries and for delivering various outreach and audience development activities within their local communities. The UK also has a high level of participation in the Audience Development scheme with organisations such as the **Centre for the Moving Image** in Edinburgh, **The Nerve Centre** in Derry and **The Film Space** in Manchester receiving grants to help encourage young and more diverse audiences to engage with film and other audiovisual works.

## 2. The Culture sub-programme

Creative Europe's Culture sub-programme supports creative, cultural and heritage organisations through collaborative projects and through literary translation. It supported over 95 UK cultural, creative and heritage organisations with grants of €11.3 million in 2014 and 2015.

### Funding for UK cultural organisations and works

| Objective                       | Funding Strand       | Total Grant Amount                 |
|---------------------------------|----------------------|------------------------------------|
| European collaborative projects | Cooperation Projects | €9.9 million                       |
| Distribution of new works       | European Platforms   | €1.3 million                       |
| Professional exchange           | European Networks    | None directly to UK organisations* |
| Translation of European works   | Literary translation | €165,000                           |
|                                 | Total                | €11.3 million                      |

Collaboration is a key element of Creative Europe's Culture sub-programme. Its supported projects are ideas-led, jointly developed with partners and respond to priorities and objectives that are highly relevant to the needs of the sector. These include: developing the sectors' capacity to operate transnationally; promoting the transnational circulation of works and people; reaching new audiences in Europe and beyond; encouraging innovation (artistic, business models) and strengthening policy making

### European collaborative projects

Cooperation Projects is the Culture sub-programme's main funding opportunity and around 70% of the budget is allocated through it. These initiatives are deeply collaborative and are shared across the partners' countries. Cooperation Projects enable creative, cultural and heritage organisations working across any art form, such as visual arts, dance, theatre, literature, performance, music, heritage, architecture, design, circus, festivals, craft and fashion, to run jointly developed projects and activities. This includes higher education institutions, local authorities, social enterprises, charities and companies operating in the cultural and creative sectors. Its projects involve organisations of all sizes, from SMEs to large institutions.

The themes of funded Cooperation Projects are extremely diverse and have ranged from disability arts to the development of contemporary classical works to the relationship between artistic work and climate change as well as developing new business models for cultural organisations.

Cooperation Projects respond to one or more of the following priorities:

- Cross-border mobility
- Audience development
- Capacity building

At the heart of Cooperation Projects are strong partnerships between cultural organisations in different countries. These partnerships are designed to be long-term and sustainable and able to live on past the end of specific funded projects. UK organisations are well-networked in Cooperation Projects, being involved as a partner or a lead in around half of all funded projects in both 2014 and 2015.

## **Distribution of new works and encouraging emerging talent**

European Platforms support European cultural, creative or heritage organisations to work together to promote new and emerging talent through co-development, co-production and programming. They make a commitment to present European-produced content and to provide visibility and mobility of new talent.

The UK has been involved in three of the eight funded Platforms and been the coordinating country for two of those: *Aerowaves* and *Literary Europe Live*. *Aerowaves* is a hub for dance discovery that identifies the most promising new work by emerging dance artists and promotes it through cross-border performances. Its network of partners in 33 countries enables these younger choreographers to bring brand new dance to brand new audiences. *Literary Europe Live* supports the mobility and circulation of works by emerging European literary creators.

## **Professional exchange**

European Networks encourage professional exchange and capacity building within the sector by supporting existing European creative and cultural networks. There are 23 European Networks funded through Creative Europe.

Many UK organisations and institutions are members of European networks, such as Arts Council England and theatre organisation I927 who are two of many UK members of IETM, the international network for contemporary performing arts.

There is also a good number of UK professionals who are in leading positions of European networks, as presidents or in executive committees, such as Ros Rigby at Sage Gateshead, president of Europe Jazz Network, and Clymene Cristoforou, who is on the executive committee of Culture Action Europe.

Many European networks' secretariats are based in Brussels and have members across European countries. Currently no Creative Europe-supported network has its secretariat in the UK, which is why the funding for this strand doesn't directly go to a UK organisation. However, the benefits of being members of these networks for UK organisations are vast, and include being better plugged in to European conversations, finding prospective partners for collaborations and sharing and showcasing UK knowledge, expertise, talent, content and performances.

## **Translation of European literary works**

The Literary Translation funding opportunity is aimed at publishers or publishing groups and supports the translation, production and promotion of European fiction, poetry and plays. The fund aims to promote the transnational circulation of high quality literary works, as well as to improve access to these literary works so that they can reach new audiences.

Independent publishing house Pereine Press published its sixth series 'Chance Encounters' with Creative Europe Literary Translation funding. The series of three books, translated from Finnish, Norwegian and French, explore different aspects of interpersonal relationships and the importance of 'the other' in our development as individuals and our understanding of ourselves.

## European Cultural Prizes

The European Capitals of Culture is a well-known initiative – Liverpool in 2008 was an international success and strongly contributed to the culture-led regeneration of Liverpool.

The Liverpool ECoC programme had a total income of £130 million over six years and attracted 9.7 million additional visits to Liverpool in 2008, generating an economic impact of £753.8 million across Liverpool, Merseyside and the wider North West region [*Creating an Impact: Liverpool's experience as European Capital of Culture*]. The UK is scheduled to host another Capital in 2023, provided the UK agrees to this in 2016.

Every year the European Border Breakers Awards recognises the success of ten emerging artists or groups who reached audiences outside their own countries with their first internationally released album in the past year. UK winners of a European Border Breakers Award have included Adele and Years & Years.

The EU Prize for Cultural Heritage / Europa Nostra Awards spotlights and rewards the best of cultural heritage achievements, celebrating excellence by architects, craftsmen, volunteers, schools, local communities, heritage owners and media. In 2015, winners in the UK included the Middleport Pottery in Stoke-on-Trent, Stonehenge's surrounding landscape and Visitor Centre in Wiltshire and the Heritage Skills Initiative in Newcastle upon Tyne.

There are also prizes for architecture, literature, film, and the European Heritage Days, which in the UK are called the Heritage Open Days.

## 3. The Cross-Sector strand

### European Network of Creative Hubs

Creative hubs have grown at a remarkable pace in recent years and have become much more than just shared workspaces, contributing to growth and resilience in the creative sector and the economy as a whole. The European Creative Hubs Network received €1 million as a two-year, cross-sectorial project led by the British Council in partnership with six European creative hubs and the European Business and Innovation Network. For example, Creative Dundee, which supports creative talent to base, grow and sustain their practice in and around Dundee, is one of the UK-based creative hubs in the network.

### Refugee integration

Twelve Refugee Integration Projects were selected for funding as part of a special call in 2016. Three of these are led by UK organisations and share a total of €596,303, which makes up 25.3% of the entire €2.4 million budget. With 274 applications, the Refugee Integration Projects call attracted over three times as many as expected, so the UK's high level of involvement is significant. Contemporary arts development agency ArtReach, for example, is leading on a project entitled Refugee Journeys International – a celebration of the work of exceptional refugee artists to be delivered in partnership with organisations in Hamburg, Rome, Palermo and Budapest.

## Annex III - Case Studies of Successful Projects

Creative Europe's **MEDIA sub-programme** supports the development, distribution, export and exhibition of audiovisual content for a variety of platforms.



### Case study 1 - Development

Many of the UK's best exports - *A Dangerous Method*, *A Little Chaos*, *Brooklyn*, *Carol*, *Great Expectations*, *Half of a Yellow Sun*, *High-Rise*, *Jimmy's Hall*, *Kon Tiki*, and *Mr. Turner* - started with a boost for their development stage from Creative Europe – including recent Golden Palm winner *I, Daniel Blake*. In 2016, seven companies shared €1.2

million, including See-Saw Films. Their Head of Development Katherine Bridle said:

*"See-Saw Films is delighted to be one of the production companies receiving funding from MEDIA. As a company with a track record of producing successful films for international and European audiences, some of which have already received MEDIA distribution funding, we look forward to using this grant to further develop our slate of films. We will be working with some of the most exciting filmmakers and writers from across the continent and Creative Europe's support will be a vital part of making this possible."*



### Case study 2 – TV Programming

*The Last Panthers* (2015) is a high-end TV drama series, starring Samantha Morton and John Hurt. A co-production between the UK's Warp Films and French producers Haut et Court (producers of the popular French TV series *The Returned*), rolled out simultaneously to Sky's 21 million subscribers in the UK, Ireland, Italy, Germany and

Austria; and to Canal + in France, also sold to several other countries including the Sundance Channel in the US. The project received a non-repayable grant of €1 million from Creative Europe. Peter Carlton, producer of *The Last Panthers* and Co-CEO of Warp said:

*"Creative Europe funding helped enhance production value and ensure we could shoot in genuine locations Europe-wide rather than be dictated solely by economic criteria. In a highly-competitive international marketplace, quality and distinctiveness are essential for the European audio-visual production sector to remain competitive and the Creative Europe programme and personnel understand and support that to the full."*



### Case study 3 – Distribution

The MEDIA sub-programme commits nearly 40% of its annual budget to helping European films travel across borders. In 2014 and 2015 these grants enabled UK distributors and sales agents to release 56 European films in the UK, and supported the releases of 84 UK films in other European countries. UK releases of the Oscar winners *Ida* and *Son of Saul* were both supported, as were box office successes *Two Days, One Night* and *Force Majeure*. €12.5 million was spent on the releases of British films elsewhere in Europe with the highest beneficiaries including *Pride* (€1,012,579), *Jimmy's Hall* (€961,180) and *Paddington* (€661,455).

For a full overview of Creative Europe's support for the UK's audiovisual sector in 2014 and 2015 visit: [https://issuu.com/mediadeskuk/docs/media\\_creative\\_europe\\_in\\_the\\_uk\\_141](https://issuu.com/mediadeskuk/docs/media_creative_europe_in_the_uk_141)

Creative Europe's **Culture sub-programme** supports the cultural and creative sectors and funds mainly collaborative projects and initiatives across all art forms.



### **Case study 1 – Fostering literary diversity**

Literary Europe Live, led by Aberystwyth-based Literature Across Frontiers, brings together 16 literary festivals and venues to foster programming that reflects the diversity of the European literary landscape. It highlights and supports outstanding emerging literary talent and develops live and digital audiences for writing in translation.

As a European Platform, it received €455,425 from Creative Europe.

*“The Literary Europe Live project will allow us to focus on developing audiences for European writing in all genres and particularly to support emerging writers, something we have been successfully doing with earlier projects. The members of our Platform – from prominent large festivals to smaller grassroots ones – will share their expertise in organising literary events and learn from each other about the ingredients or successful pan-European programming... European writing is booming and we are here to help make it travel!”* Alexandra Büchler, Director of Literature Across Frontiers.



### **Case study 2 – Connecting people in hard to reach areas through art**

Cooperation Project Corners brings to the centre areas that are outside of political, cultural and economic mainstreams, focusing on marginalised people in remote regions and small towns and connecting them through public art. In the UK this has included towns in the North East of England and Northern Ireland. Corners received a Creative Europe grant of €1,283,000 in 2014.

*“This European initiative has provided a brilliant opportunity for our artists to exchange ideas, collaborate across art forms and tell stories from the corners of Europe. These are stories which give voice to more marginalised groups in our society – children, homeless people, prisoners – but they are stories which connect us across cultures through multidisciplinary art.”* Roisin McDonough, Chief Executive, Arts Council of Northern Ireland.



### **Case study 3 – Creating a sustainable creative future**

Led by Bristol-based Superact, Large Cooperation Project Future DiverCities awarded €2 million by Creative Europe. The project will involve local laboratories, artist residencies, public performances, creativity and participatory events in each of the partner countries. By supporting and developing independent talent and assisting in the creation, distribution and monetisation of art, Future DiverCities aims to create an economically, socially and artistically sustainable future for creativity across Europe and beyond.

*“We are honoured to lead this great opportunity to create an alternative Europe dedicated to independent artists and cultural innovation.”* Ali Smith, Chief Executive, Superact.

For a full overview of Creative Europe's support for the UK's cultural and creative sectors in 2014 and 2015 visit: [https://issuu.com/mediadeskuk/docs/culture\\_creative\\_europe\\_in\\_the\\_uk\\_1](https://issuu.com/mediadeskuk/docs/culture_creative_europe_in_the_uk_1)