



# *the* **Smart** **Fund**

**Tech Enabling Creativity**



02	<b>Foreword</b>
04	<b>Executive summary</b>
06	<b>What is the Smart Fund?</b>
10	<b>Payment for creators and performers</b>
12	<b>Enabling culture to drive social regeneration</b>
14	Case study: Copie Privée, France
16	Case study: The Folkestone Triennial
19	<b>The operation of the Smart Fund</b>
20	Case study: The Stove Network
24	Case study: Northern Ireland
26	Case study: Derby QUAD

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# Foreword

All the time, we collect and share the things that inspire and move us: pictures, music, words. Some of these we make ourselves but we also immerse ourselves in the works of others. The memory capacity of digital devices has swollen to accommodate this previously unimaginable abundance of imagery and ideas. But while some streaming channels reward their makers, mostly the content we accumulate and distribute is described as free; technology harvests the creative capital of others – but without paying for it. We collaborate in this process when we download films to our laptops or save an image in a text to friends. Being able to share these riches is what makes the web so engaging and connected, giving us boundless scope for self-expression. We treat all of these delights like our own property. But they are not.

This problem is unique to digital content but our legislation and regulation haven't kept up with technology. The Smart Fund is an innovative way to underwrite these cultural loans through the investment of technology producers in economic benefits for the creative community.

Why has nobody thought about it before? They have. In 45 other countries, a small percentage of the purchase price of digital storage devices goes to the creative producers of the digital content that makes the Internet so compelling. So the world's creators do get paid their fair share – just not in Britain.

Can global Britain afford to lose this critical resource after its creative communities have been smashed by the pandemic? The Smart Fund seeks to help build back creative Britain by bringing it in line with other countries which have already solved this problem, from Japan to Germany, Finland to France, by investing in our globally-renowned creative talent.

The Smart Fund isn't charity; it's a regenerative economic development plan to make and keep a vital part of British industry and society more productive, diverse and robust for years to come. If elsewhere, why not here? Why not now?

## **Margaret Heffernan**

Professor of Practice, School of Management, University of Bath;  
Faculty Lead, Responsible Leadership Programme, The Forward  
Institute; CEO; and author.

## Executive Summary

**The Smart Fund is a proposal by culture industry organisations to ensure creators and performers are paid for their work through a mechanism that also drives investment in digital creativity with local communities. It does this by using funds from sales of electronic devices which copy, store and share creative content.**

At present, British creators and performers are disadvantaged in comparison to their counterparts abroad. This is because the UK has no mechanism in place to fairly pay creators and performers when the content they have made is shared and copied on devices like smartphones and laptops and is in breach of their copyright.

In 45 other countries, this issue is solved by statutory government levies through the collection and distribution of earnings via technology manufacturers. Many countries also use funds raised through the levy to invest in cultural programmes that benefit local communities with regenerative and imaginative programmes like the case studies within this report.

The Smart Fund is an innovative and collaborative solution, without any extra cost to taxpayers or users of electronic devices, that pays creators fairly whilst still allowing consumers to share and download creative content within the law. Through the Smart Fund, technology companies can invest back into communities and recompense the creators of content used. The Smart Fund provides a purposeful and sustainable solution to rebuilding the UK's cultural economy and local communities without further drawing on public funds.



**The Smart Fund will be a partnership between creators, communities, technology companies and government.**



**The Smart Fund will drive digital innovation and creativity for the next generation.**



**Consumers can use and share content within the law, whilst ensuring that creators are paid fairly.**



**The benefit of the Smart Fund is that there is no cost to individuals, to taxpayers or to the government.**

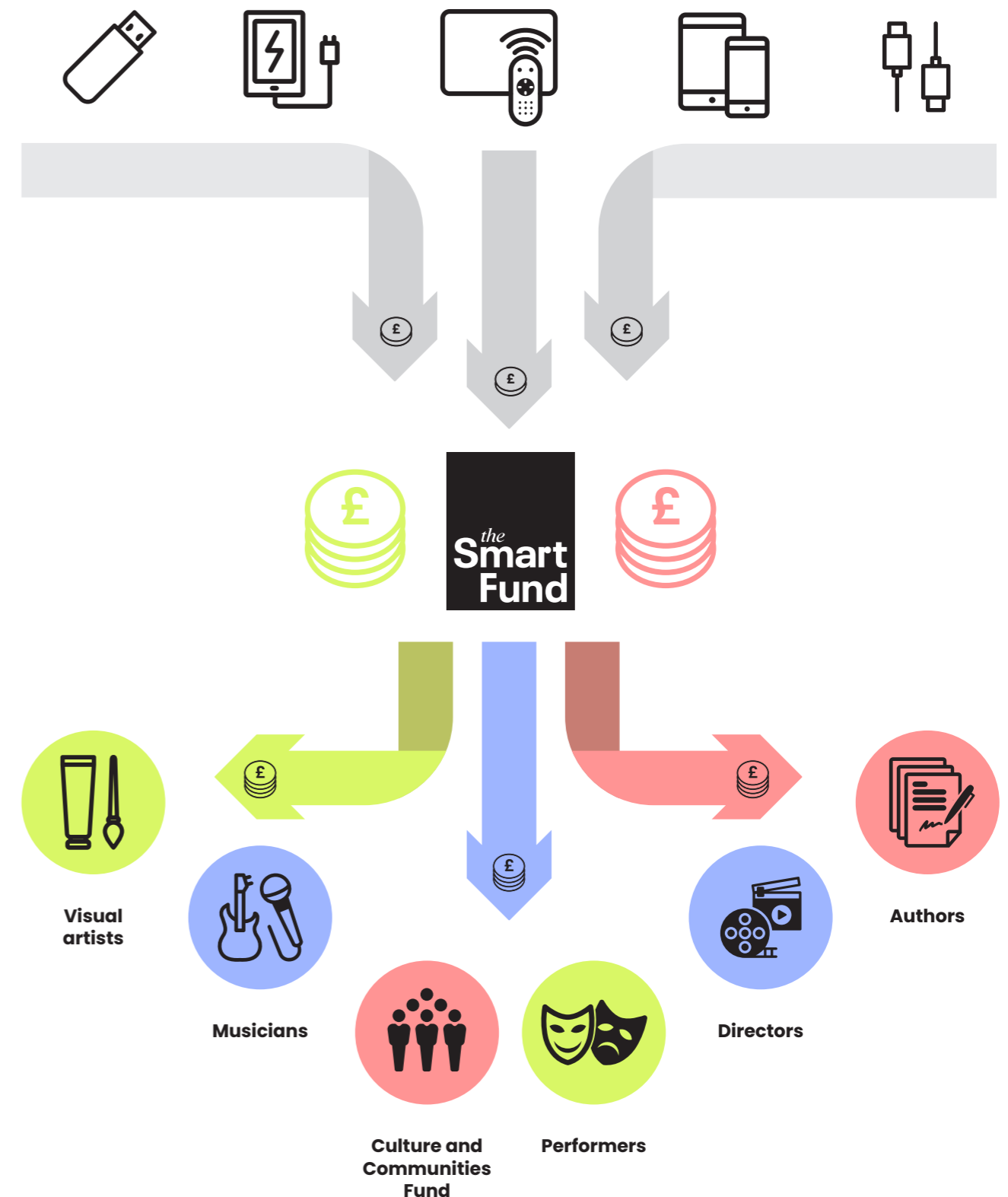
## What is the Smart Fund?

**The Smart Fund is a scheme that enables technology manufacturers to work with the cultural industries to pay creators and performers for their work and support local economies by funding community projects throughout the UK.**

The Smart Fund will generate two avenues of creative investment – firstly it will pay a return to creators and performers for the use of their works on digital devices, which will support their creative overheads. Secondly, it will establish a digital culture and communities fund to support creative digital schemes in local areas, helping them to recover and revive.

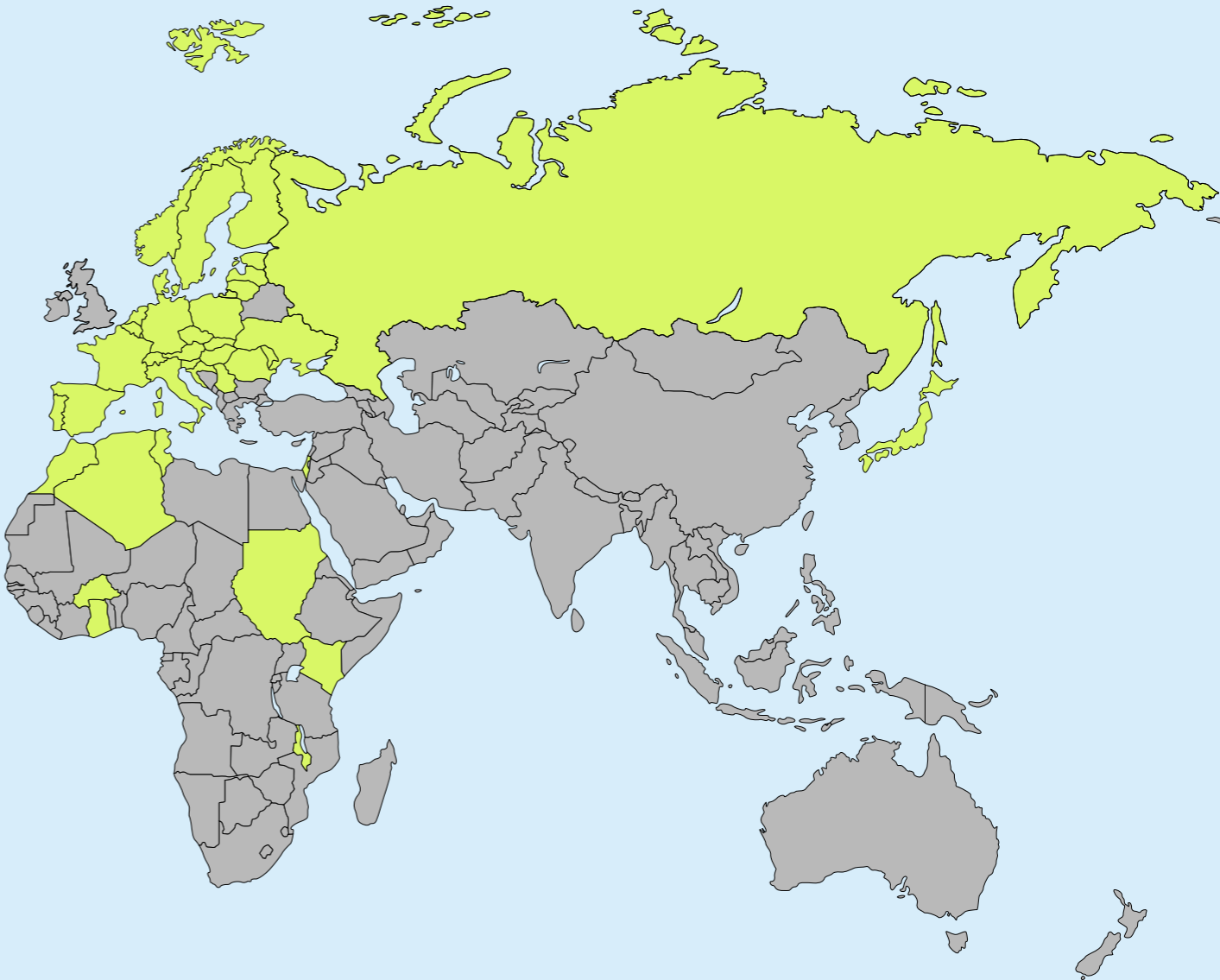
Generating between £250–300 million annually, the Smart Fund will help sustain creative livelihoods and transform communities.

**Manufacturers pay a small fraction of the value of each device they sell into a fund that is paid out to creators and local community projects with a focus on digital creativity and skills.**



In **45 countries** across  
the globe, creators and  
performers benefit  
from a mechanism that  
remunerates them fairly  
for their creative work.

- |                |         |
|----------------|---------|
| Algeria        | Denmark |
| Austria        | Estonia |
| Belgium        | Finland |
| Botswana       | France  |
| Burkina Faso   | Germany |
| Cabo Verde     | Ghana   |
| Canada         | Greece  |
| Croatia        | Hungary |
| Czech Republic | Iceland |



- |               |                    |                 |
|---------------|--------------------|-----------------|
| Israel        | Morocco            | Serbia          |
| Italy         | Netherlands        | Slovak Republic |
| Japan         | Norway             | Slovenia        |
| Kenya         | Paraguay           | Spain           |
| Latvia        | Peru               | Sweden          |
| Liechtenstein | Poland             | Switzerland     |
| Lithuania     | Portugal           | Tunisia         |
| Malawi        | Romania            | Ukraine         |
| Moldova       | Russian Federation | USA             |

# Payment for creators and performers

The UK is behind other countries in keeping up with technological developments. Every day, millions of people access and store content like music, art, books and films on their personal digital devices. Whether downloading films and albums, or sending pictures to our friends, we use creative content to stay connected and express ourselves.

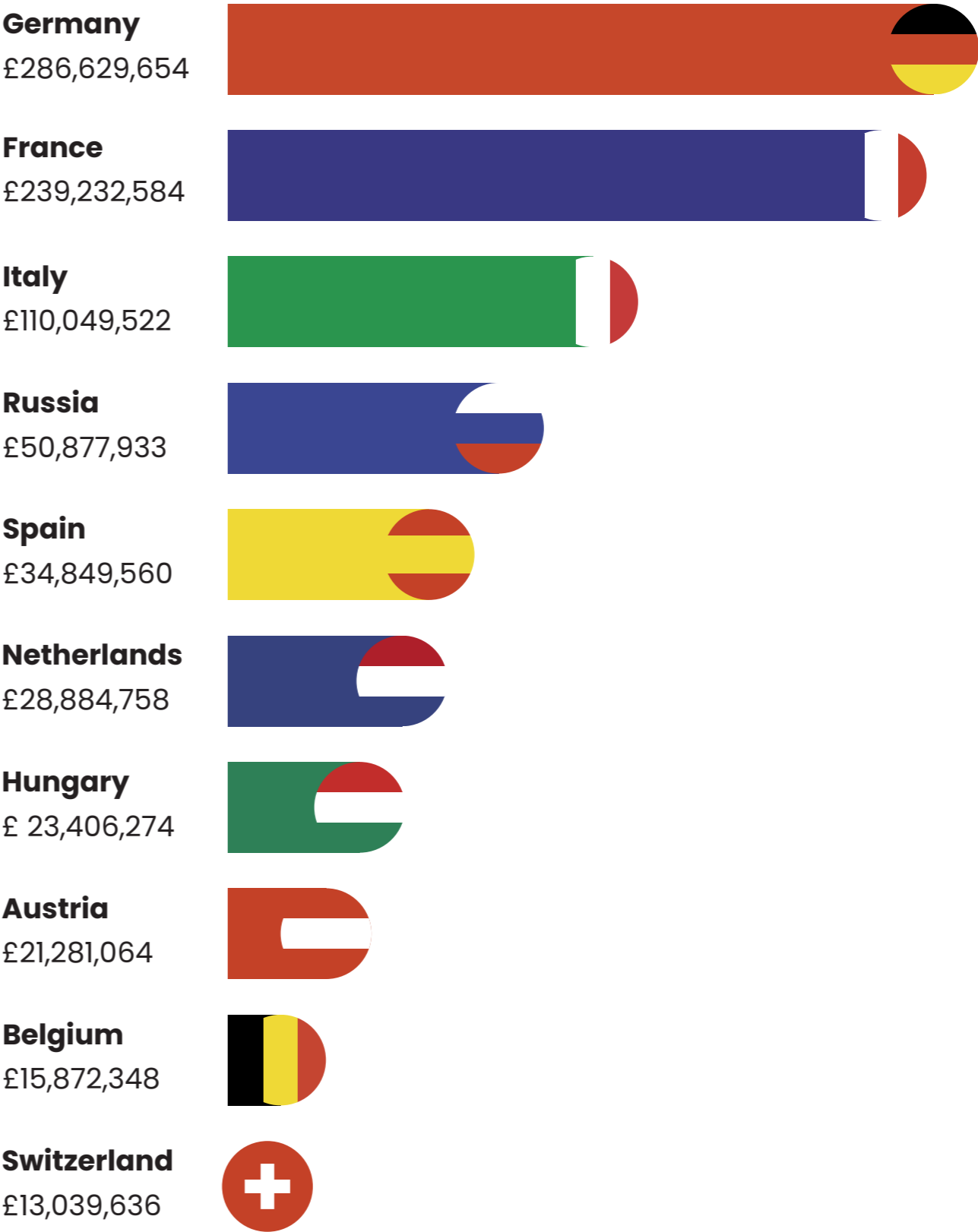
Unlike streaming services or some social media, storing and sharing creative content for personal use infringes the creators' copyright, and creators do not get paid. Other countries have already solved this problem by changing copyright to make storing and sharing content lawful, and paying the creators in the meantime.

Leading manufacturers are already paying into similar schemes in 45 countries around the world, generating over £900 million a year for creators and performers.

In France, for example, an independent panel has been established with representatives of creators, consumer groups and device manufacturers. They review consumer behaviour data on an annual basis to determine what devices are being used most by consumers (e.g. smartphones, Smart TVs etc.) to store and share creative content. This data is used to determine how much compensation the creators and performers get according to the device.

UK legislation has failed to keep up with technology, meaning creative communities lose out on investment. The Smart Fund seeks to bring the UK on track by working collaboratively with technology manufacturers to invest not only in creators but in communities too.

## Top 10 countries by private copying revenue, 2018



## Enabling culture to drive social regeneration

In most of the 45 countries with a similar scheme, alongside the payment to creators and performers, deductions are made specifically for social and cultural funds. The majority of deductions are 10% of the annual intake, with some countries donating more to cultural activities such as education programmes, creator pension funds, promoting young creators and emergency funding in times of crisis.

Through the Smart Fund, technology manufacturers would pay a small fraction of the value of each device they sell into a fund that can be paid out to creators, with a portion flowing to local community projects with a focus on digital creativity and skills. This way, the Smart Fund can help sustain creative livelihoods and transform communities putting digital creativity at the forefront of rebuilding the UK with global partners. As we rebuild and navigate the future of our shared economy, now is the time to focus on how we can collaborate through a shared purpose that creates value for society as a whole.

Whether funding digital education programmes in schools, cultural festivals that are recorded and shown across the world, or providing research and innovation grants for universities, the Smart Fund brings together creators and tech manufacturers to pave the way for smart collaboration that seeks prosperity for all.

Throughout this report, we show some case studies which demonstrate the value that cultural investment can bring to communities. The Smart Fund aims to drive this kind of investment all over the country, benefitting local people and the national economy, at no extra cost to taxpayers or consumers.



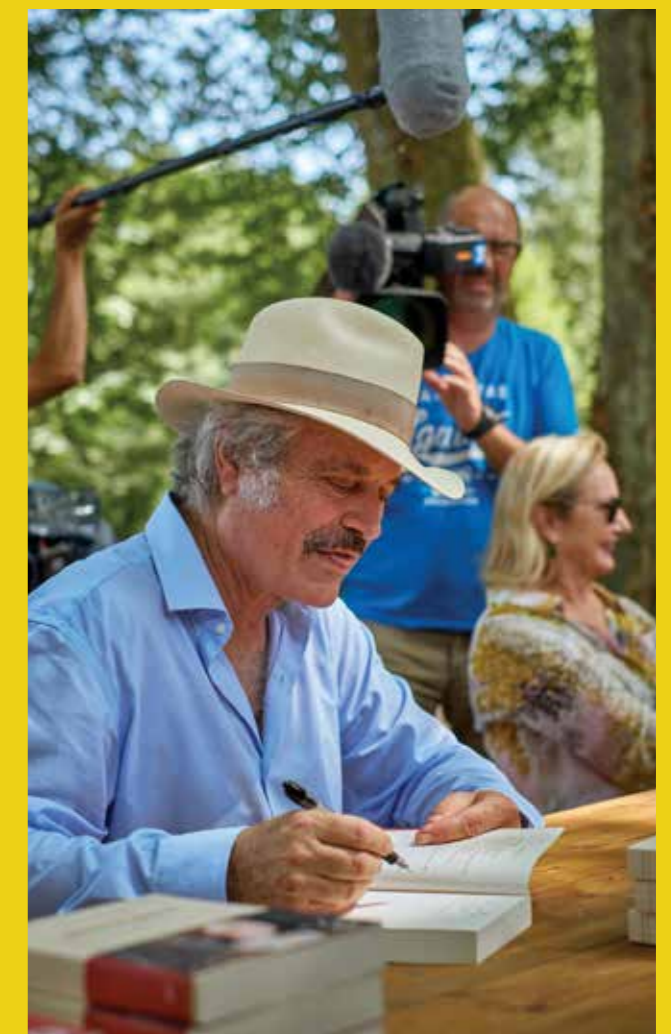
## Copie Privée, France

### Case study

**Each year, private copy cultural funds help over 12,000 projects through the Copie Privée in France. A model like this could easily be replicated in the UK.**

In 2019 the fund enabled over 6,600 creators to make works including films, documentaries, books, art exhibitions and musicals. It also supported over 4,800 festivals, concerts, theatre companies, orchestras and ensembles, 587 educational projects on art and culture for children and over 300 grants for professional education and art schools.

These funds, whether small or large, in urban or rural areas, bring culture to life for the benefit of all.



Folkstone,  
Kent

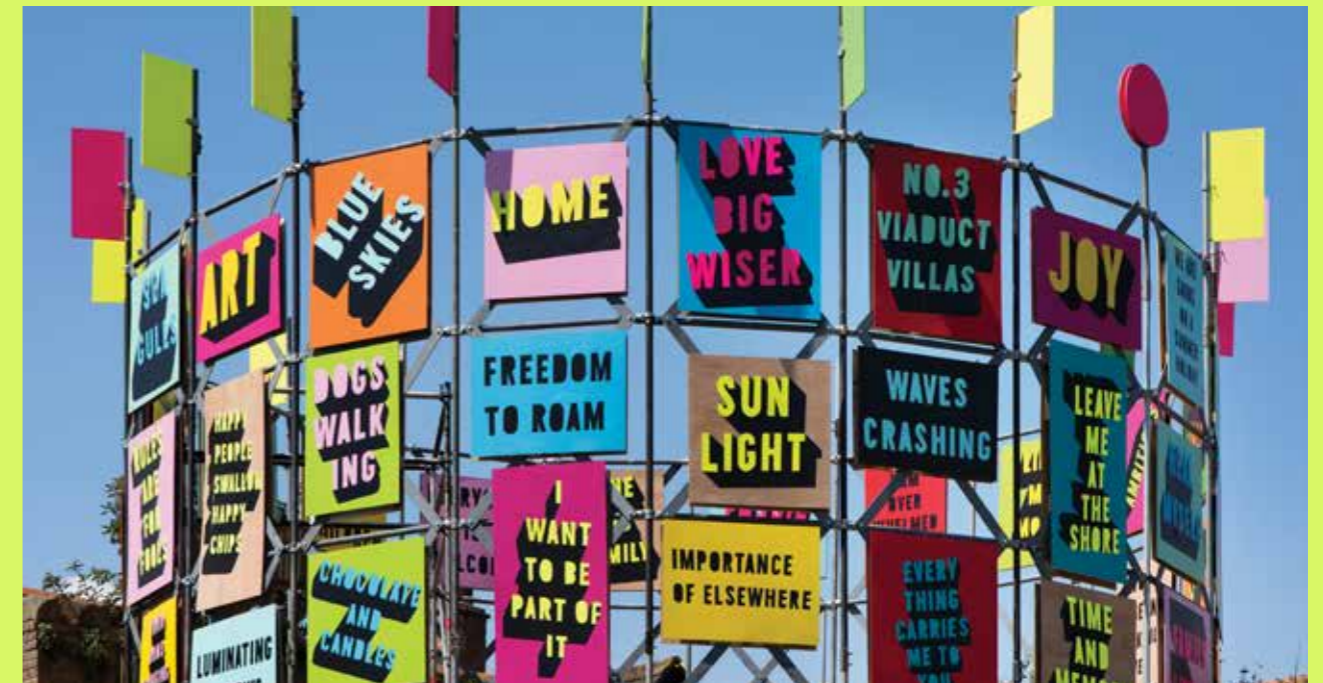
# The Folkestone Triennial

## Case study

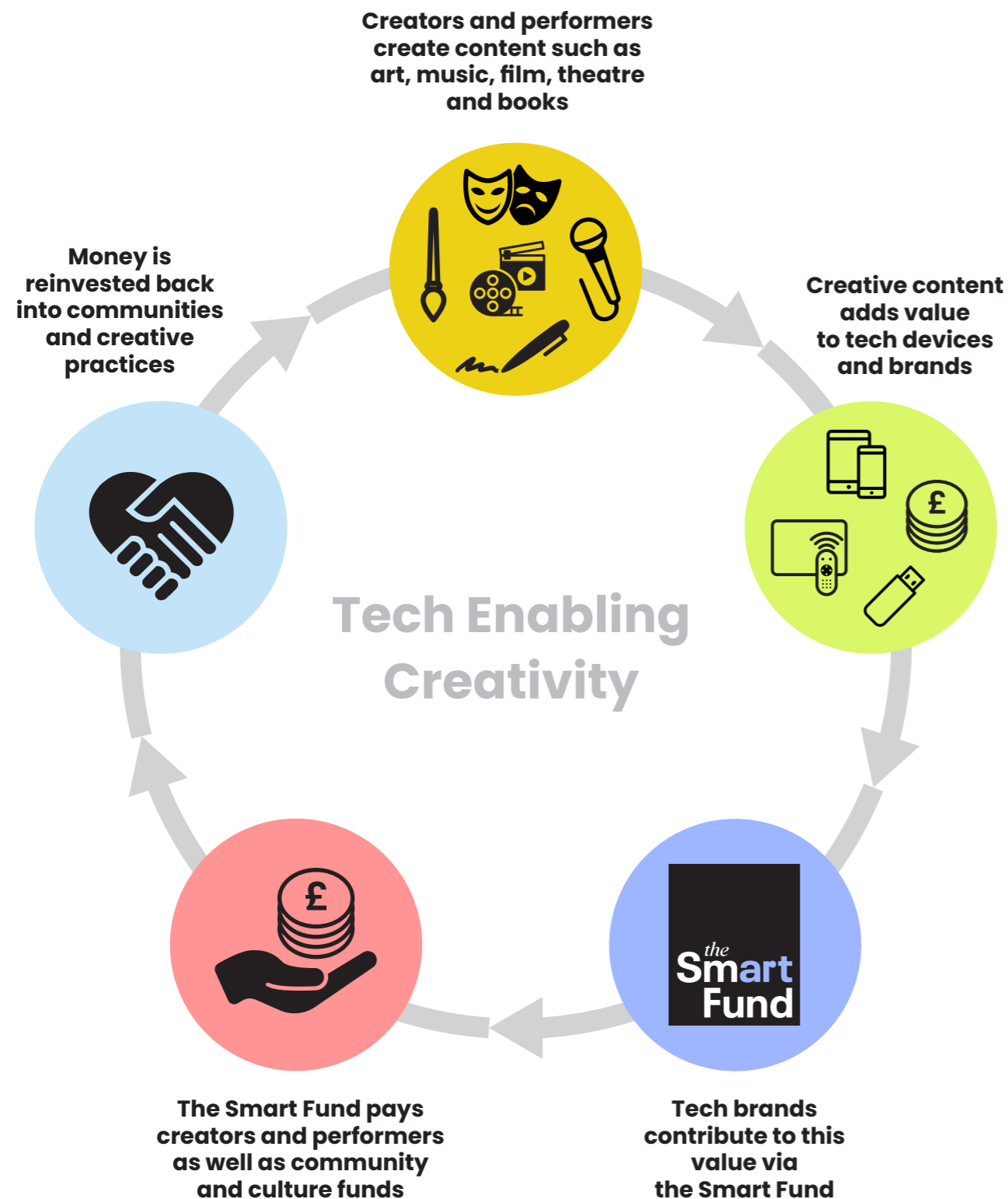
**The Folkestone Triennial is an ambitious outdoor exhibition of contemporary art with no public subsidy. The Smart Fund could inject funding to get more local festivals like this off the ground.**

Art galleries and artists are invited to use the town as a canvas, utilising public spaces to tell contemporary stories through new artworks, engaging visitors with world-leading contemporary art and encouraging cultural understanding.

Whilst a local festival, it's reach through digital channels via smartphones and tablets has encouraged an international audience that has continued to grow alongside the positive economic impact for the town since 2008. In 2017 the Triennial attracted 150,000 visitors and generated over £5.8m for the local economy.



## Tech Enabling Creativity



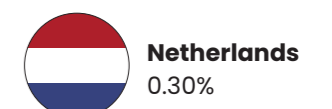
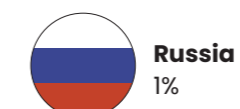
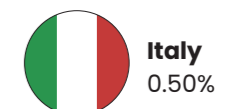
## The operation of the Smart Fund

**The Smart Fund works on the principle that technology manufacturers can play a vital role in paying creators in the same way that other service providers pay rightsholders when delivering creative content to the public.**

It is an established principle in rights management that service providers pay rightsholders so that the users don't have to. From streaming services to TV broadcast, publishing to educational institutions – all these sectors clear rights and pay rightsholders on behalf of their users.

The Smart Fund, proposed as collaboration with the tech industry, is a way for manufacturers of devices to contribute to creators' earnings by paying a small percentage of each device sale into a fund. This fund would then be paid out by collecting societies to artists, musicians, performers, authors, TV and film directors and other creative talent to keep them creating the content that enriches our user experience of tech in the first place.

**Percentage cost of tech devices funding the top six schemes for creators in 2018**



Dumfries &  
 Galloway

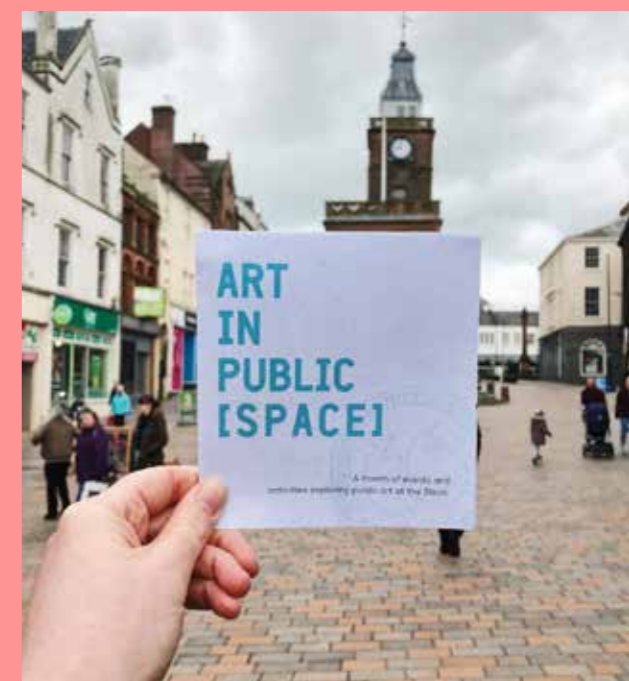
## The Stove Network

### Case study

**The Stove Network, an arts and community organisation located in the heart of Dumfries High Street, is a great example of cultural investment benefiting a community. It is an arts venue, cafe and meeting place with a diverse programme that spans music, literature, visual and public arts, film and theatre.**

As an active hub of creative collaboration and community engagement, the Stove Network projects include partnerships with hundreds of local organisations, feature thousands of creative participants each year and extend to include town planning, architecture and design.

As the only arts-led development trust in Scotland, The Stove Network work alongside local authority, community organisations, local businesses and charities to create a vision for the future of Dumfries High Street and the surrounding area where culture, community and enterprise work hand-in-hand.



**The Smart Fund does not need to be managed by Government or use taxpayers’ money.**

The Smart Fund can be managed by organisations that are already appointed to collect and distribute copyright royalties to creatives in each sector. These organisations are well-established and regulated, and already have the mechanisms in place to make such payments to their members.

**The UK can learn from other countries that already have a similar schemes in place and establish an optimal system for managing the Smart Fund.**

The French scheme is determined by a committee that sets out what devices the charge is applied to and the value per device. A Smart Fund committee could be made up of creator representatives and those who represent the tech companies, allowing for a truly collaborative approach. The Smart Fund will be future proof. When similar schemes were set up in other countries, most people were using cassette tapes and VHS to copy and store content.

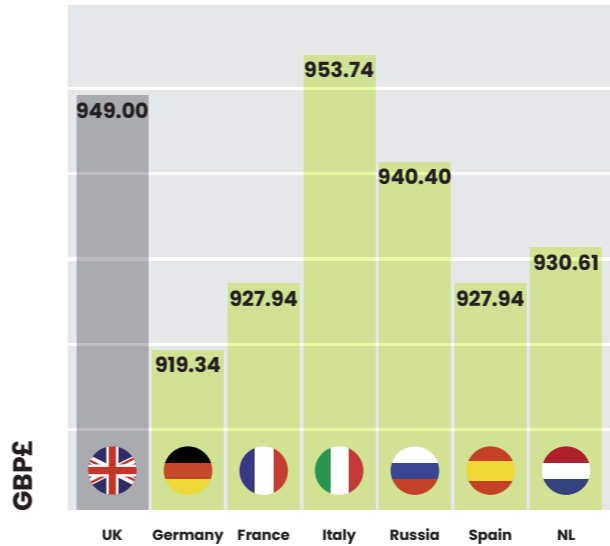
Currently, smartphones and personal devices are the most used, but tomorrow there could be a new way of sharing content, whether that’s cloud storage or something entirely different. The Smart Fund committee can follow consumer behaviour.

**In many countries that have a scheme like the Smart Fund, consumers do not pay more for their devices. In fact, devices often cost less in these countries than the UK.**

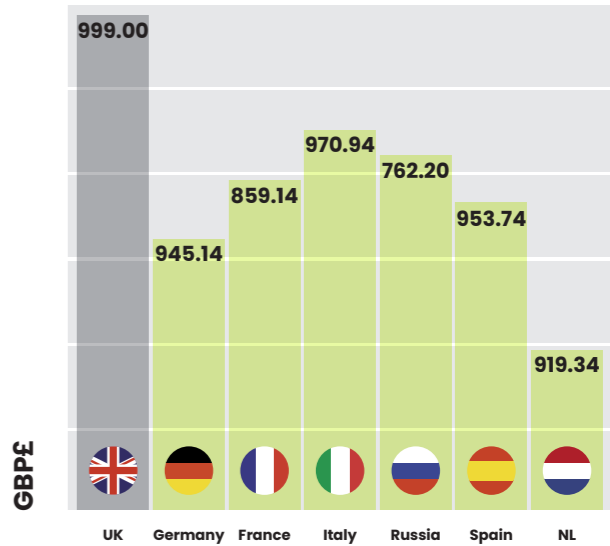
**The Smart Fund is a sustainable avenue for increasing cultural funding without having any impact on consumers.**



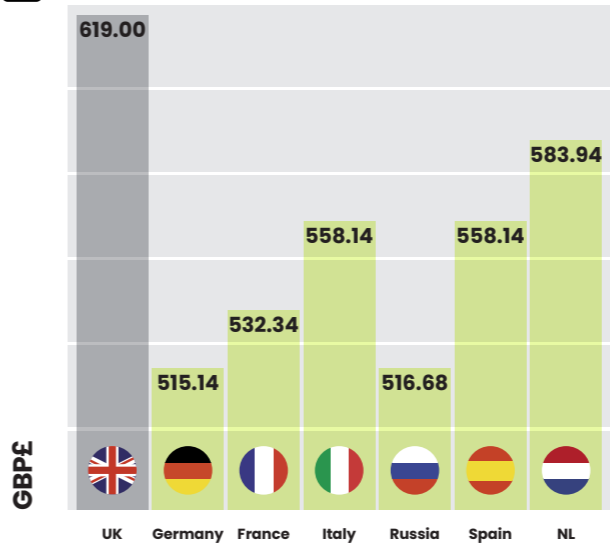
**Apple iPhone 12 256Gb**



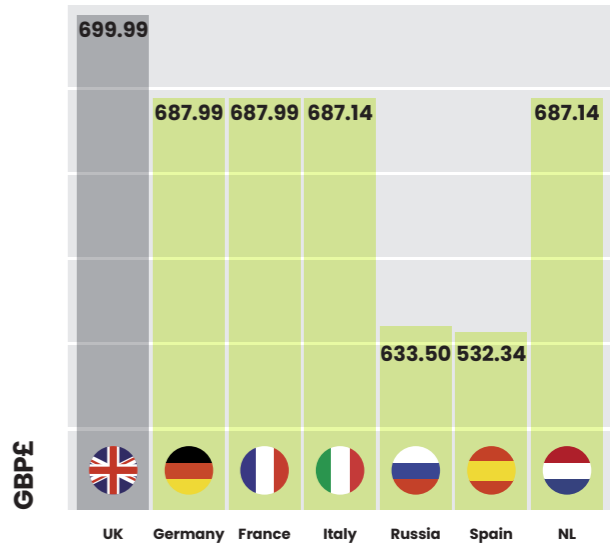
**Samsung Phone Galaxy S21+ 256Gb**



**Samsung Tablet Galaxy S7 wifi**



**Huawei Laptop MateBook D 256Gb**



Belfast,  
Northern  
Ireland

## Northern Ireland

### Case study

**In recent years, Northern Ireland has become a hot-spot for film and television production with the help of popular titles including Game of Thrones and Derry Girls. Script writers, actors and directors all contribute to the hugely successful audio-visual content produced in Northern Ireland that is enjoyed by millions worldwide. Investment has snowballed to create a sustainable cultural industry that is a proud addition to the local and national economy.**

Belfast is home to the UK's biggest regional hub for media production at Belfast Harbour, which expanded in 2020 in response to record levels of demand for studio space generating tens of millions of pounds worth of investment into the area, and creating employment opportunities for Northern Irish residents. In 2018 the value of filming to the Northern Irish economy was estimated at around £270 million.

Tourism into Northern Ireland has boomed with over 350,000 visitors travelling in 2018 to visit Game of Thrones filming locations, boosting the local hospitality sector across the country.



Derby,  
Derbyshire

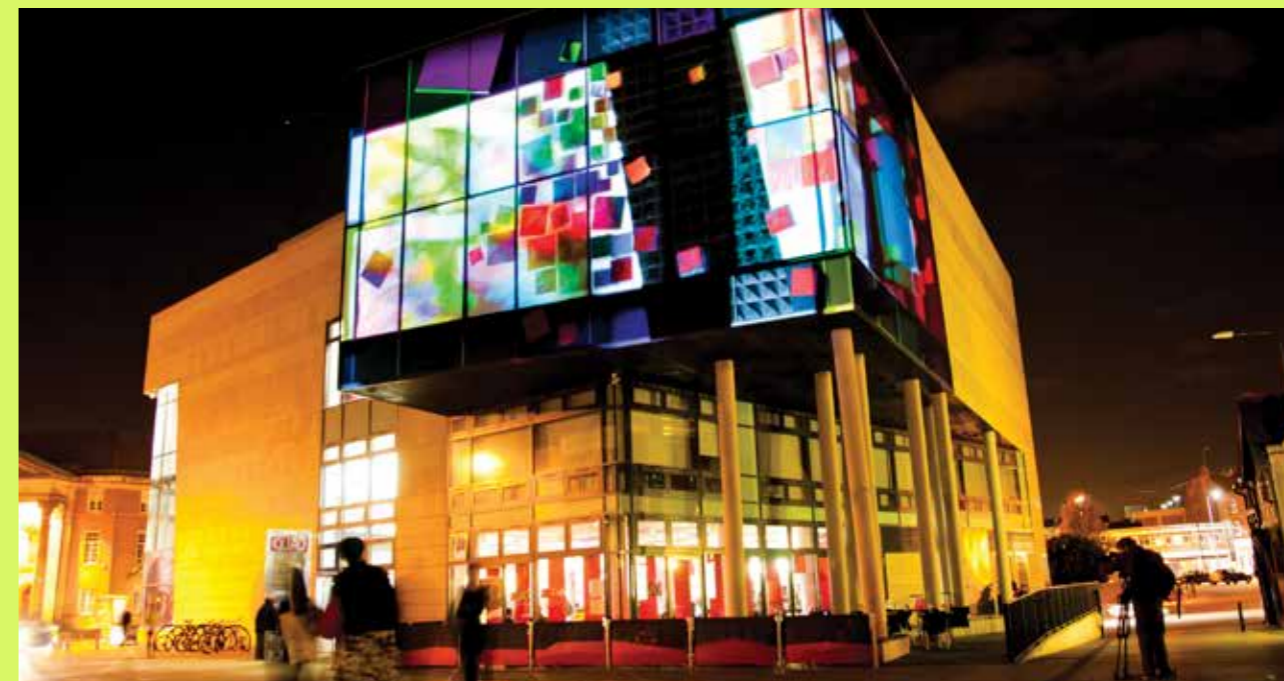
## Derby QUAD

### Case study

**The Smart Fund could support innovative digital projects, working with tech manufacturers to identify opportunities.**

Derby QUAD is just such an example of the opportunities in this field. It is a leading centre for the use and creative development of digital technologies including Augmented Reality, Virtual Reality, Artificial Intelligence, projection mapping, interactive media, and mass online participation alongside its programme of residencies and commissions with leading artists, workshops, talks and projects.

Commitments to emerging and digital technologies have allowed Derby QUAD to engage with patrons throughout the Covid-19 pandemic, including the development of an online well-being programme to foster ongoing engagement with Derby's Cathedral Quarter Business Improvement District group and to regenerate the high street post-pandemic.



# What next?

**The Smart Fund is a collaboration of organisations across sectors. We’re keen to work with colleagues in government, tech and cultural organisations, as well as with policy thought-leaders about this innovative and sustainable option for cultural funding and enabling the public to legally make copies for personal use.**

#thesmartfund

thesmartfund.co.uk

**Contact us**

info@thesmartfund.co.uk



**Case study image credits**

Page 14  
**Copie Privée**  
Fete de la Musique, Paris, France  
Photo : Paris Le Marais / Alamy Stock Photo

La Foret des Livres, literary festival, Loches, France. Photo: EYESITE / Alamy Stock Photo

Artist JR at Les Rencontres d’Arles , Arles, france, 2009. Photo : Dionne McGill / Alamy Stock Photo

Page 16  
**Folkstone Triennial**  
*Flock of Seagulls Bag of Stolen Chips*, Morag Myerscough. Commissioned for Creative Folkestone Triennial 2021  
Photo: Thierry Bal

*Atsiafu fe agbo nu (Gateways of the Sea)*, 2020, Atta Kwami. Commissioned for Creative Folkestone Triennial 2021  
Photo: Thierry Bal

*Holiday home (Red)*, 2017, Folkestone Triennial © Richard Woods. All rights reserved, DACS/Artimage 2021

Page 20  
**The Stove Network**  
The Stove Network projects. All images © Kirstin McEwan Photography.  
Except bottom left, courtesy of The Stove Network.

Page 24  
**Northern Ireland**  
Dunluce Castle, Co Antrim, Northern Ireland. Filming location for Game of Thrones.  
Photo: Dawid Kalisinski / Alamy Stock Photo

Titanic Studios, Titanic Quarter, Belfast, Northern Ireland. Photo: scenicireland.com / Christopher Hill Photographic / Alamy Stock Photo

Page 26  
**Derby QUAD**  
Derby QUAD. Photo: Gram Lucas Commons

GLITCHED: Quest for the Lost MacGuffin exhibition, 2016. Photo: Charlotte Jopling

80°N by Gibson/Martelli, 2015.  
Photo: Charlotte Jopling

Workshop, Derby QUAD.  
Photo: Charlotte Jopling

teamLab: What a Loving, and Beautiful World exhibition, 2017.  
Photo: Charlotte Jopling

*the*  
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