



LABOUR PARTY MANIFESTO FOR LONDON

BUSINESS, GROWTH AND JOBS

SUBMISSION FROM THE BRITISH SCREEN ADVISORY COUNCIL (BSAC)

27 November 2015

Key Points

We welcome Sadiq Khan's stated intention of becoming the most pro-business Mayor of London yet.

The UK Audiovisual Industries are heavily centred on London and constitutes a thriving and vibrant part of London's economy. It is responsible for generating high end and highly skilled jobs, attracting investment and generating significant economic returns.

The Audiovisual Industries also delivers a number of ancillary benefits to both the London, and the broader UK economy.

We would hope that any future Mayor will recognise the economic potential of the Audiovisual Industries, develop an understanding of how the sector functions and interrelates with the wider creative economy, and use this to develop informed policy.

We would also hope that any future Mayor would act as an advocate for the continued and sustainable expansion of the Audiovisual Industries so that these can maximise their potential and continue to generate economic and social benefits for London.

- **Introduction**

We welcome the opportunity to contribute to the Labour Party's Manifesto for London. This document was prepared in response to the Business, Growth and Jobs consultation paper.

This contribution is made in addition to, and does not replace, any submissions from our individual Members.

The British Screen Advisory Council (BSAC) is an independent, industry-funded membership organisation that uniquely brings together senior executives from the broadest possible range of interests across the Audiovisual Industries, including the major TV broadcasters, independent film and TV producers, US studios with major operations in the UK, trades unions, NDGB's, telephone networks, digital technology companies and educational providers, as well as a number of other interested stakeholders^{1, 2}.

Given the breadth of our Membership, and our ability to draw on specialist legal and economic expertise where necessary, BSAC is particularly well-placed to provide input into consultations of relevance to the Audiovisual Industries if needed.

Our most recent reports have included articulating a sector view from the UK Audiovisual Industries, at the request of DCMS, well supported by new evidence, on the European Commission's proposals for the Digital Single Market³; and a risk assessment of the impacts that the various potential scenarios for a British exit from the European Union would have upon the UK Audiovisual Industries⁴.

We also provided contributions to the independent reviews of Creative Industries and the Digital Economy and Exports, conducted by John Woodward and Graham Cole respectively for the Labour Party prior to the 2015 General Election^{5, 6}.

BSAC continues to work closely with UK and EU officials and to contribute to debates on audiovisual policy with the goal of developing and strengthening these sectors within the UK.

1 See BSAC's Membership, at <http://bsac.uk.com/membership-list.html>

2 See BSAC's Associate Membership, at <http://bsac.uk.com/associate-membership-list.html>

3 See BSAC, 'Copyright Protected Audiovisual Services: Portability and Cross Border Access' (2015), at <http://bsac.uk.com/policy-papers.html?download=319:portability-and-cross-border-access-in-europe>

4 See BSAC, 'If...BSAC's Reflections on a Hypothetical UK Exit from the EU and its Potential Impact on the Local Audiovisual Content and Services Industries' (2015), at <http://bsac.uk.com/policy-papers.html?download=297:bsac-discussion-paper-on-the-effects-that-a-british-exit-from-the-eu-would-have-on-the-audiovisual-industries>

5 See BSAC's Response to the Woodward Review into The Creative Industries and the Digital Economy, at <http://bsac.uk.com/2014.html?download=321:bsac-response-to-the-woodward-review-into-the-creative-industries-and-the-digital-economy>

6 See BSAC's Response to Cole Commission's review into Government support for exports, at <http://bsac.uk.com/responses-to-consultations-2015.html?download=310:bsac-response-to-cole-commission-s-review-into-government-support-for-exports>

- **The UK Audiovisual Industries**

The UK Audiovisual Industries, as recorded by DCMS Official Statistics as ‘Film, TV, video, radio and photography’, have been a success story in recent years, with significant growth that has been greater than that of almost all other economic sectors.

In 2013, the Audiovisual Industries accounted for 259,000 jobs in the UK. They were also experiencing considerably higher rates of economic growth than most other industrial sectors, achieving average annual growth of 11.8% between 2011-2013, as opposed to the 2.3% increase that the UK economy as a whole experienced over the same period⁷.

The Audiovisual Industries make a positive contribution to the UK Exchequer, and were responsible for generating a total GVA of £9.3 billion in 2013⁸ and service exports worth £4.3 billion in 2012⁹.

This is also a highly skilled sector. According to DCMS Statistics, in 2013, 56.5% of UK employees within the Creative Economy subcategory, ‘Film, TV, video, radio and photography’, were educated to at least degree level, a proportion that was almost double that of the wider economy, at 31.2%¹⁰.

In addition, employees directly employed within the Creative Media Industries are even more highly qualified. A recent quantitative workforce survey has calculated that in 2014, 78% of people actively working within the Creative Media Industries held an undergraduate degree or higher¹¹. This survey has also demonstrated that, on average, employees in sector were highly remunerated for their work: in 2014, the average salary for employees in the Creative Media Industries was £33,900, or 24% higher than the average UK salary of £27,271¹².

In addition to the direct economic benefits, the Audiovisual Industries are vital underpinnings of the UK’s culture, heritage and sense of national cohesion. They also offer the potential for generating significant international goodwill and soft power around the globe. For example, during Prime Minister David Cameron’s trade mission to China in December 2013, the most asked questions over the Chinese

7 See ‘DCMS Creative Industries Economic Estimates’ (January 2015), pp. 10-12, at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/394668/Creative_Industries_Economic_Estimates_-_January_2015.pdf

8 See ‘DCMS Creative Industries Economic Estimates’ (January 2015), p. 25, at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/394668/Creative_Industries_Economic_Estimates_-_January_2015.pdf

9 See ‘DCMS Creative Industries Economic Estimates’ (January 2015), p. 31, at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/394668/Creative_Industries_Economic_Estimates_-_January_2015.pdf

10 See ‘DCMS, Creative Industries: Focus on Employment’ (June 2014), p. 51, at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/324530/Creative_Industries_-_Focus_on_Employment.pdf

11 See Skillset, Creative Media Industries Workforce Survey 2014, , p. 6, at http://creativeskillset.org/assets/0001/0465/Creative_Skillset_Creative_Media_Workforce_Survey_2014.pdf. Creative Skillset are the Skills Sector Council for the Creative Industries

12 See Skillset, Creative Media Industries Workforce Survey 2014, p. 10, at http://creativeskillset.org/assets/0001/0465/Creative_Skillset_Creative_Media_Workforce_Survey_2014.pdf

social media forum, Weibo, related to the release date of the next series of the hit BBC drama, *Sherlock*^{13, 14}.

- **London as a creative hub**

London is an established and thriving hub for the creative economy across all fields, but the Audiovisual Industries are especially notable for being concentrated within London.

This has been a boon for the city, creating jobs and generating economic value. A recent report from the GLA Economics has estimated that almost half of the GVA originating from the UK's creative economy, and 66.4% of that generated by the UK's Audiovisual Industries, originates in London¹⁵. There are also 96,600 Audiovisual Industries jobs in London, or 42% of the UK's total employment from this sector¹⁶. In terms of productivity, the GVA per Audiovisual Industries job in London was calculated as £84,400 per job, almost 70% greater than the UK average GVA per workforce job of £49,800.¹⁷

The Audiovisual Industries are particularly centred within a relatively small number of mostly central boroughs, and especially but not limited to the Soho district of Westminster. This is illustrated by The GLA Economics report, referenced above, which has mapped the density of London's creative economy in some depth¹⁸, but has also long been recognised. Soho in particular has been a thriving centre of creativity for decades, and in 2010 was home to one in five jobs in the film distribution industry as well as one in four jobs in film production in the UK¹⁹. However, other such world leading industry specific clusters in London include the 'West London TV Triangle'²⁰, 'Silicon Roundabout' or the music scene in Camden.

A NESTA report has examined the Soho film cluster as a case study and identified the diversified portfolio of innovation sources, the high levels of networking and strong linkages to related sectors as key factors behind its success²¹. More broadly, they also concluded that there is a 'regional division of labour' in Britain, with

13 See BBC Media Centre, BBC Worldwide sells 300 hours of programmes in China, at <http://www.bbc.co.uk/mediacentre/worldwide/2014/china-programme-sales>

14 See BBC News, Gay love theory as fans relish Sherlock in China, at <http://www.bbc.co.uk/news/blogs-china-blog-25550426>

15 See GLA Economics, 'The Creative Industries in London' (2015), p. 7, at https://www.london.gov.uk/sites/default/files/creative-industries-in-london_o.pdf. GLA Economics are the Greater London Authority's economic research unit.

16 See GLA Economics, 'The Creative Industries in London' (2015), p. 15, at https://www.london.gov.uk/sites/default/files/creative-industries-in-london_o.pdf

17 See GLA Economics, 'The Creative Industries in London' (2015), p. 31, at https://www.london.gov.uk/sites/default/files/creative-industries-in-london_o.pdf

18 See GLA Economics, 'The Creative Industries in London' (2015), p. 34-48, at https://www.london.gov.uk/sites/default/files/creative-industries-in-london_o.pdf

19 See Oxford Economics, The Economic Impact of the UK Film Industry (2012), at <http://www.bfi.org.uk/sites/bfi.org.uk/files/downloads/bfi-economic-impact-of-the-uk-film-industry-2012-09-17.pdf>

20 See Broadcast, 'TV Triangle: Broadcast's guide to the TV and media industry in west London and beyond' (2014), at <http://www.broadcastnow.co.uk/home/digital-editions/tv-triangle-supplement/5080215.article>

21 See NESTA, 'Creative Clusters and Innovation: Putting Creativity on the Map' (2010), p. 33, at https://www.nesta.org.uk/sites/default/files/creative_clusters_and_innovation.pdf

London specialising on ‘core’ creative activities, and other regions providing complementary inputs that feed into the creative process²².

The concentration of skills, infrastructure, expertise, specialised financiers and established routes to market within creative clusters, particularly given that many requirements and supply chains are so specialised and capital intensive in and of themselves, is a major draw to other companies in the same or complimentary fields. This is of particular benefit to start-ups or companies that operate on a very project focussed basis as this enables them to operate without the need to cover significant overheads in-house or to maintain them beyond the lifetime of the project.

The presence of established creative clusters also has a magnetic effect at drawing in creative and related talent. In addition, London is also home to numerous world class universities and cultural institutions, strong international links and vibrant social scenes, which compliment creative industry hubs in attracting talent, facilitating the spread of ideas and reinforcing the rich melting pot of ideas and creativity that underpin the sector’s success.

Above and beyond the immediately value created by the Audiovisual Industries in and of themselves, the sector also has many synergies with other creative industries. For example, only 38% of companies in the film industry work solely in film, with the others also working in TV, advertising or other interactive media in order to maximise their earning potentials and diversify their revenue streams; similarly, it is not unusual for writers, actors and technical employees to work across a range of different sectors²³.

The Audiovisual Industries generate a significant multiplier effect. It has been calculated that the film industry generates an average of £12 in additional economic activity from every £1 in direct spend²⁴, and it is likely that the activities of other Audiovisual Industry sectors, such as high-end TV, video games and animation, will generate similarly positive ancillary returns for the wider economy.

For example, it has been estimated that as much as 10% of tourism to the UK, or £2.1 billion of visitor spend, is attributable to UK films²⁵, and that 80% of the cf. 17 million international tourists who visited London in 2013 were attracted by the Capital’s culture and heritage^{26, 27}.

22 See NESTA, ‘Creative Clusters and Innovation: Putting Creativity on the Map’ (2010), p. 12, at https://www.nesta.org.uk/sites/default/files/creative_clusters_and_innovation.pdf

23 See Oxford Economics, The Economic Impact of the UK Film Industry (2012), p. 41, at <http://www.bfi.org.uk/sites/bfi.org.uk/files/downloads/bfi-economic-impact-of-the-uk-film-industry-2012-09-17.pdf>

24 See Oxford Economics, The Economic Impact of the UK Film Industry (2012), pp. 7, 101, at <http://www.bfi.org.uk/sites/bfi.org.uk/files/downloads/bfi-economic-impact-of-the-uk-film-industry-2012-09-17.pdf>

25 See Oxford Economics, The Economic Impact of the UK Film Industry (2012), p. 11, at <http://www.bfi.org.uk/sites/bfi.org.uk/files/downloads/bfi-economic-impact-of-the-uk-film-industry-2012-09-17.pdf>

26 See Oxford Economics, The Economic Impact of the UK Film Industry (2012), p. 57, at <http://www.bfi.org.uk/sites/bfi.org.uk/files/downloads/bfi-economic-impact-of-the-uk-film-industry-2012-09-17.pdf>

27 See GLA Economics, ‘The Creative Industries in London’ (2015), p. 54, at https://www.london.gov.uk/sites/default/files/creative-industries-in-london_o.pdf

1. What are the Key opportunities for growth in London and how can the Mayor support business to make the most of them?

As outlined above, the Audiovisual Industries are a high skilled and high value-added industry, and are already an established, successful, vibrant and profitable part of London's economy, both in their own right, and as a driver of other economic activities.

However, we feel that there is a potential for these to continue to grow and to contribute additional value to London's economy.

Given the preponderance of the UK Audiovisual Industry in London, we hope that any future Mayor would work with Industry and support the sector by promoting the opportunities that exist, championing its interests nationally and helping the industry to continue to develop and grow sustainably.

- **Recognition and understanding of London's Audiovisual Industries, and of the Creative Economy more broadly**

The Audiovisual Industries already have a thriving business ecosystem in London; however, this has a number of unusual characteristics in comparison with other industries.

These include an atypically high composition of highly specialised micro businesses and freelancers with a tendency to organise production on a project by project basis. The primary output of the sector consists of intangible goods, whose value is derived from copyright. The primary output is also bespoke content, which requires a high degree of individual creative input. Also, financing models for higher-end content are typically extremely complex, often including elements of pre-sales of rights on the basis of different territories, release windows and media formats; the sale of equity; access to regional or cultural incentives; the use of tax incentives; and gap financing, obtained through a specialist provider.

We are concerned that the nature and structure of the Audiovisual Industries, or for the creative economy more broadly, are not always recognised or understood by policy makers.

We would strongly call for any future Mayor to recognise the economic potential of the UK digital and creative ecosystem, to develop an understanding of how the creative economy functions so as to allow the development of informed policy, to work with Industry and to act as an advocate for the continued expansion of the Audiovisual Industries.

- **Strengthening the UK Domestic market**

Domestically, the UK Market is currently one of the most developed markets in the world for creative content, of all kinds. UK consumers have one of the highest adoption rates, greatest propensity to use, and largest per capita spend on media products of all kinds.

Digital devices that enable consumption of content over the internet or through mobile telephones or tablets have achieved incredible market success. In 2012, over one in every four video games consoles and almost one in every three tablets sold in Europe was purchased in Britain²⁸. The UK has among the highest levels of take-up, and the highest consumer spend, on satellite audiovisual services in Europe, and there are more HD satellite channels available in Britain than in any other EU country²⁹.

The UK market is also pioneering in its development and provision of new media services: at the year-end 2013, there were 682 on-demand audiovisual services available in the UK; this was almost 60% higher than the European country with the second highest number, France, which had 434 such services in operation. Although this is a relatively new market, and comprehensive data is not currently available for all countries, it is also clear that UK consumer take-up and spend on VoD services is considerably higher than that of any other European Country³⁰.

Consequently, the UK provides a strong and competitive domestic ecosystem for the development of new and innovative audiovisual services and products, something that allows experimentation, fosters innovation and attracts interest and investment from around the world.

This also provides the Audiovisual Industries in London with an easily accessible and thriving home market, notably one that speaks the same language and shares a common cultural background and understanding of historical and political context. Our recently published report, 'Copyright-Protected Audiovisual Services', contains annexes of supporting evidence, including case studies that illustrate the costs and difficulties in localising content in order to cater for varying national preferences and linguistic differences³¹.

We would hope that any future Mayor would recognise the economic potential of the UK's digital and creative ecosystem, and would work with industry to act as an advocate for or to otherwise support the continuing expansion of this sector of the economy.

28 See European Audiovisual Observatory Yearbook 2013, Volume 2, pp. 78, 80

29 See European Audiovisual Observatory Yearbook 2013, Volume 2, pp. 47-55

30 See European Audiovisual Observatory Yearbook 2013, Volume 2, pp. 151-185

31 See BSAC, 'If...BSAC's Reflections on a Hypothetical UK Exit from the EU and its Potential Impact on the Local Audiovisual Content and Services Industries' (2015), pp. 8-11, at <http://bsac.uk.com/policy-papers.html?download=297:bsac-discussion-paper-on-the-effects-that-a-british-exit-from-the-eu-would-have-on-the-audiovisual-industries>

- **Exports**

The Audiovisual Industries are inherently international in focus, and British film, television and video games have shown that they are attractive to, and successful at generating revenues from, international markets.

According to the BFI, in 2013 the UK was ranked third in terms of the value of feature film production, behind only the USA and Japan, and the value of UK film production was £1,069m, 81% of which – £860m – consisted of inward investment^{32, 33}. In 2012, the UK film industry exported £1.34 billion worth of services, of which £792m came from royalties and £550m from film production services³⁴.

In 2013, estimated total revenues from the international sale of UK TV programming and associated activities was £1,284m, which was a 5% increase from 2012. The British TV industry achieved success on a worldwide scale, with 47% of these revenues being generated from North America; 27% from Europe; and 26% coming from the rest of the world³⁵. These figures exclude the value of international broadcast revenues from televised sports, which may add as much as a further cf.£1 billion to the UK's overseas earnings by the television industry, including £526m generated from the sale of overseas TV rights for the 2013/14 season from the Premier League alone^{36, 37, 38, 39}.

For historical reasons relating to the definitions and therefore measurement of digital exports, it is currently difficult to quantify the value of exports from the UK video games sector. However, it has been estimated that the total GVA of the UK games industry is £1,72 billion^{40, 41}.

32 See BFI, Statistical Yearbook 2014, p. 9, at <http://www.bfi.org.uk/sites/bfi.org.uk/files/downloads/bfi-statistical-yearbook-2014.pdf>

33 See BFI, Statistical Yearbook 2014, p. 179, at <http://www.bfi.org.uk/sites/bfi.org.uk/files/downloads/bfi-statistical-yearbook-2014.pdf>

34 See BFI, statistical Yearbook 2014, p. 227, at <http://www.bfi.org.uk/sites/bfi.org.uk/files/downloads/bfi-statistical-yearbook-2014.pdf>

35 See PACT UK Television Exports For Year 2013/2014, at <http://www.pact.co.uk/support/document-library/documents/uk-tv-exports-report-2014/>

36 cf.£1 billion estimate reached from assumption that Premier League international revenues worth approximately 50% of the total UK international sports revenues, rounded down. See footnotes 37 and 38.

37 See Premier League news, at <http://www.premierleague.com/en-gb/news/news/2013-14/may/premier-league-broadcasting-commercial-payments.html>

38 See Ofcom, Summary of UK Sports Rights (2007), p. 4, where the Premier League rights were then worth 52% of the total UK sports rights market by value, http://stakeholders.ofcom.org.uk/binaries/consultations/market_invest_paytv/annexes/annex_10.pdf

39 See Deloitte, Technology, Media & Telecommunications Predictions 2014, pp. 28-29, for an overview of the international sports rights market, at <http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Technology-Media-Telecommunications/gx-tmt-predictions-2014.pdf>

40 See Nesta and UKIE, A Map of the UK Games Industry, p. 5, at http://www.nesta.org.uk/sites/default/files/map_uk_games_industry_wv.pdf

41 See Ukie, 'The UK Video Games Sector: A Blueprint for Growth' (2015), pp. 49, 58, at <http://ukie.org.uk/sites/default/files/Ukie%20Blueprint%20for%20growth.pdf>

More broadly, the UK is also a world leader in e-commerce. A recent paper estimated that in 2013 the UK's online retail economy had been expected to generate the largest trade surplus in the world, of almost \$1.2 billion (USD)⁴².

In the future, the expansion of digital distribution and online content businesses are likely to increase the ability of industry to deliver audiovisual content to interested audiences around the globe. In addition, the role that online communities and social networks can play in publicising content are likely to increase in importance as they mature and increase in ubiquity and reach. It is likely that as these technologies develop and become more widely used they will increase the size of and improve access to the potential markets that UK audiovisual content could be exported to.

Businesses are currently developing a range of new businesses models and other means of capitalising upon these opportunities. The Ofcom Communications Market Update 2015 shows that Video on Demand (VOD) services are expanding rapidly and are now used by over 50% of UK adults, and a recent report from KPMG has shown that virtually all of the most popular new film and television content is now available through legal digital platforms^{43, 44}. We welcome these developments and believe that any Government intervention or regulation should be light touch in scope and should primarily seek to give the market freedom to develop its own solutions to capitalise upon such opportunities.

We would welcome any promotion or support for exports that any future Mayor could offer to the sector, such as through highlighting the opportunities for working with or investment in the London Audiovisual Industries or facilitating the sale of creative content when on trade missions.

- **Regionalisation agenda**

We observe that current Government policy is supportive of a regionalisation agenda across the UK, where powers, decision making and responsibility will, to an extent, be devolved away from Westminster and towards the regions.

We would welcome any use of these powers by any future Mayor to complement and enhance initiatives from Central Government, or to otherwise support the continued development of the Audiovisual Industries in London, and more broadly to ensure that London continues to remain a vibrant and successful business hub.

42 See OC&C, 'The Global Retail e-mpire: The Internationalisation of eCommerce' (2014), p. 6, at http://www.ocstrategy.co.uk/~media/files/news-media/uk/google-retail-e-mpire_21894_goo0002_final.ashx?la=en

43 See Ofcom, The Communications Market Report (2015), pp. 146, 151, at http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr15/CMR_UK_2015.pdf

44 See KPMG, UK Availability of Film and TV Titles in the Digital Age (2014), at http://www.kpmg.com/UK/en/IssuesAndInsights/ArticlesPublications/Documents/PDF/Market%20Sector/Technology/uk-availability-of-film-and-tv.pdf?utm_medium=social&utm_source=twitter&utm_campaign=nbc

2. What barriers to growth exist for small, medium and large businesses, and how can they be overcome?

As outlined above, the Audiovisual Industries in London have been a success story in recent years, having achieved rates of growth and economic success that have considerably surpassed that of the wider UK economy. However, and although Industry has often been proactive at seeking solutions to these problems, there are a number of areas of potential concerns that might negatively impact upon the continuing development and success of the sector in the future.

- **SME Growth**

One significant challenge faced by SME's in the UK Audiovisual Industries, and across the Creative Industries more broadly, is that of building upon initial successes to grow and develop scale.

In part, this is due to the structure of the Creative Industries and the nature of their output. Because operations are structured, and funding sought, on a project by project basis, businesses do not necessarily have clear pathways of development. They are also often restricted from qualifying from support from the Regional Growth Fund as they are unable to prove their commitment to job creation over the minimum three years that this requires. Business development can also be restricted by the high proportion of freelancers and SME's in the sector, who may have limited resources for R&D or investment.

Another factor restricting business development is that the success of creative products can be particularly difficult to predict in advance as their outputs usually exist as bespoke, stand-alone products, so prior track records are no guarantee of future success. Consequently, the risk of failure within this sector is very high, making investments into the Audiovisual Industries inherently riskier than into more conventional fields, and investors respond to this by seeking higher rates of return or ownership of IP rights in exchange for their investment. While this compensates investors for the increased risk that they carry, by limiting their potential for capital accumulation it can hamper the ability of even successful audiovisual content creators to grow their businesses^{45, 46}.

We would welcome an increased recognition and accommodation of the particular characteristics of the Audiovisual Industries from any future Mayor's office when designing systems to support business growth, as this could contribute significantly to the continued success of the sector.

⁴⁵ See Nesta, A Manifesto for the Creative Economy (2013), pp. 63-65, at

<http://www.nesta.org.uk/sites/default/files/a-manifesto-for-the-creative-economy-april13.pdf>

⁴⁶ See Entrepreneur First, The Art of Scaling Gracefully, at <http://www.svc2uk.com/wp-content/uploads/The-art-of-scaling-gracefully.pdf>

- **Access to finance**

The creative industries are an area that the market has historically underserved, and we would welcome any actions that result in the development of thicker and more competitive markets for finance.

We welcome the formation of the British Business Bank, and are supportive of its aims of increasing the breadth of sources of finance that are available for small and medium enterprises.

We welcome the development of alternative sources of finance, such as Crowdfunding, which have simplified the process of aggregating small sums from large numbers of investors. Since first launching in the UK market in 2012, the Crowdfunding sector has grown rapidly: it was predicted to have been worth £1.74 billion by the end of 2014, and is forecast to grow to £4.4 billion by the end of 2015. The sector has developed a number of distinct financial products and has increased the breadth of financial sources that are available to start-ups and SME's⁴⁷. While Crowdfunding is still a relatively new industry, a number of Creative Sector and Audiovisual Industries products, particularly in the video games industry, have already shown that it can be successfully utilised as a source of finance when making projects^{48, 49}.

We would hope that any future Mayor would work with Industry and would welcome any support in terms of increasing the range of funding options that are available to the sector, such as helping to highlight the opportunities for investors. We would also hope that the Mayor would act as an advocate for the sector when engaging with Central Government in order to secure regulatory and tax frameworks that will allow the Audiovisual Industries to continue to grow and achieve their potential.

- **Talent and skills**

As outlined above, the Audiovisual Industries are a highly skilled industry which has been achieving significant growth in recent years.

However, one outcome of this success is that there is a risk that the available supply of certain sectors of the workforce will outstrip the available demand, especially in areas with particularly high end or niche skills.

Industry has been proactive at seeking to address this. For example, for a number of years the sector skills provider, Creative Skillset, has run a successful and industry led training scheme, funded by a voluntary levy and that has sought to expand the

47 See Nesta, Understanding Alternative Finance (2014), pp. 8-13, at <http://www.nesta.org.uk/sites/default/files/understanding-alternative-finance-2014.pdf>

48 See UKIE, Crowd Funding Report (2012), at <http://ukie.org.uk/sites/default/files/UKIE%20Crowd%20Funding%20Report%20-%20A%20Proposal%20to%20Facilitate%20Crowd%20Funding%20in%20the%20UK%20-%20%20February%202012.pdf>

49 See Screen Daily, Equity crowdfunding still facing hurdles, at <http://www.screendaily.com/territories/asia-pacific/equity-crowdfunding-still-facing-hurdles/5078391.article>

available pipeline of talent. However, there is a risk that the future growth of the sector will be restricted by the available supply of labour, or that wage inflation might reduce the Industry's competitiveness in the future.

We would ask any future Mayor to engage with the Audiovisual Industries in order to help it to manage its expansion in a sustainable way.

- **Mentoring/Incubator programmes**

One factor behind the failure of Creative Industry businesses to develop scale is that they are sometimes overly focussed towards achieving creative, rather than commercial, outcomes, and may also lack the institutional memory or business expertise that would allow them to maximise their commercial success. Support, in the form of targeted mentoring or incubator programmes, similar to those currently offered by Creative England's Digital Accelerator Programme, the NFTS's Creative Business for Entrepreneurs and Executives programme or Ravensbourne College's Digital Media Innovation Consultancy programme, could be effective in helping small creative businesses to overcome these impediments to growth and to better achieve their potential^{50, 51, 52, 53, 54}.

We would welcome any additional support or advice that could be given to start-ups or SME in the Audiovisual Industries on how to develop their businesses, particularly if these were to incorporate a recognition of the particular challenges that companies in this sector face.

- **Immigration**

We would argue that the Audiovisual Industries might benefit through reforms to immigration laws.

In common with a number of other industries with high and niche skill-requirements, the demand for skilled technical labour in the Audiovisual Industries could be partially mitigated in the short term by seeking to attract suitably qualified workers from outside of the EU to work in the UK. As noted above, the skillset that the higher end of the Audiovisual Industries requires is quite complex, and the pipeline for cultivating new indigenous talent is likely to take some time to bear fruit.

50 See Creative England, Digital Accelerator programme, at

<http://www.creativeengland.co.uk/business/creative-england-digital-accelerator>

51 See NFTS, Creative Business for Entrepreneurs and Executives programme, at <https://nfts.co.uk/our-courses/diploma/creative-business-entrepreneurs-executives>

52 See Ravensbourne, Digital Media Innovation Consultancy programme, at <http://dmic.org.uk/>

53 See Nesta, Mentoring in the Creative Sector (2014), pp. 12-13, at http://www.nesta.org.uk/sites/default/files/mentoring_in_the_creative_sector.pdf

54 See Nesta, Impact of Mentoring (2014), pp. 14-16, 23-25, at http://www.nesta.org.uk/sites/default/files/creative_business_mentor_network_impact_report_10.pdf

Consequently, we would call for any future Mayor to advocate for the simplification and streamlining of the processes by which labour with in-demand skillsets could be given the right to relocate and work in the UK, as this would support the continuing success of the Audiovisual Industries in London in the future.

3. How can we ensure that Londoners have the skills that they and business need to succeed. How can we create more apprenticeships and support young people into successful and rewarding careers?

We are supportive of the provision of training that will help people obtain successful and rewarding careers, and would call upon the Mayor to work with industry and other stakeholders in order to achieve this.

As noted above, for many years the skills sector provider for the Audiovisual Industries has coordinated an Industry led programme to improve the available supply of talent into the sector.

However, with specific regard to Apprenticeships, on 25 November 2015, two days before the deadline for submission to this consultation, the Chancellor of the Exchequer announced an overhaul of the systems by which Apprenticeships are funded and provided.

As we have not as yet had time to ascertain what these proposals will entail in practice, we are unable to offer any specific recommendations for actions that the Mayor might take to improve upon these.

We do, however, highlight a couple of other areas where there are shortages of skills, and we would welcome any support that a future Mayor might provide into addressing these.

- **STEAM subjects**

The creative economy relies upon a pipeline of talent with a mix of creative, technical and entrepreneurial skills. We are supportive of the various attempts that are being made to increase awareness of the importance of, and to support the promotion of the provision of, a balance of arts and science subjects in UK schools, especially at A-level. In particular, we would welcome a shift away from the current focus on prioritising STEM (Science, Technology, Engineering and Maths) subjects, to one where students are encouraged to study, and schools to provide, a balance of STEAM (Science, Technology, Engineering, Arts and Maths) subjects⁵⁵.

⁵⁵ See NESTA blog post, 'Fix the pipeline for STEAM talent in the creative economy' (2014), at <http://www.nesta.org.uk/blog/fix-pipeline-steam-talent-creative-economy>

We believe that this will help to nurture a new generation of talent with the mindset and ability to fuse creativity with technical and analytical skills. In addition to being of direct relevance to the creative industries, we also feel that this will lead to a number of beneficial outcomes for society as a whole.

We hope that any future Mayor will work with industry and support the development of an education system that provides a broad range of skills and knowledge that meets the demands of Industry in London and that is of benefit for society as a whole.

- **Digital Skills**

While the UK Audiovisual Industries have achieved considerable successes in recent years, there is a very real concern that future growth will be hampered by a shortage of skills.

In particular, there are currently pressures in areas where technological development has created a number of new fields where there are demands for labour with particular technical skillsets, particularly those relating to the use of digital technology.

For example, the use of Computer Generated Imagery (CGI) and Visual Effects (VFX) has become ubiquitous throughout the Audiovisual Industries. However, their expansion has increasingly placed demands upon the available talent pool, which, due to the nature of the work, requires highly specialised and trained staff.

Another field where there has been a considerable expansion of activity, and where there is a real potential for skills shortages to develop, is in the demand for ‘data scientists’. These are creative workers with a mix of coding skills, statistics and business nous who can identify and extract useful insights by analysing data with computers.

Digital skillsets are also increasingly in high demand amongst numerous other industrial sectors, particularly as developments in and the increased ubiquity of computer technology have increased the number of potential uses to which these can be put, and have also increased the scope and utility of market intelligence that can be generated from collecting and interpreting data⁵⁶.

A number of positive initiatives have sought to address skills shortages and improve the UK skills base in recent years. We support the Next Gen Skills Campaign, which successfully lobbied for the inclusion of an industry relevant Computer Science subject in the National Curriculum⁵⁷. We also welcome the launch of the Digital Schoolhouse programme in 2014, which is funded by the Mayor of London; and

⁵⁶ See Nesta, Model Workers, for an overview of the data talent shortage in the UK, at http://www.nesta.org.uk/sites/default/files/model_workers_web_2.pdf

⁵⁷ See Next Gen. Skills website, at <http://www.nextgenskills.com/>

which aims to train teachers, in both secondary and primary schools, to deliver creative and cross-curricular computing lessons⁵⁸.

While we welcome the attempts to improve the provision of skills in these areas, we are deeply concerned that the demand for high end digital skills may continue to outstrip the available labour supply across the UK economy as a whole, especially as it will take a number of years for appropriately qualified new entrants to emerge from the education system.

We would welcome any additional support from the Mayor's office to ensure that the London economy continues to have a workforce with the skillsets required for continued economic success in the future.

4. What do we need to do to ensure that all Londoners are paid a decent wage and treated fairly in work?

We have no specific recommendations to offer on this point.

As noted above, the Audiovisual Industries are in general a highly skilled, highly educated and highly paid sector, and average remuneration is 24% higher than the average UK salary⁵⁹.

Our Membership includes representatives from two trades unions, BECTU and the Writers Guild of Great Britain.

5. What barriers exist to work and how can we tackle them, and back all Londoners to succeed?

We have no specific recommendations to offer on this point.

As noted above, the Audiovisual Industries contain a high proportion of freelance employees and tends to operate on a very project focussed basis, with requirements for niche and highly specialised skillsets.

Consequently, significant proportions of employment opportunities arise through personal recommendation or require applicants to have a demonstrable track record of past employment. This 'no experience' trap can create barriers for new entrants to the sector, and this situation has been criticised for limiting the levels of diversity in the sector, as only candidates with pre-existing links to the industry, or those that are

⁵⁸ See the Digital Schoolhouse website, at <http://www.digitalschoolhouse.org.uk/>

⁵⁹ See Skillset, Creative Media Industries Workforce Survey 2014, pp. 6-7, 10, at http://creativeskillset.org/assets/0001/0465/Creative_Skillset_Creative_Media_Workforce_Survey_2014.pdf

able to take on unpaid internships at the start of their careers, are able to find routes into employment.

We note that, as a partial consequence of this, across a number of metrics the Audiovisual Industries have less diversity amongst its workforce than would be expected for the UK population as a whole.

From an Audiovisual Industries perspective, there have been a number of recent industry led initiatives that seek to increase levels of diversity across the sector. For example, Creative Skillset's Trainee Finder programme^{60, 61}; the BFI's 'Three Ticks' programme⁶²; and the Creative Diversity Network⁶³. However, more needs to be done in this space.

We would call for any future Mayor of London to work with existing Industry led initiatives to reduce barriers to work and to build upon the foundations that have already been laid in this area.

6. What other priorities and challenges exist in this area?

- **Property prices and rent increases**

As outlined above, the Audiovisual Industries, and the creative economy more generally, is geographically based around with creative clusters, as this gives allows access to networks of specialist talent, supply chains, mechanisms for distribution to market and opportunities for the interchange of ideas.

However, we are concerned that the continuing vitality of these is at risk of being undermined by the ever increasing costs of property prices and rents across London.

Given that creative clusters rely upon interrelationship of variegated value chains, their disruption carries the potential to significantly damage the businesses and industries that rely upon access to these. Also, due to their nature, if broken up these economic ecosystems are likely to be virtually impossible to recreate elsewhere.

We would call for any future Mayor to work with Industry and to seek to address these concerns.

60 See Creative Skillset's Trainee Finder programme, at http://creativeskillset.org/who_we_help/young_creative_talent/ways_creative_industries/trainee_finder

61 See Broadcast article, 'Creative Skillset: TV barriers are still up' (2015), at <http://www.broadcastnow.co.uk/news/creative-skillset-tv-barriers-are-still-up/5088525.article>

62 See 'BFI Film Fund: Diversity Guidelines for Production', at <http://www.bfi.org.uk/sites/bfi.org.uk/files/downloads/bfi-film-fund-diversity-guidelines-for-production-2014-11.pdf>

63 See the Creative Diversity Network website, at <http://creativediversitynetwork.com/>

- **International Competition in the Creative Industries**

Although the Audiovisual Industries have been greatly successful in recent years, this is a competitive sector and there is a risk that, if not properly supported, the sector will lose work to other territories.

For example, 81% of the £1,069m spend in UK film production in 2013 consisted of inward investment, of which 72% of this was associated with just sixteen US Studio tent pole productions, including *Guardians of the Galaxy*, *Heart of the Sea* and *Jupiter Ascending*^{64, 65}, which could have been made in other territories if the Studios had so wished. Similarly, the UK has slipped from being the fourth largest to the sixth largest producer of video games in recent years.

We would hope that any future Mayor would recognise these risks and work with Industry to act as an advocate in support of the sector's interests and continuing success.

- **A British exit from the European Union**

We are deeply concerned by the risk of a British exit from the European Union. We are also concerned that the speculation and fear of instability that exists around this possibility will lead to reduced interest from overseas investors and the danger that companies will relocate or start productions in other territories. As noted above, this is a competitive field and, due to the project based nature of much work, relocation of production sites are a real risk.

We have published a risk assessment of the impact that this may have upon the UK's Audiovisual Industries, 'If...BSAC's Reflections on a Hypothetical UK Exit from the EU and its Potential Impact on the Local Audiovisual Content and Services Industries'⁶⁶, which examines this in some depth.

This concluded that we do not believe that any foreseeable UK exit scenario would necessarily result in any discernible advantages for the UK Audiovisual Industry; that the Industry would effectively remain subject to regulatory constraints that are decided within the EU, but that the UK's ability to influence these would be significantly curtailed; and that the Industry might in fact find itself subject to additional restrictions as a result of EU State Aid legislation.

We would call upon any future Mayor to advocate and to take a leading role in campaigning for the UK to remain a member of the European Union.

64 See BFI, Statistical Yearbook 2014, p. 9, at <http://www.bfi.org.uk/sites/bfi.org.uk/files/downloads/bfi-statistical-yearbook-2014.pdf>

65 See BFI, Statistical Yearbook 2014, p. 179, at <http://www.bfi.org.uk/sites/bfi.org.uk/files/downloads/bfi-statistical-yearbook-2014.pdf>

66 See BSAC, 'If...BSAC's Reflections on a Hypothetical UK Exit from the EU and its Potential Impact on the Local Audiovisual Content and Services Industries' (2015), at <http://bsac.uk.com/policy-papers.html?download=297:bsac-discussion-paper-on-the-effects-that-a-british-exit-from-the-eu-would-have-on-the-audiovisual-industries>

- **Intellectual Property**

The monetisation of the UK's creative economy is founded upon IP rights. These are, at heart, a trading right, one that allows creative output to be converted into commodities that can be monetised and traded on the market. They also form the basis of a knowledge based economy.

We believe that an appropriate and enforced IP regime, which ensures that rights owners are able to exercise a reasonable level of control over their work and to recoup the investments made in producing content, are essential for the continuing viability of the Creative Industries. We strongly feel that any reforms to copyright legislation should be founded upon robust evidence and primarily be driven by market mechanisms.

We also are deeply concerned by some of the proposals around reforming the copyright framework as part of the European Commission's Digital Single Market (DSM) agenda. Our recent report, 'Copyright-Protected Audiovisual Services', lays out these concerns in considerable depth⁶⁷. However, in summary we believe that there is no evidence that changes to the copyright framework would boost jobs and economic growth, and that there is much evidence supporting the opposite. We also feel that the Audiovisual Industries should continue to be given the freedom to develop suitable and market-led methods of meeting consumer demand for content, and to be given the freedom to experiment with and develop new business models in order to best achieve this.

We would hope that any future Mayor would work with Industry as an advocate for the Audiovisual Industries.

*For more information about the
British Screen Advisory Council (BSAC)
Please see our website
www.bsac.uk.com*

67 See BSAC, 'Copyright Protected Audiovisual Services: Portability and Cross Border Access' (2015), at <http://bsac.uk.com/policy-papers.html?download=319:portability-and-cross-border-access-in-europe>