

ICM Unlimited...



Impact of Brexit on the arts and culture sector

A report by ICM and SQW on behalf of Arts Council England

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Executive summary

This research was designed to help establish a strong evidence base on the extent of European and international working relationships by arts and cultural organisation in England.

This report presents the findings from a mixed-method piece of research with key stakeholders from the arts and culture sector on behalf of Arts Council England (hereon in referred to as 'the Arts Council' or 'ACE'). The research consisted of an online survey of 992 stakeholders, as well as a series of 14 qualitative case studies. A full profile of the stakeholders who participated in this research is provided on pages 7-8.

The quantitative study took place between 20 September and 17 October 2017, and the qualitative interviews were held between 16 October and 10 November 2017.

Brexit: an overview of effects, concerns and future priorities

- Most stakeholders responding to the survey have a negative perception of Brexit, with many expressing the view that it would have adverse effects on the arts and culture sector. When asked about potential advantages, a majority stated that they were not able to give any arising for their organisation as a result of Brexit.
- The most important priority for organisations post-Brexit is enabling organisations or individuals to work abroad in the EU for short periods (21%), followed by supporting organisation in replacing funding from EU sources (15%) and reducing barriers to trade in the arts and culture sector (15%).
- If the costs of any particular international activity were to increase substantially following Brexit, organisations are generally more likely to reduce the amount of that activity, rather than cut elsewhere or being confident in their ability to secure additional funding to maintain the level of activity.

Funding, trade and economic uncertainty

- Only 5% report the exchange rate changes since Brexit having a positive impact on their organisation, with almost half (48%) reporting a negative impact.
 - The negative impact of exchange rates is most keenly felt in terms of increased economic uncertainty, followed by the increased costs of goods and services both in general and from abroad.
- The majority of stakeholders don't receive any funding from the EU. Only 1 in 7 stakeholders (14%) report receiving direct EU funding, while 3 in 10 (30%) have benefitted indirectly from EU funding, through being part of a consortium funding application or being a user of an EU funded project.
 - Of the European funding sources given, most were used for revenue funding, with Creative Europe having funded the most organisations. Funding received from European sources is much more likely to be ad hoc rather than regular.
- A large majority of stakeholders (93%) are concerned about economic uncertainty and its potential impact on the funding environment for arts and culture.

International activities

- Two-thirds (67%) of stakeholders report that their organisation has undertaken at least one type of international activity in the last 2 years. Of these organisations, more engage in international activity *within* the EU compared to outside the EU.
- Large organisations and those in London are most likely to engage in international activity.
- The most common international activities to have undertaken in the past 2 years were hosting international artists in the UK (42%), co-commissioning with international partners (29%), sending UK based artists abroad (28%) and touring abroad (27%). A third have not undertaken international activities in the past 2 years.
- Half (51%) of stakeholders report that artistic exchange is ‘very important’ for their organisation and its work.
- The most universal benefits from international activity are artistic and professional development (89%) and knowledge exchange and collaboration (85%). When asked to select a single most important factor, ‘artistic and professional development’ is the most important benefit – selected by 2 in 5 (39%), more than twice the number of the second most important benefit.

Employment and freedom of movement

- While only a minority of the organisations included in this survey employ EU nationals, this rises to a majority of the workforce among larger organisations and among organisations based in London.
- EU workers are most likely to be employed in an artistic / creative capacity, followed by a managerial and administrative roles.
- In the past 2 years 9% of stakeholders have supported an application for a Tier 5 visa, with 3% having supported an application for a Tier 2 visa.
- A potential reduction in freedom of movement of people, goods and services would have the most widely felt negative impact in terms of bringing artists and organisations to the UK (73%), cross-border projects with EU partners (73%) and future touring within the EU (70%).

Museums, collections and cultural property

- Nine in ten museums (89%) that loan to and from the EU generally make arrangements at least six months in advance.
- The museums included in this project were among the least negative towards Brexit of all arts and culture stakeholders. However, when asked about the potential effects of Brexit, museums appear to be concerned about the more general impacts of Brexit – felt across the arts and culture sector – rather than specific impacts which are only applicable to museums.

Legal and regulatory frameworks

- There appears to be a high level of concern about the potential impact of Brexit on European legislative frameworks, with four in five arts and culture organisations (80%) expressing concern over potential changes to the European legislative framework.

Introduction

The prospect of the UK's exit from the European Union presents wide-ranging challenges for every part of the UK economy. The arts and cultural sector, like many others, has spent the twelve months since the EU referendum contemplating the potential implications of Brexit for their work, and exploring the likely challenges ahead. In this context, the Arts Council will need to work with government to help ensure that the voice of arts and cultural organisations in England is heard.

This is the second major research project on the impact of Brexit published by ACE. In November 2016 ACE published [‘the arts and culture sector and exit from the European Union’](#), which summarised findings from a survey of more than 1,000 participants about their perceptions of the implications of the UK's exit from the European Union on the arts and cultural sector in England.

The overarching objective of this research is therefore to build on previous research conducted, in order to provide a rigorous and authoritative assessment of the extent of European and international working relationships held by arts and cultural organisations in England.

In particular, the research aims to provide insight across a range of key topics including:

- Funding;
- Touring;
- Trade;
- Artistic exchange;
- Talent, workforce and skills;
- Legal and regulatory frameworks;
- Collections and cultural property.

Methodology

ICM conducted a mixed-methodology piece of research consisting of an online survey and a series of in-depth interviews.

Quantitative survey

ICM conducted a quantitative online survey with stakeholders and opinion formers from the full spectrum of Arts Council stakeholders. The Arts Council compiled a sample frame from its systems and databases of stakeholder contacts from the arts and cultural sectors, as well as other partners.

This group includes National Portfolio Organisations that receive regular funding from the Arts Council, individual artists that receive Grants for the Arts, organisations and individual artists that have applied for funding, central and local government staff with responsibility for arts and culture, and key representatives from the libraries sector and national and regional agencies.

A warm-up email was sent to all contacts to confirm the authenticity of the research and stress its importance to the Arts Council. This email was followed up with an invitation email containing an online link to the survey, which was sent to all contacts by the Arts Council. Reminder emails were sent at weekly intervals throughout the fieldwork period to all stakeholders who had not yet completed the survey. No quotas were set during fieldwork.

In total, 992 Arts Council stakeholders and opinion formers completed the online survey. The total sample size, and the number of complete responses, is broken down by art form / organisation type in the table below.

ACE stakeholder sample details	
Stakeholder group	Total completes
Combined arts	186
Dance	76
Literature	62
Music	168
Theatre	203
Visual arts	165
Museums	74
Libraries	8
Not art form specific	50
TOTAL	992

As the exact size and nature of the Arts Council's stakeholder universe is unknown, data are unweighted. This replicates the approach used in previous Arts Council stakeholder surveys and is a standard approach used in stakeholder research.

The research was carried out between 20 September and 17 October 2017.

All responses have been analysed by a range of geographic and attitudinal variables; detailed breakdowns have been provided in a separate volume of computer tables. Overleaf is a sample breakdown, detailing the composition of the quantitative sample by key variables.

ACE stakeholder sample details¹	
Organisation income	
£39,999 or less	42%
£40,000 - £249,000	31%
£250,000 - £999,999	15%
£1,000,000 or more	10%
Don't know	1%
ACE funding received	
National Portfolio Organisation (NPO)	18%
Major Partner Museum	1%
Grants for the Arts	58%
Strategic funding programmes (e.g. Creative Case for Diversity etc.)	7%
Music Education Hub	3%
Not ACE funded	20%
ACE area / region	
London	29%
Midlands	15%
North	22%
South East	18%
South West	14%
Don't know	2%
Number of employees	
0 employees	29%
1-9 employees	53%
10-25 employees	8%
26-50 employees	3%
51-100 employees	2%
101-249 employees	2%
250+ employees	1%
Don't know	1%
Art form	
Combined arts	19%
Dance	8%
Literature	6%
Music	17%
Theatre	20%
Visual arts	17%
Museums	7%
Libraries	1%
Not art form specific	5%

¹Nb. Where results do not sum to 100%, this may be due to rounding.

Qualitative case studies

A series of qualitative case studies were produced, based on in-depth interviews conducted with respondents from the quantitative online survey. At the end of the survey, respondents were asked if they were willing to be re-contacted to discuss their views in more detail; from this sample of potential respondents, ICM and SQW recruited 14 organisations to participate in a detailed case study on the impact of Brexit for their organisation, with a particular focus on a specific topic area.

The following topic areas were explored in detail during the case studies:

- Funding
- Touring
- Trade
- Artistic exchange
- Talent, workforce and skills
- Collections and cultural property
- Legal and regulatory frameworks

In addition, the case studies were selected to provide a good mix of respondents across different sectors, organisation size, and funding type.

Interviews lasted between 45 minutes and one hour, and were conducted either by telephone or face to face. The interviews were carried out between 16 October and 6 November 2017.

Presentation and interpretation of data

This research deals with stakeholders' perceptions at the time the fieldwork was conducted, rather than facts. Stakeholders' views may therefore not accurately reflect the situation of the wider sector at the time of the publication of this report.

The qualitative case studies have been included to illustrate the key themes emerging from the quantitative survey; however, each case study primarily reflects the views of the organisation profiled and may not represent the views held across the wider sector.

Quantitative survey

It should be remembered at all times that a sample of Arts Council stakeholders has been interviewed, rather than all stakeholders. In consequence, all results are subject to sampling tolerances, which means that not all differences are statistically significant. Further information about sampling tolerances is appended. Throughout the report, differences across stakeholder categories are highlighted when statistically significant.

Where percentages do not sum to 100, this may be due to computer rounding, the exclusion of "don't know" categories, or multiple answers. Throughout the report an asterisk (*) denotes any value of less than half of one per cent, but greater than zero.

In the report and accompanying computer tables, reference is made to “net” figures. This represents the balance of opinion on attitudinal questions, and provides a particularly useful means of comparing the results for a number of variables.

Qualitative case studies

In-depth interviewing is a qualitative research technique that involves conducting intensive individual interviews with a small number of respondents to explore their perspectives on a particular idea, programme, or situation.

The primary advantage of in-depth interviews is that they provide much more detailed information than other data collection methods, such as quantitative surveys. Qualitative research is intended to shed light on why people have particular views and how these views relate to the experiences of the participants concerned. One to one interviews enable respondents to participate in an informal and interactive discussion and to allow time for complex issues to be addressed in some detail. It also enables researchers to test the strength of people’s opinions. This approach, in other words, facilitates deeper insight into attitudes underlying the ‘top of the mind’ responses to quantitative studies.

However, there are limitations and pitfalls to in-depth interviews, which need to be borne in mind when analysing the data.

Firstly, the data is not generalisable or quantifiable. Because of the small samples and non-random selection processes involved, the findings from in-depth interviews are not necessarily representative of all stakeholders. However, when the same themes, issues and topics emerge from a number of interviewees, we can be confident that findings have sufficient weight to be included in the research. As a general rule, ICM considers it necessary for a minimum of three organisations to raise the same topic for it to be reported on. The only exception to this rule is if one stakeholder says something that is considered particularly interesting or noteworthy; on these occasions, the finding is reported on, but it is made clear that this is not a widely supported opinion.

Secondly, as with all interviewer-administered research, in-depth interviews are prone to interviewer effects and bias. At ICM this risk is minimised by a small team of highly trained, senior and experienced researchers conducting all of the interviews. All researchers adopt tried and tested verbal and non-verbal interviewing techniques to avoid bias and place the interviewee at ease.

Verbatim comments from the interviews have been included within this report. These should not be interpreted as defining the views of all participants but have been selected to provide an insight into a particular issue or topic or to illustrate a broader thread of opinion.

Acknowledgements

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Brexit: an overview of effects, concerns and future priorities



1. Brexit: an overview of effects, concerns and future priorities

Key findings

- Most arts and culture stakeholders responding to the survey have a negative perception of Brexit, with many expressing the view that it would have adverse effects on the arts and culture sector – including reputational risk, an uncertain economic and funding environment, and increasing costs and complications for their organisations in relation to freedom of movement.
- The most important priority for organisations post-Brexit is enabling organisations or individuals to work abroad in the EU for short periods, followed by supporting organisation in replacing funding from EU sources and reducing barriers to trade in the arts and culture sector.
- If the costs of any particular international activity were to increase substantially following Brexit, organisations are generally more likely to reduce the amount of that activity, rather than cut elsewhere or look to secure additional funding.

1.1 Possible advantages and disadvantages resulting from Brexit

1.1.1 Possible advantages

Most artists and arts and culture organisations responding to this survey have a negative perception of Brexit, with many expressing the view that it would have adverse effects for the work of the arts and culture sector.

When asked about **potential advantages of Brexit**, a majority stated that they were not able to give any advantages arising for their organisation as a result of Brexit. This reflects both the negative sentiment towards the outcome of the EU referendum and the uncertainty surrounding future agreements with the European Union.

However, a number of stakeholders do see some advantages to Brexit. These range from short-term positive effects of the weaker pound through to longer-term future market development opportunities:

- 1 For some stakeholders, the **change in exchange rate** has had some positive effects. Several organisations suggest that they have benefitted or will benefit financially from any funding or earned income which is paid in Euros. That said, this is frequently offset by negative effects of the weaker pound including increased cost of raw materials.
- 2 On a related note, a **potential increase in tourism due to the weaker pound** is thought by some to be a possible advantage for the arts and culture sector, with a greater number of visitors creating more interest in UK arts, culture and entertainment.

- 3 A handful of stakeholders suggest that the outcome of the referendum has forced them to **explore international opportunities outside of the European Union**, and consider changing the emphasis of their international activities.
- 4 In addition, a small number of stakeholders suggest that the UK leaving the EU could have potential advantages in terms of **reduced EU regulations and administrative processes**. Several stakeholders who currently hold EU funding suggest that the process of applying for funding and completing monitoring reports could be greatly improved through any easing of the administrative burden. Others suggest that there are broader barriers created by EU regulations which could be lessened by Brexit.

Nevertheless, some smaller arts and cultural organisations report that they are likely to be unaffected by broader political changes, stating that their own work is likely to continue as before, barring any changes which affect the whole arts and culture sector in England.

1.1.2 Possible disadvantages

The majority of stakeholders highlight potential disadvantages of Brexit, both in relation to their own organisation and for the arts and culture sector as a whole:

- 1 There is a strong feeling that Brexit could have a **negative impact on the UK's international reputation** in the arts and culture sector. Specifically, international partners may believe that the UK wants to disengage from Europe which could have a detrimental impact on international partnerships, and may lead to less international artistic exchange and collaboration.
- 2 There is a widely held view that the **overall uncertainty created by Brexit** could negatively affect the UK economy and therefore the economic environment for the arts and culture sector. In this context, several stakeholders express concerns that funding for arts and culture is unlikely to be a priority for the government post-Brexit.
- 3 A handful of stakeholders directly reference the negative impact that a **lack of EU funding** would have for the arts and culture sector in the UK. Specifically, some reference the considerable positive impact of EU funding by providing important infrastructure and, in the absence of this funding, they believe that arts and culture in the UK will suffer.
- 4 A large number of stakeholders highlight the potential negative effects that **reduced freedom of movement** would have for their organisation, including increased administrative costs, potential delays, and a reduced talent pool for their organisation's workforce, including low-skilled, professional and artistic and creative workers.

Indeed, a small number suggest that these issues could jeopardise the income of their organisation by increasing administrative costs and thereby increasing their cost of business. Where organisations are reliant upon European work for their core income, this is thought to present a real risk to the continued existence of these organisations.

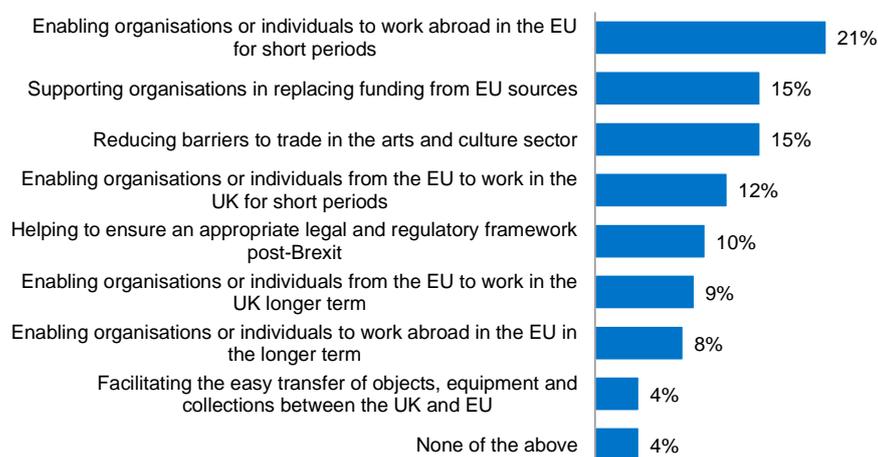
1.2 Future priorities for arts and cultural organisations

In order to provide an understanding of future priorities for the sector, stakeholders were asked to rank the top three future priorities for their own organisation.

Short-term mobility within the European Union appears to be the most important priority for around a third of stakeholders. One in five (21%) say the first most important priority for their organisation post-Brexit would be enabling organisations or individuals to work abroad in the EU for short periods, while a further 12% say the first most important priority for their organisation is enabling organisations or individuals from the EU to work in the UK for short periods.

Other key priorities include supporting organisations in **replacing funding from EU sources** (15%) and **reducing barriers to trade** in the arts and culture sector (15%), while one in ten prioritise helping to ensure an **appropriate legal and regulatory framework** post-Brexit (10%).

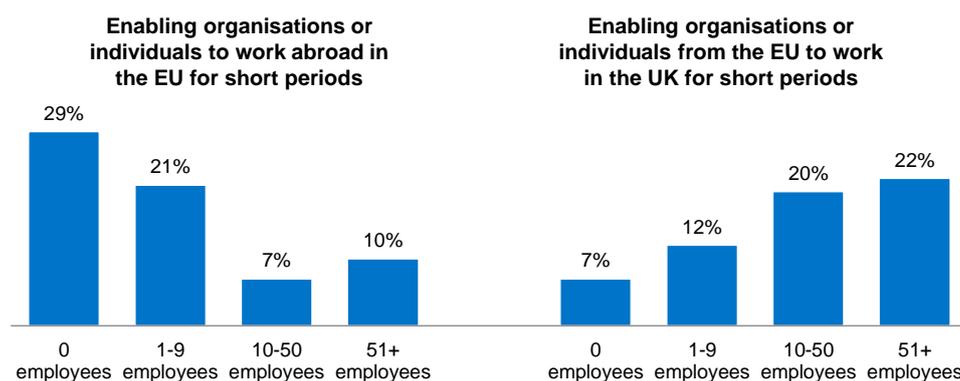
Figure 1.1: First most important priority post-Brexit



Q24. Thinking about the future of the arts and culture sector post-Brexit, which of the following issues would be the most important priorities for your organisation? **First priority**
Base: All participants (n=992)

Working abroad in the EU for short periods appears to be most important for smaller organisations, with individual stakeholders with no employees (29%) or organisations with 1-9 employees (21%) significantly more likely to select this as their first most important priority compared to organisations with 10-50 employees (7%).

Figure 1.2: First most important priority post-Brexit by organisation size



Q24. Thinking about the future of the arts and culture sector post-Brexit, which of the following issues would be the most important priorities for your organisation? **First priority**
Base: All participants (n=992)

By contrast, larger organisations are significantly more likely to highlight the importance of enabling organisations or individuals from the EU to work in the UK. Around one in five organisations with 10-50 employees (20%) or more than 50 employees (22%) say that enabling organisations or individuals from the EU to work in the UK for short periods is the most important priority.

Unsurprisingly, there is also considerable variation by art form. Stakeholders working in music (31%) and theatre (26%) are most likely to cite enabling short-term work abroad in the EU as their most important priority. By contrast, stakeholders in dance (24%), literature (23%) and combined arts (20%) are most likely to cite reducing barriers to trade as the most important priority.

Museum stakeholders cite slightly different priorities compared to other groups, with nearly a quarter (23%) saying that helping to ensure an appropriate legal and regulatory framework post-Brexit is their first priority. Facilitating the easy transfer of objects, equipment and collections between the UK and EU is most likely to be cited as a priority by stakeholders working in museums (14%) or in the visual arts (13%).

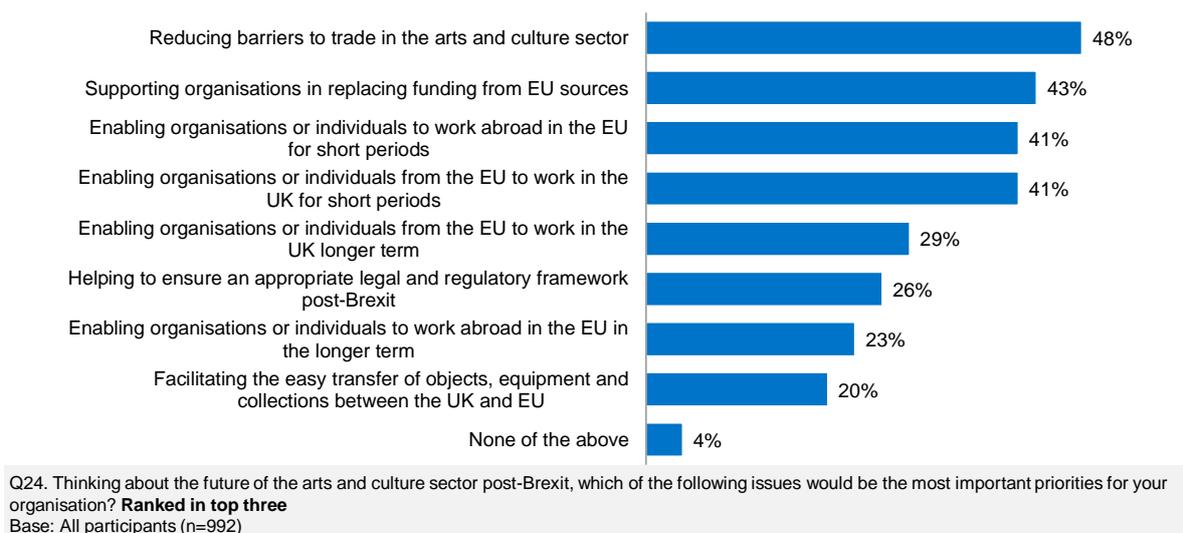
Table 1.1 – Top priority by art form / organisation type	
Sector	First most important priority
Combined arts	Enabling organisations or individuals to work abroad in the EU for short periods (20%) Reducing barriers to trade in the arts and cultural sector (20%)
Dance	Reducing barriers to trade in the arts and cultural sector (24%)
Literature	Reducing barriers to trade in the arts and cultural sector (23%)
Music	Enabling organisations or individuals to work abroad in the EU for short periods (31%)
Theatre	Enabling organisations or individuals to work abroad in the EU for short periods (26%)
Visual arts	Enabling organisations or individuals to work abroad in the EU for short periods (21%)
Museums	Helping to ensure to ensure an appropriate legal and regulatory framework post-Brexit (23%)
Not art form specific	Supporting organisations in replacing funding from EU sources (28%)
Base: all participants; combined arts (n=286), dance (n=76), literature (n=62), music (n=168), theatre (n=203), visual arts (n=165), museums (n=74), not art form specific (n=50). Nb. Base size for libraries (n=8) is too small for analysis.	

To provide a broader picture of key issues in the aftermath of Brexit, the survey data on future priorities was also examined by a combined measure of ‘top three priorities’.

In this context, reducing barriers to trade in the arts and culture sector (48%) and supporting organisations in replacing EU funding (43%) are most frequently cited as one of the top three priorities post-Brexit.

However, by this measure, short-term mobility within the European Union still remains an important priority. Two in five (41%) suggest that enabling organisations or individuals to work abroad in the EU or enabling EU organisations or individuals to work in the UK for short periods is a priority for their organisation.

Figure 1.3: Top three most important priorities post-Brexit



When it comes to longer-term living and working across Europe, three in ten (29%) think enabling EU organisations or individuals to work in the UK in the longer term should be a priority, while nearly a quarter (23%) think enabling UK organisations or individuals to work abroad in the EU in the longer term should be a priority.

Again, there is considerable variation by art form or organisation type. Issues relating to short-term work abroad are generally more likely to be prioritised by stakeholders in theatre and dance (both 53%), while museums stakeholders are most likely to prioritise appropriate legal and regulatory frameworks (49%). Facilitating the easy transfer of objects, equipment and collections is most likely to be prioritised by visual arts (41%) and museums (36%) stakeholders.

Stakeholders who are in direct receipt of EU funding are significantly more likely to say that supporting organisations in replacing funding from EU sources is one of their top three priorities; over half of this group (57%) prioritise this, compared to 40% of those who do not receive any EU funding.

Overall, there are few significant differences in priorities by region; however, those in the London area are significantly more likely than all other ACE areas to prioritise enabling organisations or individuals from the EU to work in the UK in the longer term, with 38% ranking this in their top three priorities compared to an average of 25% across other ACE areas. This is likely to reflect the fact that stakeholders in London are significantly more likely to employ EU nationals (48% employ EU nationals compared to an average of 27% elsewhere) and are therefore more likely to be affected by any changes in EU nationals' right to work in the UK.

1.3 Future role of arts and culture organisations

In the context of Brexit, a handful of stakeholders highlight the future role of the arts and culture sector in producing creative work in response to the current political uncertainty. Several suggest that Brexit will encourage them to be outward-looking in their work and to forge strong relationships with international partners, whether inside or outside the EU.

A small number of stakeholders also suggest that Brexit has forced arts and cultural organisations to reconsider how they connect to the wider public, and what more they can do in this area. Indeed, some highlight the potential role of arts and culture in helping to bring communities together following the divisive Brexit vote and its consequences.



Funding, trade and economic uncertainty

2. Funding, trade and economic uncertainty

Key findings

- Only a minority of stakeholders have benefitted from EU funding, whether directly via a funding award or indirectly through being part of a consortium funding application or being a user of an EU funded project.
- Of the small number of organisations who do receive European funding – most commonly through Creative Europe – most were using this for revenue funding. Funding received from European sources is much more likely to be ad hoc rather than regular.
- Almost half report that the exchange rate changes since Brexit have had a negative impact on their organisation.
 - The negative impact of exchange rates is most keenly felt in terms of increased economic uncertainty, followed by the increased costs of goods and services both in general and from abroad.
- A large majority express concerns about economic uncertainty, and how this could affect the funding environment for arts and culture.

2.1 Overall feedback on EU funding

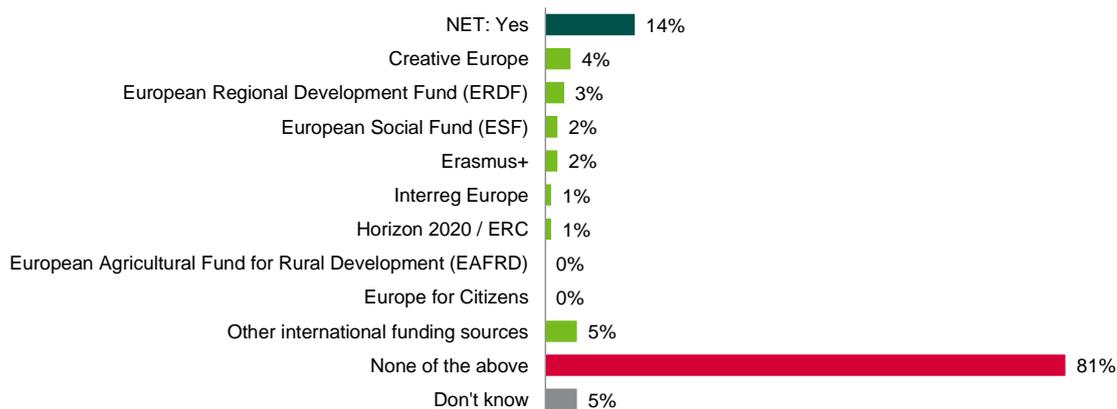
The loss of access to EU funding is a commonly voiced concern in this research. When asked to describe the main disadvantages of Brexit in their own words as part of the quantitative survey, funding appears as one of the themes most commonly cited by stakeholders.

These comments include generalised concerns about losing access to European funding, and the potential impact this may have for the wider arts and cultural environment. However, in addition to these general anxieties, some organisations highlight more specific concerns over the loss of funding, including those related to specific pots, art forms and regions.

2.2 Benefitting directly from EU funding

Overall, 14% of organisations report having benefitted directly from one of the EU and international funding sources listed in figure 2.1 (including 'other'). No single fund dominates, but the Creative Europe is most commonly selected (4%), followed by ERDF on 3%.

Figure 2.1: Proportion of organisations that have benefitted directly from EU and international funding sources



Q2. Over the last two years, have you received any direct funding from the following EU and international sources?
 Base: All participants (n=992)

The amount of capital and revenue funding received from each of these funds varies dramatically (see figure 2.2 below). On average, the largest amount capital funding comes from ERDF (mean £782,621), while Interreg Europe averages the largest revenue funding pots (mean £305,000). Larger organisations (in terms of income or number of employees) were more likely to have received direct funding from EU and international sources than smaller organisations. There is no significant variation in the likelihood to have received EU or international funding by region.

Figure 2.2: Mean amount of funding received from each source (from highest to lowest combined total)

Name of fund and size of the sample subgroup answering the question	Capital Funding	Revenue Funding
European Regional Development Fund (ERDF)	£782,621	£101,824
Interreg Europe	£40,000	£305,000
European Social Fund (ESF)	£216,000	£117,374
European Agricultural Fund for Rural Development (EAFRD)	£250,000	£55,800
Creative Europe	£48,167	£77,817
Erasmus+	£11,867	£89,407
Europe for Citizens	-	£95,000
Horizon 2020 / ERC	-	£78,750
Other	£13,387	£24,482

Q3. How much funding have you received from these sources over the past two years? Base: all selecting at least one funding source at Q2 (n=143). Size of sample subgroup: ERDF n=28, Interreg Europe n=8, ESF n=19, EAFRD n=2, Creative Europe n=36, Erasmus+ n=22, Europe for Citizens n=1, Horizon 2020 / ERC n=5, Other n=52.

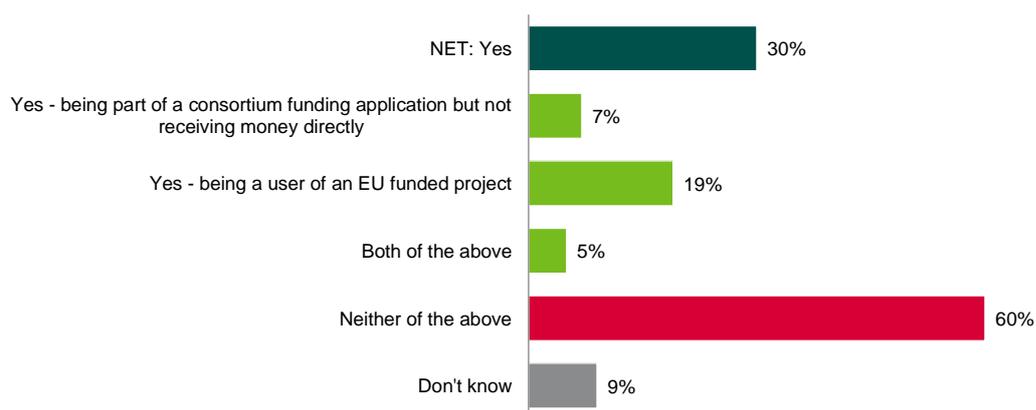
Recipients of EU funding were asked for more details about the nature of the funding they receive. One in nine (11%) say they receive regular funding, compared to 85% who receive their funding on an ad hoc basis. A further 4% receive both regular and ad hoc funding (and another 3% don't know).

Three quarters (73%) of the organisations who receive funding from one of the EU sources listed above report that most of this is spent on programme activity. This is by far the most common response, followed most closely by talent development (11%) and buildings and infrastructure (6%).

2.3 Benefitting indirectly from EU funding

Despite the prominence of funding in organisations' feedback, overall less than a third (30%) of those who took part in this study report having benefitted indirectly from EU funding in the last two years (see figure 2.3). Of those saying they have benefitted indirectly, most have done so by being a user of an EU funded project (19% of the total sample). 7% have benefitted through being part of a consortium funding application, and a further 5% have benefitted in both ways.

Figure 2.3: Proportion of organisations that have benefitted indirectly from EU funding in the last two years



Q1. Over the last two years, have you benefitted indirectly from EU funding in either or both of the following ways?
Base: All participants (n=992)

Case Study: Hall for Cornwall



About the organisation

Hall for Cornwall is a large theatre with a main auditorium of 975 seats. It runs a mixed programme of theatre, music, dance and comedy, primarily for a local audience: 91% of its audience is local. It is a seven day-a-week operation.

The theatre itself is only around 20 years old, though the historic building it occupies is much older. Very unusually for a large independent theatre, Hall for Cornwall is based in a small city – Truro has just 20,000 inhabitants.

The Hall has been increasingly successful in recent years. Its turnover has risen by around a third in the last six years (to £6m), and it has improved its yield management and grown its customer database, which is now estimated to hold the names of around 25% of Cornwall's residents.

The theatre's audience is socio-economically diverse, which is important to them given that Cornwall is one of the poorest parts of England. The theatre also has a reputation for engaging disabled audiences – it was one of the first theatres in the country to host 'relaxed' performances, for example.

The Hall gets financial support from Arts Council England (as well as from Cornwall Council), and is a National Portfolio Organisation.

Potential impact of Brexit on funding

The Hall is now undertaking a major capital project to improve its facilities, increase its capacity and to develop a creative industries hub in one part of its building. This should help it compete with better-known theatres such as those in Plymouth and Bristol.

The capital project will cost £18.5m in total. Of that, £5m comes from Arts Council England, £2m from the Treasury, and £2.1m from the European Regional Development Fund (ERDF). Cornwall Council is providing support, and the Hall is also bidding to HLF and the Local Growth Fund for further funding.

Another £2.8m needs to be raised privately. There is a lack of big businesses in Cornwall that might contribute, though the Hall is having some success with wealthy second-home owners who have come to see the Hall as 'their' theatre.

The ERDF and the Local Growth Fund money is intended to pay for a creative industries workspace unit, designed in part as grow-on space for start-ups from Falmouth University, which has established strengths in the creative and cultural fields. The Truro and Falmouth area of Cornwall is developing a reputation for both digital technology and gaming – the chief executive thinks the hub at the Hall might appeal to such firms. They would have access to the theatre's other spaces, including the main auditorium, for developing and testing products and services if they wished.

Having several funders means several sets of returns have to be filled in, involving the theatre in multiple bureaucratic processes (the ERDF is cited as particularly difficult in this regard). It is especially hard to get such a group together for a project in a rural area. Funding partners often look to each other to see what each is doing and, once one big player commits, others are likely to follow – the Local Growth Fund money is conditional on securing the ERDF support, for example. Losing European funding as an option will make such coalitions of funders harder to put together, though the Arts Council is probably the single most influential funder of such projects.

The chief executive reports that the government departments he is dealing with are being affected by the uncertainty surrounding Brexit, and as a result are becoming slow at getting project funding decisions ‘over the line’.

While the ERDF money should be secure in this case, whatever the outcome of the Brexit negotiations, the Hall is worried about the possible risk of clawback – the ERDF can (and does) take a proportion of the money back after its audits if it feels the brief has not been fully complied with.

Planning for Brexit

The Hall’s performers and visiting companies are overwhelmingly British (98%), as is its audience. It does not generate touring productions of its own. The capital project has been so all-consuming for the chief executive that he has had little opportunity to develop artistic links outside the UK. The Hall has only a couple of EU nationals on the staff. It therefore does not foresee major changes to its practices as a result of Brexit. The capital project is a one-off, so if it is successful Hall for Cornwall is unlikely to need funding on such a scale again for many years.

The concerns it has relate more to the effects of Brexit on Cornwall more widely. Cornwall has been a big recipient of EU funding, as it was the only area in England deemed poor enough to qualify for ‘Objective One’ funding, which was designed to help improve the economic performance of struggling regions of the EU. Through this mechanism Europe has supported much of the new infrastructure developed locally in recent years, from Falmouth University to Cornwall’s excellent broadband network. It has also funded skills development and training courses for Cornish residents.

Cornwall has its own cultural identity, one that is strongly linked to other parts of Europe such as Brittany and the Basque country. According to the chief executive, Cornish culture is taken seriously by Brussels.

The chief executive worries that Cornwall may find itself marginalised after Brexit. He hopes the government will take the ‘left behind’ agenda seriously and pay attention to the needs of disadvantaged areas, but is concerned that the lost EU funding may thus not be fully replaced. Cornwall also has significant numbers of EU workers, with some industries relying on them (such as fruit and vegetable picking). Brexit may thus damage the local economy in a number of ways, which will have knock-on effects for Hall for Cornwall and other Cornish cultural institutions.

Case Study: ISIS Arts



About the Organisation

Founded in 1991, ISIS Arts is an international producer of contemporary arts, with a long history of connecting artists and communities internationally through a programme of residencies, commissions and events. They are strong advocates for the value of the arts, engaging in policy through national and international platforms.

ISIS Arts is particularly interested in work that exposes the international in the everyday, the diverse communities in local neighbourhoods and their connections to the rest of the world.

A current example of ISIS Arts' international work is the *Corners*, a four-year Creative Europe programme working with eleven partners across Europe. *Corners* draws threads between artists and communities on the outer edges of Europe and outside major urban and cultural centres. So far, this programme has created a series of 12 commissions with 55 artists, in neighbourhoods from Blyth to Gdansk from Rijeka to San Sebastian.

A second example are their research residencies which this year invited 2 European nationals living in the UK to consider our relationship with the rest of Europe. This led to two commissions as part of the Platforma Arts and Refugee Festival in Newcastle in October 2017.

As experts in their field, they have advised the European Commission on the development of the Creative Europe programme, DCMS on the future of the UK's continued engagement in Creative Europe and European activity and produced the UK's Culture Action Europe conference with contributions from Alan Davey (ACE) and Graham Sheffield (British Council).

Director Clymene Christoforou has recently advised Leeds on the European dimension of their European Capital of Culture bid and presented on the impact of Brexit on Irish and UK arts practice in Paris. From 2011 – 2017 she was a board member and treasurer of Culture Action Europe, the political platform for culture based in Brussels.

As such, international activity is at the heart of the organisation's work. The organisation has a strong relationship with the British Council, in the development and delivery of their programme, regularly supports the Creative Europe UK Desk and is supported by DiT/ UKTI to develop their international markets.

Potential Brexit impacts on funding

Reflecting the international focus of their work, ISIS Arts has regularly received European funding. They have led on a European Culture Programme (2006-8), been a major partner in a large scale Creative Europe programme (2014-18), received regional structural funds (ERDF / ESF) for a 2 year training programme and through UKTI for Market development

(2006 – 2014) and won contracts from international networks, municipalities and regional governments. The organisation intends to apply Creative Europe for the next round.

At present, EU funding for the current Creative Europe *Corners* programme represents around 20-25% of ISIS Arts' turnover over the course of the four-year programme.

However, there are broader implications to securing funding from EU sources. Specifically, ISIS Arts emphasises that receiving EU funding can be instrumental in opening up access to other national and local funding sources. For instance, winning European funding can be instrumental in making further successful applications for funding from trusts, foundations or local authorities. Further, ISIS Arts stresses the importance of EU funding in creating an international platform for their work and enabling equitable international partnerships for the development and delivery of the programmes in question.

The upcoming EU exit from the European Union therefore raises questions about future funding opportunities for ISIS Arts as well as the organisations they work with. Clymene Christoforou, Executive Director and Board Member, explains: 'At the moment, it's impossible to plan for that because we still don't know what's going on. Some hope that the UK might continue to buy into Creative Europe. If we crash out with nothing, then there's all sorts of problems for everybody, so too little is known at the moment to plan for a negative.'

However, there are also some opportunities for the organisation which could potentially be further developed in future: 'As a result of our European expertise, we do pick up European contracts. We have got income that's generated through contracts that we deliver as international development experts, so that's perhaps something where we can build on what we've done.'

Other concerns relating to Brexit

More generally, ISIS Arts express concerns about the European nationals they work with, and how their right to live and work in the UK might be affected by Brexit. In addition, there are concerns about potential difficulties in gaining support for their projects: 'We're worried about our programme, our artists, our projects being picked up. It's much harder to sell us at the moment.'

For Clymene Christoforou, there is a feeling that Brexit may change international perceptions of UK arts and cultural organisations: 'People are not looking to us in quite the same way that they might have done before. Our position over there in these other countries is slipping away from us. It's such a shame because we were held in very high regard.'

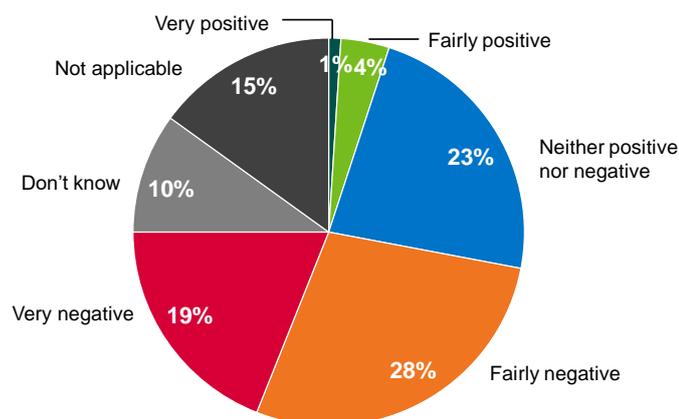
A specific example is a recent meeting in Gdansk to discuss a new European project. ISIS Arts were hoping to be part of the next iteration of this project; however, the feedback they received suggested that with one UK organisation already involved, it was felt that a second UK organisation could weaken the application overall.

2.4 Impact of the falling value of sterling

Since June 2016, the value of the British pound has fallen significantly against most major currencies, including the Euro. Organisations responding to the survey were asked what impact – if any – this has had on their work.

There are mixed views on the impact of the change in exchange rate experienced by the UK since the referendum (see figure 2.4). Organisations are significantly more likely to say that the change has had a negative effect on their organisation as opposed to a positive impact (48% negative compared to 5% positive). However, a sizeable proportion of organisations are less clear cut, either saying they ‘don’t know’ (10%) or that the impact has been ‘neither positive nor negative’ (23%). A further 15% indicate that the question is not relevant to them.

Figure 2.4: Impact of the falling value of sterling



Q21. Since June 2016, the value of the British pound has fallen significantly against most major currencies, including the Euro. What impact has this change in the exchange rate had on your organisation?
Base: All participants (n=992)

Positive qualitative feedback on the falling value of the pound

Qualitative feedback gives us a richer understanding of the impact that changes to the value of sterling is having on arts organisations. Positive feedback on the falling value tends to focus on *potential* benefits rather than benefits that are already being felt. These benefits are:

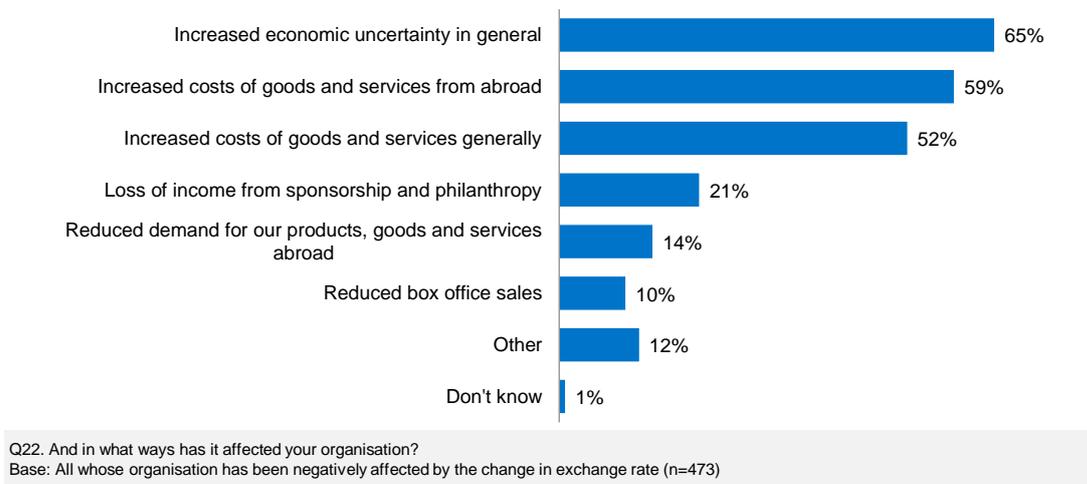
1. **Tourism:** A weaker pound might mean that more international tourists will visit the UK and spend money on cultural activities. Similarly, the unfavourable exchange rate for UK tourists may result in increased domestic tourism.
2. **Investment:** A smaller number of organisations suggest that the lower sterling value could encourage more international investment, because UK goods and services would be more affordable.

Negative feedback on the falling value of the pound

The 48% of organisations saying that the falling value of sterling has had a negative impact were asked to explain why they feel this is the case. Two thirds (65%) mention increased economic uncertainty in general, which is a recurring theme throughout this research. Other commonly mentioned reasons are ‘increased costs of goods and services from abroad’ (59%) and ‘increased costs of goods and services generally’ (52%). Notably, one in five of these

organisations (21%, or 10% of the overall sample), report ‘loss of income from sponsorship and philanthropy’ (see figure 2.5).

Figure 2.5: Detail on the impact of the falling value of sterling



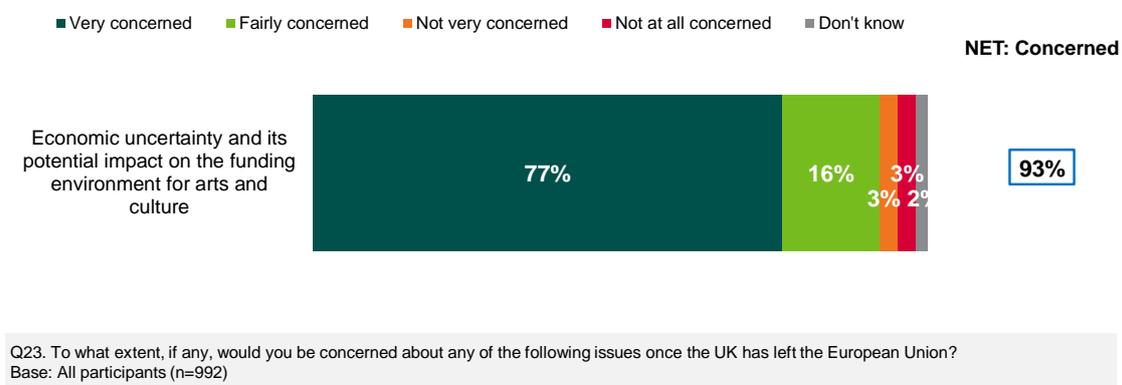
Negative reactions to the falling value of the pound were also mentioned at the end of the survey, when organisations were given a chance to write openly about the negative aspects of Brexit. Their comments include a mixture of general anxiety about what will happen in the future, as well as specific examples of how they are already seeing increasing costs for goods and services.

2.5 Concerns over economic uncertainty

Beyond the specific concerns about currency detailed in section 2.4, there is considerable broader anxiety about the economic uncertainty following the UK’s departure from the EU.

When asked how they feel about economic uncertainty and its potential impact on the funding environment for arts and culture, 93% of organisations say they are either very concerned (77%) or fairly concerned (16%). Only 6% of organisations say they are not concerned.

Figure 2.6: Concern over potential impact on funding environment for arts and culture



Levels of concern are more acute among certain subgroups. For instance, organisations in London are more likely than those located elsewhere to say they are concerned (97% compared to 90% in the North). Moreover, museums are notably less likely to voice concerns compared to other organisations, 25% saying they are not concerned, compared to just 1% of dance organisations.

Unsurprisingly, organisations that receive direct funding from the EU are significantly more likely to voice concerns than those who do not receive it (98% concerned vs. 92% concerned). The same applies to those organisations that receive indirect benefits from EU funding compared to those that do not (98% concerned vs. 92% concerned). However, agreement remains very high across the board.

Case study: Galley Beggar Press



About the organisation

Galley Beggar Press is a small independent publishing company based in Norwich. Set up in 2012, Galley Beggar focuses on literary fiction with a repertoire including several prize-winning novels, publishing a limited number of books per year in both paper and eBook formats. Its authors include Simon Gough, Eimear McBride, Preti Taneja and Gonzalo C. Garcia.

Galley Beggar's work is funded mainly through commercial activity, although they have also received a small grant from Arts Council England. They print and sell their authors' books in the UK, and sell the rights to their books internationally.

Potential impact of Brexit on trade

For Galley Beggar, one of the most immediate effects of Brexit has been the impact on the exchange rate. In particular, the weaker pound has led to a significant increase in printing costs, with supplier costs going up sharply to reflect inflation in paper costs. This has had a tangible impact on profits: "One recent book has had some fantastic reviews here in the UK, so we've printed extra numbers, which normally would be a great thing – but recently, it has been a real feeling of, 'Oh, God, we're printing more and we're making so little.'"

However, Galley Beggar also feel that the ongoing uncertainty around the Brexit process makes it difficult to fully address this issue. Sam Jordison, co-founder, explains that the potential for continued fluctuation in exchange rates, as well as uncertainty around trade and import duties, has a real impact on their ability to plan and adapt to the new environment: "It's very difficult for business, because we're trying to plan two years ahead. There's a real concern – you have to book in books, plan where you're going to print them, very early on, so we can't plan [at the moment] which is impossible."

Another important part of Galley Beggar’s work involves selling the foreign rights to their authors’ work. Currently, UK publishers are well placed to sell English-language books, not just within the UK and Commonwealth but across Europe as well. However, once the UK has formally left the EU, Galley Beggar believe that there is likely to be more competition from other English-language publishers, as UK publishers no longer hold that advantage over others when it comes to European markets.

More broadly, Galley Beggar Press believes that Brexit will have a negative reputational impact which could be damaging to UK publishers, suggesting that European partners are likely to be less willing to publish UK books. In addition, there is a feeling that working internationally will be more difficult to do post-Brexit, with negative implications for their business as a whole: “This year we’ve been to Paris quite a few times, been to Germany. I’m sure that we’ll still be able to do that, but now we can do it without thinking, without complication. We can go over, trade and we don’t have to worry about any of the wider implications of that because we’re already within the system, so all of that becomes more complicated.”



3. International activities

Key findings

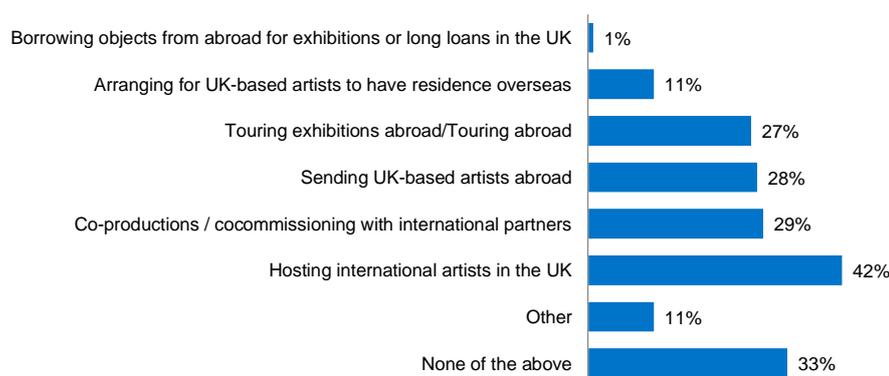
- A majority of stakeholders (67%) report that their organisation has undertaken at least one type of international activity in the last 2 years. Of these organisations, more engage in international activity *within* the EU compared to outside the EU.
- Large organisations and those in London are most likely to engage in international activity. The most common international activities to have undertaken in the past 2 years are hosting international artists in the UK, co-commissioning with international partners, sending UK based artists abroad and touring abroad.
- Artistic and professional development is thought to be the single most important benefit from international activity, followed by knowledge exchange and collaboration.

3.1 Frequency and type of international activity

International activity, as discussed in this report, is defined to cover a broad spectrum of potential cross-border actions. It includes touring, international collaborations and partnerships, and networking.

Two-thirds (67%) of stakeholders report that their organisation has undertaken at least one type of international activity in the last 2 years. The most popular forms of international activity are hosting international artists in the UK (42%), co-productions / co-commissioning with international partners (29%), sending UK-based artists abroad (28%) and touring abroad (27%). One in nine organisations (11%) have arranged for UK-based artists to have residence overseas.

Figure 3.1: Types of international activity undertaken



Q7. Which of the following activities, if any, has your organisation undertaken within the last 2 years?
Base: All participants (n=992)

Size of organisation appears to be strongly correlated with level of international activity. 44% of organisations with no employees say they haven't undertaken any of the international activities listed in Fig. 3.1 above in the past two years, compared to only 22% of organisations with over 50 employees.

The pattern of international activity increasing with size is also apparent in terms of an organisation's income. Two in five organisations (42%) with an income under £40,000 have not carried out international activity in the past two years, compared to only one in five organisations (21%) with an income of a million pounds or more.

The likelihood of an organisation taking part in international activity is also clearly linked to a range of other factors, including region and sector. For instance, four in five (79%) organisations based in London report engaging in at least one form of international activity in the last two years – significantly more than all other regions.

Further, museums (61%), theatre (41%) and organisations which are not art form specific (48%) are most likely to say they have not engaged in international activity. The full breakdown of the types of international activity by organisation sector is shown below.

Figure 3.2: Types of international activity undertaken by organisation sector

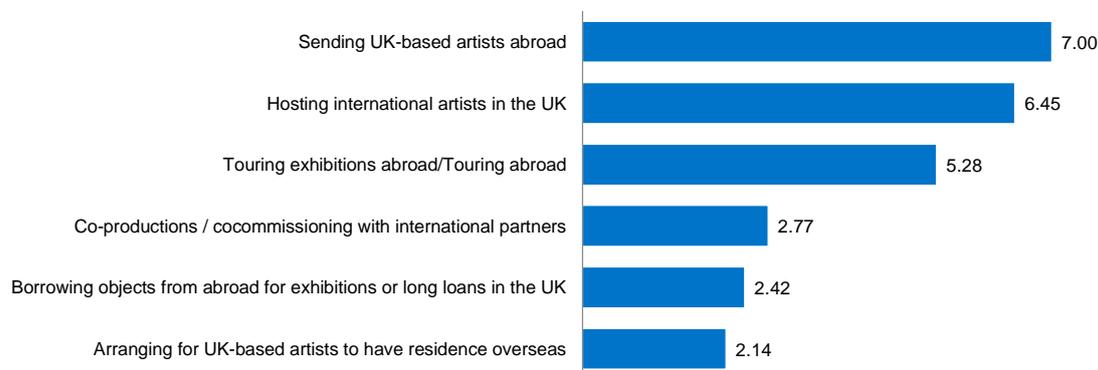
Type of international activity	Total	Combined arts	Dance	Literature	Music	Theatre	Visual arts	Museums
Borrowing objects from abroad for exhibitions or long loans in the UK	1%	-	-	-	-	-	-	16%
Arranging for UK-based artists to have residence overseas	11%	12%	25%	5%	10%	10%	15%	-
Touring exhibitions abroad/Touring abroad	27%	21%	53%	19%	35%	31%	22%	14%
Sending UK-based artists abroad	28%	28%	47%	26%	30%	32%	27%	-
Co-productions / co-commissioning with international partners	29%	33%	39%	27%	28%	25%	39%	8%
Hosting international artists in the UK	42%	49%	51%	47%	52%	33%	45%	11%

Other	11%	10%	12%	15%	9%	7%	13%	16%
None of the above	33%	28%	17%	26%	26%	41%	28%	61%

Q7. Which of the following activities, if any, has your organisation undertaken within the last 2 years? Base: all respondents (n=992). Size of sample subgroup: Combined arts n=186, Dance n=76, Literature n=62, Music n=168, Theatre n=203, Visual arts n=165, Museums n=74.

It is worth noting that the overall prevalence of the international activities listed above does not necessarily correlate to their frequency. For example, international co-production/co-commissioning is one of the most popular types of international activity in terms of number of organisations carrying it out (73% have done so within the EU), but those organisations do so relatively infrequently – averaging out at 2.8 times in the past two years. In comparison, fewer organisations say they have hosted international artists in the UK (53% within the EU) but they have done so 6.5 times in the past 2 years. The average frequency with which organisations carry out international activities is shown in figure 3.3 below.

Figure 3.3: Average frequency over two years of international activities



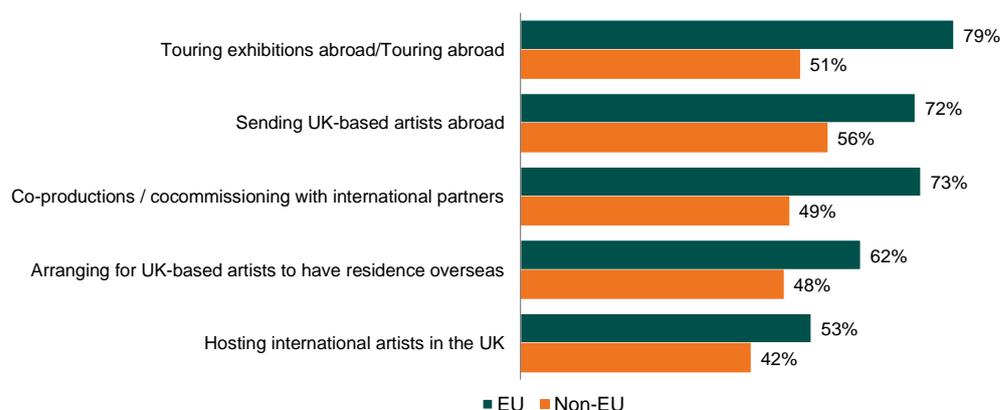
Q8. And how often have you undertaken these activities over the past 2 years?
Base: All participants selecting activity at Q7 (n=12-415)

More English arts and culture organisations engaging in international activity do so *within* the EU than outside it. In all areas of international activity asked about², more than half of organisations conducted activity of this type within the EU. The difference is particularly marked for touring abroad, where 4 in 5 (79%) tour in the EU compared to half (51%) outside the EU, and co-producing and co-commissioning, where the figures are 73% for the EU and 49% for non-EU respectively. For all types of international activity for which there is a suitable

² Nb. This includes only those activities with a base size large enough for analysis.

base size for analysis, at least 10% more of those conducting the activity did so in the EU compared to outside the EU.

Figure 3.4: Location of international activity: EU vs. non-EU



Q9. And what countries did these activities take place in?

Base: All participants selecting activity at Q7 (n=12-415) Note: borrowing objects from abroad is not shown as only 12 selected this option.

Case Study: 1927



About the organisation

1927 is a small theatre company that mixes live performance, music and animation to create innovative productions. Founded in 2005, it has built up an international reputation in a short space of time, following an early critically acclaimed production, *Between the Devil and the Deep Blue Sea*, that won several awards at the Edinburgh Festival Fringe in 2007. Since then, 1927 has often developed its new work in partnership with cultural organisations overseas. From its bases in London and Margate it tours almost continuously, both in the UK and internationally (to every continent). Although 1927 remains small, with just a handful of core staff, it will become an Arts Council National Portfolio Organisation (NPO) for the first time in 2018.

Their own productions typically take two years to develop. They will identify a few commissioning partners – usually a mix of UK and international ones – and the finished production will then be taken by the commissioning partners to their own venues, as well as touring more widely. 1927's second production, *The Animals and Children took to the Streets*, toured to 28 countries over three years. Sometimes material derived from their shows has ended up in museum or gallery exhibitions: an extract from their third show, *Golem*, was shown in the Jewish Museum in Berlin, Zurich's Design Museum, and the Musée d'Art et d'Histoire du Judaïsme in Paris.

1927 also works on co-productions, which might take a year to realise. These will initially run in the repertoire of the company with which they were co-created, such as Germany's Komische Oper.

By coincidence, 1927 moved its base to Margate a month before the Brexit vote. Margate is an area that voted to leave the EU. 1927 is starting to put down roots and work with other cultural organisations in the town, and some of its NPO funding will be directed towards creative learning and talent development programmes there.

Potential impact of Brexit on touring

Touring, and international touring in particular, lies at the heart of what 1927 does. As described above, the works that it tours arise out of close partnership working with other organisations, many of them based in the EU. Their international partners bring in cash but also automatically take a production overseas (to their own country). Most of the money for 1927's *Golem* came from the Salzburg Festival and the Theatre de la Ville in Paris, for example. This is the only way to guarantee that a production will get to go abroad – it is rare for a domestic production to be picked up by overseas producers, even with good reviews. Co-productions also involve close collaboration with partners. 1927's co-production of *The Magic Flute* was created with the Komische Oper in Berlin: the entire 1927 team re-located to Berlin for 3-4 months to work on it.

Although 1927 does not make money in every country it tours to, in general, international touring generates a profit, which 1927 uses to support its UK work (international venues/hosts pay all the costs of touring). This has been their financial model for the last decade, and they report that it is one that many other independent companies and artists use too.

In practice, there is not a single European market in culture: every country has its own rules and regulations. In 1927's work with Komische Oper, for instance, the dual-taxation arrangements between the UK and Germany have been a particular bugbear. That said, EU membership does mean that there are things 1927 does not have to worry about – visa restrictions, for instance, that might prevent them from working with EU nationals. For a small company like 1927, the absence of such bureaucratic challenges is a blessing.

When combined with the proximity of Europe – it is easier to tour there than it is to, say, North America or Asia – this makes EU countries obvious sources for partners. EU venues and companies know 1927's work well and are physically closer than many English-speaking countries. It is easy for, say, a Paris contact to come over to London.

1927 will continue to work internationally even after Brexit. The company is passionate about it – it has become embedded in its artistic practice and it gives a global perspective. The company sees it as a test of the work – if it can cross borders and speak to overseas audiences it proves it is good work.

Touring has also professionalised the company. They work with international theatre-people at the top of their game, and have worked in much larger spaces than they would have in the UK. Early on in Australia, for example, they performed at a 400-seat 'studio' theatre at the Sydney Opera House, a larger capacity than any UK studio theatre. When they eventually came to work at the Cottesloe (as it then was) at the National Theatre in London they thus had that and similar experiences to draw on.

1927 has never applied for Creative Europe funding – though the staff have thought about it – because they worry about the bureaucracy involved. However, they participate in EU-

funded networks. They are members of IETM (the Informal European Theatre Network, www.ietm.org) and go to every event they can – exchanging with peers is important to them.

1927 has met no resistance yet from overseas venues regarding Brexit. International partners tend to say, “we’ve got to keep working together – they feel for us.” This may, however, be because 1927 is well-known. It may be harder for new companies.

1927 has its artistic plans in place for the next four years. It is trying to lock down those deals and partnerships. It very rarely negotiates in pounds sterling now – it does so in Euros (or US or Australian dollars) and budgets for variations up or down in exchange rates.

Planning for Brexit

Many of 1927’s concerns about Brexit relate to the small size of the company. It simply does not have the capacity to do certain complex administrative tasks: they do not sponsor visas, for instance. Touring to any country presents challenges. The different rules in different countries mean that often no-one (on either side) really knows the answers to certain problems – they have to be navigated through as best they can. But the absence of certain sets of difficulties when working or touring in the EU makes 1927’s life easier. The thought that there “may be an expansion of these grey areas [into touring in EU countries] is slightly terrifying”.

The uncertainty on the ease with which British nationals will be able to travel across the EU post-Brexit has meant that two key members of the company of Irish heritage are trying to get Irish passports. Given the continuing uncertainty over what Brexit will actually mean, 1927 staff are also attending all the information events they can about its effect on their sector.

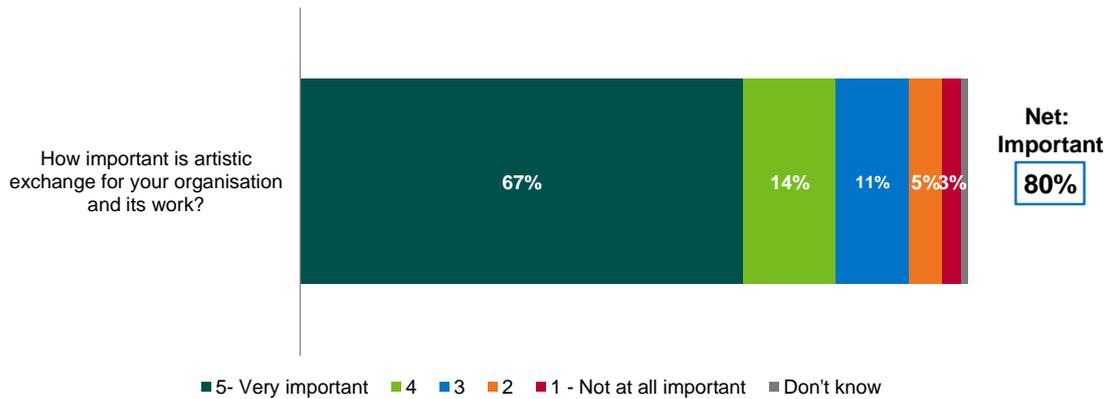
As 1927 is now an established company, with many links to overseas partners, it thinks it will probably cope better than many companies and becoming an NPO should also help improve its financial stability. However, Brexit could introduce practical difficulties, for instance, over moving their equipment and props across borders. In the United States, the company has had equipment temporarily impounded as part of routine checks – it almost had to cancel a show there as a result. This makes it harder to pack performing schedules, as time has to be built in to allow for the risk of such hold-ups. This in turn makes it harder to hold on to performers, as they will be performing less frequently (and therefore being paid less) over a given time-frame, which has knock-on effects for the viability of touring. At the moment, there are no such issues within the EU.

1927 is also concerned about the impact of Brexit for the independent theatre sector more generally. Independent artists, practitioners and producers often work across borders, and so how they work may be quite severely affected by Brexit, but because they are less visible and less well-resourced than other parts of the creative sector their needs may be overlooked, even by creative sector bodies.

3.2 Importance of international artistic exchange

One particularly important aspect of international activity is artistic exchange across borders. Of those organisations who conduct *any* international activity, 4 in 5 (80%) consider artistic exchange to be important to their organisation and its work and two thirds (67%) gave it the highest possible importance score (five out of five).

Figure 3.5: Importance of international artistic exchange to organisation

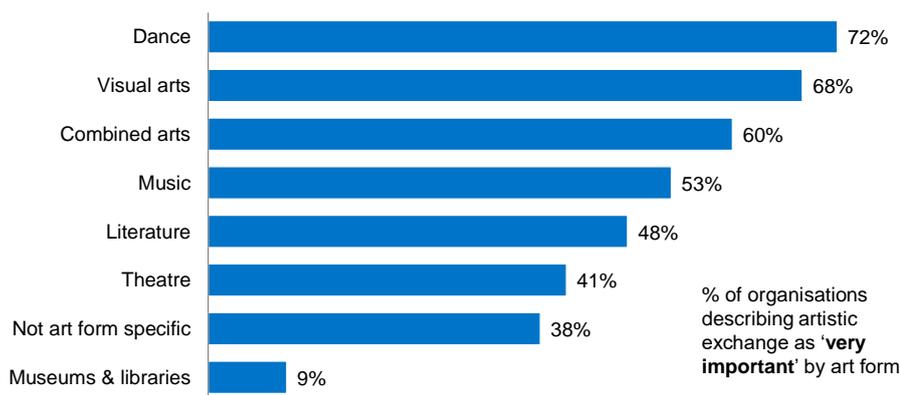


Q12. International artistic exchange can cover a range of international activities, including international collaborations and partnerships, co-productions, and networking. How important, if at all, is artistic exchange for your organisation and its work?
 Base: All organisations undertaking any international activity (n=660)

However, there is significant variation by sub-group for this measure. Organisations with an income over a million pounds are significantly less likely to rate international artistic exchange as very important to them and their work (35%) compared to the average across all smaller organisations (53%).

The importance of artistic exchange also varies significantly by art form – with dance (72%) and visual arts (68%) organisations most likely to give the top five out of five ranking for importance, compared to only 9% of museums and libraries, as shown in figure 3.6 below.

Figure 3.6: Importance of international artistic exchange to organisation by art form



Q12. International artistic exchange can cover a range of international activities, including international collaborations and partnerships, co-productions, and networking. How important, if at all, is artistic exchange for your organisation and its work?
 Base: All organisations undertaking any international activity (n=660)

Case Study: Manchester International Festival



About the organisation

The Manchester International Festival (MIF) is now in its eleventh year, having staged five biennial presentations across all art-forms in the city. It employs 40 permanent staff, which increases to 120 in delivery of the Festival, supported by some 400-500 contractors.

The Festival focusses on the commissioning of new works and producing special events from internationally renowned artists across all media. Past Festival highlights have included specially commissioned works from Damon Albarn and Björk, and a performance of Kraftwerk's 'Tour de France Soundtracks' in the city's velodrome.

In seeking work of a truly international flavour, the Festival not only directly commissions international artists, but does so in harness with other international festivals, theatre companies and artistic organisations.

For example, this year's Festival made a special commission to the choreographer Boris Charmatz to work within Manchester's historic Mayfield Depot. '10,000 Gestures' was a co-production between MIF, La Musée de Dance, Volksbühne Berlin, Théâtre National de Bretagne-Rennes, Festival d'Automne à Paris, Wiener Festwochen, and Sadler's Wells London and received 4- and 5-star reviews. Following its presentation in Manchester it will be presented around Europe at the co-producers' venues and festivals.

In 2015 MIF received £78m capital support from the UK Government towards the construction of a permanent base – 'The Factory' – by 2020. The facility will allow the organisation to commission works on a year-round basis with the Festival itself remaining as a biennial event. It is envisaged that this new work – for which the Arts Council England will increase the MIF's annual 'National Portfolio Organisation' revenue grant from £750,000 to over £9m from 2018/19 to run Factory – will follow the ethos of the MIF in presenting the best of specially-commissioned, new and contemporary international culture.

Potential impact of Brexit on artistic exchange

Most of MIF's work – approximately 60-70% – has some element of cross-border artistic or production exchange (i.e. inclusive of commissioning, creatives, crew and artists). The 'International' aspect of their presentation is their point of difference, although the Festival views their role primarily as commissioning new work, rather than facilitating artistic exchange. Asking the artists to engage with the 'fabric of Manchester as a city' is a guiding principle of all of the Festival's activity.

Although the physical manifestation of each MIF is set around '18 Extraordinary Days' every other July, planning, commissioning and rehearsing commissioned works benefits hugely from free movement of labour within the European Economic Area which allows visits to

Manchester for lead artists, production and technical staff with relatively little cost of bureaucracy.

As a truly international organisation, the Festival has first-hand experience of the costs and time loss associated with supporting the travel arrangements of third-country nationals to undertake work at MIF. On a small number of occasions where the Festival has been reliant on the artists to arrange visas on time, this has led to late cancellation of parts of the programme due to late or unsuccessful applications. This will not be a new risk for the MIF, but its potential to impact preparations and delivery of the Festival will heighten once the number of performers and support workers requiring visas increases.

Payments are also an issue. Although the declining exchange rate has had short-term impacts on UK competitiveness, as an international organisation dealing with European and American artistes the MIF transacts regularly in both Euros and Dollars and has been exposed to 'bottom-line' cost impacts on the 2017 Festival as a result.

Potential impact of Brexit on touring

Alongside directly commissioned work, MIF also co-commissions some works with international organisations with the express intention that these pieces will then tour internationally.

'*Tree of Codes*', a Wayne McGregor dance piece with a score by Jamie xx, which was part of MIF 2015 was co-commissioned alongside London's Sadler's Wells Theatre, Paris Opera Ballet, Park Avenue Armory (New York), FAENA ART (Buenos Aires) and European Capital of Culture Aarhus 2017. In 2017 it has toured Australia, the USA and mainland Europe and provided an ongoing revenue stream for MIF.

The Festival also operates a small, profitable tour management operation which supplies some revenue and supports the resilience of the organisation. This part of MIF handles both commissioned and other works, most recently managing the 2016 international tour of 'Björk Digital'.

MIF expects that their existing reputation for international artistic leadership will insulate them from the worst 'diplomatic' impacts of Brexit, but may weaken their bargaining position and leave them exposed to both more bureaucracy and higher overall costs based on the likely exchange rate impacts, and a likely push from overseas artists to push for payment in 'home' currencies.

More practically, they are preparing for a future in which touring is both more costly and more time-consuming, thereby making international collaboration more labour intensive. Any increase in levies, re-introduction of carnets and customs checks will require time-consuming and resource intensive forward planning which is not currently part of the organisation's everyday business.

Planning for Brexit

At present, the lack of discernible detail makes it impossible for the MIF to 'plan' for a post-Brexit world.

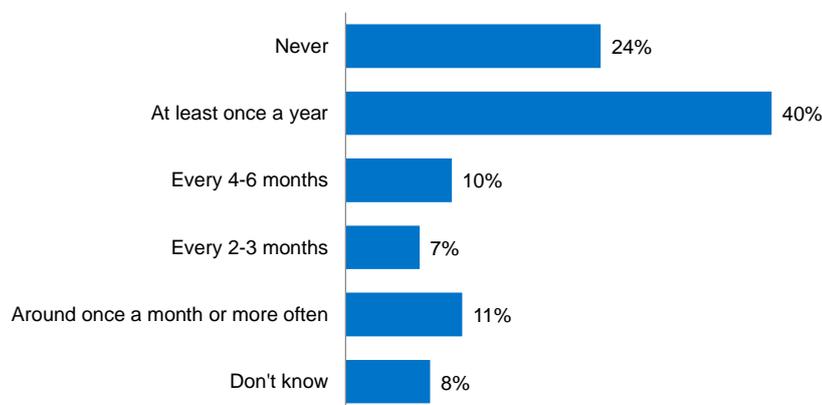
They remain committed to their core mission of showcasing works by and with international artists, in Manchester, on a biennial basis, but are only now starting to consider how to manage the direct practical implications that changes to rules and regulations, reputation and the international value of their funding may have on their product.

Instinctively, they feel that the Festival’s reputation will insulate them from reputational problems, but practical changes are likely to have a very real – and ongoing – impact on their bottom line.

The organisation will ‘plan’ as and when there is sufficient detail – and time – to do so. In this respect, the transition to a year-round organisation through development of the Factory offers a suitable opportunity, to a similar timescale, to build Brexit-related contingencies into the organisation’s forward planning and risk management. At this stage, the MIF hope to have a better grasp on the likely financial and logistical impacts of the UK’s EU exit on the scale, volume and ambition of works commissioned for future iterations of the Festival.

In total, only one in four organisations (24%) say they never engage in activities relating to international artistic exchange. While one in nine organisations (11%) say they engage in these activities at least once a month, many more do so less frequently. Two in five (40%) say they engage in international artistic exchange at least once a year.

Figure 3.7: Frequency of international artistic exchange



Q13. And how often does your organisation typically engage in activities relating to international artistic exchange?
 Base: All participants (n=992)

Case Study: Akram Khan Company

AKRAM KHAN COMPANY

About the organisation

Akram Khan Company was founded in 2000 by dancer/choreographer Akram Khan and executive producer Farooq Chaudry. Set up as a touring contemporary dance company, the organisation employs ten part-time and full-time staff in London, with many more freelance dancers, musicians, technicians and tour managers from across the world.

Akram Khan Company's mission is to make thoughtful, provocative and ambitious dance productions for the international stage. Recent productions to have toured internationally include *DESH*, *Chotto Desh* and *Until the Lions*.

Potential impact of Brexit on touring

Akram Khan Company has offices in London, but international touring is central to the Company and its work. They have become an NPO within the past five years, and this Arts Council funding is used to subsidise the company's UK work – including summer schools, workshop programmes and professional training courses. Yet around 70% of Akram Khan Company's funding is still from earned income – and almost all of this is from international work.

Much of their creative development work for new production is co-produced by a range of international partners. Many of these partners invest significant amounts of funding (totalling approximately £700,000 for a new production currently in development), and then receive a discount on the production when it tours. Some of this income originates from EU funding sources, and, post-Brexit, there may be restrictions on the inclusion of UK-based organisations receiving such funding. There are fears that this valuable source of income could become more difficult to obtain once the UK leaves the EU.

The Company tours across a range of countries, including both EU and non-EU nations. Many of their productions are paid for in local currency, so the weaker pound has presented some advantages. However, much of this has been offset by the fact that many of the Company's staff are paid in Euros.

The possible effect of Brexit on employees is a key concern. Many of the administrative staff in the London office and the technicians who go on tour are from EU countries. There are immediate questions about the status of these individuals and their right to live and work in the UK and this concern is felt as much on a personal as a professional level.

Akram Khan Company currently sponsors three dancers on Tier 5 artistic visas and, more generally, the Company is responsible for arranging visas and work permits for all their staff. "We have somebody whose full-time job is visas, work permits, and all of the social security arrangements in different countries and things like that. So yes, it's already a burden, and for us that's our biggest concern about Brexit: that it's going to become overwhelmingly burdensome at an administrative level, and also financially." Post-Brexit, Akram Khan

Company fully anticipate either having to hire more staff or having to work longer hours to deal with the increased administrative burden.

The costs associated with transporting equipment and the Carnet system could also become more burdensome following Brexit. “At the moment, we are free to travel with our set and our costumes, in and out of every EU country. The Carnet system is currently in place for the rest of the world. Each Carnet costs about £500 and you have to submit one for every country that you go into, with all of your stuff, and it’s quite administratively intense, to get everything processed in the first place. So if, all of a sudden, there’s 27 more countries that we need to have Carnets for, we have to factor in systems clearance. If we have to start factoring in customs clearance when we go to France and the Netherlands and Belgium and so on, then our ability to tour in the way that we currently tour will be affected, because everything becomes disrupted. We will have a team on the road who’ll be sitting around, twiddling their thumbs, waiting for the set to become available, before they can even build it in the theatre.”

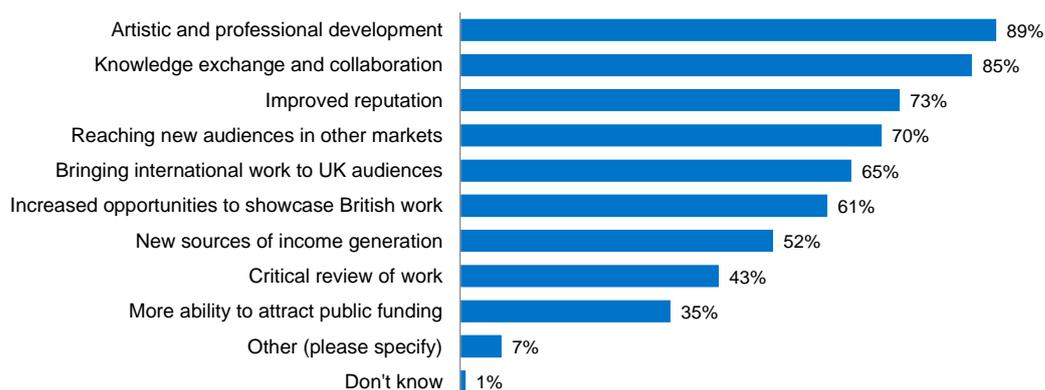
Overall, there’s a belief that Akram Khan Company is established and with a strong enough reputation to ensure that European partnerships with key venue partners and co-producers will continue post-Brexit. Nevertheless, Brexit probably means they are less likely to tour to smaller European partners with whom there is currently no existing partnership. Furthermore, the Company is planning a strategic shift towards increasing their work in non-EU countries, especially China. This strategy was already being explored, but Brexit has meant that the Company feels the need to accelerate these plans.

3.3 Benefits of international activity

Arts and culture stakeholders cite a broad range of benefits of conducting international activity. The most universal perceived benefits of international activity are artistic and professional development (89%) alongside knowledge exchange and collaboration (85%).

Just under three in four (73%) gave ‘improved reputation’ as a main benefit, and a similar proportion (70%) cite the benefit of reaching new audiences in other markets. Just under two in three (65%) mention ‘bringing international work to UK audiences’, with 61% giving increased opportunities to showcase British work. A majority (52%) agree that new sources of income generation is a main benefit, with comparatively fewer citing critical review of work (43%) or more ability to attract public funding (35%).

Figure 3.8: Main benefits of international activity to organisation



Q14a. In your view, what are the main benefits of international activity for your organisation?
 Base: All organisations who undertake international activities (n=660)

When asked to rank the single most important benefit of international activity, the importance of artistic and professional development to organisations is even more apparent. Two in five (39%) rank artistic and professional development as most important – more than twice the proportion of any other factor. Knowledge exchange and collaboration is ranked as most important by 18% of participants, while one in seven (14%) find the ability to bring international work to UK audiences the most important factor. One in twelve (8%) find new sources of income generation to be the main benefit.

Figure 3.9: Most important benefit of international activity to organisation



Q14a+b. MOST IMPORTANT BENEFIT TO ORGANISATION
 Base: All organisations who undertake international activities (n=660)

However, the most important benefit an organisation derives from international activity does vary by the income and number of employees it has. Larger organisations are more likely to cite bringing international work to UK audiences as the main benefit – given by over a quarter (27%) of organisations with over 50 employees as the main benefit, compared to only 12% of organisations with under 10 employees.

Conversely, more than two in five (44%) organisations with fewer than 10 employees give artistic and professional development as the key benefit, compared to 13% of organisations with more than 50 employees. A similar trend is seen in terms of the organisation’s income,

as half of organisations with an income of under £40,000 agree that artistic and professional development is the main benefit, compared to only one in five (20%) of those with an income of a million pounds or more.

Case study: The London International Mime Festival



About the organisation

The London International Mime Festival (LIMF) is the longest established annual international theatre festival and the only festival of essentially wordless performance in the country. It acts as a showcase of international work – both for a domestic and international audience.

Potential impact of Brexit on artistic exchange

Artistic exchange is crucial to the ongoing work of the LIMF. Their organisational model relies on being able to attract international artists to perform in London as part of the festival. More widely the workshops and discussions that make up part of the festival facilitate an artistic exchange between domestic and foreign artists, with the festival also featuring on the syllabuses of European and U.S. colleges. It's a true two-way process – with the Directors of the LIMF often travelling abroad (especially within Europe) to seek out appropriate work to promote as part of the festival.

A key value of the festival is to remain affordable and accessible in order to bring the art form to as many people as possible. This has been a big challenge in the face of the depreciation of sterling since the EU referendum as many partner companies are based in Europe and the costs of booking them for the festival has therefore increased. With the vast majority of its grant funding paid in sterling and remaining at a standstill, and a belief that ticket prices should not be substantially increased, it is challenging for the festival to maintain the quality of programme while having fewer Euros to spend. “We could cover all our costs in theory, or cover them better, by increasing our ticket prices. But (a) we run a big risk of having a smaller audience and (b) we don't want to. We want culture to be seen as valuable but not unaffordable to the majority.”

This is the key concern of the festival in relation to Brexit: how to maintain an accessible and high-quality programme with genuine artistic exchange as the UK exits the EU. Exacerbating the exchange rate difficulties outlined above, the festival is finding it difficult to secure additional funding in order to address the shortfall in their Euro budget. Arts and cultural organisations are competing for the same few funding sources – “we're all trying to go out and find additional sources of income but the trouble is we're all going to the same places, so it's just not realistic that we can all be funded in this way.” Further, they suggest that some European organisations appear to be becoming less willing to provide funding to UK organisations in the aftermath of Brexit. There are also very real concerns that operational changes to international movement of artists and objects – including visas, work

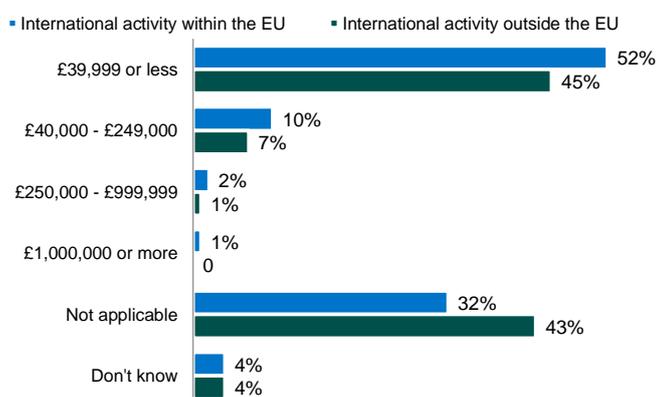
permits, set transportation, and carnets – may be excessive burdens for all but the largest festivals.

That's not to say there aren't potential opportunities that could arise from Brexit for the LIMF. One possible advantage is through increased international tourism to the UK as a result of the weaker pound. This is something that LIMF feels especially well placed to benefit from as their wordless art-form has the capacity to transcend language barriers for tourists who may not have a strong command of English. But there are also real fears that the operational and economic impacts of Brexit will not allow LIMF to maintain the quality and accessibility which is a prerequisite to capitalise upon the opportunities provided by Brexit.

3.4 Income from international activity

It is also clear that international activities provide an important revenue stream for many organisations. This is especially true of the income generated by international activity within the EU, as shown in figure 3.10 below.

Figure 3.10: Income earned from international activity within and outside the EU



Q10. What is the approximate value of the total income you earn from ...
Base: All organisations who undertake international activities (n=660)

The above figure (3.10) demonstrates the importance of revenue from international activity within the EU to arts and culture organisations in England. Not only do more arts and culture organisations earn income from activity within the EU compared to outside the EU, but this income tends to be of a higher value than that generated outside the EU.

Almost two-thirds (64%) of the organisations responding to the survey earn at least some income from international activity within the EU. For the most part, this is a fairly small sum (52% select £39,999 or less), and only 1% select the top box of £1,000,000 or more. The mean income from international activity within the EU is calculated as being £66,480.

By contrast, just over half (52%) of organisations report earning any income from international activity outside the EU. Again, most recorded income totals less than £39,999, with only 1% earning more than £250,000 outside the EU. The mean income for this type of activity is £54,780.

Case study: Metronome



About the organisation

Metronome was founded in 1992 by Tim Smithies, who still runs the organisation. It started life as a classical music label, with two main areas of interest: early music (medieval/ Renaissance/ Baroque) and British contemporary music. At its recording peak in the late 1990s Metronome was making 20 recordings of its own a year (this is now down to five or so a year). These were distributed internationally, with France, Japan and the US being among its main markets. A successful CD might have sold 4-5,000 copies worldwide, though 2,000 was a more typical number – both Metronome’s areas of activity are quite niche. During a period of expansion in the 2000s Metronome also became a (physical) distributor, importing content from independent producers across the world to sell in the UK. However, it sold that part of the business five years ago.

The transformation of the music industry through digital technology and the internet means the company sells far fewer CDs these days. Increasingly, sales are of digital downloads, especially as the sound quality of such downloads has improved significantly. However, getting people to pay for digital music is much harder, so much of the value of the industry has switched to live events. Concerts are also a good opportunity to sell the physical CDs and merchandise as well, especially as music retail networks have declined considerably in the same period. Metronome’s role is increasingly one of a creative producer, working with artists on all aspects of their careers. It also works with festivals – it is, for example, planning a recording in conjunction with the Utrecht festival in 2018.

Digital distribution requires very different skills from physical distribution. Because Metronome is small it uses an American aggregator as its digital distributor. The arrangement is, in effect, a form of licensing.

Potential impact of Brexit on trade

The creative producer role that Metronome now takes means that its main engagement with the EU is through employing performers who come to the UK to make the recordings and to tour, and through exporting recorded content to be distributed there. Around 64-65% of Metronome sales are now to the EU, with Germany, France and the Benelux nations being their main markets.

The music industry is international – music crosses boundaries easily, and often performers do too. The absence of visa restrictions for EU residents make this much easier; Metronome is only a small company and, though it has occasionally has to arrange visas for, say, American artists to come to Britain, it has found this a very bureaucratic process.

Being in the EU helps simplify tax matters, which can be a big problem, especially for performers. Even Norwegian musicians (i.e. coming from a country inside the single market) have withholding tax applied on their earnings, which can affect the financial viability of what may be quite small tours. EU performers are not affected by this. Metronome also worries

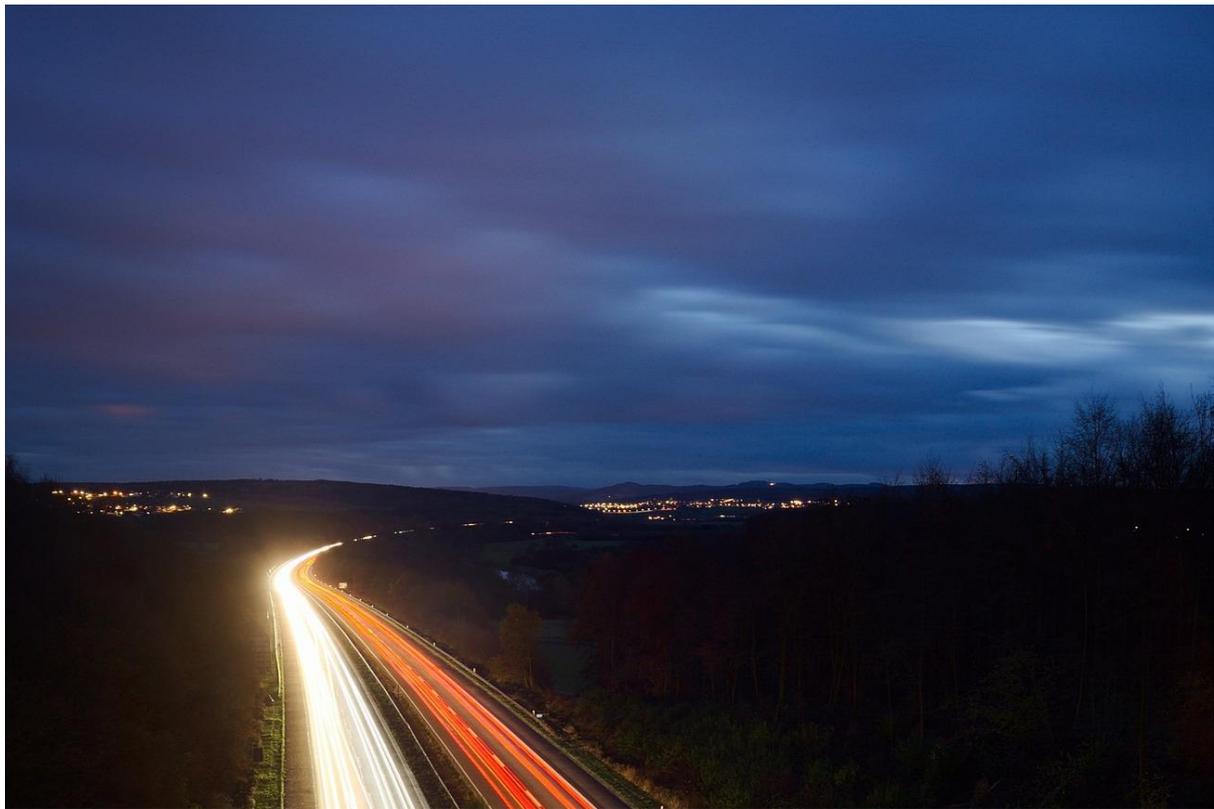
about VAT. Recovering VAT is currently fairly straightforward on their EU sales – the bulk of their revenues – through filing a quarterly report.

The effects of the decline in the sterling exchange rate have been broadly neutral so far. Metronome has gained something on international sales but has lost on the supply side. Its CDs are manufactured in France (which offers the best combination of price, service and quality) so its costs are in Euros.

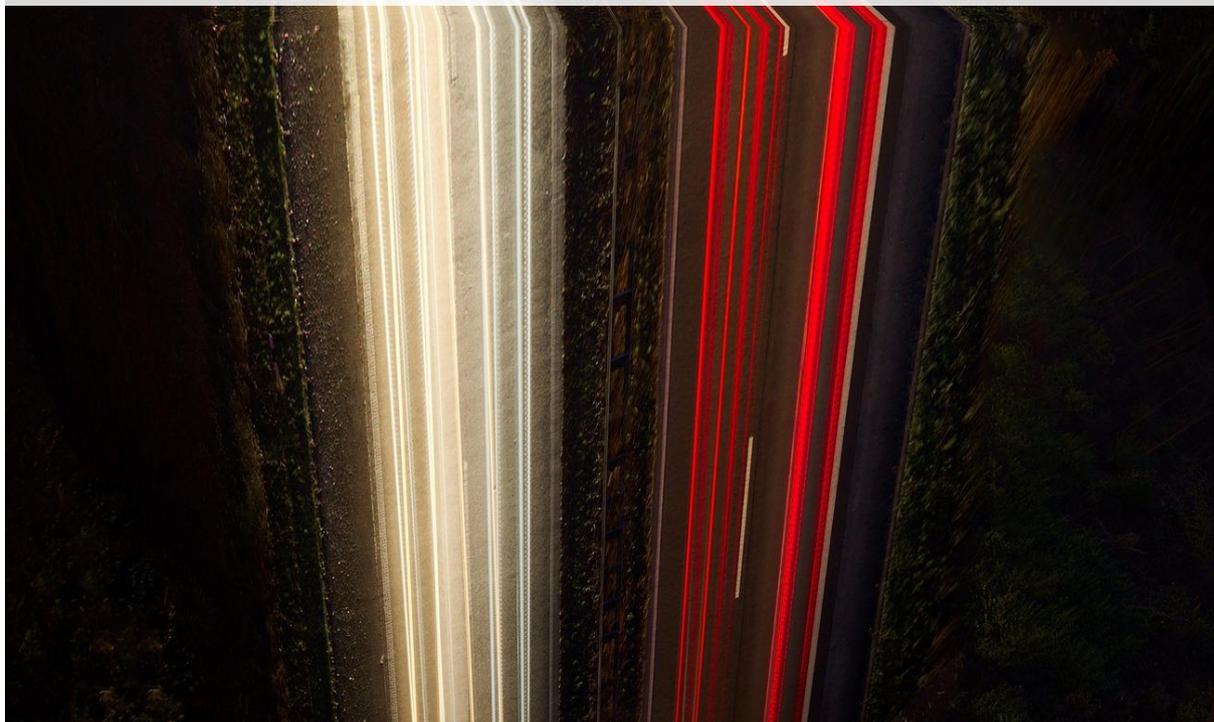
Planning for Brexit

The degree of uncertainty around Brexit means that Metronome has not yet been able to do much planning for the future. Like many organisations it has no real idea what its post-Brexit position will be. Nor has it been to any Brexit briefing or information events – Tim is not aware of any that relate directly to his sector.

At present, a primary concern for Metronome is around future visa and travel arrangements. In the aftermath of Brexit, the UK could end up imposing a tougher visa regime – for instance a regime similar to America's – which could endanger the UK's status as the entrepot for the worldwide music industry. In such circumstances, it may be that it makes more sense for Metronome to conduct its rehearsal and recording sessions in, say, the Netherlands rather than the UK. However, visa and work permit regimes are 'two-way streets' – would UK-based performers be able to go easily to such sessions? For these kinds of reasons Tim has a "huge sense of foreboding" about Brexit, as well as the potential difficulties it could cause for very small companies such as his.



Employment and freedom of movement



4. Employment and freedom of movement

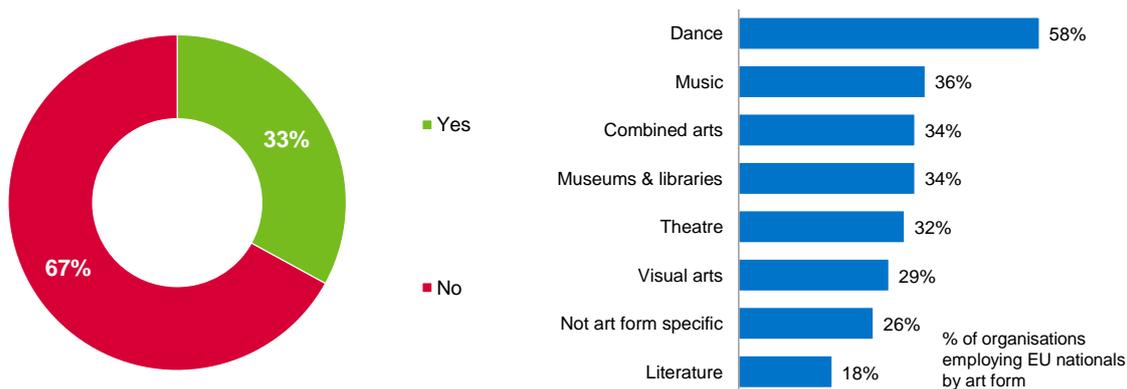
Key findings

- While only a minority of the organisations included in this survey employ EU nationals, this rises to a majority of the workforce among larger organisations and among organisations based in London.
- EU workers are most likely to be employed in an artistic / creative capacity, followed by a managerial and administrative roles.
- In the past 2 years, 9% of stakeholders have supported an application for a Tier 5 visa, with 3% having supported an application for a Tier 2 visa.
- A potential reduction in freedom of movement of people, goods and services would have the most widely felt negative impact in terms of bringing artists and organisation to the UK, cross-border projects with EU partners and future touring opportunities within the EU.

4.1 Employment of EU nationals

Most of the arts and cultural organisations surveyed do not employ EU nationals (67%), with only one-third (33%) of stakeholders saying that they do so.

Figure 4.1: Organisations employing EU nationals



Q15. Does your organisation employ EU nationals?
Base: All participants (n=992)

However, this pattern is not consistent across different types of organisations – for instance, larger organisations are more likely to employ EU nationals. Over half (53%) of organisations with an income of £250,000 or more employ EU nationals, compared to only 26% of organisations with incomes below this threshold. Similarly, just over three-quarters (76%) of

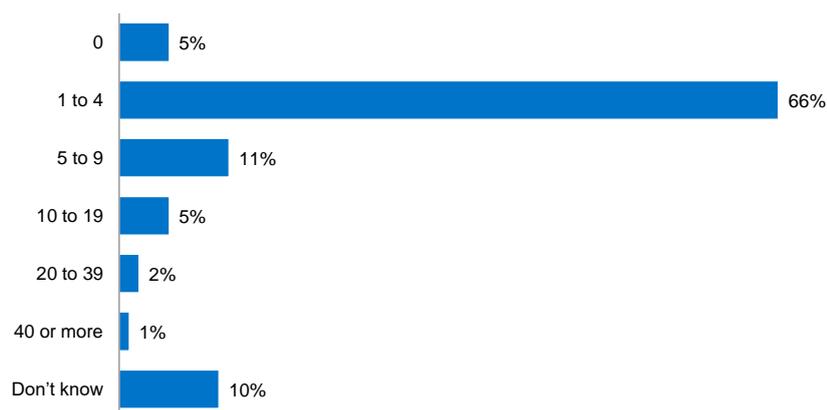
organisations with 51 or more employees have EU nationals working for them, compared to only 31% of those with 50 employees or fewer. This suggests that EU nationals supply a significant part of the workforce among larger organisations in particular.

Organisations based in London are also significantly more likely to employ EU nationals than other regions of England, with 48% of London-based organisations employing at least one EU national, compared to only 27% of organisations in the Midlands and the North.

Employment of EU nationals also varies across the different art forms. Organisations working in dance are the most likely to employ EU nationals (58%), followed by those in organisations specialising in music (36%).

However, even in organisations that do employ EU nationals, the number of EU employees is relatively low. Indeed, among those organisations that employ EU nationals, the most common number of EU nationals is between 1 and 4, with two-thirds falling in this category, followed by 11% of organisations employing 5-9 EU nationals. Only 8% of organisations employing EU nationals employ 10 or more. However, these results should be treated with some caution as 10% did not know how many EU nationals they employed.

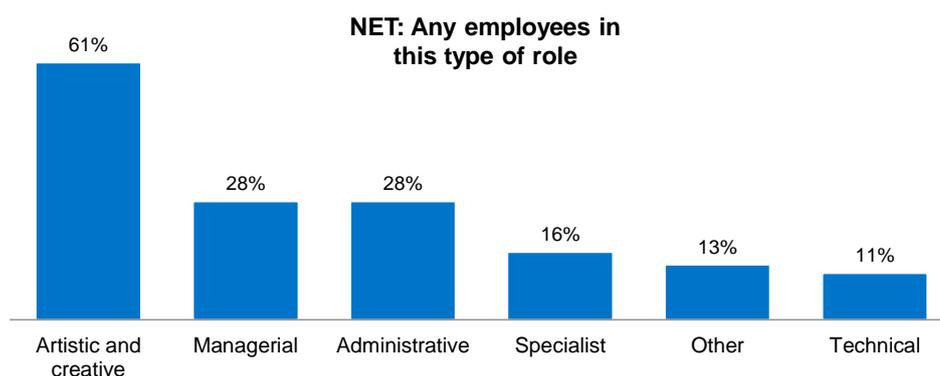
Figure 4.2: Number of EU employees



Q15b. How many people employed in your organisation are EU nationals?
Base: All organisations employing EU nationals (n=332)

By the far the most common type of role held by EU nationals is 'artistic and creative', with 61% of these organisations employing at least one EU national in this capacity. This is followed by 'managerial' (28%), 'specialist' (16%), 'other' (13%), and 'technical' (11%).

Figure 4.3: Types of role of EU nationals



Q16. And of the EU nationals employed in your organisation, how many do you estimate work in the following types of role?
Base: All employing EU nationals (n=282)

The number of EU nationals employed by each organisation is also higher in artistic and creative roles in comparison to most other roles. As shown in figure 4.4, when looking at all arts and culture organisations to employ any EU nationals, the average number of EU nationals working in artistic and creative roles is 2.19. This compares to all other role types which have a mean average of below 1.

However, when looking more closely at specific role types, it's clear that while fewer arts and culture organisations employ EU nationals in certain role types, those organisations that do may employ a high number of workers and may be dependent on EU workers to deliver these roles. For example, those organisations employing EU nationals in 'other' role types have on average more than five such EU employees working in this role type. Respondents report that these 'other' employees often work as front of house, catering, hospitality or support staff.

Figure 4.4: Numbers of EU nationals in each role type

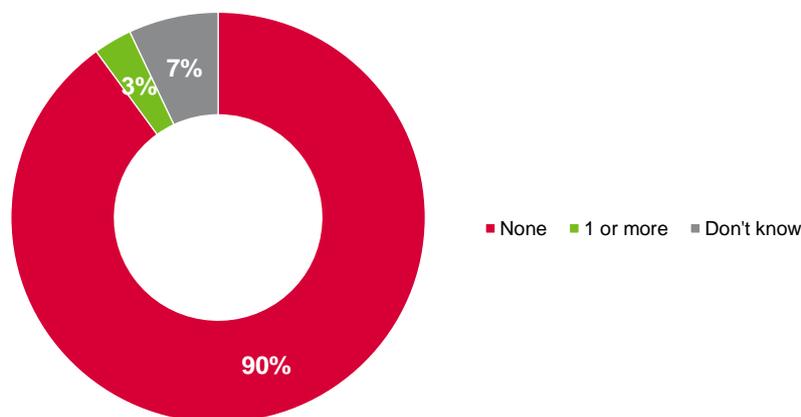
Role type	Mean number of EU nationals employed	
	excluding zeros	including zeros
Artistic & creative	3.44	2.19
Managerial	1.55	0.44
Administrative	1.66	0.49
Technical	1.34	0.16
Specialist	2.52	0.43
Other	5.58	0.78

4.2 Employment of non-EU nationals

Relative to the percentage of organisations that employ EU nationals (33%), the number of organisations that support visas for workers outside of the EU is very small. Only 3% have supported a Tier 2 (skilled worker) visa in the last 2 years, while 9% have supported a Tier 5 (creative and sporting) visa.

Furthermore, the small number of organisations who have supported a Tier 2 or 5 only do so infrequently, with the median number of visas sponsored in the past two years less than five for each visa type. This suggests that many organisations in the arts and culture sector are not used to supporting these types of visa applications, and may not be especially familiar with the process.

Figure 4.5: Tier 2 Visas

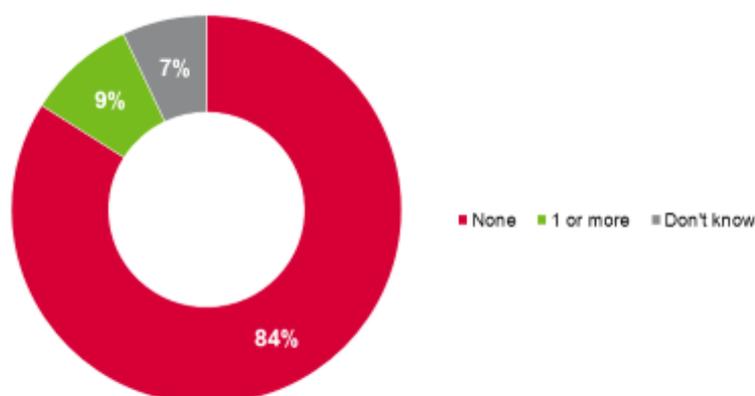


Q18. Thinking about the last 2 years, approximately how many visas has your organisation supported as a sponsor body? *Tier 2 Visas*
Base: All participants (n=992)

Organisations with the very largest incomes are more likely to have supported a Tier 2 visa in the past 2 years, with 13% of organisations with an income of £1,000,000 or more supporting one, compared to 2% of organisations with incomes below this threshold. This also correlates to organisation size, as 8% of organisations with 10 or more employees have supported a Tier 2 visa, compared to only 2% of those organisations with less than 10 employees.

It is worth noting that 18% of stakeholders in organisations with an income of £1,000,000 or more completing this survey don't know how many Tier 2 visas they have supported in the past 2 years, compared to only 5% of organisations with an income below this level. Similarly, 24% of stakeholders in organisations with 51 or more employees reportedly 'don't know' how many Tier 2 visas they have supported, compared to only 5% of those with lower employee numbers. This leaves open the possibility that the true number of Tier 2 visas supported by the arts and cultural organisations surveyed may be slightly higher than these figures would otherwise suggest.

Figure 4.6: Tier 5 Visas



Q18. Thinking about the last 2 years, approximately how many visas has your organisation supported as a sponsor body? Tier 5 Visas
Base: All participants (n=992)

The pattern is the same for Tier 5 visas (creative and sporting) as organisations with the very largest incomes (£1,000,000 or more) are more likely to have supported a greater number of them than organisations with an income below this threshold. These highest-income organisations have supported an average of 3.1 visas in the last 2 years, significantly higher than even the organisations within the next category down (£250,000-£999,999), who on average supported 1.8 Tier 5 visas in the past 2 years. Around 1 in 5 NPOs (21%) have supported at least one tier 5 visa, with 16% supporting up to 10.

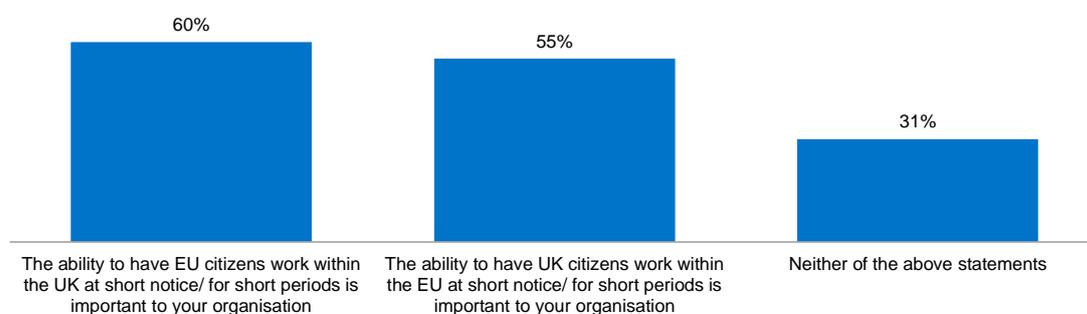
As with Tier 2 visas, a relatively high proportion of the highest-income organisations say they do not know how many they have supported in the past 2 years. Indeed, 20% of organisations with an income of £1,000,000 don't know how many Tier 5 visas they have supported, compared to only 5% of organisations below this threshold. This pattern repeats with 24% of organisations with more than 51 employees not knowing, compared to only 6% of organisations with less than 50 employees. Similarly to Tier 2 visas, this means that the number of visas supported by the arts and cultural organisations surveyed may be slightly higher than these results initially imply.

4.3 Short-term and short-notice international work

Respondents were asked to evaluate the importance to their organisation of the free movement within the EU to work for short periods and at short notice. More than half of all organisations surveyed agree that freedom of movement – either for EU citizens to work in the UK, or for UK citizens to work in the EU – is important to their organisation, while around three in ten (31%) feel that neither is particularly important.

Specifically, three in five organisations (60%) report that having EU workers able to come to the UK is important, while 55% say the ability to have UK citizens work within the EU at short notice is important to their organisation. There's a significant overlap between these views, with almost half (47%) of all organisations saying both the ability to have EU workers in the UK and UK workers in the EU is important to them.

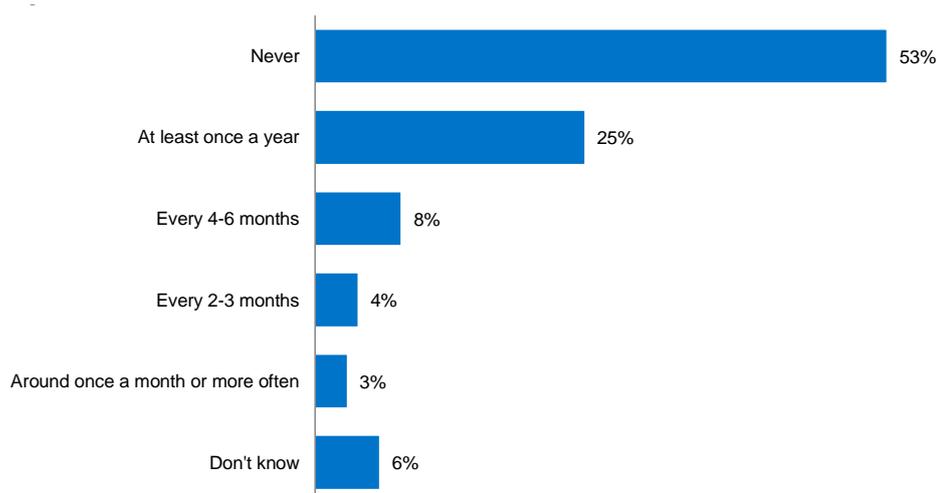
Figure 4.7: Importance of short term and short notice work opportunities



Q11. Which of the following statements applies to your organisation in terms of staff working at short notice and/or for short periods of time?
 Base: All respondents (n=992)
 Note: 47% of respondents selected both statements

4.4 Taking equipment or objects outside of the UK

Around two in five (40%) of the arts and cultural organisations surveyed regularly take equipment or objects outside of the UK. Most of these organisations do so at least once a year (25%), followed by every 4-6 months (8%), every 2-3 months (4%), around once a month or more often (3%). 6% of organisations do not know how often they typically take equipment or objects outside of the UK.

Figure 4.8: Taking equipment and objects outside UK: frequency

Q19. Still thinking about the last 2 years, how often, if at all, does your organisation typically take equipment or objects outside the UK?
Base: All participants (n=992)

NPOs and Major partner museums are more likely to regularly take equipment or objects outside of the UK (51%) compared to those receiving Grants for the Arts funding (42%) or no ACE funding (31%).

There are also large differences by art form. Museums and organisations that are not art form specific are least likely to take equipment or objects outside the UK (69% and 70% respectively say they never do so). Dance and visual arts are much more likely to transport equipment or objects internationally – only 36% of organisations never do so.

Unsurprisingly, organisations that undertake international activity are more likely to have taken equipment or objects outside the UK, with 55% doing so compared to only 11% of those who do not undertake international activity.

Organisations that employ EU nationals are also more likely to take equipment or objects outside the UK (57% compared to only 32% of those that do not employ any EU nationals). This suggests that changes in the practice of the freedom of movement of goods and in the free movement of people will affect many of the same organisations.

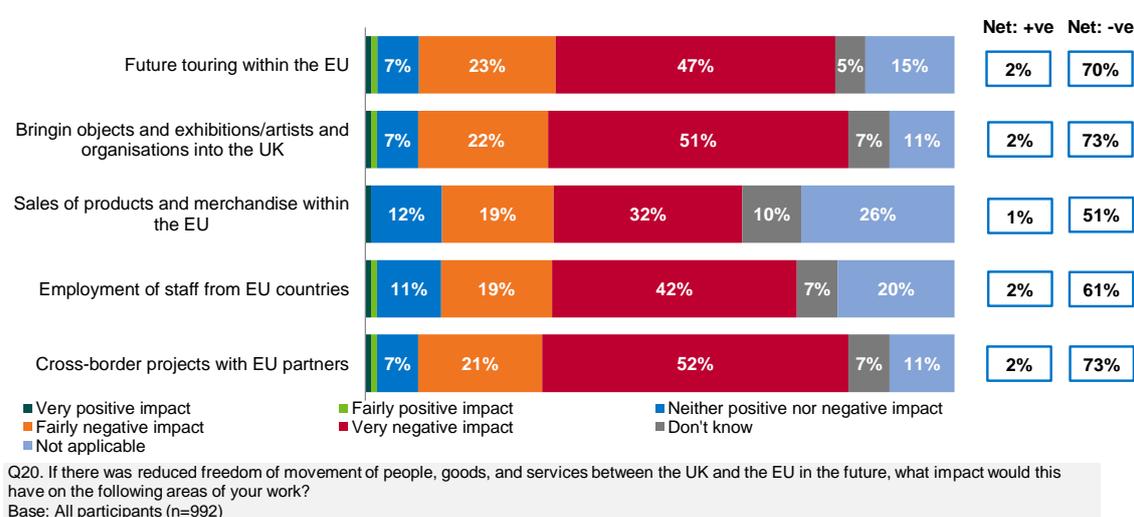
However, smaller organisations (in terms of number of employees and income) are slightly less likely to take equipment or objects outside the UK. For example, 56% of organisations with an income under £250,000 never take equipment or objects outside the UK, compared to 46% of organisations with an income of £250,000 or more.

4.5 Impact of Brexit

Arts and culture stakeholders are generally pessimistic about the potential impact of reduced freedom of movement of people, goods and services on their work:

- 73% say there would be a negative impact in terms of bringing objects and exhibitions/artists and exhibitions into the UK
- 73% also say there would be a negative impact on cross-border projects with EU partners
- 70% say there would be a negative impact on future touring within the EU
- 61% say there would be a negative impact on employment of staff from EU countries
- 51% say there would be a negative impact on sales of products and merchandise

Figure 4.9: Impacts of reduced freedom of movement



Taking all the different areas of work into account, two patterns are especially noteworthy.

Firstly, a higher percentage of those working in **dance** and in **visual arts** judged that leaving the EU would have a very negative impact on each of the areas of their work compared to organisations specialising in any other art form.

Secondly, across the statements, a higher percentage of stakeholders in **London** tend to think that Brexit would have a very negative impact compared to any other region of the country. This could be explained by the fact that London-based organisations are more likely to employ EU nationals than organisations based in other regions, perhaps suggesting that London organisations depend more on the four freedoms associated with the EU than organisations based in other regions. For example, 61% of London stakeholders report that reduced freedom of movement would have a very negative impact on future touring within the EU, compared to only 39% of stakeholders based in the Midlands and the North combined.

Unsurprisingly, organisations employing EU nationals are more concerned about the impact of reduced freedom of movement on the employment of staff from EU countries. 68% of stakeholders from these organisations said that reduced freedom of movement would have a very negative impact on this area of their work, compared to only 28% of those who do not employ any EU nationals.

Case Study: Hallé Orchestra

About the Organisation



The Hallé Orchestra, based at Manchester's Bridgewater Hall, was founded in 1858 as a result of immigration. The Orchestra's first conductor, the German Charles Hallé, came to the city to perform at the 1857 Art Treasures Exhibition organised by wealthy industrialists, and stayed to form the Hallé the following year. The Orchestra attracted the leading lights of the musical world thanks to high salaries and a varied repertoire. The Hallé's second conductor, Hungarian Hans Richter was 'talent picked' with a salary three times the equivalent of the Boston Philharmonic, at the time one of the world's pre-eminent orchestras.

The Hallé is one of Arts Council England's oldest 'clients' and a current National Portfolio Organisation, receiving just over £2m per annum. This is supported by funding from Manchester City Council and the Greater Manchester Combined Authority, and from corporate sponsors including Siemens, PZ Cussons and Manchester Airport.

At present the Hallé Orchestra consists of 80 players (lower than the usual 96 found in a symphony orchestra) consisting of 13 nationalities, including 10 from within the European Economic Area. The Orchestra's last three appointments have been European, and five of 30 applicants for the open principal position are from the EU.

Potential Brexit impacts on talent and workforce

As noted above, the Hallé is an orchestra with a rich and proud 'immigrant heritage'. Around one quarter of the Orchestra's existing 80 players are foreign, with current European nationalities including Romanian, Icelandic, Spanish, Italian, Danish and French. This represents a huge increase since 1999 when the incumbent Chief Executive, John Summers, took over the post.

The majority of the Orchestra's foreign-born players are relatively young, and take seats among the orchestra's 'Tutti' (or 'other') players. Many are graduates of the Royal Northern College of Music, with several having through the Hallé's Professional Experience Scheme, which allows RNCM students six months salaried work alongside their studies. Graduates from this scheme include an American and two Australians who remain with the Orchestra in senior positions and are now UK residents.

Hallé, and British orchestras in general, do not offer competitive salaries in comparison to their counterparts on the continent, especially German orchestras. Instead, players are attracted by the pace and challenge of performing within an environment that favours 'sight read' performance, and varied programmes, over repertoire.

Although applicants must indicate their background and appointments, the Orchestra undertakes ‘blind screen’ auditions and appoints based on talent alone. The UK is not lacking in orchestral talent, but its orchestras – as a rule of thumb – seek to appoint the ‘brightest and best’ available within their price envelope.

The Orchestra thinks the primary impact of Brexit will be a shallower pool of high-quality applicants for junior orchestral posts.

The increase in the salary requirements for post-graduate migrant employment has already impacted the Hallé, and would have a greater adverse effect on the ‘talent pipeline’ flowing from the RNCM and other British conservatoires were this to be applied to EU nationals in 2019.

The Hallé has explored the possibilities of utilising a ‘Tier 1’ Exceptional Talent or Exceptional Promise visa for players, but been advised that appointments relating to junior players are unlikely to meet the high qualifying standards. This has actively discouraged them from auditioning third-country nationals for roles in the Orchestra.

Planning for Brexit

The Hallé has not undertaken any formal scenario planning for a post-Brexit world. They will seek to address issues as and when they arise – as they already have done in relation to the payment of artists in currencies other than pounds sterling.

Ultimately, they expect the impacts to be largely qualitative and cumulative rather than a large immediate, or financial impact.

Case Study: Sage Gateshead



About the Organisation

Sage Gateshead is an international music development centre in the north of England, with world-class programming, architecture and acoustics. It is an Arts Council England National Portfolio Organisation, receiving the tenth highest annual grant amongst music organisations.

It hosts an extensive artistic and educational programme, working to shape contemporary culture and work with people of all ages and walks of life. Acclaimed popular and contemporary concerts and festivals sit alongside a world-class chamber orchestra, a thriving Folkworks programme, and a wealth of Creative Learning activity, championing excellence and inclusion for all. The organisation is a conduit for developing artists, providing in-house platforms and opening up wider professional pathways.

Underpinning all artistic and educational programming is a strong foundation of national and international networks and partnerships. These networks allow the organisation to curate

and deliver bespoke activity outside its own core programme. More fundamentally, they promote a culture of embracing open and active knowledge transfer.

Potential Brexit impacts on talent and workforce

The culture of international collaboration that lies at the heart of Sage Gateshead's programming is facing potentially serious challenges in light of Brexit. These challenges may impact upon its international work and the talent that the organisation is able to attract in several respects.

Collaboration

Sage Gateshead is committed to developing meaningful relationships and artistic collaboration with European partners. It is an active member of both the European Jazz Network ('EJN') and the European Concert Halls Organisation ('ECHO'), the former of which receives support from the EU's Creative Europe Programme. This year Sage Gateshead worked with the EJN to develop a programme showcasing jazz musicians from across Europe, including artists from Slovenia, Norway, Holland and Serbia. The development and administration of this programme was underscored by the EJN's core European funding, and subsidised by support to each artist from their home country's Arts Council equivalent. If these structures which support the partnerships are threatened, Sage Gateshead faces the challenge of maintaining a meaningful commitment to international collaboration.

Creativity

Sage Gateshead's artistic and learning programmes champion creative exchange and discourse, developing new ideas and remaining open to change. The venue's annual 'New Year, New Artists' festival is curated with the ECHO Rising Stars Programme, whilst a central part of their 2016 folk programme was a series of concerts – curated by Eliza Carthy – celebrating the great 'folk families' of Europe, including performers from Finland, Greece, Czech Republic, Austria and Italy. In a cultural climate where artistic collaboration may no longer be supported through wider infrastructures, the organisation could see an impact on its creativity.

Diversity

An estimated 40% of Sage Gateshead's programme features either an international artist or collaboration, with 20% of these drawn from a BAME background. As an organisation which takes pride in, and remains committed to, an internationally diverse programme, Sage Gateshead would bear the detrimental effects of future immigration systems based on visas or work permits. The organisation already carries the administrative cost of providing 'Certificates of Sponsorship' to acquire visas for a number of third-country artists, c. 40 per annum, especially for house produced festivals, with remaining international artists sponsored by agencies. Visa costs and administration affecting the bottom line could ultimately impact on both the quality of output and the innovative, diverse nature of the programming. This could have further repercussions on the capacity of the organisation to champion diversity in its support of developing artists and genres.

Planning for Brexit

Sage Gateshead has not undertaken any formal scenario planning for a post-Brexit environment, in large part due to the lack of certainty surrounding any 'exit deal'. It has, however, started to consider the risks and implications of exit on its business model. It plans to undertake internal research and impact modelling – particularly in relation to the costs of any new immigration regime which replaces 'free movement' of European artists. The organisation is keen to engage with any broader attempts to map this across the cultural sector and creative industries.



5. Museums, collections and cultural property

Key findings

The museums included in this project were among the least negative towards Brexit of all arts and culture stakeholders. However, when asked about the potential effects of Brexit, museums appear to be concerned about the more general impacts of Brexit – felt across the arts and culture sector – rather than specific impacts which are only applicable to museums.

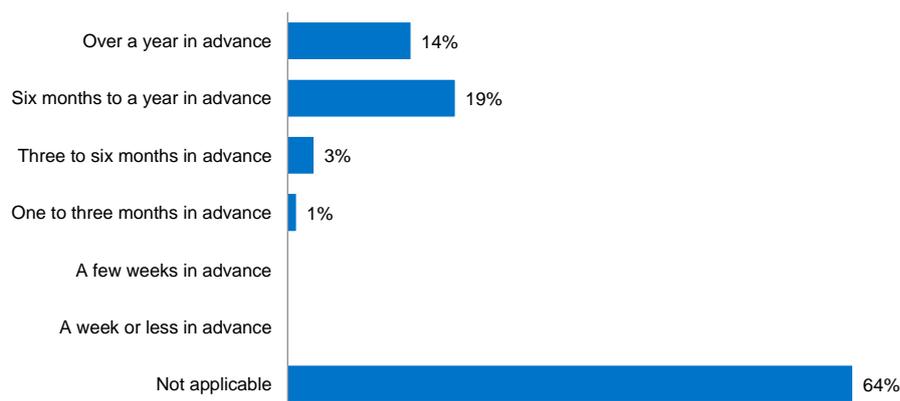
Of the minority of museums (37%) who agree loans and transport arrangements for loans to and from the EU, the loans tend to be agreed at least 6 months in advance.

This section focuses specifically on the possible impacts of Brexit on museums and organisations operating with collections and cultural property.

Section 5.2 provides more detail on the profile of the 74 museums that took part in the survey. While these museums were larger than some of the other types of arts and culture organisations taking part, the 16 national DCMS-sponsored museums (who are among the largest in the sector) are unlikely to have taken part in the survey. Even taking this into account, this chapter still represents an important snapshot of the museums and cultural collections sector – albeit one that doesn't reflect the very largest organisations in the sector.

5.1 Loans and transport arrangements within the EU

Many museums surveyed do not appear to regularly agree loans to and from the EU – with almost two-thirds (64%) saying the question of how far in advance their loans are agreed and transport arrangements confirmed for loans to and from the EU is 'not applicable'. However, of the museums who do carry out these loans, it's clear that these arrangements are generally made quite far in advance. Nine in ten museums (89%) that loan to and from the EU generally make arrangements at least six months in advance.

Figure 5.1: Museums: loans and transport arrangements within EU

QM1. We would now like to ask a few questions specifically about your work as a museum. Generally how far in advance are your loans agreed and transport arrangements confirmed for loans to and from the EU?
 Base: All museums (n=74*)

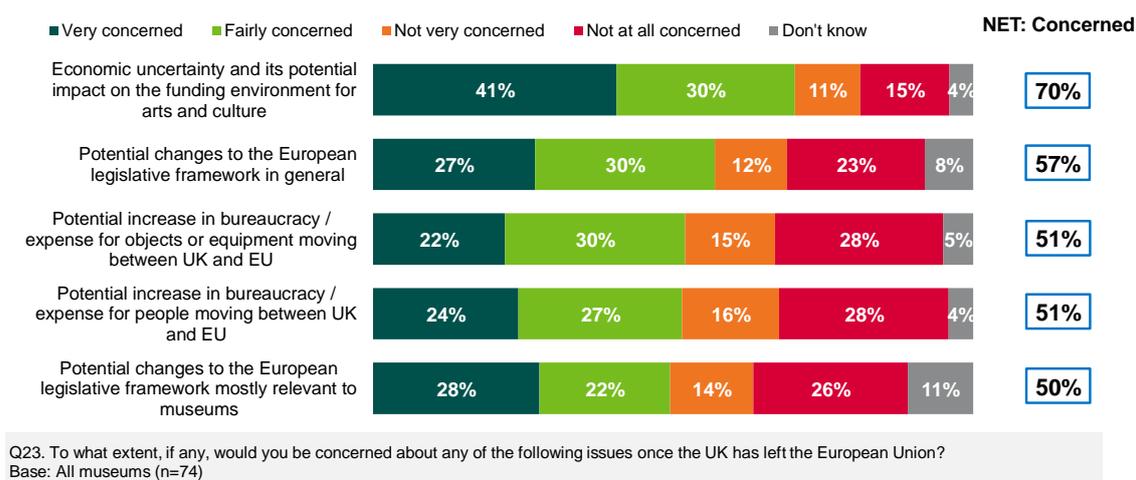
While base sizes are small, it does appear to be the case that museums with a smaller income are less likely to take part in loans to and from the EU; 97% of museums with an income of under £40,000 considered the question as not applicable to them, while only one of the museums taking part in the survey with an income of a million pounds or more gave the same answer.

The number of museums agreeing loans and transports to and from the EU is too low for significance testing, but the results do indicate that many of these museums (67%) are worried that the times associated with these loans will increase as a result of Brexit. This may be exacerbated by the fact that a tiny proportion of museums claim to hold statuses that could ease some of these barriers when it comes to loans and trading collections and cultural property. For example, 100% of museums in the survey report either not being an Authorised Economic Operator or not knowing whether they are or not – with equivalent percentages for being a Known Consignor (99%) and for having an Open Individual Export License (96%).

5.2 Other impacts and priorities on museums

Museums' concerns following the UK's exit from the EU provide a useful example of the distinctive role museums play in the arts and culture sector, and how this relates to the risks, concerns, and opportunities of Brexit.

Figure 5.2: Museums’ concerns following Brexit



While at least half of museums were concerned about each area asked about, it’s striking that museums were *least* concerned about the one area that was only asked of them – potential changes to the European framework *mostly relevant to museums* (50%). Museums were actually slightly more likely to classify ‘potential changes to the European legislative framework *in general*’ (57%) as concerning instead (*emphasis added*). It appears that, within legislative frameworks at least, museums are at least as concerned about the more general impacts of Brexit – felt across the arts and culture sector – compared to the specific impacts which are only applicable to museums.

On the four areas of concern asked of all participants, it’s notable that museums were the least concerned art form for all four areas. This trend – of museums being among the least negative on the likely impact of and potential concerns about Brexit – can be seen across several questions in the survey. As an example, across all organisations, three in ten (31%) say that neither the ability to have EU citizens work in the UK at short notice nor having UK citizens work in the EU at short notice is important to their organisation. For museums, this figure rises to seven in ten (69%). Overall, a quarter (24%) of arts and culture organisations never engage in international artistic exchange, compared to three in five museums (61%).

There are a few possible explanations for museums’ distinctive responses in the survey data. It could be due in part to the average organisation size of museums surveyed as they tend to be larger both in terms of income and number of employees than other arts and culture sector participants. Museums are also less likely to benefit indirectly from EU funding. They also have the highest proportion of any art form reporting a positive impact from exchange rate changes since June 2016 (14%), and the lowest proportion reporting a negative impact (20%).

Case Study: Leeds City Museums and Galleries



About the organisation

Leeds Museums and Galleries (LMG) is a collection of nine sites operated by Leeds City Council. It is the largest local authority-run museum service in England. LMG's collection of sites is notable for its diversity, ranging from a medieval abbey and industrial mills, through to museums and the recently re-opened city art gallery. Together, its staff care for 1.3 million items including four designated collections which are in demand across the EU and beyond.

Potential impact of Brexit on artistic exchange

The city of Leeds entered a bid to be European Capital of Culture 2023, a decision undertaken prior to the EU referendum and still being considered when this research took place. However, the European Commission confirmed in late November that the UK would not be eligible to host the European Capital of Culture in 2023. In this context, LMG voice concerns over the symbolism of the leave vote to the international Arts community: "we've been on a journey of trying to raise our profile - we want to be reaching out, we don't want to be insular and closing in".

In practice, international activity forms a relatively small part of LMG's overall work, but it's something they consider to be important, both in terms of its domestic impact and in raising the profile of the organisation and its collection overseas. Professionals from LMG play a key role in various European groups, and have worked with European partners for many years, including participating in European Standardisation Organisation's Working Groups setting the standards for cultural heritage including packaging, transport and showcases.

The cancellation of Leeds' Capital of Culture bid is just one example of the overarching uncertainty being felt by LMG in relation to the Brexit process. Despite a natural eagerness to set in place plans to deal with the impact of leaving the EU, the organisation admits that it is difficult to do so when there is such uncertainty around what the outcome of the process will be. Head of LMG, John Roles, comments: "at the moment there's not enough detail to realistically plan anything. We currently don't know whether it's going to be a disaster or whether hardly anything will change at all".

International loans are a prime example of where certainty matters. Yvonne Hardman, Head of Collections and Programmes, explains that international loans are typically planned well ahead of time: "these things work really far in advance, particularly when they're international loans. We're getting things in now for a couple of years' time". LMG also explain that there is a lack of clarity around the legal and contractual steps they should be taking now to protect their international loans – for instance whether Brexit should already be written into their standard loans paperwork.

Many of the legal, monetary and collaborative frameworks in which international loans operate will be up for grabs during the Brexit negotiations. LMG point towards various

outcomes which could have a significant impact on the way collections are shared internationally: differential tax and VAT rates, increased transport costs, import / export applications and costs, delays at borders, and an altered relationship with Interpol for recovery of stolen work, could all fundamentally alter the way things are done.

But beyond these legal, economic and regulatory considerations, LMG point towards concerns over its broader impact on working relationships with international partners: “it makes it difficult to be talking to somebody from abroad saying, ‘we’d like to borrow item X in 2020,’ or us trying to do something in 2023”. One imminent example of comes in the form of Yorkshire Sculpture International, which is being held across Leeds and Wakefield in 2019. LMG fears that a sudden development in the Brexit process could have an adverse impact on the plans: “what happens with Sculpture International if something happens that means we can’t do what’s being planned, but meanwhile we’ve spent half the Arts Council’s grant preparing for this?”

Britain’s EU membership impacts events like Sculpture International in various ways, whether it’s the duties and tariffs paid on incoming artwork, securing visas for visiting artists, or the citizenship status of EU nationals staffing the event. LMG anticipates that working through the practical implications of this complex and interweaving web of considerations will require a great deal of time and resource, something which cannot be taken for granted in a sprawling local authority-run network of cultural sites.

But despite their concerns about the implications of Brexit, LMG acknowledge that – in the short term – they may feel some benefit from a boost in UK tourism, prompted by increased domestic tourism coupled with a weaker pound. Nonetheless, the overarching message from Leeds is that more certainty, guidance and clarity is needed to help them plan for Britain’s departure from the EU.



Legal and regulatory frameworks

6. Legal and regulatory frameworks

Key finding

- There appears to be a high level of concern about the potential impact of Brexit on European legislative frameworks, with a sizeable majority of arts and culture organisations expressing concern over potential changes to the European legislative framework.
- However, there is significant variation in levels of concern by sector. Stakeholders in literature, visual arts, music and combined arts are most likely to express concerns.

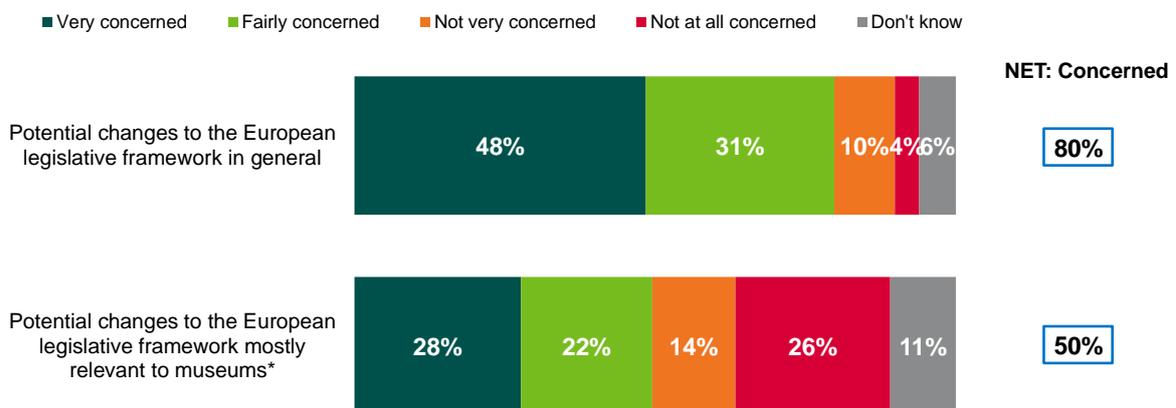
6.1 Concerns about potential changes

European legislation currently provides an important framework for the work of artists and arts and cultural organisations. This includes issues such as intellectual property, copyright, artist re-sale rights, VAT and broader employment legislation.

Ahead of the UK’s exit from the European Union, the European Union (Withdrawal) Bill has set out the intention for all existing EU legislation to be copied over into domestic UK law to ensure a smooth transition. However, it is unclear what changes, if any, may be made to existing legal frameworks once the UK has formally left the European Union.

Among the arts and culture sector, there appears to be a high level of concern about the potential impact of Brexit on European legislative frameworks: four in five stakeholders (80%) express concern over potential changes to it. Nearly half (48%) say they are ‘very concerned’, while a further one in three (31%) say they are ‘fairly concerned’.

Figure 6.1: Concerns about potential changes to legislative frameworks



Q23. To what extent, if any, would you be concerned about any of the following issues once the UK has left the European Union?
 Base: All participants (n=992); *All museums (n=74)

To an extent, levels of concern differ across stakeholder groups. For instance, individuals and organisations based in London (56%) are most likely to say they are ‘very concerned’ about potential legislative changes; significantly more so compared to stakeholders in the North (45%) and in the South West (41%) who are least likely to express strong concerns.

Levels of concern also vary by art form and organisation type. Stakeholders working in literature (61%), visual arts (58%), music (54%) and combined arts (53%) are most likely to say they are ‘very concerned’, compared to just 38% of theatre stakeholders and 27% of museums stakeholders.

As part of the quantitative survey, several stakeholders also cited potential changes to legislative frameworks as possible disadvantages arising from Brexit – specifically in relation to employment and rights legislation.

However, concerns relating to legislation are much less pronounced among museums stakeholders – both in general, and specifically in relation to legislative frameworks mostly relevant to museums. While nearly three in five museums stakeholders (57%) are concerned about changes to the European legislative framework in general, just half of museums stakeholders (50%) report concerns over European legislative frameworks which are mostly relevant to museums. Nearly one in three (28%) say they are ‘very concerned’ about legislative frameworks relevant to museums, while just over one in five (22%) are ‘fairly concerned’. By contrast, two in five (39%) say they are not very or not at all concerned about potential changes to legislative frameworks.

6.2 Case studies

Case study: DACS



About the organisation

Founded in 1984, DACS is a rights management organisation for visual artists, providing services for over 100,000 visual artists worldwide. DACS collects and distributes royalties to visual artists and their estates across several streams of copyright, including Artist’s Resale Right, Copyright Licensing, and the copyright licensing platform Artimage. DACS also runs the annual Payback scheme to distribute the money owed to visual artists or their estate by various collective licensing schemes, working with the Copyright Licensing Agency as well as other collective licensing organisations.

More broadly, DACS also campaigns for artists’ rights, considering how the rights of visual artists can be protected and reinforced, as well as how they relate to artists’ livelihoods.

In 2015, DACS helped to establish the DACS Foundation, which is an independent charitable organisation dedicated to the physical and intellectual preservation of the UK’s cultural heritage, making artists’ works and archives accessible for present and future generations. The DACS Foundation is supported by Arts Council England.

Potential impact of Brexit on legal & regulatory frameworks

The UK has a strong and historic copyright framework that has been influenced in places by EU laws. However, DACS emphasises that Britain has exercised independence granted to EU Member States to shape the UK's own legal framework: 'There has been some influence between the EU law and the UK law but, ultimately, the UK has always based its decisions on evidence.'

DACS' response to the outcome of the EU referendum has been measured. Their most immediate concern has been how Brexit, and the uncertainty it has created, will impact on the overall success of the arts and culture sector in the UK, and how this might affect the rights and livelihoods of individual artists and other creatives.

However, a key priority for DACS is safeguarding the Artist's Resale Right (ARR) in the aftermath of Brexit, which is under threat as it is disliked by many art market professionals in the UK. Artist's Resale Right is a piece of legislation that is derived from an EU directive and was transposed into UK law under Artist's Resale Right Regulations in 2006. It provides modest royalties to artists and estates whenever their copyright-protected work is resold by an auction house, gallery or dealer for over 1,000 Euros. DACS has administered ARR since 2006 and has distributed over £56 million in royalties to more than 4,300 artists.

DACS strongly believes that ARR should remain part of UK law after Brexit as it is a significant source of revenue for both emerging and established artists, which is particularly important given relatively low average earnings of visual artists, as well as supporting estates with managing an artist's legacy.

More broadly, DACS raises some concerns about new free trade agreements with other countries, and how these could affect the UK copyright framework, as they could lower the standard of copyright protection artists and creators currently enjoy in the UK. 'Another concern for us is the influence of other major powers and how that might influence legislation. So, for instance the Australian copyright framework used to very much reflect the UK copyright framework. After entering into a free trade agreement with the US, a few things were added that were more US-centric. So, would, for instance, a trade agreement with the US shift our copyright framework?'

Overall, while it is currently unclear how copyright legislation frameworks will evolve in the aftermath of Brexit, at present, DACS' main priority is ensuring that artists' rights and livelihoods are protected and considered as part of any proposed changes to copyright and ARR frameworks, particularly in international agreements.

Case study: PRS for Music



About the organisation

PRS is the UK's largest collecting society and is one of the largest in the global market, representing over 129,000 writers, composers and publishers across the music industry, accounting for over 22 million songs or musical works. They also manage rights issues and payments in Cyprus, Malta and Bermuda and have over 100 reciprocal

collections agreements with third countries.

The organisation collected £621.5m in royalties in 2016, of which 60% (£233.7m) was international, including £137m from EU countries.

Alongside its licensing business, PRS funds the PRS Foundation, an NGO which works with Arts Council England to support new music and musicians, including on issues such as exports. The Foundation has offered £26.5m of support to the music industry since 2007.

Potential impact of Brexit on legal & regulatory frameworks

Copyright, which governs the ownership, and recompense for use of, artistic works is an EU competence. The copyright framework across the EU– including the collection of royalties by organisations such as PRS and sister bodies in other EU member states – is harmonised.

The reaction of both PRS and the music industry more widely to Brexit has been sanguine from a regulatory perspective. Unless and until they hear otherwise, they are planning for existing EU copyright rules to be transposed into UK law via the 'Great Reform Bill' process. Harmonization and regulatory equivalence is regarded as the correct means to deliver positive outcomes for businesses and sole practitioners in relation to 'soft' intellectual property rights, and thus it seems unlikely that there will be any drive to 'deregulate' in this field by differentiating the UK's IP protections from those of the rest of the EU.

The major concern for PRS is the UK's ability to influence the development of the copyright framework in its largest market, such as the ongoing negotiations under the European Commission's Digital Single Market package. This includes a new Copyright Directive which they hope will address important issues such as the 'transfer of value' relating to the distribution of works on digital platforms. Streaming of musical content has increased in frequency from 136 billion occurrences in 2013 to over 4.3 trillion in 2017 – regulating this, and ensuring fair recompense to artists, is the major challenge facing the music industry and the UK collecting societies are keen to ensure an outcome which addresses the interests of British authors and creators.

This may also bleed into future issues of regulatory equivalence. PRS has contractual collecting arrangements, usually enforceable under English and Welsh Law and the local jurisdiction of the partner society, with over 100 third-country nations and their applicability will endure beyond the UK's withdrawal from the EU, but some of their provisions may refer to EU legal instruments or their successors.

Given the almost global universality of copyrights rules (entrenched in both the Berne Convention and the WTO TRIPS Rules) a move which places UK copyrights on an entirely different footing to EU rights is very unlikely, but the issue of the industry being 'pro harmonisation' shouldn't be lost – small changes to operation could have a direct impact on author and creator revenues and PRS believe the UK will be best served being party to negotiating such changes.

Planning for Brexit

PRS is in 'wait and see' mode in relation to Brexit. Nothing has changed relating to the UK's engagement with copyright legislation, including their engagement with ongoing negotiations, and they do not expect copyright to be a 'priority' for deregulation.

As an organisation, they would be keen to ensure that cultural issues were covered in any UK-EU Free Trade Agreement. There is an outside risk that this may not be the case – culture is exempted from both the EU-Canada and EU-Korea Free Trade Agreements. This fact may, however, put the UK in a position to push for further harmonization in any future FTAs negotiated with third countries, including both Canada and Korea.

7. Conclusions

Key findings

- There is widespread negativity on the issue of Brexit, with most anticipating that it will have a negative impact on the arts and culture sector as a whole.
- In particular, there are significant concerns about the potential negative impact of Brexit on the UK's international reputation for arts and culture.
- However, stakeholders also express concerns about how practical changes around issues such as reduced freedom of movement may affect their own organisation. The lack of clarity around future trade agreements makes planning particularly difficult at this stage.

It is clear from this research that a majority of Arts Council stakeholders have strong negative feelings about Brexit. To an extent, this is underpinned by negative personal views on the issue; however, there is also a widely-held perception that Brexit will have a negative impact on the arts and culture sector in England.

Many feel that the arts and culture sector is by definition internationally-oriented and geared towards intercultural exchange, and therefore suggest that Brexit is likely to undermine the perceived identity of the UK as a country with an internationally connected, thriving arts and culture environment. As such, many stakeholders have serious concerns about the future of the arts and culture sector in England post-Brexit, and, in a small number of cases, about the future of their own organisation.

At present, the sector does not have clarity on what a future trade agreement between the UK and the EU might look like, and this means that detailed planning for Brexit is essentially impossible. Stakeholders highlight the need for clarity on a wide range of issues, including free movement of people (particularly in the short term), free movement of goods and equipment, replacement for EU funding, and new legal and regulatory frameworks.

The table below provides more detail on the possible effects of Brexit, and how these are likely to impact on arts and culture stakeholders in England.

Challenge	Potential impact for the arts and culture sector in England
<p>Negative impact of Brexit on UK reputation within the arts and culture sector</p>	<p>This is highlighted by stakeholders across the sector as a key risk post-Brexit, both in the short and the longer term. There are serious concerns that Brexit will undermine international perceptions of the UK as a country which is open to intercultural exchange – and several stakeholders voice fears that Brexit will damage their relationships with international partners, and reduce demand for work from the UK.</p>

	<p>Several of the organisations included in the qualitative research were taking immediate steps to address the potential for reputational damage, including communicating with their international partners to emphasise their continued interest in working with them.</p> <p>In addition, several organisations in the qualitative research provided anecdotal evidence suggesting that international partners have been less keen to work with UK arts and culture organisations. There are fears that this will negatively affect the earned income from international activity and this is a particular concern for organisations who use international activity to subsidise their UK work.</p>
<p>Reduced freedom of movement of people</p>	<p>For arts and culture organisations, free movement of people provides a key mechanism for international artistic exchange, whether this is via touring, international performances and exhibitions, artistic residencies or longer-term opportunities such as employing EU nationals within UK organisations.</p> <p>Post-Brexit, short-term mobility within Europe is seen as a priority by many. Qualitative comments from the survey suggest that the primary concern here is the possible need for visas for travel between the EU and UK; this would bring not only additional costs for visas, but also additional administrative costs to organise visas for staff, particularly for organisations who travel within Europe for work on a regular basis.</p> <p>In the longer term, many stakeholders express concerns about EU nationals they work with and whether they will be able to remain in the country post-Brexit. Many of these initial concerns are driven by existing personal connections with the colleagues in question.</p> <p>At present, most EU nationals working within the arts and culture sector appear to be employed in an artistic or creative capacity; as such, any restrictions on EU nationals working in the UK are likely to impact on the available talent pipeline for and potentially the creative output of arts and culture organisations.</p>
<p>Lack of access to EU funding</p>	<p>Supporting arts and culture organisations to replace funding from EU sources is one of the most important future priorities highlighted by stakeholders. While only a minority of stakeholders included in this research directly benefit from EU funding, around one in three benefit indirectly via consortium funding or via using EU funded projects. Some organisations also highlight the issue of increased competition, as all those who risk losing funding turn to the same alternative suppliers.</p>

	<p>As such, there is a feeling that EU funding provides important benefits for the arts and cultural environment in England as a whole; if arts and culture organisations no longer have access to EU funding sources, there will need to be consideration given to how this can be replaced.</p>
<p>Reduced freedom of movement of goods and equipment</p>	<p>Free movement of goods and equipment provides an important framework for international activity in the arts and culture sector; mainly for those undertaking international touring or making arrangements for international exhibitions.</p> <p>Changes to the existing carnet system would make international activity involving equipment more complex and potentially more costly. As such, many stakeholders affected by this area would prefer to keep existing regulations in place where possible.</p>
<p>Changes to legal and regulatory frameworks</p>	<p>Brexit also brings diverse challenges around legal and regulatory frameworks, including both general legislation such as that relating to employment, and legislation with specific relevance to arts and culture stakeholders, such as copyright. At present, stakeholders express concerns around these issues, but look to the relevant UK and EU government stakeholders to work towards appropriate arrangements for the future.</p>
<p>Weaker pound / GBP-EUR exchange rate</p>	<p>Since the outcome of the referendum on 23 June 2016, the pound has fallen significantly in value compared to the Euro. This has already had a clear impact, particularly for arts and cultural organisations who source materials and supplies from other EU countries, and a minority of survey respondents also report a loss of income from sponsorship and philanthropy.</p> <p>Nevertheless, there are a small number of stakeholders who have benefitted from a weaker pound, likely because of earned income or funding received in Euros. Some also expect to benefit from an increase in tourism as the low value of the pound simultaneously encourages more international tourists to visit, and more UK residents to travel domestically.</p>
<p>General economic uncertainty caused by Brexit</p>	<p>More generally, there is a perception that an uncertain economic environment caused by Brexit could also be detrimental for the arts and culture sector. There are a number of reasons for this: firstly, economic uncertainty could lead to less earned income by reducing public demand for arts and culture; secondly, it could create a less favourable funding environment by increasing the demand for both public sector funding and commercial revenue streams.</p>