



ALBA | CHRUTHACHAIL

UK Government Consultation: [Subsidy control Designing a new approach for the UK](#)

Submitted: March 2020

Of the 43 questions contained in the consultation, Creative Scotland submitted a response to the following:

Question 9: Do you think audio-visual subsidies should be subject to the domestic regime? Please provide a rationale for your answer.

We agree that audio-visual subsidies should be subject to the domestic regime, as defined via the four key characteristics, and the high level principles set out in the consultation, as a distinct sector. There is a need for a particular approach to subsidy for this sector, due to its distinct market failures and equity concerns, uneven growth conditions across the UK, and its importance to the cultural and creative life across the UK. Being subject to the subsidy control regime would allow for specific support measures to be defined, encompassing the proportionality needed to address its unique nature.

We would recommend that the approach which is developed should allow for existing interventions that have proven their effectiveness to continue, but also to evolve over time as needed. We would reiterate that being able to control and measure the impact of the subsidy will allow a strategic approach to be adopted.

Whilst we understand that competition law is reserved, culture policy, including audio-visual, is devolved in Scotland, which should be acknowledged. Although we would not like to see any form of subsidy race between different UK regions, we also believe that the regime should acknowledge that the devolved administrations should be free to pursue their own strategies in relation to audio-visual, which will vary dependent on the shape of the sector. This would be a key part of levelling up for the audio-visual sector.

Question 10: Do you agree with the inclusion of an additional principle focused on protecting the UK internal market by minimising the distortive effects on competition?

Whilst we agree with the principle of protecting the internal market, there are two areas which should be taken into consideration. One is that some subsidies may be needed in order to balance out the distribution of employment opportunities. For example, many jobs in the creative industries and screen sector primarily exist in the central belt of Scotland, or are centred around London and the south east. It is therefore a positive thing to ensure that opportunities exist across Scotland for people to remain in rural areas or within Scotland for their work, without having to move and therefore deplete rural communities, effectively levelling up the opportunities and economic spread of organisations.

Secondly, culture is a devolved matter and, as such, is able to set its own strategies which are suited to Scotland and the Scottish context. We believe that it is crucial that this should continue to be the case within any protection of the internal market.

Question 30: Which sectors or particular categories of subsidy (such as for disadvantaged areas, R&D, transport, skills etc) would benefit from tailored provisions or specific guidance on subsidy control? If so, why, and what should the nature, extent and form of the provisions be?

Culture encompasses a wide range of organisations and activity, much of which cannot survive without subsidy, but which is crucial to the social, economic, cultural and environmental wellbeing of Scotland. The EU State Aid rules through GBER were flexible enough to accommodate these differences and we would strongly recommend that a similar structure should be followed in this regime.

Further, in recent years we have seen the growth of social enterprise, including within the cultural and wider creative industries sector, and the development of a business approach in which cultural, social, environmental and financial considerations are all simultaneous drivers. The successes of these business approaches mean that the new control mechanisms need to have the sophistication necessary to ensure the development of these types of business is not stifled. We would therefore recommend specific analysis is undertaken regarding this model to ensure that (i) there is clarity regarding the accrual of public benefit through businesses that benefit from cultural exemptions to control mechanisms and (ii) that there is an effective mechanism for ensuring cultural and creative businesses do not have to straddle paradoxical support mechanisms in order to succeed.