

**SUBMITTING EVIDENCE TO A SCOTTISH PARLIAMENT COMMITTEE**  
**DATA PROTECTION FORM**

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<b>Date:</b>	12th October 2018
<b>Organisation: (if required)</b>	Culture Counts
<b>Topic of submission:</b>	Article 50 (2018)

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## CULTURE, TOURISM, EUROPE AND EXTERNAL AFFAIRS COMMITTEE

## ARTICLE 50: PREPAREDNESS INQUIRY

## SUBMISSION FROM [Culture Counts]

**What impact the Article 50 negotiations have had upon your business / organisation to date?**

**Mobility of Services**

Most events and festivals are planned at-least two years in advance; though the cultural sector is currently unable to plan-ahead with any certainty. This has an impact on touring performers who have a market in Europe. For example; EU festival organisers may be overlooking UK performers, as if visa's and work permits are required, this could significantly increase the costs to the organisers. Similarly, cultural programmers based in the UK cannot measure the operational costs of bringing in talent from the EU without knowing what the associated costs will be.

Example scenario:

Many cultural workers, work on small margins; which make them particularly vulnerable to extinction; when even seemingly manageable regulations come into force. For example; if a festival in France is booking folk-groups for a folk festival and most cost £1000; are they likely to book a band from Ireland for £1000? or from the new 'third country non-member state of Scotland' where a similar band may now cost £2000?

*Potential 'third country' costs example:*

£1000	<i>band fee</i>
£300	<i>work permits?</i>
£500	<i>visas?</i>
£200	<i>equipment carnet?</i>
<i>Total</i>	<i>£2000</i>

If the above example scenario was to become a reality; our small to medium enterprises would be unable to compete and would quickly lose access to the market.

Furthermore; if a reciprocal agreement benefiting EU and UK cultural sectors is not within reach; those who provide services (including performers and specialists) may have to manage further with-holding Tax and VAT costs. For example: many countries pay performers fees 'net of local taxes'. Performers then needs to claim tax back; which is an administrative and a financial burden; and the instances of the use of this system may increase.

Few can say for certain that they have lost bookings due to the uncertainty around touring costs; though we can draw worrying conclusions of what may be in store, by considering the damage to cultural relations and to businesses as is evident from recent visa refusals impacting on the Edinburgh International Book Festival and WOMAD 'The World's International Arts Festival'<sup>i</sup>. Cultural specialists and experts have been denied entry to the UK because they are from a 'third country' and the UK is about to become a third-country; will we be treated in a similar way?

### **Exchange Rate**

There are agreements in place across the sector that were signed before Brexit which were agreed in Euros, which are now worth significantly less; due to the decrease in value of the British Pound. Artists have reported that EU materials and services are becoming more expensive.

### **Case Study (Screen Machine)**

Our Screen Machine mobile cinema was built and is maintained in France, by a company called Toutenkamion, who are the only builders in the world of this very specialised piece of kit. Yes of course other companies, including some in Britain, have the technology to design and build a mobile cinema from scratch, but we tried that with the first Screen Machine and it was such a disaster that we would never risk it again. Our present Machine is now 13 years old and had a major refit in 2017 at Toutenkamion's French factory. The shifts in the exchange rate following the Brexit vote meant that that refit cost several thousand pounds more than we had originally budgeted for.

The Machine will continue to need to visit Toutenkamion on a biannual cycle for ongoing maintenance, but, much more importantly, our longer-term plan is to raise the funds to commission a third Screen Machine as we don't see the need for the service diminishing in anyway in the coming years. So, a continuing poor exchange rate against the euro but, much more worryingly, the prospect of import tariffs, or of being charged French VAT which we could not reclaim, are all very worrying as they might raise the cost of a new Machine to a level we can't raise funds to match, as well as making ongoing maintenance costlier. So, ultimately, the very future of the service is at risk, and at a time when we're getting some of the best audience figures we've seen in the service's entire 20-year history.

### **• What preparations, if any, are being made by your business / organisation for the range of scenarios which may result from the Article 50 negotiations?**

Micro-enterprises and small to medium enterprises are opening European offices while they still can. Brexit will have a negative impact on SMEs in particular<sup>ii</sup>.

The Creative Industries Federation recently issued guidance to members on how to prepare for 'no deal'<sup>iii</sup>

• **What do you consider the impact of a no-deal outcome would be for your business**

Scotland's cultural organisations may lose talented staff; who may not be able to remain in the UK. Some cultural organisations in Scotland employ a high number of people from non-UK, EU member states, including those fluent in many languages (essential for producers and programmers) and performers.

UK Universities are already struggling to attract the best academic staff<sup>iv</sup>.

**The future relationship between the UK and the EU - The Cultural Accord**

The European Parliament Culture and Education Committee recently published a study<sup>v</sup> into the mobility of artists and culture professionals: towards a European policy framework. This study outlines vital 'remedy obstacles to mobility' for cultural workers:

- A. The recognition of the specific working regimes of artists and cultural professionals;
- B. Withholding tax and social security rules;
- C. The issuance of travel documents (visa).

The Cultural Accord<sup>vi</sup> (pages 78 and 79), the section of the UK Government White paper; which deals with the potential future cultural agreement between the UK and the EU (*Page 79 point 34*) reads *'The UK also attaches importance to the continued mobility of talented individuals and groups to support cultural, creative and sporting cooperation'*.

There is profound concern within the cultural sector as the UK Government has not made clear within the Cultural Accord their understanding of the importance of points A, B and C as outlined above; from the European Parliament Culture and Education Committee.

It is vital that Brexit negotiations recognise the cultural sector as a service sector. We in the cultural sector need to be seamlessly mobile across the EU. In a similar way to lawyers and bankers, we need to be able to access employment and clients in Europe without being curtailed by visa or work permit process. 79% of UK Gross Domestic Product (GDP) came from the service sector in 2013 (in Scotland the figure is 73.9%), this includes arts, entertainment, education and recreation.

If the UK do not manage to agree a reciprocal agreement with the EU for mobility of services. For example, the introduction of something like 'a touring passport'<sup>vii</sup>. There is concern that the EU cultural industry may be organised in-line with the visa system which is currently in place in the UK for 'third countries' ('non-EU, EEA or European Free Trade Association countries'). Due to immigration agreements usually being reciprocal; the UK cultural sector may have to contend with the same battles that the UK visa and immigration system currently presents to third countries.

A report from the House of Lords<sup>viii</sup>, Brexit: Movement of people in the cultural sector, outlines the problems with the current visa systems for third countries in the UK. Page 13 (paragraph 32.) of the report shows that the visa systems currently in place for the movement of people from third countries are not fit for purpose for the cultural sector.

### **Participation in European Programmes**

A recent report<sup>ix</sup> by Euclid estimates that Scotland has received at least £23million in funding awarded to over 380 arts, media and creative industries projects during 2007-2017 and estimates at least £5.6m has been awarded to the museums and galleries sector during 2001-2017. A report<sup>x</sup> by Historic Environment Scotland estimates at least £36.8 million has been awarded to over 280 historic environment projects during 2007-2016.

Scotland's Cultural Sector has benefited from participation in:

- European Regional Development Fund
- European Social Fund
- European Agriculture Fund for Rural Development
- European Maritime and Fisheries Fund
- Interreg
- Creative Europe
- Education / Training / Youth (Lifelong Learning, Youth in Action and Erasmus +)
- Europe for Citizens (Remembrance projects, Town Twinning)
- Research and Development (FP7 – 7<sup>th</sup> Framework)
- Horizon 2020 (incl ERC)

Scotland's cultural sector has no clarity of our eligibility to continue to participate in EU programmes beyond 2020; which are worth millions to the cultural economy and to the promotion of cultural relations with the EU and to the promotion of diversity.

### **To what extent, the guidance issued by the European Commission and UK Government has been helpful in helping you to prepare for the UK's withdrawal from the EU?**

Guidance is useful in terms of mapping a potential scenario, though potential solutions would be useful. Due to the nature of negotiations being private; no scenarios other than the 'worst case' are presented; which is not useful.

### **What further support or guidance you consider the Scottish Government, UK Government and / or European Commission should be providing to enable individuals, businesses and organisations in Scotland to prepare for the UK's withdrawal from the EU?**

The Scottish Government could issue advice in a similar way to the Creative Industries Federation (ref<sup>iii</sup>)? It could be useful to collaboratively engage online to come up with solutions, and or to attend events to share ideas. Many companies and organisations will be facing the same questions and paying for individual legal advice. A collaborative approach between the stakeholders and the Scottish Government would be ideal.

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- i <https://www.theguardian.com/books/2018/aug/08/visas-refused-for-a-dozen-authors-invited-to-book-festival>
- ii <https://www.bbc.co.uk/news/uk-scotland-42767534>
- iii <https://www.creativeindustriesfederation.com/news/creative-industries-federation-urges-creative-businesses-start-preparing-risk-no-deal-brexite>
- iv <https://www.universitiesuk.ac.uk/policy-and-analysis/brexit/Documents/the-brightest-minds.pdf>
- v [http://www.europarl.europa.eu/RegData/etudes/STUD/2018/617500/IPOL\\_STU\(2018\)617500\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2018/617500/IPOL_STU(2018)617500_EN.pdf)
- vi [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/725288/The future relationship between the United Kingdom and the European Union.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/725288/The_future_relationship_between_the_United_Kingdom_and_the_European_Union.pdf)
- vii <https://www.iq-mag.net/2018/09/mu-post-brexite-touring-passport/#.W7Sbj2hKhPY>
- viii <https://publications.parliament.uk/pa/ld201719/ldselect/ldcom/182/182.pdf>
- ix [https://www.creativescotland.com/\\_data/assets/pdf\\_file/0020/41753/EUFundstoScotlandCS-FINAL.pdf](https://www.creativescotland.com/_data/assets/pdf_file/0020/41753/EUFundstoScotlandCS-FINAL.pdf)
- x <https://www.historicenvironment.scot/archives-and-research/publications/publication/?publicationid=4a41c670-4e72-47b6-86e6-a79200c37cd8>