

**SUMMARY OF DISCUSSIONS  
CREATIVE INDUSTRIES ADVISORY GROUP MEETING**

**WEDNESDAY 4 MARCH 2020**

**Attendees and apologies**

Fiona Hyslop – Cabinet Secretary for Economy, Fair Work and Culture  
Mr Hepburn – Minister for Business, Fair Work and Skills

**Creative Industries**

Bob Last – film producer and co-chair  
Pamela Tulloch – Scottish Library and Information Council  
Carol Sinclair – Carol Sinclair Ceramics  
Rachael Brown – Creative Entrepreneurs' Club  
Sarah Cameron – SENSCOT  
Jacqueline Donachie – artist, Glasgow Sculpture Studios  
Brian Coane – The Leith Agency / Institute of Advertising Practitioners Scotland  
Dougal Perman – Scottish Music Industry Association  
Simon Cotton – Johnstone of Elgin

**Observers**

Iain Hamilton – Highlands and Islands Enterprise  
Andre Reibig – Scottish Funding Council  
David Martin – Skills Development Scotland  
Susan McColl – Scottish Enterprise

**Scottish Government**

Jonathan Pryce – Scottish Government  
Simon Cuthbert-Kerr – Scottish Government  
Elinor Owe – Scottish Government  
Heather Holmes – Scottish Government  
Iain Waller – Scottish Government  
Rachel Nicholson – Scottish Government  
Jack Taylor – Scottish Government

**Visiting speaker**

Prof Giorgio Fazio – Newcastle University Business School

**Apologies**

Toby Webster – The Modern Institute  
Lorna Macaulay – The Harris Tweed Authority  
Philip Hannay – Cloch Solicitors  
David Eustace – Photographer and Chancellor of Napier University  
Cameron Fraser – Ko Lik Animated Films  
Janice Kirkpatrick – Graven  
Chris Hunt – freelance creative  
Colin Anderson - Denki  
Lucy Mason – Freelance Arts Producer and Consultant

Richard Scott – Axis Animation  
Jane Muirhead – Raise the Roof Productions  
Jenny Todd – Publishing Consultant  
Alex Smith – XpoNorth  
Hugh Lightbody – Cosla

## **Items and Actions**

### **Item 1. Welcome and Introductions**

Ms Hyslop welcomed the members to the seventh meeting of the Group. She thanked Civic House for hosting the meeting.

She noted that the agenda was designed to continue conversations from previous meetings: skills, through the Future Skills Action Plan, the Sub-Group on the Scottish National Investment Bank; Brexit and future trading relationships with the EU and the wider world.

Ms Hyslop thanked Willie Watt who is standing down from the group, for his work on the group.

Ms Hyslop noted that as a result of the Cabinet reshuffle on 17 February her responsibilities had changed as she was now the Cabinet Secretary for Economy, Fair Work and Culture. She is supported by Jamie Hepburn, as Minister for Business, Fair Work and Skills, and Ivan McKee, Minister for Trade, Investment and Innovation. Her remit now includes the Scottish National Investment Bank, the Scottish economy, inclusive growth and fair work, trades unions, Scottish Enterprise, trade and inward investment, creative industries, culture, architecture and built heritage, broadcasting, co-ordination on bringing major events to Scotland and National Records. It provides an excellent opportunity to bring the creative industries into the heart of the wider economy agenda.

The Policy Statement for the Creative Industries was published in October 2019. We are currently working with our partners on an Action Plan for how the priorities in the statement are taken forward. These include Scottish Enterprise which is aligning its thinking and support in the areas of creative industries, tourism and increasingly the creative economy, We will come back to the Action Plan at the next meeting.

Ms Hyslop noted that the Culture Strategy was published on 28 February. The Edinburgh International Culture Summit will be held in the summer. This year is Scotland's Year of Coasts and Waters. Ms Hyslop noted that she wanted to see culture placed in the COP 26 United Nations Climate Change Conference in Glasgow in November. The Climate Heritage Network had been launched in Scotland and was now global: global heritage was part of the solution.

### **Item 2. Minutes of Previous Meetings and Matters Arising**

There were no comments on the draft minutes which had been circulated through correspondence and had been published online.

In terms of actions from the last meeting, Ms Hyslop noted that we will continue the discussions around creative education and diversity, broadening out to members of the educational institutions and consider how we collectively tell success stories to the creative industries.

### **Item 3. Future Skills Action Plan**

Mr Hepburn introduced this agenda item. He noted that we needed to have a strong skills system in Scotland. Some 278,000 apprentices had been trained through the system and had work placed learning experiences. There were also graduate apprenticeships. Scotland had the highest skilled population in the OECD countries, so the country was starting with a strong base. He was aware that there were significant economic and technological changes that would have an important impact on constraining labour and the work of EU nationals. In addition, there were also demographic changes, an ageing workforce and accelerated technological change, the impact of which is uncertain. These factors provided challenges and opportunities. There had been some economic disruption in some sectors. It was important that people were not left behind. The workforce needed to be ready and needed to have the right skills. The creative industries were part of that process.

The country had a good skills foundation which was responsive to employer demand. The Future Skills Action Plan sets out actions. The Creative Young Workforce leadership groups are continuing to be funded and have an opportunity to influence and shape young people. There was extensive engagement with colleges and training providers and involvement with employers. The STUC was involved in the national retraining partnership.

Mr Hepburn was aware of criticisms that the focus was on input rather than output. Work was being undertaken into analysing provision as it was important that there were relevant qualifications and a practical application of courses to the workforce. It was important the people had the right skills.

In discussion the following points were made:

The Scottish Funding Council and universities could be more engaged with opportunities.

There had been a reduction in the teaching of craft in schools and colleges in the last 30 years. Although there is a strong emphasis on digital, which was important, hand making skills were important as they were needed in occupations such as surgery; the knowledge of materials was also important. Craft skills helped students to concentrate and contributed to health and well-being. People were going to private classes, which then raised the question about the ability to pay for them and access.

Freelance businesses tended to be single person businesses. If another person is employed this doubled their business. Small businesses were not geared up for such changes. Shared apprenticeships had a financial benefits, though this was considered to be in the longer term. The Heritage Craft Association had undertaken research into small businesses taking on an additional person in a business. It found that while there was an initial decrease in turnover for the first two years, the third year there was an

increase in turnover. The self-employed nature of the creative industries meant that not everyone was aware of how to access opportunities. People were put off by having to train someone as interns and other employees, such as administrative support, needed to be shown what to do. This could place pressure on other members of staff and could affect productivity. Upskilling was important, but teaching someone took time. Another factor was that HR put people off from taking up opportunities.

There was an issue of how aware people are of the apprenticeship levy which was considered to be a distraction. As employers were paying into apprenticeships they wanted to get something out. It was asked whether larger companies could work with smaller ones to access apprenticeships.

Social Enterprises wanted to keep people they were employing; there were not always able to keep them on and to train them.

In the creative industries businesses were working on projects that had different needs and timescales that could provide a barrier to upskilling.

Modern apprenticeships were used in textiles, leading to 130 people being trained. In the Scottish Borders one of the larger companies tried to assist smaller ones with an accredited training scheme. However, they were not able to fund the salaries of the students going through training.

In further education there were a number of issues with provision of training for the students for the textiles sector. While there was a lot of provision overall, there was a need to align provision with industry. Money needed to be spent differently. For example, people wanted to be a fashion designer but there was no technical provision to support the industry. The scale of the issue may be bigger when data is analysed. Industry leaders wanted to see what industry has and if the provision was correct. It was hoped that this could play a larger role. The issue of alignment was considered to be key to assisting the sector. There were other sectors, including film, where there was a deficit in skills, including technical skills. A structural change was needed.

There was an appetite and willingness for training in grassroots music venues. A collective approach was being taken to undertake work in this area. Research will be undertaken into the skills needed for venues, and the skills gaps in the music industry.

Employers can also work internationally and can be away from the country for some time. There was no reason why they could not provide support to individuals. Businesses did well in development and leadership in start-up. However, in years 3-10 they needed wrap around support to help them to grow. Scale and growth meant different things across the creative industries. There was a need to think about the sector differently and not to think about the sectors in silos.

The Nordic Countries have a small artists grant aided scheme – NIFCA where artists could get the support of an artist from anywhere around the world to work in a studio. The grant was given to the individual artist rather than the employer, and thus provided flexibility to the individual. A Scottish Government scheme could be valuable and work well for the sector. One member considered that they would be motivated to engaged with such an international scheme.

One member had taken on three Modern Apprenticeships from school which allowed the workforce to be diversified. This had been a positive experience.

It was suggested that a pilot could be run to explore issues, look at individual groups and work with social enterprises. One member offered to explore this further. This would bring some expertise to the table.

The issue of shared apprenticeships could be complicated as the system currently needed one business to take the lead on an apprenticeship. More work was needed to explore how this could be made practical.

Mr Hepburn reflected that the issues being raised in the discussion were not confined to the creative industries and were common elsewhere. It was important that businesses were able to take a step forward. There was merit in looking at the shared apprenticeships model. Some elements had been tried in the past and there was a need to look at this.

The upskilling challenge was also noted by other sectors. There was a need to ensure that businesses were able to access the skills system, training and how people accessed private training. There was a need to link up funders, provision and ensure that organisations can be brought in.

He noted that it was important to have the right people (employers and employees) at the right time. He considered that it was disappointing to train in an area and to find that there were no jobs available. People needed to be better informed of their chances of progression to the workplace.

He asked whether people were aware of assistance currently available? He suggested that while funding did not follow individuals, this subject was not off the table. There were challenges in bringing employers together but shared employers could be investigated. It was important that people were aware and were engaging with the Future Skills Action Plan and were engaging with it. There was a need to utilise current resources and to align them better with needs.

Ms Hyslop noted that alignment was important and that there needed to be collective provision. She suggested that there could be a collective shared approach in places where a number of artists worked together and that this was tied in with business expansion.

More information was needed about business development grants. The timeline to shape a business was important, but training did not need to lose out. She had seen a scheme to help where there had been redundancies in a sector. The redundant workers were placed on an 'adopt an apprentice scheme' and given opportunities to continue with their careers.

Creative businesses needed to think differently. Some businesses could outsource aspects of their work to other businesses. If companies could not afford salaries a loan scheme could be developed with payments made over a 3-4 year period.

Ms Hyslop noted that something bespoke was needed for the creative industries. There was a need to understand what bespoke looked like.

#### **Item 4. CIAG Sub-Group on Scottish National Investment Bank**

Bob Last introduced and talked to this agenda item. He noted how his brief report sought to capture the experience of the CIAG SNIB sub-group.

He discussed the sub-group's approach and development to its work, noting that the Bank was sector agnostic and had its own strategic roles. The bank had looked at State Aid. He noted that there could be a lot of transformational transactions outwith State Aid.

DSL Finance had been appointed to process microfinance applications. He had not heard of this company, though it had been operating for a number of years. It clearly understood the problem of cost in assessing lending. While this was positive, he considered that the assessment of risk for the creative industries had still not been solved.

One member had applied for a loan since the last meeting. It had been an "interesting process". It was noted that it was difficult to get consistency between places. There was an interesting range of possibilities available, with funding over a 5 year period for sums of between £500 and £25K.

The difficulty of securing mortgages for creative people made it important to look at these. It was now much more difficult than formerly to secure money from borrowing. It was considered that this could provide a huge bonus for artists. In Toronto planning conditions included accommodation for creatives who are considered to enhance the value of accommodation.

A textiles model in the north of England enabled opportunities for funding and payback to be identified. The Payback was pre-assessed by an independent expert.

Ms Hyslop commented that the sub-group's work had been really useful. She noted that there was a need to find a way to promote the mission led bank to the sector. She considered that there may not be a significant misalignment between the bank and the sector. However, risk continued to be an issue.

**Action: that the Group should continue to keep a watching brief on the SNIB. Members should be provided with updates.**

*[Post-meeting note - DSL receives its funding under the Scottish Growth Scheme (SGS). The SGS team has contracted with DSL Business Finance to deliver microfinance lending (loans of up to £25,000 to firms employing less than 10 staff). It has also contracted four other Fund Managers in the delivery of debt and equity, operating across Scotland. These contracts were announced in January 2019 and involve three years of delivery and 3-6 years of managing returns. The final position of the Scottish Growth Scheme in regard to the Scottish National Investment Bank has, at this time, still to be finalised.]*

## **Item 5. Brexit and future trading relationships with the EU and the world**

Bob Last introduced Professor Giorgio Fazio, Professor of Macroeconomics, Newcastle University Business School, which is leading on the international competitiveness workstream at the Policy and Evidence Centre.

Professor Fazio provided an outline on creative trade for trade policy and agreements. This considered the challenges for creativity for trade (e.g. services and goods), the challenges that arise, the trends and features; the basics of trade policy; negotiating cultural clauses in trade agreements. He noted that there was a need to join creative and non-creative skills. It was important to know that the creative industries, which include creative services and creative goods, are international. Intangibility was an important issue for the sector.

He emphasised the need for a swift trade resolution and a mechanism to undertake trade. Cultural clauses could be negotiated which help to preserve diversity in cultural expression. He considered that it was important to know about them. The United States had recently negotiated a cultural clause with Mexico. However, for negotiations, prior knowledge was needed of the cultural sector, including a knowledge of emerging sectors and how these were progressing and how trade affected the sector.

The following points were made during the discussion:

Cultural exceptions were important. Scotland had benefitted from them. There were concerns expressed that the UK Government did not place enough emphasis on cultural exceptions.

Ms Hyslop noted that Scotland wanted to influence the UK Government but that the process was frustrating. Mr Russell was speaking to different Cabinet Secretaries on this issue. The most significant concern was a trade agreement with the US and what it would look like. It was difficult to anticipate where the UK Government would go. There was still a risk of a no deal.

The creative industries was a success story for the UK. It will be used as part of a Global Britain rally card to influence the world. Ms Hyslop noted that she will need to engage with the new UK Culture Secretary. Soft power was an important part of global power.

There was seen to be a clear issue around audio-visual. Ms Hyslop noted the need to actively engage and to keep the conversation going. She was concerned that the situation was moving at a pace and there needed to be clarity around what was being traded and the trade-offs. There was a need to raise the creative industries in the negotiations.

Intellectual Property had been discussed at the Scottish Parliament Cross-Party Group on Music. The Musicians Union was considering developing a passport for musicians – a work permit to negotiate to work in the EU. It was asked whether there were any similar initiatives being developed in other sectors. It was suggested that the creative industries should propose ways of working that had a common ground. However, it

was suggested that the issues brought up by the creative industries were not always being listened to.

The Scottish Ministers wanted to develop a Scottish visa that reflected our needs. This would be really important for the creative industries and for people to have freedom to move in and out of the country, for example in the short term. There was also a need to consider the movement of instruments and art works. There was discussion of a touring fund.

Members asked to receive a copy of Professor Fazio's slides.

#### **Item 6. AOB and date of Next Meeting**

Under AOB one member had submitted a question about the UK Government's immigration policy and its points allocation, particularly in respect of points allocated to STEM and non-STEM PhD subjects. This was considered to have a negative effect on the UK's ability to attract talent, especially for design.

It was noted that Ms Hyslop had spoken to this issue in terms of Scottish immigration policy. There was a need to recognise Scottish immigration policy and to note the concern of the UK policy.

There was agreement around the table on the unfairness of the UK policy.

Under another AOB, one member noted that as a consequence of the corona virus, tourism businesses were expecting a reduction in the number of visitors, especially in May and June and that there would be economic difficulties as a result. Film and tv productions were expecting a fall-off in the number of visitors and the need to protect their star driven assets. The message was that Scotland was open as usual.

There were some spaces in the CIAG membership. Members were asked to put forward suggested candidates.

The next meeting will be held on 16 September at the usual time of 10:30am-12:30pm, with a venue to be decided on.