BUDGET PRIORITIES 2022

Unleashing the growth potential of the Creative Industries

The UK's Creative Industries are a global success story. Our creative content, products and services are world-renowned, exercise significant soft power and deliver economic, social and health benefits to people and communities across the UK.

Prior to the COVID-19 pandemic, the Creative Industries contributed £115.9 billion in GVA and supported 2.1 million jobs in the UK (with a further 1.4 million jobs supported via their supply chains).[1] The sector was growing at four times the rate of the UK economy and creating jobs at three times the UK average. And it is thanks to burgeoning creative clusters, like the video games and design industries in Dundee, and film, TV and immersive tech in Manchester, that this growth has taken place in all parts of the country.

The UK's Creative Industries Tax Reliefs have played a vital role in driving this success. Between 2017-2019, the screen sector produced a return on investment of £13.48 billion in GVA from UK government tax reliefs for film, television and video games production.[2] Over the same period, 219,000 new jobs were created in this sector, UK screen production increased by 74% and £1.02 billion of tax relief seeded £5.11 billion in direct production spend in 2019 (a 61% increase on 2016).

And the sector's growth potential is even greater still: Independent economic modelling undertaken in 2021 revealed that, by 2025, the UK's Creative Industries could contribute £132.1 billion in GVA – more than the financial services, insurance and pension industries combined.[3] The sector is also set to create 300,000 jobs by 2025 – enough to employ the working-age population of Hartlepool and Middlesbrough twice over.

Government can unleash this significant economic opportunity by reaffirming their commitment to existing Creative Industries Tax Reliefs - strengthening and extending those that have leveraged major investment into the UK and introducing new tax reliefs in parts of the sector where the potential for growth is strong. Our urgent priorities for the incoming Government are therefore:

- **Reaffirm commitments to tax reliefs for the screen sectors**, including the film, high-end TV and children's TV tax reliefs, and **reform the Visual Effects (VFX) and Animation Tax Relief.**
- **Increase the rate and scope of the Video Games Tax Relief** from 25% of 80% of core expenditure, to 32% of 80% and include post-launch activities.
- **Retain current rates of cultural tax relief for Theatre and Orchestras** for a minimum of a year.
- **Remove the Museums, Galleries and Exhibitions Tax Relief sunset clause in March 2024, making the relief permanent,** to enable the sector to better plan future activity and grow audiences.
- **Introduce a Music Tax Relief** to incentivise the creation of new music in the UK.
- **Introduce a Publishing Tax Relief** to incentivise the production of published works and grow sales.

About Creative UK: wearecreative.uk

Creative UK champions the Creative Industries and their ability to catalyse change, socially and economically. We fuel the creative sector by investing in people and businesses, empowering innovators and entrepreneurs by connecting them to each other, and with finance, business development, and skills training, to enable them to reach their full potential – without compromising their ideas.

These priorities have been agreed by trade bodies, unions and representative organisations from across the UK's Creative Industries.

[1] https://www.gov.uk/government/statistics/dcms-economic-estimates-2019-gross-value-added/dcms-economic-estimates-2019-provisional-gross-value-added
[2] https://www.bfi.org.uk/news/screen-business-report
[3] Creative UK (2021) 'The UK Creative Industries: Unleashing the power and potential of creativity'

This paper outlines a number of other essential measures that will enable the UK's Creative Industries to drive growth and prosperity in all parts of the UK. In summary, these recommendations are:

1. Unlock the sector's significant growth potential by **reaffirming commitments to, extending and introducing new Creative Industries Tax Reliefs**.
2. Unleash creative innovation across all industries by **expanding R&D Tax Relief to reflect the internationally recognised Frascati definition**, aligning the UK with other high-growth economies.
3. Bolster consumer spending and deliver benefits to health and wellbeing by **cutting VAT from cultural experiences and creative products, including event tickets and audiobooks**.
4. Ease the pressure of rising costs by **applying Business Rate Relief to cultural sites, venues and hubs** and **removing the VAT currently applied to historic buildings for maintenance and repair**.
5. Invest in our future workforce by **delivering the £270 million Arts Premium promised in the Conservative Party Manifesto** and **enabling FE and HE to upskill the next generation.**
6. Incentivise a new era of creative entrepreneurship by **establishing a new compact between UK government and freelancers** and **retaining the UK's strong Intellectual Property framework**.

The Creative Industries are not immune to the challenges currently facing the UK economy, including rising cost and wage pressures, workforce shortages, supply chain issues and heightened global competition for trade and investment. Those reliant on audiences and footfall are also still experiencing the impacts of the pandemic, with consumers not yet returning to live events and performances in the same numbers – all of which the above recommendations will begin to address.

Local, national and devolved public investment in culture, the arts, creative ideas and public service broadcasting will also be vital to the sector's future growth and success, and must be safeguarded and strengthened by any future Government. Public investment has cultivated the creative talent, innovation and ideas that the UK is famous for, delivered significant social benefits to people and their communities, and opened up opportunities to those who would not have otherwise had them.

For any further information, queries or opportunities to engage directly with creative businesses and talent, contact Stacey Arnold, Policy & Public Affairs Manager, Creative UK: stacey.arnold@wearecreative.uk

1. Unlock the sector's significant growth potential by reaffirming commitments to, extending and introducing new Creative Industries Tax Reliefs.

Tax reliefs for the Creative Industries not only boost investment in homegrown talent and ideas, they cement the UK's position as a global creative superpower and attract valuable inward investment – making Britain both an attractive and competitive place to do creative business. The UK's Creative Industries Tax Reliefs have been highly effective in achieving this – enabling our creative content and services to become world-renowned and highly profitable.

Many trade and industry bodies from across the creative sector have developed business cases that provide additional detail. On behalf of the whole of the Creative Industries, we strongly recommend the UK Government considers proposals in relation to the following:

Bolstering existing tax reliefs:

- **Reaffirm commitments to tax reliefs for the screen sectors, including the film, high-end TV and children's TV**, to ensure their ongoing economic and creative competitiveness.
- **Reform Tax Relief to assist Visual Effects (VFX) and Animation** and put the UK on a more globally competitive footing for inward investment. Due to fiscal incentives overseas, other countries have

built significant homegrown capacity and skills for technology-enabled industries like animation and VFX. UK Screen Alliance and Animation UK have developed a business case for the introduction of a VFX and Animation Tax Relief that is globally competitive and, if adopted, could retain and attract £225 million worth of inward investment to the UK annually.

- **Increase the rate and scope of the Video Games Tax Relief** from 25% of 80% of core expenditure, to 32% of 80% and include post-launch activities. Video Games Tax Relief is vital in ensuring international competitiveness – levelling the playing field for the UK with major markets, such as the US and Canada. Ireland recently announced Video Games Tax Relief at 32% (for design, build and testing costs up to €25 million).[4] There is a real risk of lost investment to the sector if the UK Government does not match Ireland's rates. Research by TIGA suggests that an increase in the rate of relief to 32% would generate approximately 1,500 additional skilled development jobs, over 2,700 indirect jobs and approximately £200 million in additional GDP contribution per year by 2025.[5]
- **Retain current rates of cultural tax relief for Theatre and Orchestras** for a minimum of a year and until the economic uncertainty is stabilised for these sectors. In October 2021, the Government announced an extension to these tax reliefs, but these rates are due to taper down from April 2023.[6] During this time, the viability of retaining existing tax reliefs on a permanent basis, and expanding the scope of eligible organisations, must be seriously considered.
- **Remove the Museums, Galleries and Exhibitions Tax Relief (MGETR) sunset clause, making relief permanent for the sector.** Introduced in 2017, the MGETR provides vital support worth up to £30 million per year for museums. Unlike other reliefs, the MGETR contains a sunset clause due to expire in April 2024.[7] This clause must be removed to allow museums and galleries to continue to benefit from this relief, which is needed more than ever as the sector grows its visitor numbers following the pandemic.

Introducing further tax reliefs:

- **Introduce a Music Tax Relief** to incentivise the creation of new music in the UK, foster innovation, attract inward investment and strengthen the music industry's export potential.[8] Specific tax incentive schemes for music production or composition exist in other countries with strong music sectors, such as France and Canada. For example, a similar tax credit scheme in France delivered a return on investment of €2.7 for every €1 invested by the Government. Without a tax relief, the Government risks putting the UK at a disadvantage.
- **Introduce a Publishing Tax Relief** to incentivise the production of published works. The UK exports more books than any other country and contributes £3.74 billion of GVA in 2019 through magazine and multi-media publishing.[9] However, there are challenges due to global supply chain issues and the increased cost of paper and print manufacturing in the UK. An extension of Creative Industries Tax Reliefs to the publishing sector would bolster UK manufacturing, boost sales and mirror the financial support available for specialist and book publishers internationally.

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[4] https://tiga.org/news/international-competition-to-grow-video-games-increasing-uk-needs-to-increase-rate-of-vgtr-to-stay-competitive
[5] https://tiga.org/news/tiga-welcomes-announcements-in-the-spring-statement-but-calls-on-the-government-to-enhance-video-games-tax-relief
[6] https://www.gov.uk/government/publications/cultural-relief-rate-rises-for-theatre-orchestra-and-museums-and-galleries-exhibition-tax-reliefs/cultural-relief-rate-rises-for-theatre-orchestra-and-museums-and-galleries-exhibition-tax-reliefs
[7] https://www.gov.uk/government/publications/extension-to-museum-and-galleries-exhibition-tax-relief-sunset-clause/extension-to-museum-and-galleries-exhibition-tax-relief-sunset-clause
[8] https://www.ukmusic.org/wp-content/uploads/2021/06/UKM-Response-RD-Tax-Reliefs-Final-Submission.pdf
[9] https://ppa.co.uk/article/ppa-sector-insight-report-highlights-economic-and-cultural-value-to-uk

- The UK fashion sector is exploring how to use tax reliefs to onshore manufacturing and meet demand for sustainable fashion. The global fashion industry could be incentivised to significantly expand its UK presence through **tax reliefs for UK fashion design and manufacturing** and through the use of **sustainable design, manufacturing and service practices**.[10] This could help the UK to meet its net zero target, support manufacturers to adapt their practices and meet consumer demand.

Supporting creative exports:

The ability to trade with ease has been critical to the economic success of the Creative Industries and a key pillar of the UK's creative soft power on the international stage. However, because the full impact of Brexit has been masked by pandemic-related restrictions, it is vital the UK Government continues to champion the work of the Creative Industries internationally.

Existing government export programmes, including the UK Tradeshow Programme,[11] have showcased the UK Creative Industries to international markets. **Greater investment in export programmes would provide growth through new trade, and ease the pressure created by supply chain issues and rising costs. These schemes must be reviewed regularly to ensure they remain fit-for-purpose and responsive to sector needs.**

Industry has worked closely with government to develop a number of sector-specific export schemes, including the Music Export Growth Scheme,[12] International Showcase Fund[13] and the UK Advertising Exports Group,[14] that have provided a healthy return on investment**.** For example, the Music Export Growth Scheme generates £13.45 for every £1 invested[15]. **Government should increase investment in these sector-specific export schemes as a way to supercharge growth in the creative economy, and boost income for the Treasury.** And for that funding to be as effective as possible, **government must commit to longer-range funding cycles that enable to sector to plan strategically**.

While the sector is beginning to emerge from post-pandemic restrictions, the changes to touring and trade within the EU are yet to be fully tested and understood. Until such a time as there is a systemic solution, the **UK Government should provide a Creative Support Fund that offers financial assistance to i) those touring and operating in the EU**, ii) **emerging talent looking to enter new markets and those sole traders and iii) SMEs and micro-businesses unable to absorb additional costs**.

2. Unleash creative innovation by expanding R&D Tax Relief to reflect the internationally recognised Frascati definition, aligning the UK with other high-growth economies.

Creative innovation strengthens the UK's ability to be globally competitive, remain resilient and achieve net zero. It also drives colossal inward investment, creating jobs and generating revenue in all parts of the UK. Research from the Department for Digital, Culture, Media and Sport (DCMS) revealed that over half of Creative Industries firms introduced new or significantly improved products or services in the last three years, which is much higher than the economy at large.[16] Creative technology is also a hub of innovation and

[10] https://www.fashionroundtable.co.uk/s/FR_ESF_Cleaning-up-Fashion_Report_2021.pdf
[11] https://www.gov.uk/guidance/uk-tradeshow-programme#full-publication-update-history
[12] https://www.bpi.co.uk/news-analysis/music-export-growth-scheme/
[13] https://prsfoundation.com/funding-support/funding-music-creators/international/international-showcase-fund/
[14] https://ukaeg.com/
[15] Latest Round of Music Export Growth Scheme Funding Announced - bpi
[16] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/919052/4565_-_DCMS_RD_in_Creative_Industries_Survey_-_Report_-_D8_PDF.pdf

a significant growth sector, with the UK CreaTech industry third in the world for venture capital investment, just behind the US and China.[17]

Public investment has been integral to driving this growth, acting as a catalyst by helping organisations diversify business models, increase productivity and generate cutting-edge ideas that set the UK apart, all whilst responding to major global challenges and leading the charge to net zero. However, there is still more to be done to bring creative ideas and entrepreneurialism under the scope of existing R&D support.

Currently, HMRC takes a narrow view of the OECD Frascati definition of R&D, limiting activity eligible for tax relief to science and technology – at the expense of the arts, humanities and social sciences. **The definition of R&D for tax credit purposes must be expanded to include the full OECD-recognised Frascati definition, which includes "knowledge of humankind, culture and society."**[18] We would expect a revised definition to encompass all parts of the Creative Industries, as set out in DCMS SIC codes. Were the Government to adopt the full Frascati definition, more than three times the number of current creative businesses would qualify for R&D tax reliefs.[19] This change would incentivise a greater number of creative organisations to place R&D at the heart of their work and enable them to undertake R&D to meet challenges and opportunities created by the intersection of complex social and technical changes.

Since the 2008 financial crisis, R&D tax incentives have been made more generous in many countries to bolster international competitiveness and stimulate long-term economic growth. If the UK Government does not expand the current R&D definition, it risks lagging behind international competitors, such as Canada and Denmark, and putting the Creative Industries at a global disadvantage. By broadening the definition of R&D, the UK Government can further unlock the sector's growth potential and follow-through on its commitments to i) increase investment in R&D in the UK to 2.4% of GDP by 2027[20] and ii) review the definition of R&D.[21] Fundamentally, there must be a move away from the idea of research as something funded by large corporates and that happens in laboratories, towards an embracing of the creative and entrepreneurial potential that exists within individuals, SMEs, collaborations and networks.

Direct investment into the Creative Industries via UK Research and Innovation (UKRI) and Innovate UK has also been a huge success and should be continued. The R&D Creative Industries Clusters Programme (CICP), for example, has been key to accelerating cutting-edge ideas, drawing on the expertise of our world-renowned research institutions and the strength of creativity in towns and cities across the UK.

3. Bolster consumer spending by cutting VAT from cultural experiences and creative products, including event tickets and audiobooks.

Stimulating the UK economy, and minimising the risk of recession, depends upon growing consumer confidence and encouraging spending. In fact, household consumption is the largest component of expenditure, representing around two-thirds of GDP.[22] Many creative sectors were adversely impacted by a sharp downturn in consumption and attendance during the pandemic. Many across the Creative Industries have also experienced increased costs and reduced income as a result of Brexit-related changes. While music and performing arts have been hit hard, other sub-sectors have been affected by issues as diverse as

[17] https://technation.io/the-createch-report-2021/#key-statistics
[18] https://www.oecd.org/sti/inno/frascati-manual.htm
[19] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/919052/4565_-_DCMS_RD_in_Creative_Industries_Survey_-_Report_-_D8_PDF.pdf
[20] https://www.gov.uk/government/publications/build-back-better-our-plan-for-growth/build-back-better-our-plan-for-growth-html
[21] https://www.conservatives.com/our-plan/conservative-party-manifesto-2019 (p.34)
[22] https://obr.uk/forecasts-in-depth/the-economy-forecast/expenditure/#consumption

customs fees, changes to rules of origin and VAT on e-commerce. **Given the ongoing uncertainty for creative businesses, government must encourage homegrown markets and audiences for UK creativity**.

A key way to bolster consumer spending on culture is to reduce VAT – generating immediate cost-savings for consumers and audiences, whilst opening up the personal benefits that these experiences deliver. This will increase affordability and accelerate growth in those industries most in need of consumers. A number of VAT reductions were introduced to support the Creative Industries during the pandemic, and these have been critical in ensuring the viability of sub-sectors in straightened times. Many of these can, and should, be reintroduced to help the Creative Industries weather further economic uncertainty created by low growth and high cost pressures.

Recommendations from across the sector include:

- **Reintroduce VAT at 5% for ticket sales to incentivise audiences to support live events and local venues and give the sector the boost it needs to aid recovery.** During the pandemic, the live events sector saw their livelihoods disappear overnight, with a reduction in revenue of almost 80% across the industry.[23] VAT was reduced to 5% for the live events and hospitality sector during the pandemic but returned to 20% in March 2022. This reversal, a 300% VAT uptick, comes at a time when the sector is still seeking to stabilise sales and reassure consumers that it is safe to return to in-person events.
- **Introduce zero-rates of VAT for audiobooks**. In May 2020, VAT rules were equalised for physical and eBooks, ensuring readers can take advantage of zero rates for publications.[24] And yet, an anomalous situation remains where VAT on audiobooks, the fastest growing format in publishing,[25] remains at 20%.

4. Ease pressures of rising costs by applying Business Rate Relief to cultural sites, venues and hubs and removing VAT currently applied to historic buildings for maintenance and repair.

High inflation and rising energy prices are adding to the costs of doing business and limiting the capacity of many across the Creative Industries to realise their growth potential. Business rates bear no relation to the ability of a creative businesses to pay, and risk taxing viable small businesses beyond what they can tolerate. **Business Rate Relief should be reduced for all cultural sites (including arts and music venues, working spaces and studios, cinemas, libraries and heritage estates) and be equalised across sub-sectors to ease the financial burden upon them.** This was introduced for UK hospitality and leisure sectors during the pandemic and should be reintroduced, and extended to include the cultural sector, now that the Culture Recovery Fund has come to an end.

However, given that business rates are an important income stream for local councils, it is essential that this loss is offset by the UK Government. The Local Government Association has calculated that English Councils spend £1.1 billion a year on cultural activity, but these public budgets have come under huge pressure in recent years.[26] Exacerbating this challenge is the loss of European funding that was directly invested in culture and the arts, including the Creative Europe Culture sub-programme, which was not replaced by UK government, and the £400 million that the European Union contributed to the arts, museums, and Creative Industries in England, Wales and Scotland between 2006 and 2017 through structural funds that were only partially replaced by UK government.

[23] https://livemusic.biz/campaigns/
[24] https://www.gov.uk/guidance/zero-rate-of-vat-for-electronic-publications
[25] https://www.publishers.org.uk/our-work/#campaigns
[26] Inflation and National Living Wage pressures to add £3.6 billion extra costs onto council budgets - LGA analysis | Local Government Association

The heritage and museums sectors can be further relieved of tax burdens and supported as energy costs rise by **removing VAT for building repair and maintenance on historic buildings**. This would include the maintenance, repair and retrofit of buildings, structures and collection stores. Work to historic buildings is currently subject to 20% VAT, yet no VAT is charged on work on new buildings. Most heritage, including that which the Government has designated as nationally important, is looked after by private owners at their own cost, or by volunteers, and yet create desirable places for people to live and work.

Tax relief to improve the energy efficiency and sustainability of historic buildings should form part of a wider strategy on retrofitting existing building stock, to ensure the effects of rising energy costs are mitigated and net zero ambitions met. This would benefit *all* creative organisations operating premises and venues.

5. Invest in our future workforce by delivering the £270 million Arts Premium promised in the Conservative Party Manifesto and enabling FE and HE to upskill the next generation.

There are endless commentaries that paint a picture of our future industries: trends toward automation, the adoption of new tech, e-commerce and remote working mean that by 2030, up to 30-40% of all workers in developed countries may need to move into new occupations or at least upgrade their skills significantly.[27] 85% of jobs that will exist in 2030 haven't been invented yet, and 50% of people think that the roles and skills of the next 10-15 years are impossible to predict within their industry.[28] For this reason, creative jobs are considered to be future-proof; and the Creative Industries – characterised by micro businesses, freelancers and highly-skilled project-based workers – are an archetype of the fourth industrial revolution. Creative skills are skills of tomorrow, not just today.

The demand for creative skills is already high, with creative roles now making up 30% of government's Shortage Occupation List (SOL),[29] and include many of the jobs cited as being very likely to grow as a share of the workforce by 2030.[30]

This reality needs to be recognised in the Government's strategy for growth, ensuring the UK labour market maximises our ability to build on world-leading strengths and remain internationally competitive. As a matter of priority, we urge government to:

- **Deliver on the £270 million Arts Premium promised in the Conservative Party Manifesto.** The Conservative Party's 2019 Manifesto stated: "We will invest in arts, music and sport. Over the last nine years we have made real improvements in maths, English and science, and given more children access to a rich academic curriculum. We retain our commitment to the core subjects and also want young people to learn creative skills and widen their horizons, so we will offer an 'arts premium' to secondary schools to fund enriching activities for all pupils." This commitment was broken by government in 2021 and was met with disappointment from a number of UK industries. An upcoming Budget and Spending Review provides an opportunity to deliver on this promise, together with reinforcing the message that creativity is an essential skillset for any worker and should therefore be embedded in education and training from cradle to grave.
- **Continue to fund BTEC qualifications for Creative Industries courses in England, until T Levels are fully tested.** While we support the introduction of T Levels and their parity with A Levels, we do not

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[27] https://www.mckinsey.com/business-functions/people-and-organizational-performance/our-insights/getting-practical-about-the-future-of-work
[28] https://www.delltechnologies.com/content/dam/delltechnologies/assets/perspectives/2030/pdf/Realizing-2030-A-Divided-Vision-of-the-Future-Summary.pdf
[29] https://www.gov.uk/guidance/immigration-rules/immigration-rules-appendix-shortage-occupation-list
[30] https://pec.ac.uk/blog/creative-employers-hopes-and-fears-for-points-based-skilled-immigration-post-brexit

believe funding should be removed from BTECs, which provide a mix of academic and vocational training. There are unresolved issues for the sector in the provision of creative T Levels, including how to overcome health and safety and safeguarding issues in industry placements, and therefore it is not an appropriate time to withdraw funding for equivalent BTEC courses.[31]

- **Embed greater flexibility in the structure of Apprenticeships and in the use of the Apprenticeship Levy in England** to ensure the system works effectively for the Creative Industries. The Department for Education (DfE) has already implemented a number of changes to Apprenticeships, which have improved uptake. However, the structural characteristics of the sector – characterised by high numbers of micro businesses and freelancers undertaking project-based work – mean that many in the sector are still unable to participate in the scheme. DCMS and DfE are testing a modular apprenticeship in TV, via Screen Skills.[32] This pilot must be robustly evaluated to provide learnings for both government and industry. During the pandemic, the Government introduced an incentive, of £1,000 per apprentice, to help organisations cover core costs. With over £3 billion unspent levy funds being recently returned to Treasury,[33] there is a compelling argument for reintroducing the incentive, which would help creative businesses offset the demands of a placement – a particular challenge in sectors with significant workforce shortages. Similarly, the funding bands for apprenticeship roles must be reviewed urgently, to ensure the rates reflect the current inflationary pressures on providers. Without it, some placements may no longer be viable.
- **Ensure Higher Education providers are enabled to cultivate a strong and diverse creative workforce.** We fully endorse the UK Government's desire to drive high quality provision and value for the taxpayer, but the sector is strongly opposed to current proposed reforms – centred on Student Number Controls and Minimum Entry Requirements – which will radically limit the diversity of students who are likely to succeed on creative courses. Likewise, the Creative Industries will not endorse any proposal that limits the measurement of Higher Education Institution or course value to salary outcomes alone, because this does not reflect graduate career journeys in the sector. Creative UK can provide consultation responses (on request) that outline these views in detail and propose solutions.

6. Incentivise a new era of creative entrepreneurship by establishing a new compact between UK government and freelancers and retaining the UK's strong IP framework.

Freelancers make up a significant part of the sector's workforce and drive enormous value, ideas and entrepreneurialism across the Creative Industries and wider UK economy. Due to evolving working patterns and the nature of creative work, freelancers will become increasingly vital as the UK grows economically and seeks to strengthen its competitive edge. Yet, as the pandemic revealed, the UK's policy, tax and social security framework is not set up to effectively support and incentivise such work. The UK has since witnessed a decline in its freelance workforce,[34] which, for the Creative Industries, has exacerbated immediate skills shortages and threatens the agility and growth of our high-performing sector.

As a matter of urgency, the UK Government should **adopt the recommendations made in Matthew Taylor's *Good Work* Review**, including a full review of employment status – a recommendation that was recently rejected – and social security to help remove major barriers for potential creatives and entrepreneurs. **Tax deductions for training should also be extended for both freelancers and small businesses** to enable them

[31] https://www.gov.uk/government/publications/qualifications-that-overlap-with-t-levels
[32] https://www.screenskills.com/news/screenskills-apprenticeship-pilot-kicks-off-with-20-apprentices/
[33] https://www.fenews.co.uk/skills/over-3-billion-in-unspent-apprenticeship-levy-lost-to-treasury-black-hole-new-data-reveals/
[34] https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/understandingchangesinselfemploymentintheuk/january2019tomarch2022

to acquire a much broader set of skills – including creative and digital skills for freelancers within and beyond the Creative Industries, and training to help sole traders and SMEs become investment ready.

Industry, devolved and local governments are already driving change on behalf of creative freelancers. In 2023, **Creative UK will launch a 'Freelance Framework' that will commit employers from across the sector to a set of minimum standards and values for their engagement with freelancers**, and a sector-wide resource and advice hub for creative freelancers themselves. This initiative is being supported by the ten English Metro Mayors and we urge the UK Government to champion it.

Creators, and the work they produce, are the lifeblood of the modern knowledge-based economy. Intellectual property (IP) not only provides audiences and consumers with rich content, in the form of music, film, TV, books, advertising, design etc, but is the vital income source for UK creators – ensuring creativity remains financially viable. For the Creative Industries to grow and flourish, it is essential that creators can monetise the IP they create and are fairly remunerated. To that end, **the Government must enshrine and protect the UK's gold standard Intellectual Property framework.**

Since leaving the European Union, there have been a number of consultations on changes to copyright in the UK, and a series of trade agreements that have had the potential to profoundly alter the IP landscape. **Any Future Trade Agreements must protect or enhance the UK's legislative framework for IP**. Creative UK members are unanimous that any watering-down of the UK's robust IP framework would be potentially devastating to the UK's world-leading Creative Industries.

Government must therefore reconsider current proposals to allow commercial and non-commercial use of copyright for AI Text and Data Mining (TDM), with no-opt out for rightsholders. This would allow global companies to take advantage of the investments that publishers and creators make, at no cost, whilst reaping the commercial benefits. **Urgent action must be taken to ensure that the UK's world-leading IP regime is protected and that TDM does not set a dangerous international precedent for the Creative Industries.**