

Creative Industries Council
14:30 - 16:00, Monday 6th July 2020
Via Google Meet video call

Attendees

Council Members:

The Rt Hon Oliver Dowden	Secretary of State, DCMS
Tim Davie (Co-Chair)	BBC Studios
Caroline Dinenage MP	Minister of State for Digital and Culture
Alan Vallance	RIBA
Alex Mahon	Channel 4
Annette King	Publicis Groupe UK
Ben Roberts	BFI
Caroline Norbury	Creative Nation
Caroline Rush	BFC
Darren Henley	ACE
Debbie Bestwick	Team17
Dinah Caine	Goldsmiths
Geoff Taylor	BPI
Jeremy Silver	Digital Catapult
Jo Twist	UKIE
John McVay	PACT
Kanya King	MOBO
Lee Brooks	Production Park
Rosy Greenlees	Crafts Council
Sarah Weir	Design Council
Stephen Lotinga	Publishers Association
Stephen Page	Faber and Faber

Officials:

Sarah Healey	Permanent Secretary, DCMS
Susannah Storey	Director-General, DCMS
Robert Specterman-Green	DCMS
Mark Griffin	DCMS
Nick Moreno	DCMS
Elizabeth Mitchell	DCMS
Lidia Gasiorek	DCMS
Ian Rimington	DCMS
Chris Boylan	DCMS
Keith Nichol	DCMS
Catherine Speller	DCMS
Heather Holmes	Welsh Government
Melanie Kinsey	Scottish Government
Rupert Daniels	DiT

Guests:

Konrad Shek

Advertising Association (standing in for Stephen Woodford)

Alina Dimofte

Google (standing in for Ronan Harris)

Tom Kiehl (acting CEO)

UK Music

Neil Hatton

UK Screen Alliance

Jon Zeff

CIC industry advisor

Ros Lynch

IPO

Caroline Julian

CIF

Josh Lawson

Google

Judith Rosser-Davies

BFC

Apologies:

The Rt Hon Alok Sharma

NESTA

Hasan Bakhshi

IPA

Janet Hull

Advertising Association

Stephen Woodford

AHRC

Andrew Thompson

Secretary of State, BEIS

Actions**Industry Recovery & Transition – Next Steps**

- CIC Working Groups to develop and pursue detailed next steps for its proposals, working with Government officials
- DCMS to re-engage with CIC on the business cases for the Spending Review where it “holds the pen” – e.g. Creative Scale Up extension/expansion.

Item 1 - Remarks from co-chairs

1. Tim Davie (TD) welcomed all to the meeting, and welcomed the new £1.6bn cultural funding package.
2. The Secretary of State (OD) said that it seemed a long time since the last CIC, which was pre-Covid. Government has made a number of large-scale interventions as the crisis hit (Phase 1), and has tried to make sure that the Creative Industries (CIs) can access those interventions, though recognised that some issues (e.g. around freelancers) were not totally resolved.

3. OD said that Phase 2 is about facilitating the opening of sectors as rapidly as they can, given the social distance guidelines, with lots of work being done in government-convened Working Groups on the rules for reopening. He said Government is working as rapidly as it can to introduce guidelines for all sub-sectors, although the removal of social distancing is some way off
4. Next phase (3) is about how we help sectors recover and renew. A £1.6bn cultural package has just been announced and the Chancellor will make a summer statement later this week, focussing on “build, build, build” and “jobs, jobs, jobs”. We are now looking to the next major intervention – the Spending Review, and what that can do for the CIs.
5. The Minister for Digital and Culture (CD) said thanks should go to the SoS for his huge efforts in liaising with the Chancellor and getting the cultural package through.

Item 2 - Industry Recovery & Transition: Next Steps

Immediate recovery issues

6. TD mentioned quarantine rules and film/TV production insurance – although he knows officials are working on both of these
7. Konrad Shek said he was concerned about reports on a HFSS ban on pre-watershed adverts, which would be damaging to the sector at a particularly difficult time.
8. TD proposed to focus discussion on three of the proposals recently put forward by the CIC

Proposal No 3: R&D Challenge Funding

9. Jeremy Silver (JS) says these proposals are aimed at the mid-term, with innovation kick-starting recovery and leading rapidly to strong growth and the creation of new high-skilled jobs.
10. The proposals were worked up in collaboration with the AHRC, KTN, Digital Catapult and other research councils. We want to build on the current success of the Sector Deal, from AOTF and CIC – and new interventions such as 5G Create to bring together great research at universities with industry.
11. There are specific proposals for music, advertising, fashion, games and tv/film. We have overall framework for R&D, and are working closely with the AHRC to create a fully-fledged CI strategy in R&D.
12. JS also mentioned need to widen scope of R&D tax credits, to allow more content/creative companies to access R&D tax credits.
13. OD we needed to exploit the UK’s position as a real leader in content, and Covid may increase demand for UK studio space. It’s worthwhile facilitating and encouraging

further studio space to get more content produced, and ideas on how we can do that would be appreciated.

14. John McVay (JM) said he was working with Hasan Bakhshi on R&D tax credits. R&D is often the first expenditure that gets cut in a crisis, and a tax credit – even if temporary - would allow new ideas to get to the market. JM said that OD was right in that there is now huge demand for UK content, and a tax credit would be a welcome boost to investment in creative ideas.
15. TD and JM agreed that there was a need to provide production insurance in order for UK film/ tv production to make the most of upcoming demand on studio space. OD said this was on DCMS's radar.
16. TD said CIC needs to get to specific, costed proposals relatively quickly on R&D.

Proposal No 4: Reinvigorate access to investment finance for high-potential CI businesses

17. Caroline Norbury (CN) said there is a need to build on the parts of the Sector Deal that worked well, including the principles behind Creative Start-Up. We should look to increase access to loans and to increase focus on cultivating more CI-friendly investors on the angel side.
18. There was a strong case for a speciality start-up loan for CIs via SULCO. CIC is working closely with DCMS, BEIS, SULCO and BBB colleagues to look at what a CI-specific product might look like, as well as mentoring activities around loans that would help CI businesses. On a strategic note, a good relationship has been forged with the BBB to help improve its understanding of financial products relevant to the CIS.
19. "Bounceback loans" have been helpful – they provide relatively small amounts of finance for our sectors, although it would be good to see BEIS data on which companies accessed them.
20. CIC's third investment proposal is about supporting CI clusters around the UK, and the CIF/CE has been convening meetings with LEPs and CAs on a regular basis. CN said there was a need to replace outgoing EU funding programmes; and that it was currently unclear where support delivered for CIs at an area level would sit within the proposed UK Shared Prosperity Fund
21. CIC also exploring improvements in Patient Capital; EIS is a success but this could be tweaked or other schemes introduced to work better for CIs.
22. Alex Mahon (AM) said creative businesses outside London find it difficult to access finance, so we need to make existing schemes more accessible to regional businesses.

23. Robert Specterman-Green mentioned Creative Scale Up and that building on existing schemes stands a much greater chance of success than the development of completely new proposals.

Proposal No 6: Reactivating the talent pipeline

24. Dinah Caine (DC) said it was critical we don't take the foot off the pedal on skills during the current crisis. CIC is talking positively with the DoE re the Government's proposed National Skills Fund, and how it might help with CI retraining and retention needs. Links between creativity and tech will be increasingly vital. CIC is also continuing work on Creative Education, under Darren Henley's leadership, including on taking forward key ideas from the Durham Commission.
25. DC noted that the Government's response to Augar was still awaited, and the CIC may come back to Ministers on that.
26. DC said the PM has talked about "opportunity guarantee", and she expected an announcement in the "summer moment" on apprenticeships. It's critical, as companies now pulling back from employing people
27. DC said we need to use apprenticeship levy money to pay for apprenticeships as well as off-the-job training. Also need flexibility to move people between companies. A review of the levy appears to be on the Government's agenda, and she hope things can get kick-started on this. On trainees, if newspaper reports are correct, companies will get £1k for each trainee taken on for six months. We also need to look at apprenticeships in terms of diversity
28. Stephen Page agreed, noted that there were signs of more openness to potential changes and said we needed a "task and finish" WG on the apprenticeship levy, as proposed by CIC in its recent submission to Government.
29. DC noted there were ongoing discussions with DCMS about expanding and extending the Creative Careers Programme and, in the meantime, with Arts Council England and others about short-term "bridging" activities, including a Careers Week and a piece supporting people back into the marketplace
30. OD proposed that CIC members should continue working with officials to develop and focus the specific needs in this area from the Spending Review.

Updates on other transition and recovery issues

31. Annette King noted that discussions were in train with DIT and DCMS about potential sector recovery programme for international trade: this will be the focus in the next CITIB, later this week.
32. JM said we need to not go backwards under Covid in terms of Diversity & Inclusion. Key is to support sectors to report comprehensively on D&I, and we may need Government help on that.

33. Debbie Bestwick updated on Clusters WG activities and priorities, noting that many of the proposals in the CIC paper included a focus on clusters outside London. WG members have produced a series of case studies from clusters around the country which the group will be using to inform thinking on next steps.
34. Geoff Taylor (GT) said we have a strong UK IP framework, though there was scope for further improvement in areas proposed by the WG. It would also be important to sustain funding for PIPCU and “Get it Right”. IP should be a key priority in the UK’s FTA discussions with other countries – it would be vital to resist any pressure from other countries to dilute the strong IP protection we have and to take the opportunity where needed to improve standards elsewhere. GT also highlighted proposals for enhancing and extending creative industry tax credits,
35. In a Sector Deal update, GT said that roundtables have been running for two years and the intention was to draw them to a close in August. Great progress has been made with one Social Media platform, some with a second one and little or none with a third one. On Online Marketplaces, there is a draft with the IPO, which is getting feedback from platforms. On Digital Advertising there is good progress on stopping gambling companies advertising on illegal sites. Now the focus is on ad networks located outside the UK. On some of these efforts is renewed Ministerial engagement may be needed to secure outcomes.

DCMS inputs

36. OD said that officials will work with CIC industry members on its proposals. It would be important to develop and focus on the specific asks for the spending review, with details.
37. CD said message from Treasury is that business cases for interventions need deliverable outcomes and impact that can be measured.

Summary from Tim Davie

38. TD said we need to progress from planning business cases to executing, and CIC, through its WGs, needs to work with officials to do the practical work needed now.

Item 3 - Sector Deal Update

39. Nick Moreno (NM) updated on likely business case submissions to the Spending Review on Creative-Scale Up extension/expansion and Creative Careers Programme extension. DCMS will consult with industry CIC members over the coming weeks on these business cases
40. Setting-up the Government-Industry group on R&D had been further delayed due to prioritisation of Covid work across the departments. The R&D research by OMB will be published soon, after which the group will be set up.

41. Jon Zeff (JZ) said noted that the vast majority of the commitments in the Sector had been successfully implemented or were in delivery. He noted ongoing progress on IP roundtables, as outlined by GT, and that the R&D research and setting up of the R&D group would be welcome and was relevant to CIC proposals on R&D tax credits. Expanding the definition of R&D slightly would greatly expand the number of creative businesses that could use the R&D tax credit.

Item 4 - AOB

42. TD congratulated the IPA's Janet Hull (in her absence) for successfully delivering Createch as part of CogX, which in the current climate was very tough. There were 9k sessions and views from 58 countries, and it worked very well.

43. TD said that on CIC resourcing, a budget was being put together for the next two years. TD very grateful to Darren Henley and ACE for offering to continue its funding for a further two years, on the same basis as before subject to match funding from the rest of industry. Not radically expanding scope of CIC, but it will continue to have a full agenda over the foreseeable future. The budget proposal will include secretariat, marcomms and trade as one ask and will be circulated to industry members shortly.

44. JM said that further HFSS advert restrictions - particularly if focused only on broadcasting, would be a disaster that would hit programme makers' budgets and could be particularly harmful to PSB – and even more so in the current circumstances where capital has been burnt through in the Covid crisis, and many production companies will not survive.

45. AM agreed and said there was no evidence that a pre-Watershed ban would help reduce child obesity.

46. Rosy Greenlees said that due to Covid there were signs that there will be a reduction in the number of GCSEs taken per pupil. As such, there was a need to ensure children continue to get access to creative education.

47. TD thanked everyone again for their participation.