



UK GOVERNMENT INDUSTRIAL STRATEGY GREEN PAPER: RESPONSE FROM FESTIVALS EDINBURGH

Introduction

1. This paper provides a response from Festivals Edinburgh to the UK Government's Green Paper on developing a UK Industrial Strategy.
2. Festivals Edinburgh is the strategic development body for Edinburgh's major Festivals, established in 2007. We collectively attract attendances of 4.5 million each year (on a par with a FIFA World Cup); we host the largest performing arts marketplace in the world during the month of August; our festivals play key roles in the UK's wider film, publishing, theatre, music, science and live events sectors; and given our unparalleled scale we increasingly act as a platform for data driven innovation through partnerships with the technology sector. As such, Festivals Edinburgh is a prime example of industry-led collaboration in one of the UK's high growth sectors and we are keen to play our part in contributing further to the wider economy.
3. We are conscious of the importance of fully activating the opportunities of these key assets for the culture and creative industries of both Scotland and the UK, to maximise the contribution towards increasing national productivity, innovation, exports and investment.
4. The landscape of powers, policies and institutions in Scotland is clearly very distinctive, and only some of the issues dealt with in the Green Paper are UK reserved or concurrent powers. Festivals Edinburgh has not commented on all consultation questions, but has identified certain questions which we feel are the critical ones for the UK strategy to clarify the approaches across all UK nations, to ensure full UK Government engagement in industry sector growth.

Science, research and innovation

CONSULTATION QUESTION 5. What should be the priority areas for science, research and innovation investment?

5. In addition to the focus on STEM disciplines, a visionary UK industrial strategy will promote cross-disciplinary areas where innovation is often at its most fertile. The cultural and creative industries are natural partners in innovation since exploration, experimentation and challenging received wisdoms are central to our approaches. Working with artists and creatives can accelerate the translation of complex technical concepts into ideas that the public value and can engage with.

6. As outlined in the consultation, there is competitive advantage for the UK in aligning investment with areas of world-class strength. In Edinburgh, the intersections between culture, data and technology offer many opportunities to stimulate new product and service areas including live user experiences building on 'internet of things' technology and digital marketing capitalising on the 'quantified self' self-tracking movement. There is rich potential to link our universities' expertise in fields such as AI, robotics and machine learning to real world challenges such as the growth ambitions of our unparalleled festivals cluster, anticipating and shaping future customer behaviour in the tourism sector. Technological innovation around how best to share the wealth of world class content from Edinburgh's Festivals with global digital audiences would also open up new market opportunities.
7. As part of the Brexit negotiations, there should be a commitment to repurpose elements of the UK's EU funding contribution to provide stimulus for the cultural and creative industries to increase innovation in cultural goods and services, given their track record of growth at almost double the rate of the wider UK economy.

CONSULTATION QUESTION 6. Which challenge areas should the Industrial Challenge Strategy Fund focus on to drive maximum economic impact?

8. Following on from our response to consultation question 5, we believe that the creative industries provide essential connectivity between sectors for the industrial strategy and should be included in the Industrial Challenge Strategy fund.
9. Any scheme must recognise the specific market dynamics of the sector and in particular the symbiosis between commercial and non-commercial culture and creative industries. This system has provided the framework for UK creatives to develop multidimensional careers, leading to the world-leading reputation of the UK for its creativity and feeding into high-growth sectors including creative tech, games design and animation.

CONSULTATION QUESTION 7. What else can the UK do to create an environment that supports the commercialisation of ideas?

10. More than in other high growth sectors, creatives often work as sole traders or in micro-enterprises. Investment in affordable workspaces and zones of creative exchange where professionals can collaborate across disciplines will be important to creating an environment that supports the commercialisation of ideas. Schemes that link academics with real world challenges are also vital to stimulate the pipeline of knowledge exchange.
11. The culture and creative sectors have a high proportion of international staff including EU nationals. The skills and international networks of these colleagues are critical for sustaining high quality intercultural exchange and innovation, and any erosion in the rights of EU nationals in the UK would affect the Festivals' ability to maintain world class programmes. In addition, if the current visa system for non EU nationals were extended to EU citizens there is potentially a very high impact of increased cost and administration around visas and work permits that could damage the innovation system. We would want to see bilateral agreements entered into where necessary to prevent damage to the ability of the UK to attract talented creatives and professionals. Levels of talent do not always equate with levels of salary in the creative sector and new policies on international flows of talent will need to recognise this.

Supporting businesses to start and grow

CONSULTATION QUESTION 22. What are the barriers faced by those businesses that have the potential to scale-up and achieve greater growth, and how can we address these barriers? Where are the outstanding examples of business networks for fast growing firms which we could learn from or spread?

12. Creative industries have been often overlooked by traditional investors and access to a mixed economy model of finance is one of the foundations of the UK sector's success. Edinburgh's Festivals represent a diverse ecosystem of business models from highly philanthropic to highly commercial, and this wide range of approaches is of growing national and international interest. We are among the UK's strongest cultural entrepreneurs with commercial income accounting for 71% of combined turnover and growing, yet it must be recognised in future policymaking for the creative industries that access to investment underwritten by the public sector will remain essential to sustain the full benefits of the UK's world leading status.
13. In particular, the ability of cultural and creative organisations to participate in EU networks and funding programmes has offered additional investment, particularly at devolved national and regional levels - including through the Creative Europe programme, ERDF, ESF, and Horizon 2020. As with the UK Chancellor's guarantee to underwrite UK university research projects currently funded by the EU, there should be similar provision made to at minimum replace funding for EU schemes that currently support the development of the culture and creative industries sector, and an assessment made of the benefits of increasing the stimulus available for this high growth sector.
14. A further factor in facilitating or constraining growth is access to digital and physical infrastructure. If our Festivals with their world-leading brand reputations were taking place in one of the most digitally advanced cities around the globe, it would create extraordinary new opportunities for creative and commercial innovation. With this in mind, taking account of the needs of the creative industries in the UK's future focus on establishing world-class digital and physical infrastructure will enable our sector to capitalise on these assets.

Encouraging trade and inward investment

CONSULTATION QUESTION 25. What can the Government do to improve our support for firms wanting to start exporting? What can the Government do to improve support for firms in increasing their exports?

15. Creative enterprises are typically SMEs, so in this sector it is particularly important that support for exporting is not confined primarily to larger enterprises. We welcome the proposal to widen out the range of organisations benefiting from trade missions. As key cultural assets for the UK as well as Scotland, Edinburgh's Festivals are keen to benefit from opportunities alongside the London-based cultural institutions who are more frequently asked to represent the UK.
16. National framework approaches helping to reduce risk and overheads in accessing international markets are also important to release the potential of sectors with a higher proportion of SMEs. This applies for example in negotiation of future access to opportunities such as the EU digital single market, and in the protection of intellectual property rights in emerging international markets.

17. Trade in cultural products and services must be protected as the UK leaves the EU, with a continuing need to influence EU regulatory, tax and trade tariff regimes that will influence future trade in the cultural and creative industries.
18. Edinburgh Festivals are substantial GVA and job creators through invisible creative and tourism exports given the 4.5 million attendances and over £300m in economic impact they generate each year, 5% of Scotland's tourism economy. Their strengths as key assets for the UK's tourism industry are recognised in our campaign work with VisitBritain and could be further capitalised on through more strategic long term partnerships around propositions focused on contemporary culture and urban settings, directed at future generations of tourists.
19. Many of Edinburgh's Festivals are successful well-established platforms for international trade, for example the Film Festival's contribution to the screen development pipeline, the Fringe's showcasing programmes for Scottish and UK work, and the Royal Edinburgh Military Tattoo's partnership with the GREAT Britain Campaign over the past three years. This creates opportunities for UK trade promotion bodies to be more flexible and creative about measures to increase the exposure of UK creative products to international buyers within as well as beyond these shores. Recent discussions with the GREAT Campaign have also identified more opportunity for national UK trade and investment promotion to capitalise on the platforms that the Festivals can offer.

Cultivating world-leading sectors

CONSULTATION QUESTION 31. How can the Government and industry help sectors come together to identify the opportunities for a 'sector deal' to address – especially where industries are fragmented or not well defined?

20. We note that the UK Government intend the approach to 'sector deals' to be UK-wide and will be looking to develop approaches with the Devolved Administrations.
21. We welcome the fact that Sir Peter Bazalgette has been asked to conduct an independent review into how the UK's creative industries can help underpin future prosperity by utilising and developing new technology, capitalising on intellectual property rights, and growing talent pipelines. We look forward to the opportunities to engage with this UK-wide review.
22. In order to stimulate Edinburgh's existing digital media hotspot, and create a 'collider' effect between the often disparate cultural and digital sectors, we propose investment in an Edinburgh Festivals Innovation Programme. This will see the Festivals' creative ecosystem act as a living laboratory for the development of innovative products and services, while also encouraging collaboration and networking to strengthen the cluster. The programme will provide the capacity for the Festivals to engage with projects of industrial research that may be too risky for companies to take forward without support. Provision of support to help applicants raise additional external finance and a programme of business support and mentoring will enable companies to reach commercial success more rapidly and to greater effect. Strategic partnerships with technology players will be key to success, including the University of Edinburgh's world renowned School of Informatics and the leading UK tech start-up incubator at Codebase.

Creating the right institutions to bring together sectors and places

CONSULTATION QUESTION 36. Recognising the need for local initiative and leadership, how should we best work with local areas to create and strengthen key local institutions?

23. Festivals Edinburgh is a prime example of industry-led collaboration in one of the UK's high growth sectors. Through nurturing a unique cluster and supply chain, it has helped the Festivals to grow economic impact by 24% in the period 2010-2015 while weathering the effects of the global financial crisis. Having created this long-term institution that has shown leadership and used its platforms to boost innovation and skills widely for Scottish and UK creatives, the Edinburgh Festivals are well placed to be part of the strategic response to tackling shared challenges and opportunities in the creative industries sector.

24. The Edinburgh Festivals are also a crucial component of Scotland's knowledge-driven economy, led by the capital city's sector strengths and bringing benefits to the whole country. The main reason innovative companies locate and remain in a city is access to trained and motivated talent– and the Festivals have a strong role to play in maintaining Edinburgh as an attractive destination for talent. The collective Festivals eco-system is a proven crucible for experimentation and introducing new ideas – and we know from our university partners that the prospect of working on innovation projects within the world-leading Festival city environment has a substantial appeal.

25. While many of the measures described in the Green Paper relate to domestic policy competences in England rather than UK-wide initiatives, if strengthening key sector bodies is a key part of the Industrial Strategy the UK Government needs to find vehicles to achieve this UK-wide. The Strategy needs to reflect explicitly on the mix of devolved, reserved and concurrent powers across the UK and set out a clear approach to developing those mechanisms so that there are opportunities for full engagement across all UK nations.

Festivals Edinburgh

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