

Summary:

- The EU is a source of key talent and expertise for the arts and creative industries in Wales. The easy two-way flow of this talent is currently part of the success of the creative industries as a major growth area of the UK economy.
- The creative industries are also an increasingly important engine for economic growth in Wales and a key sector for the new UK Industry strategy. One in 11 people in the UK workforce are employed in the creative economy (including creative jobs outside the creative industries). And one in 17 are employed directly in the creative industries.
- It will be difficult for Wales and the UK to attract and retain talent from the EU if freedom of movement is restricted. EU employees play an invaluable role in the development of talent in our education system, particularly in Higher Education. This is equally important in our cultural organisations.
- The free flow of talent and ideas fosters the innovation and experimentation that drives the growth of the arts and creative industries. Curtailing this could lead to a substantial loss of important skills to Wales and to the Welsh economy.
- The creative industries work in specific and distinctive ways across borders. This must be recognised.
- In a post EU membership world, we would need to retain Intellectual Property policies that will help Wales and the UK's creative industries thrive and protect their intellectual and creative assets.
- There will be a significant impact in terms of funding infrastructural and other developmental projects in Wales if EU funding is not replaced by equivalent substantive UK funding.
- The arts and creative industries in Wales need to maintain access to EU networks for the sharing of collaborative working and the exchange of knowledge around best practice.
- The proposed Great Repeal Act has significant implications for the arts and creative sector across the UK. However in certain devolved matters, particularly in the field of culture and education, Wales may have a distinctive set of priorities to that of the UK as a whole eg: Wales is a bilingual nation and has benefited from the linguistic diversity of the European Union.

- We will have to work hard to promote a continuing understanding that we are a nation open for business, exchange and collaboration.

1. This written evidence is submitted jointly by the Arts Council of Wales and Wales Arts International. The arts and creative sector that we support will have its own comments to offer. However, our work with the sector leads us to believe that our observations will be broadly representative of the sector as a whole. This submission is therefore intended to provide a perspective from the devolved nation within which we work.

2. The Arts Council of Wales is the official public body responsible for funding and developing the arts in Wales. We are accountable to the National Assembly for Wales and responsible to the Welsh Government for the way the money they provide to fund the arts in Wales is spent. We are also a Lottery distributor for the arts in Wales. Wales Arts International is the international arm of the Arts Council of Wales.

3. Since 2008, Wales Arts International has hosted a European Desk, set up to increase our engagement, and that of the wider arts sector in Wales, with European networks, opportunities and projects. This has been particularly important for projects and relationships developed through transnational European funding streams. We have worked as a partner in strategic European projects including the pilot mobility network Practics (2008-2011) and the INTERREG IVC project Toolquiz (2010-2012). We have also established an informal network of arts organisations based in Wales who are active in, or seeking to engage with, EU networks and projects. This is called the Wales European Arts Forum. We disseminate information to this group on matters concerning EU cultural policy, networking and potential project opportunities, sign posting relevant sources of transnational funding. We held a recent meeting with this group in partnership with the UK-wide Creative Industries Federation. This provided an important opportunity to gather information on the impact of the EU referendum result.

4. In the summer of 2016 Wales Arts International conducted a survey on behalf of Arts Council of Wales to understand the potential impacts of the EU referendum decision on the creative and cultural sector in Wales. We have used its findings as the basis for answering the two key questions posed by the committee below. We also offer other evidence that we have gathered through the work of the Wales European Arts Forum, including the event with Creative Industries Federation held in Swansea in September 2016. This event helped us to understand better the potential impact of Brexit on the arts and creative industries in Wales. The event also fed into the recently published Brexit Report published by the Creative Industries Federation which has made key recommendations to the UK government. All of the recommendations pose opportunities and challenges for the cultural and creative sector in Wales.

5. What should be the top priority for Wales in advance of the UK Government triggering of Article 50 (which starts the formal process of exiting the EU)?

From the perspective of arts and culture, it is essential that the UK Government considers the full impact of leaving the EU on the UK sector overall as well as the many varied 'regional' implications. There is an opportunity for Wales, and the Welsh Government in particular, to highlight the particular concerns for the sector here, but also to reflect on changes needed to help greater cohesion with partners across the UK. This will be paramount post Brexit. The immediate priorities for Wales to consider are:

5.1 Freedom of movement of artists and cultural workers to perform and tour, collaborate and exhibit and a recognition of this sector's uniqueness in this respect;

Touring Europe is an essential part of many of Wales' artists' working lives. It is also critical to the success of many of Arts Council of Wales' Arts Portfolio Wales clients (the principal organisations funded by the Council). Many earn a substantial part of their income from touring other European countries. And touring in Europe is much less costly and easier for our arts companies than in other territories because of the removal of restrictions and barriers (visas, employment and taxes) for EU member states.

A key theme that emerged from our survey was the concern that restrictions to freedom of movement would be cost and time prohibitive and would therefore inhibit many from bringing EU artists to work in the UK. Added visa costs and the time needed for additional paperwork were cited as particular concerns. A need for certain types of sponsorship licenses could also be restrictive for many small companies. (The full survey results can be seen here: www.wai.org.uk/news/7143).

For NoFit State, our flagship contemporary circus company, revenues from international touring counted for almost 40% of total turnover in the financial year 2015/16. Their recent experience of touring America highlighted the additional costs involved over and above the travel costs (£46,000) compared with a tour of the same scale and piece of work in the EU. Major costs included visas (£13,406), carnets (£9,384) for touring equipment and medical insurance (£4,250), as well as for certification required by New York state around temporary public spaces and NoFit State's performance tent (£19,002).

From our recent survey of the impact of Brexit on the arts in Wales, Freedom of Movement is the key concern for the sector. One of the questions we asked was about the potential impact of bringing artists and organisations into the UK. 60% of the respondents to our survey thought

there would be a negative impact, 19% were uncertain and only 3% thought it would impact positively.

In short, restricting the mobility of artists and creative workers risks compromising the creative, artistic and commercial success of a key sector.

5.2 Retention of staff and skills from EU countries

The creative industries and the arts sector that we work with rely on a constant flux of local, national and global participants. This is essential for the creation and production of the high quality of work for which we are known. The strength, diversity and innovation of the arts depend on the free movement and exchange of ideas, talent and creativity. Europe is a source of key talent for a whole range of companies, from Welsh National Opera to National Dance Company Wales, with creative individuals employed both as part of the core team as well as for specific productions. The easy two-way flow of this talent currently is part of the success factor of creative industries in the UK, a major growth area of the economy.

A diverse workplace makes our companies competitive internationally. Attracting international talent and leaders offer a new perspective to our companies' culture. Alongside Welsh and British colleagues they transform the fortunes of our art companies developing their capacity and enabling them to break into the new international markets that are so important in sustaining a viable business.

BBC National Orchestra of Wales recently appointed the Chinese conductor Xian Zang and is planning a tour of China in 2018.

In our Brexit survey, we asked about the potential implications of exiting the EU on the employment of staff from EU countries. While 41% of respondents did not consider this relevant to them, 38% thought there would be a negative impact. None thought there would be a positive impact.

Many of our arts organisations have voiced concerns about their ability to offer reassurance to their non-British EU staff. Pressure should be maintained on the UK Government to confirm that EU nationals currently employed in the UK will be able to stay.

The Creative Industries Federation's recent report "Social Mobility and the Skills Gap. Creative Education Agenda 2016", points out that the skills shortage in the UK's creative industries will be exacerbated by any restriction to freedom of movement. Current success – economic and cultural – depends on the supply of talent to the creative industries from the EU. www.creativeindustriesfederation.com/supporters/

There is an opportunity to develop a long term approach to creative skills training provision. The current joint Welsh Government/Arts Council arts education project, Creative Learning through the Arts, is attracting significant interest from the European ACEnet network and the OECD. There is an appetite to exchange information and to collaborate with European colleagues. There is significant potential here to animate and enrich learning in Welsh schools.

5.3 Access to EU Funding programmes and partnerships after Brexit

European Funding delegated to Wales (Objective 1, Convergence and Less Developed Regions Programmes) have transformed the arts in Wales. This investment has provided a significant match in funding for projects as diverse as training, apprenticeships, community projects and capital build schemes for arts centres, galleries and theatres. Wales now boasts an enviable infrastructure of architecturally distinctive arts venues that are creating new opportunities for people across Wales to enjoy and take part in cultural activity. And many of these flagship capital projects have kick-started economic regeneration and have been the catalyst for inward investment and increased community engagement.

One exemplar recipient of European Regional Development Fund which has paved the way for further investment in the arts is Galeri, an arts and creative enterprise centre in Caernarfon. Opened in 2005, through partnership investment including around £1.7m ERDF funding, Galeri has always had a strong focus on local regeneration, community engagement and support for the creative sector in Gwynedd. Its development on the site of Victoria Dock became a catalyst for the eventual re-development of this area. www.galericaernarfon.com

ERDF, matched through the Arts Council of Wales' Capital Lottery Scheme and other investors, has provided significant funding investment into a network of high profile arts and creative industries centres across Wales. All have had a transformational impact in their communities and include Aberystwyth Arts Centre, Theatr Mwldan and most recently opened, Pontio – Bangor University's Arts & Innovation Centre, (which benefited from some £15m through ERDF.) www.pontio.co.uk

There has also been a significant investment through European Social Fund into the arts and creative economy in Wales. Between 2007- 2013, as a joint sponsor of the Welsh Government's Reach the Heights Programme (2007-13), Arts Council of Wales distributed over £10 million to 73 projects involving over 9,000 young people.

Many skills development programmes for the Creative Industries have been of benefit to the arts in Wales, from courses at Further and Higher Education establishments to programmes managed by Skillset to train writers for TV and Film.

The arts in Wales like the creative economy as a whole have benefited from a variety of transnational programmes such as the dedicated Creative Europe and Interreg. For example, in 2015, five Welsh creative organisations benefitted from almost €1m of funding from Creative Europe (Media and Culture sub-programmes). This includes Literature Across Frontiers, based in Aberystwyth University, leading one of the flagship European “platforms” with their Literary Europe Live project. The CORACLE project, led by the University of Wales Trinity St David, received just over €1.2m of ERDF funding through the Interreg IrelandWales 4A programme. The project supported skills development for those working in the creative and cultural sectors, to maximise the economic, social and cultural benefit of these sectors to both regions. Erasmus+ is another programme that has invested in creativity and creative skills, for example through the Network of International Circus exchange project that NoFit State Circus participated as a partner in (2014).

From our survey on the Impact of Brexit on the Arts in Wales, 25 respondents indicated they had participated as partners in transnational projects that had received funding totalling almost £4.8m from across a range of EU programmes (2007-2013 and 2014-2020). A further £7.5m is being sought from these EU funding programmes by 21 respondents who are either considering or in the process of making an application in 2016. This is likely to be higher as not all recipients and applicants responded to the survey and it’s very difficult and onerous to gather the information needed.

The lack of comprehensive data on the breadth and depth of EU investment into the arts and the creative economy (and no doubt other sectors) in Wales and the UK. The Creative Industries Brexit report states “Without a full audit of what the EU has funded in the UK, there is a risk that the impact of comparatively small amounts of EU investment, producing significant impact for the organisations supported, will be overlooked.”

This is something Wales and the arts sector needs to prioritise to fully understand the impact of leaving the EU on our economy and culture. The lack of data is due in part to the complexity of EU funding programmes; the fact that all programmes are managed differently – some at EU level (eg Creative Europe), some such as Interreg Atlantic Arc (from Portugal) and others in Wales (Convergence) and the UK (Erasmus+). The ways in which Welsh artists and organisations benefit also varies. Some have participated in programmes managed by other partners in Europe as well as being lead partners themselves. Others have simply benefited from key training and networking opportunities.

In the same way that we would expect the UK government to replace the funding lost to Wales from its withdrawal from the EU, so would we and the sector wish to make the case for the government to replace lost investment to the sector from participation in wider EU programmes.

We also believe that any alternative arrangements in the future for investing in regional development should adopt the same international perspective and vision that we have seen in the operation of EU structural funds. For example, the Welsh Government has prioritised developing new international markets for the funds. We would recommend that the UK still retain access to EU networks and programmes under third country status, or a similar arrangement.

It is doubtful, under current British tax laws, that tax exemptions could bridge the gap in the funding that might potentially be lost. In the arts, private sponsorship provides helpful 'added value' that enhances core support. It would not be able to fill the gap from such a substantial loss of EU funding.

5.4 Continued access and membership to networks and programmes.

Respondents to our survey highlighted the fact that accessing European programmes was as much about accessing networks as funding. The potential impact - apart from a financial loss - would be the diminution of opportunities for cultural exchange and enrichment. This could lead to creative, artistic and commercial isolation.

As well as networking on EU level, it is critical that the arts and creative sector in Wales are fully engaged with UK wider programmes and initiatives too.

5.5 Replacement arrangement for current funding models

The UK government should seek to achieve, through its negotiations that the UK continues to be a full member of Creative Europe. We would urge Wales to ensure that this is part of the current negotiations. This might not be possible, given that culture is a devolved matter. We are in uncharted waters here, and we would want to explore whether there are new ways in which regional membership could be considered by the EU should Wales, Scotland and Northern Ireland wish to pursue such a course of action. Although there will inevitably be costs attached to being a non-EU member of the programme, and the details of this should nevertheless be considered.

5.6 Wales' reputation internationally

Many of our survey respondents voiced concern about the perception of Wales in terms of its openness and willingness to collaborate and work with others. Many examples were quoted of a reluctance demonstrated by some EU partners to enter into projects/partnerships with the UK in these uncertain times.

Eluned Hâf, Head of Wales Arts International, recently chaired a panel at the WOMEX World Music Expo. European participants described how their perception of Wales and the UK had changed since the EU referendum. It was clear from the comments made that we will have to work hard to demonstrate that we value trading and cultural links and that as a nation we remain 'open for business'.

Wales would do well to prioritise its international image and to use the arts and creative economy to develop meaningful cultural relations for Wales internationally.

5.7 Community cohesion and celebrating diversity

The impact of the referendum on community cohesion and in particular the rise that we are starting to see in racially motivated attacks is of key concern to our sector. The Leave vote and the discourse over the past few months was a clear rejection of the status quo and of the so-called political elite. These will be matters that all public institutions will want to reflect upon. However, one of the consequences is not only the emergence of sensitive issues around immigration, but also a danger of communities rejecting their role in helping Wales to adopt a progressive and forward-looking responsibility towards local, national and global issues. This is a responsibility enshrined within the Government's landmark Well-being of Future Generations legislation.

If the Brexit vote has demonstrated anything, it is the need for public sector agencies to redouble their efforts to engage communities across Wales. Through our participation work, the Arts Council has valuable experience in showing how the arts can bridge into communities to celebrate diversity whilst also empowering those who feel marginalised.

*6. Can you provide examples of where the UK's proposed approach to transferring the *acquis communautaire* (the body of European law),*

through the proposed Great Repeal Bill, into domestic law might have particular implications for Wales?

There are areas where the Great Repeal Bill will re-centralise responsibilities at the UK level (employment and immigration law). These will affect the cultural and creative sector UK wide. There are other devolved matters where Wales may have a distinctive view and need that must be recognised and expressed through the process of Brexit negotiation.

Great Repeal Bill and UK wide Creative and Cultural matters

As identified by our colleagues Arts Council England in their recently published survey, the sector benefits from EU laws and regulations relating to copyright, intellectual property, artist re-sale rights, VAT exemption as well as employment legislation.

Together with Arts Council of England, we recommend an UK-wide review to discover how relevant intellectual property and copyright frameworks, as well as tax exemptions, can be maintained and improved upon outside the EU.

On these matters of common interest we should work together, by ensuring that Wales' voice is heard and that our national bodies (as well as English counterparts) are involved in the discussion of new ways forward.

In trade, there will be new opportunities and an imperative to develop new models for the sector to develop international partnerships. EU funding enabled a growth in effective distribution networks for UK creative companies, and we would not wish to see the advances made over many years lost as part of the Brexit process.

The issue of visas and restrictions to Freedom of Movement are issues highlighted by the respondents to our survey. They are also highlighted by the Creative Industries Federation as a key issue for the UK-wide sector. Any added visa costs and time would be prohibitive for many to either work/tour in the EU or bring EU work/artists to work in the UK.

A revisiting of our visa rules offers an opportunity to understand the needs of the sector and to create a new system that better supports companies as well as freelance artists and cultural workers. It is important therefore that the sector has an input into the new system.

Another UK wide issue is that of IP. While the Intellectual Property Office has stated that the position on trademarks, designs, patents, copyright and enforcement remains the same until exit negotiations are concluded, what will happen in relation to Copyright after the UK leaves the EU?

Intellectual Property is a very important area for artists. If IP protection was to be diminished, we could see a weakening in the viability/strength of our creative industries. IP protection will need to be assured. Agreements developed at an EU level in these policy areas offer a good basis for the UK to look at what could be retained if the creative sector is to continue to thrive.

The Great Repeal Bill and devolved matters.

There are devolved matters, such as culture and education, which operated within an EU framework since the devolution. Our culture, language and arts have grown alongside similar European cultures and languages. Could there be an opportunity to have a “sectoral single market” where, due to devolution, Wales could take the lead on buying into key EU programmes areas?

There may be areas where a wholesale repatriation of the programmes (such as Creative Europe) may need to be resisted from Wales. It is important that any future membership of the programme (or any British replacement programmes) includes culturally and linguistically specific priorities for Wales. Wales should retain a Creative Europe desk, even if this is funded by Wales outside of the programme to encourage partnership under a “third country model”.

The Welsh language is a recognised European minority language and has benefited from comparable models and partnerships with other similar nations, such as Catalonia, the Basque Country, Flanders and Brittany. It is important that the commitments made to protecting and celebrating linguistic diversity are embraced by future programmes.

In this respect there are also examples of where European models have been introduced to policy and programmes in Wales, and where Wales may want to continue with a different approach to elsewhere in the UK. For example, through the Well-being of Future Generations Act, the Welsh approach to sustainable development now embraces cultural development as a key policy ‘pillar’, a model adopted from EU partnerships.