

# Written evidence from the British Council (IOB0118)

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## 1. SUMMARY

1.1 The UK is at its best when it is an open, positive, and internationalist country that looks outwards and engages widely. The priority following the EU referendum must be to urgently step up the UK's efforts to engage with Europe and the wider world, and create a stronger Britain in the world. The arts and creative industries will be a key part of this, given their important contribution to the UK's soft power. This will be fundamental to reaching the trade agreements and other partnerships we will need for the future and to secure our global influence moving forward, as well as creating a helpful backdrop to the discussions on leaving the EU.

1.2 The UK is rightly regarded as a leader in defining and developing its creative economy. The creative industries are now the fastest growing sector in the UK, contributing more than £80 billion each year. Globally, they generate 3% of GDP and employ 1% of the population. Beyond financial success, they have been recognised for their innovative role in social and civic development. But perhaps even more significantly they are at the heart of UK soft power and global influence. As the Foreign Secretary recently said, the UK is a 'soft power superpower' and that is in no small part due to our world leading arts, culture and creative sector. For example research by the British Council has shown UK cultural attractions and the arts to be amongst the most significant factors in making the UK attractive to people internationally<sup>1</sup>.

1.3 The British Council is ready and prepared to support the UK's ambitions for a stronger role on the world stage, ensuring that leaders and influencers globally know, understand and experience the UK as an outward-looking and globally engaged nation.

1.4 Our vision for UK soft power is to use the cultural resources of the UK to establish Britain as the most globally connected country of the 21<sup>st</sup> century. This involves extending the UK's

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<sup>1</sup> British Council, *As Others See Us*, 2014

international influence, ensuring strong connections with leaders, policymakers and influencers globally.

1.5 The British Council and the BFI lead Creative Europe Desk UK, which supports creative organisations to access support from Creative Europe. There is a great deal to be negotiated following the referendum on EU membership, including the UK's membership of the Creative Europe programme, which is open to non-EU members and adds value to the creative and cultural sectors in the UK and internationally.

1.6 Should the UK leave the Creative Europe programme, it will impact the creative cultural and heritage industries' capacity to access funding, audiences and markets, and potentially undermine its ability to form European partnerships and networks.

1.7 The European Capitals of Culture programme has also been of great importance to the prosperity of the UK and for building cultural links between UK and European cities. Continued access to this scheme should be prioritised in exit negotiations.

## **2. THE BRITISH COUNCIL**

2.1 The British Council is the UK's international organisation for cultural relations and educational opportunities. We create friendly knowledge and understanding between the people of the UK and other countries.

2.2 We make a lasting difference to the security of the UK by fostering engagement and debate across cultures in strategically important countries. We contribute to the UK's prosperity by building trust to create favourable conditions for trade, investment and tourism. Our work also supports the UK's international influence by increasing connections and networks with decision makers globally, including the number of people who know and trust the UK.

2.3 Using the cultural resources of the UK we make a positive contribution to the people, institutions and governments of the countries we work with. This changes lives by creating opportunities, building connections and engendering trust. In turn these relationships enrich UK culture and society.

2.4 We work with over 100 countries worldwide. These include all of the places of high priority for the UK, from China, India, Brazil and Russia, to North America and the European Union and Commonwealth countries, to the Middle East and North Africa. We are at the forefront of the UK's international networks and soft power.

2.5 Each year we reach over 20 million people face-to-face and more than 500 million people online, via broadcasts and publications.

## **3. OUR WORK IN THE ARTS AND CREATIVE INDUSTRIES**

3.1 Arts, heritage and the creative industries have never been more important for the UK's international relations. Exposure to the diverse cultural riches the UK has to offer creates

new opportunities and inspiration for artists around the world and the fostering of new collaborations with their British counterparts.

3.2 Cultural exchange supports economic and social development, and creates opportunities for people around the world, while building trust and relationships with the UK and its people.

3.3 Our Arts and creative industries programme finds creative ways of connecting people to maintain relationships and support the optimism and imagination of people worldwide to explore more positive futures – something of huge importance in areas threatened by instability or conflict. It also help us to create a modern, vibrant and creative image of the UK amongst millions of people globally including in fast growing economies, encouraging more trade, investment and tourism.

3.4 Our work in the arts reached 10.9 million people face to face and a further 186 million online and through broadcast media in 2015/16. It is our ambition that by 2021, our Arts programme will have increased the number of cultural connections between the UK and the world, doubling the scale of international activity of the UK culture sector.

#### **4. CREATIVE EUROPE**

4.1 Creative Europe is the European Union's programme to support the cultural, creative and audiovisual sectors. From 2014-2020, €1.46 billion is available to support European projects with the potential to travel, reach new audiences and encourage skill sharing and development. Launched in January 2014, Creative Europe brings together a Culture sub-programme and a MEDIA sub-programme. Participating countries include EU member states and 11 non-EU countries.

4.2 Creative Europe's Culture sub-programme supports the cultural and creative sectors and funds mainly collaborative projects and initiatives across all art forms, such as visual arts, dance, theatre, literature, performance, music, heritage, architecture, design, circus, festivals, craft and fashion. It also provides support for publishers looking to translate European fiction. It emphasises the concept of partnerships and cross-border work amongst cultural organisations. About 70% of the funding is distributed through the Cooperation Projects strand (a total of €35 million a year across Europe).

4.3 Creative Europe's MEDIA sub-programme supports film, television, new media and video games, offering funding, training and networking opportunities for producers, video game developers, distributors, sales agents, audiovisual training providers, organisers of festivals, markets and networks, film education specialists and cinema exhibitors. It supports project and skills development, distribution, exports, exhibition and promotion of European audiovisual content (fiction, documentary, animation and video games) for a variety of distribution platforms including cinema, television and online.

4.4 Creative Europe Desk UK is an information and promotion office for the programme in the UK. It is led by the British Council and the British Film Institute, in partnership with Arts Council England, Creative Scotland and Welsh Government, with support from the UK Department for Culture, Media and Sport and the European Commission.

4.5 A breakdown of Creative Europe Desk results over the past two years is attached in Annex 1 for information.

4.6 It is the view of the British Council that continued full participation in Creative Europe would be 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 should be put in place to support international activity, with an emphasis on the mutual benefit to British and international operators.

## **5. FUTURE RELATIONSHIP BETWEEN UK AND EU**

5.1 The European Union has been the defining feature of the UK's relationship with other European countries for the last forty years. While it is not the only way that we can work with our neighbours, and indeed the British Council is confident that the UK can play a strong role in Europe and the world from outside the EU, the task of redefining that relationship should not be underestimated.

5.2 Closer cooperation and networks, whether it be on a governmental level or through the arts and creative sector, education and science underpinned by free movement of goods, people and ideas, has played an important role in the prosperous and peaceful Europe we have seen since the end of the second world war. While disentangling the UK from the political and governmental ties of the EU, we must not allow important areas of collaboration and cooperation to wane. The UK will need to continue to work with EU partners, while also seizing the opportunities available as a nation operating outside of the EU treaties.

5.3 The British Council's work across twenty-eight EU countries (including the UK) strengthens the cultural ties which support the wider relationship between the UK and countries across the region. We will continue to work hard to position the UK as a preferred partner for the organisations and institutions within Europe's vibrant cultural and educational sectors. Subject to the availability of funding, we would like to extend this work over the coming years to build trust and relationships for the UK in this crucial period.

5.4 Arts, heritage and creative industries will be a key component of the UK's future relationship with Europe and will be crucial to enabling and ensuring the UK is seen as an international, outwardly-focused, creative nation. The UK's globally significant cultural sector, with world-leading artists, writers, musicians, art galleries, museums and creative industries, alongside world-famous history and heritage, including 28 UNESCO World Heritage sites, all contribute to the UK's number two ranking for global soft power.

5.5 Recent research by the University of California and the Centre for Economic and Policy Research<sup>2</sup> has shown a clear link between increases in soft power and exports. The study found that a 1% increase in soft power raises exports by 0.8%. Our arts, heritage and creative sectors create a modern, vibrant and creative image of the UK amongst millions of

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<sup>2</sup> Rose, Andrew K. Like Me, Buy Me: The Effect of Soft Power on Exports (July 2016). Economics & Politics, Vol. 28, Issue 2, pp. 216-232, 2016. Available at SSRN: <http://ssrn.com/abstract=2796366> or <http://dx.doi.org/10.1111/ecpo.12077>

people, especially opinion formers and decision makers, in established and fast growing economies, encouraging more trade, investment and tourism.

5.6 Cultural exchange, between artists and institutions, also helps to link people with the UK, and will be crucial in maintaining a friendly knowledge and understanding between the UK and the EU member states. Independent research undertaken for the British Council by IpsosMori and YouGov<sup>3</sup> has found that exposure to a country's culture and values can increase trust in a country's people and government, improve perceptions, counter negative impressions and open up opportunities for further engagement. Successful, non-Governmental people-to-people engagement, a key UK soft power tool, increases the likelihood an individual will choose and/or recommend the UK as destination for visiting, study and doing business. Programmes, such as the Creative Europe programme, are a crucial part of this work.

## **6. RISKS FOR THE CULTURAL SECTORS**

### **6.1 Freedom of Movement**

6.1.1 Cultural institutions and practitioners value unhindered access to each other, to each other's institutions and ideas. The cultural sectors will be affected by reduced mobility of workers. Due to the UK's attractiveness as a place to work, we currently attract some of the best talents from around the world in the creative and cultural industries. As a result we have some of the most innovative organisations and businesses in the world. In the months since the EU Referendum result, the British Council has convened representatives of the cultural sector across the UK, including the UK Cultural Diplomacy Group<sup>4</sup>, which enables cultural institutions to work together to support the UK's international diplomatic goals. A strong and unified message has been revealed through these conversations – that the free movement of art students, artists and creative professionals is essential to the success of the UK cultural sector. It is of the utmost importance that collaborations and networks between individuals and organisations are able to be maintained and flourish.

6.1.2 In the very immediate term, artists and creative professionals from other EU countries will need unambiguous reassurance that 'business as usual' will apply until such time as the official status of the UK changes, or at the very least get clear and binding statements on the UK's position for this transitional period. In the medium term, the UK will need to consider carefully visa regulations and fees, in order to prevent the UK from becoming an unattractive place for EU creative professionals to study, work and collaborate. Our creative industries rely heavily on the flow of people and ideas from and to the EU and the world.

6.1.3 Access to EU networks has also been greatly facilitated and enhanced through the Creative Europe programme. How far we can hold on to these advantages depends in part on the negotiations on the UK's future relationship with the EU. It will be important that the Government prioritises continued participation in Creative Europe, which is not restricted to EU member states. There are currently 11 non-EU countries that have either partial or full

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<sup>3</sup> Trust Pays, British Council, 2012

<sup>4</sup> The British Council provides the Secretariat for the Cultural Diplomacy Group, which convenes institutions, the British Council and the UK and Devolved Governments to discuss priorities for the UK's cultural diplomacy efforts.

participation. These include EEA countries such as Iceland and Norway as well as neighbouring countries such as Serbia, Albania and – from 2017 – Israel.

## **6.2 Access to funding and markets**

6.2.1 During its first two years (2014 – 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. 12.47% of the Europe-wide budget (€319 million) was awarded to the UK, which compares very favourably with the UK's contribution to the programme estimated at 10.7%. If the funding is lost, the UK would lose access to this support programme, which provides a good return on investment.

6.2.2 It could also hinder the ability for the UK to take part in programmes such as the European Capitals of Culture. Liverpool won the title in 2008; it helped boost the creative economy and reputation of the city, Liverpool visitor numbers increased by 34% to 9.7 million and £753.8m was generated for the economy<sup>5</sup>. The British Council believes this funding stream has been of great importance to the prosperity of the UK and for building cultural links between UK and European cities. Continued access to this scheme should be prioritised in exit negotiations.

## **6.3 International partnerships**

6.3.1 Our vision for UK soft power is to use the cultural resources of the UK to establish Britain as the most globally connected country of the 21<sup>st</sup> century. This involves extending the UK's international influence, ensuring strong connections and partnerships with leaders, policymakers and influencers globally. These factors will also help to support a favourable international climate for negotiations to leave the EU and pursue trade agreements with major economies. This can guard against strategic shrinkage on the world stage.

6.3.2 Transnational partnerships are also at the heart of the Creative Europe programme. This is true across both sub-programmes, from the production of TV programmes such as *Hinterland* (Y Gwyll), which was produced with the involvement of several broadcasters from different countries, to Cooperation projects such as *Creative Lenses*, involving 13 partners (including University of the Arts London) with the goal of making arts and cultural organisations more resilient.

6.3.3 The international partnerships formed with the support of Creative Europe in turn create favourable outcomes that are highly relevant to the UK creative sector's needs, from exchanging knowledge, improving practices and developing skills to growing international peer networks and reaching out to new audiences and markets – all of which are reflected in the work of our global Arts programme.

6.3.4 The UK has been in high demand as a partner and lead in Creative Europe projects. For the Culture sub-programme, it has been the second most partnered country, involved in 102 projects with 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.

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<sup>5</sup> <http://www.creativeindustriesfederation.com/assets/userfiles/files/Brexit%20Report%20web.pdf>

6.3.5 Should the UK leave Creative Europe, UK organisations would not be eligible as main partners in the Culture sub-programme. Their involvement in partnership projects would be classed as ‘associate partner’, which would mean significantly reduced involvement and influence.

6.3.6 British Council access to EUNIC<sup>6</sup> is also of fundamental importance to our success as the UK’s leading cultural relations organisation. Through EUNIC we have access to 33 European organisations of culture and the ability to share knowledge and understanding across 28 member states. The UK therefore benefits by building strong cultural relationships and understanding between us and other member states. Membership of EUNIC provides us with a platform to share ideas and resources with our European colleagues.

## **6.4 International reputation**

6.4.1 The UK’s international reputation attracts talent to the UK as well as showcasing and exporting its offering abroad. The UK is rightly regarded as a leader in defining its creative economy. We have 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.

## **6.5 Exports**

6.5.1 Creative Europe helps facilitate the exporting of creative works and services across the creative and cultural sectors, from television to touring theatre.

6.5.2 The British Council’s international exhibitions have travelled significantly around the EU in recent years. For example *The Painting Show*, a group exhibition of paintings by fifteen British artists, was shown in Lithuania in 2016 and *Moving Pictures*, our touring artists’ film programme, has been presented in Ireland, Estonia, France and Spain from 2015-2016. Over 500,000 people attended the Venice Art Biennale in Italy in 2015 where the British Council organised the British Pavilion’s exhibition by Sarah Lucas.

6.5.3 A specific issue relating to UK films and professionals is that, should the UK no longer participate in the programme, its films will 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. There will also be an immediate adverse impact on the percentage of European films screened across the Europa Cinemas network (currently reaching 60% - British films included).

## **7. IMPLICATIONS FOR THE UK’S STRATEGIC ORIENTATION, GLOBAL POSTURE, ALLIANCES AND INTERNATIONAL TRADE**

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<sup>6</sup> <http://www.eunic-online.eu/>

7.1 UK soft power will be a key indicator of Britain's continued commitment to strategic allies around the world. The UK is currently ranked number two for soft power in the world<sup>7</sup> and the cultural and educational resources of the UK will continue to be important in helping to extend the UK's international influence through ensuring strong connections with leaders, policymakers and influencers globally, and generally guarding against strategic shrinkage on the world stage. Throughout the UK's history its use of soft power has been critical to our success as a nation and will play a vital role in supporting a stronger global role for the UK after its exit from the EU.

7.2 The British Council's non-ODA government grant, which is used to fund activity in the developed world, i.e. in EU countries and key strategic places such as the United States, Russia, Gulf, Israel, and developed countries in the Commonwealth and East Asia, is due to reduce to £0 by 2019-20. We are able to fund a minimal level of activity in the developed world through the surplus from our commercial income and in the short term by reducing our unrestricted reserves to negative levels. However, we have no scope for expansion and some significant challenges for our continuing financial viability in a number of important priority countries.

7.3 At the same time we continue to recognise and identify increased demand from UK stakeholders and partners for the British Council to grow its work in those priority countries outlined above - to help strengthen the UK's soft power, engagement and relationships and support the UK's prosperity, security and long term influence. There are a number of key areas below where we believe we can contribute which are outlined further in Annex 2. Our ambition is to identify additional funding of up to £60m per annum. By engaging UK partners we will double our reach and impact in the developed world working with over 60m more people, we will generate a step change in engagement with future leaders and significant uplift in cultural and educational partnerships.

7.4 In relations to the arts and creative industries, we could expand cultural and creative cooperation and partnerships, including cultural festivals and seasons, a scaling up of our work with creative entrepreneurs and the wider creative economy, and more digital partnerships and networks in the arts. This will help create a positive, dynamic and innovative vision of the UK globally, especially among opinion formers and decision makers, and establish the UK as a partner and positive contributor to countries' cultural life.

7.5 Through this work, we will increase international opportunities for the UK's young people, instilling in our next generation international experiences and outlook that will be vital for the UK's long-term prosperity and influence, and equipping them with the skills for success in the global economy.

7.6 Arts and cultural programmes and exchanges between the UK, the EU and other strategic nations should be prioritised in the coming years to ensure that the UK continues to be one of the world's leading nations.

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<sup>7</sup> The Soft Power 30, Portland Communications, 2016



*November 2016*

## Annex 1

### Breakdown of Creative Europe UK results for the first two years

#### UK results 2014

- €23 million awarded to UK organisations and films
- UK organisations received funding from Creative Europe
- 14% of the Europe-wide total funds of €162 million was awarded to the UK

#### UK results 2015

- €16.87 million awarded to UK organisations and films
- 99 UK organisations received funding from Creative Europe
- 11% of the Europe-wide budget of €155 million was awarded to the UK

#### Culture: 2014 headlines

- 47 UK organisations received over €5.9 million
- UK awarded 11.4% of the Europe-wide total of €51.5 million
- Cooperation Projects: UK organisations well-networked across Europe and strong application success rate
- 4 UK publishers were funded to translate 19 European titles into English
- One of the 5 platforms selected was UK-led (Aerowaves)
- 98% of successful UK-led projects had been in contact with Creative Europe Desk UK before applying

#### Culture: 2015 headlines

- 54 UK organisations directly received over €5.45 million
- UK awarded 13% of the Europe-wide total of €42 million for collaborative projects (this does not include Literary Translation)
- UK more confident to lead projects - 80% increase in UK-led applications for Cooperation Projects
- 45% increase in UK-led Cooperation Projects (from 6 to 11)
- Consistently strong success rate of 24% – double the European average
- One of the 3 platforms selected was UK-led
- 100% of successful UK led projects had been in contact with Creative Europe Desk UK before applying

#### MEDIA: 2014 headlines

- UK benefited from €18.2 million, 16.5% of the €111 million available Europe-wide
- 50 UK companies directly received €9 million, 8% of the Europe-wide total and €2 million increase on the 2013 UK total
- Over €9.2 million received to support the distribution of UK films in other European countries, Europa Cinemas and partnership projects

- Half of direct income awarded to the UK went to film and TV producers; UK excelled at TV Programming scheme, receiving a third of the European total
- 69 UK films funded to be shown in other European territories and 31 European films shown in the UK
- 52 UK cinemas supported as part of Europa Cinemas Network
- UK awarded nearly 25% of funds from new Audience Development scheme
- 7 training providers, 4 markets, 2 film festivals and one video game supported
- 88% of successful UK-led projects had been in contact with Creative Europe Desk UK before applying

#### 2015: MEDIA headlines

- UK organisations and films benefited from €11.2 million out of the €107.25 million available in 2015
- 45 UK companies directly received €6.67 million
- Number of Slate funding recipients doubled, from three in 2014 to six this year. Grants more than doubled from €0.44m (2014) to €1.05m (2015)
- UK success rates in the Single Project development scheme remain low
- Increase in video games funding: 4 companies sharing a total of €0.55m UK receives the most of all participating countries, 7 times more funding than 2014
- 5 successful TV Programming applicants received €1.4 million
- €4.75 million for cinema distribution of 67 UK films
- €1 million awarded to 3 UK online distribution projects
- 52 UK cinemas supported as part of Europa Cinemas Network
- 7 UK training providers, 4 markets and 2 film festivals supported

## Annex 2 – British Council Developed World Proposals

### Cultural and creative connections

Cultural festivals and seasons

Major global campaigns

Digital arts

Artistic and creative connections and collaborations

Creative economy

### Education, skills and science

Science and research collaboration and partnership

English as the world's preferred language

UK professional standards and qualifications

Education is GREAT

International mobility, collaboration and partnership for students, researchers and policymakers

### Young people and future leaders

Connecting the UK with future global leaders in politics, science, arts and media

Sport programmes and connections

International connections, opportunities and foreign languages for UK young people

Digital connections with the UK

Connecting social entrepreneurs and promoting the UK as a global Leader in social investment

International connections and experience for UK young people