Senedd Cymru / Welsh Parliament
Pwyllgor Diwylliant, Cyfathrebu, y Gymraeg, Chwaraeon, a Chysylltiadau Rhyngwladol / Culture, Communications, Welsh Language, Sport, and International Relations Committee
Blaenoriaethau ar gyfer y Chweched Senedd / Priorities for the Sixth Senedd
CCWLSIR PSS06
Ymateb gan Prifysgol Caerdydd / Response from Cardiff University

Response to: Culture, Communications, Welsh Language, Sport and International Relations: Priorities for the Sixth Senedd

Response from the Creative Economy Unit, Cardiff University – 28 August 2021

About us

Since 2015, the Creative Economy Unit at Cardiff University has conducted research to better understand and engage the cultural and creative industries, as well as the wider creative economy, in Wales. The Unit supports knowledge exchange, networking and collaboration between academics, students and creative businesses and organisations through initiatives including:

- **Creative Cardiff** (2015-present) is a creative city network with a community of more than 4000 members from the creative industries in the Cardiff Capital Region. The network fosters connections between creatives and encourages innovation across sectors and disciplines. Since 2015 it has hosted 70 events attended by thousands of creative practitioners and had 1.5M hits on the network website https://creativecardiff.org.uk
- **Clwstwr** (2019-2023), is part of the Creative Industries Clusters Programme - the biggest single UK government investment in the creative industries. Led by Cardiff University, Clwstwr is delivered in partnership with the University of South Wales and Cardiff Metropolitan University and involves local and national government, strategic agencies and major UK broadcasters. The £10m innovation programme has curated and funded more than 100 research and development (R&D) projects with Welsh companies to create new products, services and experiences for the screen and media sectors: https://clwstwr.org.uk
- **media.cymru** (2022-2026) is a strategic investment programme bringing together 24 media production, broadcast, technology, university and local leadership partners to supercharge the media ecosystem. Its main ambition is to make the Cardiff Capital Region a global centre of media innovation that drives sustainable, inclusive and economic growth: https://www.cardiff.ac.uk/creative-economy/media-cymru

From 2020, the Creative Economy Unit needed to adapt its operations, both in the face of the COVID-19 pandemic and in the aftermath of Brexit:

- As an immediate response to the COVID-19 pandemic the entire Creative Economy Unit pivoted its activity, shifting meetings, events and funding calls online as well as adjusting the methods for doing R,D&I in the creative industries. We have found that 1-2-1 interaction, networking and engagement with and between creative industry practitioners is essential to create meaningful impact. While the new ways of working through remote means allowed us to keep in contact with projects and the local creative industry, going back to direct interaction is essential in the long term.

- The challenges posed by the pandemic and Brexit has meant that international activity, which is essential for media and creative production, has become much more difficult. By developing strategic partnerships with Media City Bergen[1] and MFG Baden Württemberg[2] which have resulted in well-attended and engaging online events for creative practitioners, and establishing additional partnerships, we hope to counteract the negative impact of the new barriers for international collaboration.

Finally, through our developed networks and engagement activity we have found that the sector needs immediate support to recover from the negative impact of COVID-19 and Brexit. The sector needs immediate support to recover from the negative impact of COVID-19 and Brexit. We have published several research reports in the past two years which analyse in greater detail the situation of the creatives industries in the region in more detail – please see: https://clwstwr.org.uk/publications. The following elaborations are built on the research findings of these reports:

  - (R1) Komorowski M, Lewis J, (2020). The COVID-19 self-employment income support scheme: how will it help freelancers in the creative industries in Wales?[3]
  - (R2) Komorowski M, Lewis J, (2020). The (potential) impact of Brexit in creative businesses[4]
  - (R3) Panneels I, Terras M, Jones C, Helgason I, Komorowski M, (2021). Plugging the data gap: Freelance workers in the creative industries[5]
  - (R4) Hannah F, McElroy R, (2020). Screen Work 2020: Future skills and innovation for the Screen Sector in the Cardiff Capital Region.[6]

What is the current impact of the COVID-19 pandemic on your sector, and what further support is needed from the Welsh and UK Governments both to mitigate the impact of the pandemic and enable the post-pandemic recovery?

The cultural, media and wider creative industries in Wales are predominantly composed by freelancers (R1), with some sectors such as the screen sector being disproportionately (according to R4 it is as high as 73.3%) made up of small businesses and freelancers. While financial loss remains one of the biggest pain points for this group, their critical position could be exacerbated in the long run due to a shortage in labour, the lack of a clear upskilling strategy and missing networking opportunities. More specifically our research shows:

- COVID-19 had a profound impact on creative freelancers which is expected to have multiplier effects across the creative industries. For 85% of respondents of one of our Creative Cardiff report, their work has either dried up completely (60%) or decreased sharply (25%) (R1)
- While measures such as the Government's COVID-19 Self-Employment Income Support Scheme were welcomed, many freelancers did not qualify for it due to their legal form, employment records, ineligibility or simply because the funds didn't appropriately cover their needs (R1)

[1] https://clwstwr.org.uk/clwstwr-and-media-city-bergen-announce-new-partnership
[2] https://clwstwr.org.uk/clwstwr-and-mfg-baden-wurttemberg-form-partnership-connect-creative-innovators
[3] https://creativecardiff.org.uk/sites/default/files/Creative%20Cardiff%20study%20on%20COVID-19%20Support%20Scheme%202.4.20.pdf
[4] https://clwstwr.org.uk/sites/default/files/2020-07/Clwstwr%20Policy%20Brief%20No%201_FINAL.pdf
[5] https://www.pec.ac.uk/blog/plugging-the-data-gap-freelance-and-self-employed-workers-in-the-creative-industries
[6] https://clwstwr.org.uk/sites/default/files/2021-01/Screen_Work_2020_Eng.pdf

- As a result of lockdown, 58% of organisations in the screen industry had to postpone scheduled activity, while 26% of organisations had to cancel scheduled production activity (R4)
- That 22% of all SMEs/micro independents with less than 4 staff in the screen sector had to reduce their work due to parent/carer responsibilities during the pandemic, with women being among the hardest hit (R4)
- There is an immediate risk that for firms without specific R&D funding, their competitive edge has already been lost to larger firms, who have the financial resources to support innovation (R4)
- COVID-19 has magnified existing inequalities and laid bare the impacts of having a largely freelance sector characterised by high levels of precarity (R4)
- There is a significant concern for the health risks involving freelancers with disabilities who are not a negligible minority (in one of our studies they represent 13.2% of respondents) (R4)

Despite the negative effects, some positive impact was registered for the screen/media sector:
- For some sub-sectors such as animation, games and VFX the pandemic led to the acceleration of workflow processes through technology, determining a positive impact on business (R4)
- Almost half (40.6%) of training providers in the sector swiftly pivoted their activity during the first six months of COVID-19, which resulted in better outreach and led to them meeting targets (R4)
- The loss of scheduled production enabled some companies to focus more on R&D activities which were not directly tied to commissioned content and thus stimulated innovation in their business (R4)

Support needed

1. Financial support remains a top priority and more tailored schemes, especially for freelancers, are needed. This could include upgrading current schemes by:
    - factoring in the mix of past PAYE work and freelance income in assessing average income, as well as the time it takes to build up a freelance business.
    - using metrics that include the income dividends of freelance creatives who are Limited Companies.
    - using metrics that include those who have embarked more recently on a freelance career.
    - considering initial upfront payments to help cover assessment delays.

2. Tailored support for freelancers should be considered, including the potential of this group being used in any pilot scheme by the Welsh Government for universal basic income.[7]
3. Skills development will prove crucial in the forthcoming period, as industry competition intensifies, and cross-disciplinary and soft skills become increasingly in demand. The Welsh Government needs to set a long-term strategy for the sector with an adequate framework and sufficient funding. In order to successfully achieve this, more systematic research into training needs is required. Setting up a Skills

[7] https://www.futuregenerations.wales/news/future-generations-commissioner-calls-for-a-universal-basic-income-pilot-for-creatives/

Observatory[8] with independent research capabilities and secure knowledge of the region could prove strategic for constantly mapping the skill-building needs of the industry's workforce.

4. Supporting the sector's internationalisation and innovation capacity is fundamental for its long-term resilience. A more systematic programme of funding schemes prioritising cross-disciplinary and trans-national collaboration is needed and should be done in collaboration with other international bodies. These schemes should put R&D activity at the heart of the region's competitiveness and can provide new business opportunities and connections for creative practitioners who have lost a substantial part of their local business activity.
5. The development of broadened digital access, knowledge and skills is key to future growth and success. There are currently significant barriers to entry faced by freelancers and smaller SMEs. It is vital to develop knowledge sharing between smaller and larger organisations and upskilling for the sector to provide opportunities for smaller companies to have control over their digital content and receive profit from this activity.

How does Brexit and the new UK-EU relationship affect you or your organisation? What support have you received to respond to the changes? What further support, if any, is needed from Welsh and UK Governments?

While we acknowledge that Brexit is having a profound impact on the creative economy and in particular on the media and screen sector (new regulatory frameworks, loss of funding opportunities, restricted movement of workforce etc), our organisation has been impacted in the following ways:

- Uncertainty and financial burden surrounding internationalisation activities

Planning for international travel and physical business activities is becoming a financial and logistic burden, taking up a disproportionate number of resources and becoming unsustainable in the long run. Our upcoming projects with an important internationalisation component (e.g. media.cymru), we need to plan ahead to avoid bottlenecks. Overly complicated procedures in terms of travel arrangement/legal agreements can seriously impact on our international outreach capacity. Guidelines, best practices and information points to provide tailored support are useful measures to ease the burden surrounding internationalisation. This enforces our recommendation in the R3 report suggesting the UK Government should keep as close an alignment as possible with the EU to minimize trade barriers and we would welcome the committee's support in pressing for this through any future discussions between the UK and Welsh Governments.

[8] Some examples of such observatories (not limited to the creative industries) include: the Digital Skills Observatory of the Institute of Coding (https://instituteofcoding.org/about/the-observatory/) from the University of Bath, the PwC Skills Observatory in Luxembourg (https://www.pwc.lu/en/upskilling/docs/pwc-skills-observatory.pdf) and the European Observatory for cultural heritage skills that will be established by the Charter Alliance (https://charter-alliance.eu/results/).

- Uncertainty over future funding

While the UK is still an associate member of major funding frameworks such as Horizon, we are concerned about committing as partners in long-term projects. The lack of a long-term commitment from the UK Government to these schemes has created a negative image of UK partners as being unstable and thus not desirable. In addition to a more long-term commitment to these programmes, the UK Government needs to support the re-consolidation of a positive image of UK partners (strong, reliable). National co-funding schemes for UK partners could become an additional incentive for partnering up in the schemes still open to UK partners. This connects further to our R3 policy report recommendation suggesting the UK Government should also try to replace lost sources of EU funding through other schemes and continue to maintain ties with EU programmes that are still open to non-EU participation.

- Extra paperwork and costs related to foreign employees

High levels of bureaucracy and exaggerated costs in processing the necessary paperwork for our foreign remote workers is putting much pressure on HR and finance teams. Continued access to talent and skills is key to maintaining excellent levels in research and the free movement of talent is a prerequisite for this. We urgently need more transparent procedures and leaner/less expensive processes for hiring internationally.

What issues should the committee prioritise in planning our work programme for the immediate and longer term?

The financial stability of the creative community remains a priority in the immediate term. We believe that financial support will prove inefficient if not coupled with specific measures that foster the innovation capacity and increase the resilience of the creative community in Wales. We consider that the following issues should be prioritised by the committee (in order of short to long-term):

- High levels of work precarity and inequality magnified by COVID-19. Considering that a high proportion of freelance workforce are parents or a carers (R1), there is an urgent need to establish specific measures that can relieve pressure from these groups (women particularly).

- Gaps in data collection regarding small businesses and freelancers. There is a lack of available data on the self-employed and freelance workforce in the creative and cultural sectors (R3). A multi-layered approach that looks contemporaneously at data collection systems (SIC/SOC), data standardization and collective/dynamic mapping activities is needed in order to tailor support measures to the needs of this group.

- R&D uptake is still lagging for creative and cultural sectors. There is a disconnect between the different sub-sectors, with little cross-sector or partnership intellectual property (IP) development (R4). Innovation and cross-disciplinary skills development need to be put at the heart of any future strategy to break siloed thinking as well as to design specific measures that ensure R&D activity become part of the business culture of freelancers/SMEs.

- Lack of an integrated and inclusive future skills strategy. Innovation must be put at the heart of a specific screen skills strategy including designing a Skills Fund that is accessible and inclusive. Moreover, with production companies expressing concerns for summer 2021 with regards to an expected shortage of labour (R4), leaner legal contracting conditions and an increased visibility/access to jobs could ease the pressure on the labour market. The Committee could also consider whether there is merit in using the momentum created by training providers online offer to design a unique and diversified training plan, providing easy access to resources.