Supplementary Evidence from Membership Organisations across the Creative Sector

We are making this joint submission as nine organisations spanning the breadth of the creative industries, further to evidence already submitted by several of us independently.

An earlier version of this was sent on 18 June to the DCMS Select Committee's Covid-19 inquiry, following our proposal in April to DCMS to establish a 'UK Creators Council', to give a direct voice for our 330,000 plus members and other creative workforce bodies to inform and assist policy-making during and beyond the current crisis. In this paper, as well as summarising issues about emergency support to date, we also emphasise the importance of a sector specific Recovery Plan and upholding UK copyright law in trade negotiations.

This joint submission is made on behalf of the following organisations, in alphabetical order:

The Authors' Licensing and Collecting Society (ALCS) – a not-for-profit body, with over 100,000 members, which collects and distributes money for licensed secondary uses of authors' works, with £35m paid in the last year and over £500m since its foundation in 1977.

The British Equity Collecting Society (BECS) – a not-for-profit body, with over 30,000 members, established in 1998, which manages performers' audio-visual rights through UK and overseas licensing agreements, with £13.5m collected in the last three years.

The Design & Artists Copyright Society (DACS) – a not-for-profit body, representing a network of 180,000 visual artists in the UK and worldwide to collect royalties through copy-right licensing and artists' resale rights, with over £170m distributed since formation in 1984.

Directors UK – the professional association of UK screen directors, the majority in film and TV, collects royalties on behalf of its 7,500 members, paying out over £17m in distributions last year, and also campaigns and provides career development and other advice.

Equity – the professional trades union for the UK entertainment industry, with over 48,000 members including actors, stage managers, theatre directors, designers, dancers, singers, choreographers, audio artists and many others across the creative, arts and media sectors.

The Musicians' Union (MU) – the professional trades union for musicians, with over 32,000 members working in all sectors of the UK music industry, providing advice including training and career development, contract and rights negotiation and music education.

The Royal Society of Literature (RSL) – the UK's charity for the advancement of literature, founded in 1820, conferring Fellowships, organising literary events, investing in authors through grants and awards and promoting literature to young people and in prisons.

The Society of Authors (SoA) – the largest independent trades union for authors across the UK, founded in 1884, protecting the rights of over 11,000 members from fiction, non-fiction and education writers to translators, illustrators and scriptwriters.

The Writers Guild of Great Britain (WGGB) – the professional trades union, established in 1959, representing writers in TV, film, theatre, radio, books, comedy, poetry, animation and videogames, including emerging and aspiring writers across the UK's creative sector.

Continuing effects of the Corona crisis on the Creative and Cultural sectors

It is hard to exaggerate the importance of the cultural and creative industries, not only to the life of the nation, but to the vibrancy of the wider UK economy and our country's 'soft power' across the world. And the lifeblood of companies and organisations active in the field are the creative individuals working for, with and alongside them.

The cultural and creative industries were responsible for £143 billion of the 'Gross Value Added' (GVA) generated by the UK in 2018 – 7.5% of the whole economy - and have grown far faster than the national average. According to DCMS statistics published during this inquiry, they employed 2.8 million people in 2019 – an increase of 32% since 2011, three times higher than the average growth rate for the economy as a whole.

Research from Oxford Economics, published on 17 June, projects that the creative industries now face a loss of £74 billion in turnover in 2020 - and £29 billion of GVA - as a result of the crisis and will be impacted at least twice as hard as the rest of the economy. In all, 406,000 jobs are expected to be lost this year - 119,000 of them permanent employees, and 287,000 freelancers – notwithstanding Treasury support schemes so far.

The inherently entrepreneurial nature of the cultural and creative industries brings its own challenges. Of the 362,000 businesses active in both sectors - according to DCMS' latest figures published on 29 May 2020 - the vast majority had fewer than 10 employees.

Characteristic of both, too, is the high proportion of self-employment: 33% (694,000) of the 2.1 million in the creative industries and almost 50% (332,000) of the 676,000 in culture, compared to 15% (5 million) of the country's workforce as a whole. Over 20% of all the self-employed people in the UK, therefore, work in the cultural and creative industries.

Structurally, these vital parts of our national fabric and economic success have thus been acutely vulnerable to the disruption caused by the Corona crisis and its likely aftermath.

As things stand, as evidenced by submissions to this and other Select Committee inquiries so far, many parts of our creative and cultural industries have simply ground to a halt. In theatres and cinemas, the lights have gone out; art gallery sales have stopped and many artists struggle to visit their studios; TV and film productions have been shut down; commissions, arts projects and summer festivals have been cancelled; freelance and publishing contracts have been terminated, or postponed indefinitely; and, in many cases, the 'portfolios' of jobs with which creative people make ends meet – be it talks in schools, gigs in pubs, community projects or part-time work – have simply disappeared.

Many have fallen between the gaps in the Government's Job Retention Scheme (JRS), being neither an employee nor a 'limb (b) worker' on a PAYE scheme, or the Self-Employment Income Support Scheme (SEISS), owing to its prohibitive thresholds.

In some instances, many older, more established workers in the cultural and creative sectors are not entitled to Universal Credit, having built up savings above the £16,000 limit over the years, leaving them bereft of any Government support. Also left out have been many people who, at all stages of their careers, were advised and encouraged to establish and pay themselves through limited companies.

Throughout this crisis, we have done our utmost to advise and support our members. We have conducted surveys formally and informally, too, of the effects on their income, wellbeing and confidence about their future and careers.

And the picture, depressingly, is the same: for the majority, not least the self-employed, income is down, or work has dried up; and there is no clarity about what the future holds. Major cultural institutions also face an existential threat, so it is imperative that the Government marshals all-round support for recovery well beyond the health crisis itself.

We have also made submissions to the Government on their behalf – to the Chancellor and DCMS, in particular – and, while appreciating the overwhelming nature of this crisis, we have no clear impression as to whether our voices have been listened to, or properly heard, especially as regards many of the self-employed.

Government assistance during the Covid-19 crisis so far

We have, of course, welcomed the Government support measures so far during the crisis, including the Job Retention Scheme and Self-Employment Income Support Scheme, which follow models of intervention adopted overseas both now and after the 2008 financial crash.

Both have been extended, which was again very welcome, though they are time-limited and further support will be needed for recovery in the cultural and creative industries, despite the unprecedented, but as yet still unclear, £1.57 billion relief package announced on 7 July.

Currently, we are concerned that the JRS and SEISS schemes were not extended again by the Chancellor in his Economic Statement on 8 July. We believe that their planned ending is premature, with all the current uncertainty, and we hope he will re-think his approach.

We remain concerned, too, that support for freelancers and the genuinely self-employed under SEISS will run only until the end of August – and retain the same eligibility criteria as the first round - rather than to October as with the JRS. We believe that this is this unfair, as it treats the self-employed differently from 'furloughed' employees, and leaves gaps unfilled.

It also underlines a lack of complementarity between the two schemes and a persistent concern expressed since March in communications with the Government generally, and HM Treasury in particular, has been that the JRS and SEISS simply do not recognise that many workers in the cultural and creative industries have portfolio careers.

While we appreciate the complexities, and the need to protect against fraud, we have made numerous submissions about the gaps in SEISS, which leave so many people vulnerable. These were evident at the outset and we believe they could and should have been addressed, when the scheme was extended on 29 May. Our continuing concerns include:

- **The 50% of income from self-employment threshold should be removed, and earnings from other part-time sources taken into account. Many freelancers do not benefit from furlough under the JRS and have simply been left out – where PAYE contracts, for instance, have ended, or zero hours contracts now provide no work. They can certainly demonstrate, too, the adverse effects of the crisis.**

- **So significant a lacuna is this that the Government should consider allowing freelancers who were unable to claim under the first round of SEISS to do so under the second in July, after removing the 50% income threshold;**

- **Gross income should be taken into account, not net profits, as the scheme disadvantages freelancers with fixed ongoing expenses, such as workspace or equipment rent, insurance and materials. This would be simpler and fairer, given the monthly caps on SEISS grants. We accept that the Government's 'Bounce Back Loans' may have ameliorated some of the adverse effects of the scheme's design in this regard, but they simply do not go far enough;**

- **The recently self-employed should be allowed to benefit, not just those as of April 2019, many of whom may have had a lower income, too, after just setting up. This could be done on the basis of expedited 2019/20 tax returns, as HMRC has already been sending these out for completion;**

- **Tapering the scheme, so there is no £50,000 'cliff edge' or removing it entirely given the caps, as many in the creative industries living in high cost areas such as London and the South East are not super-wealthy, and may not have substantial savings on which to draw;**

- **Extending the scheme to the self-employed operating through limited, personal service companies – which many have been encouraged to set up - and taking income from them via demonstrable dividends, given again that there is a monthly cap on the grants available;**

- **Taking into account the effects on income of periods spent on maternity/ paternity leave or caring responsibilities, given that evidence about circumstances is needed anyway.**

Addressing these gaps in SEISS would have gone further towards having a simpler, fairer and more comprehensive 'income guarantee' for the genuinely self-employed - as many people have been urging - during a time of acute vulnerability in this crisis.

In announcing the scheme, the Chancellor said that SEISS would cover 95% of people, who gained the majority of their earnings from self-employment. That, of course, left out many genuinely hard-working people and the Institute of Fiscal Studies (IFS) estimated that only 62% of the country's five million self-employed would actually benefit.

Of that total, over one million are engaged in the UK's creative and cultural sectors and our membership surveys bear out the IFS' prediction - and the acute effects of these gaps on those people and their families, leaving inadequate Universal Credit as a last resort.

The Government has also introduced welcome other help, including Business Interruption and Bounce Back Loans, Discretionary Grants and Business Rates Relief. Comments on these schemes have been made by other submissions to this inquiry, including concerns regarding cultural institutions and studios ineligible for help with business rates or grants.

With consumption of creative content increasingly moving online, too, we remain extremely concerned about the long-term future of our town centres. The cinemas, theatres, book and art shops, galleries, cultural and leisure venues that are so fundamental to them have been disproportionately affected by the crisis. Notwithstanding the Government's welcome interventions to date, a comprehensive plan for our high streets is now urgently needed to ensure that these businesses can survive and thrive, and all who support them likewise.

The Arts Council, Emergency Funding and new Cultural Relief Package

Funding from Arts Council England and its counterparts in Scotland, Wales and Northern Ireland is vital for our creative and cultural sectors, as are their long-term sustainability.

As the biggest funder, ACE reacted commendably quickly to the crisis, with a £160 million Covid-19 support package, comprising £90 million to National Portfolio and Creative People & Places-led organisations, £50 million for other bodies and £20 million for individuals.

In all, ACE received 10,295 applications from individuals, of which 7,491 (73.2%) were successful and it awarded £17.1 million, an average of £2,285 to each. There were also 3,393 applications from other bodies, of which 2,187 (64.6%) received grants totalling £47.7 million - an average of £21,862 for each successful organisation.

The scale of the need for support is evident in the demand ACE met during the process and, while its efforts were admirable, many were unsuccessful and the resources were a drop in the ocean set against the existential challenge the sector and individuals face.

With its grants for freelancers aimed primarily at people already working with publicly funded projects, ACE also made a welcome £4 million contribution in total to the crisis funds quickly established and supported by our members, via the Authors Emergency Fund, the Equity Charity Trust, Help Musicians UK, the Theatrical Guild, Outdoor Arts UK, the Dance Professionals Fund and a-n The Artists Information Company.

These funds for people in dire financial need, however, were quickly exhausted and, with Covid-19 the priority, ACE also halted applications for new projects in its everyday course.

So far, ACE has also made awards of £33.1m from its £90m NPO/CPP pot to 196 organisations across the country. London benefitted the most, with 77 recipients gaining 38.7% of the funding, and the biggest awards will go to Sadler's Wells and the English National Ballet, as well as the Design Museum, big regional museums and theatres.

On 7 July, with theatres and other venues already closing, and staff being made redundant, the Government reacted by announcing an unprecedented £1.57 billion relief package for the country's cultural, arts and heritage sectors, which was of course widely applauded.

Beyond the headline figures, however - including the £1.15 billion 'support pot' for cultural organisations in England, through a mix of £880 million in grants and £270 million of loans – there is as yet no detail as to how this will be administered and who will be eligible.

Decisions on awards, DCMS has said, '*will be made working alongside expert independent figures from the sector including Arts Council England and other specialist bodies such as Historic England, National Lottery Heritage Fund and the British Film Institute.*'

The lack of certainty, indeed, was reflected in ACE's own reaction to the announcement: *'There is a lot of detail yet to understand in the package.*' ACE added, though, that the Government had made it clear that the focus would again be on 'bricks and mortar', including theatres, museums and galleries, and organisations such as orchestras, dance and arts companies which play a vital role in cultural life without having their own venues.

This will be, of course, immensely welcome to everyone who works for and with the organisations which will benefit, including many of our members. We are concerned, however, that in determining eligibility for grants and loans the needs of a great many freelancers across the cultural and creative industries will be left unaddressed – and at a time when the SEISS scheme, with all its gaps, will shortly come to a close.

To its credit, ACE itself has recognised this, and the limits on its support for individuals as opposed to organisations, so far: *'We're very aware that this crisis has also shown the value and the vulnerability of the creative army of freelance artists, performers, curators, technicians, writers, directors, producers, makers and other workers who make up the majority of our workforce,'* ACE said in reaction to the package, and the uncertainty ahead.

In response, ACE's National Lottery Projects Grants programme – which re-opens on 22 July, with a budget of £59.8 million – will now be re-prioritised to help fund smaller organisations and individual creative freelancers, with guidance published shortly.

While this recognition is welcome, in the absence of further targeted support and a wider DCMS Recovery Plan, it is unlikely to be sufficient for the future of the immense number of freelancers and self-employed across the breadth of our cultural and creative industries.

Further contributions to the emergency funds we have established to help individuals in the most immediate need would certainly be welcome, too, as we know our members well. But this, too, can only be a short-term stopgap, when a longer term response is required.

A particular concern for writers, composers and others across the creative sector is the pre-existing backlog of work, which may result in no new commissioning for an extended period, beyond the re-opening of theatres and other venues and after SEISS has long ended. We support, therefore, establishing a New Commissioning Fund to protect new work and help offset this. This is just one example of how a wider Recovery Plan could support the sector.

Individuals in our creative and cultural industries, who underpin its success, need much more support, including easily accessible grants and loans, tailored to the specific circumstances, characteristics and needs of these vitally important sectors. Many freelancers, including artists, writers, musicians, performers, directors and teachers of the creative arts, have not been helped so far and remain unlikely to qualify for the latest relief packages. It is only fair that they should also have support.

Addressing the challenges for the future beyond Covid-19

As the UK takes tentative steps out of lockdown, the challenges for the creative and cultural sectors are immense, not least with 'social distancing', the risk of a second wave and the effects of the crisis so far - as they are for other DCMS areas, including tourism and sport.

As a next step, on 20 May DCMS announced the creation of a new 'Cultural Renewal Task Force', chaired by the Secretary of State, with eight Working Groups led by ministers. Neil Mendoza - a DCMS Non-Executive Director and Provost of Oriel College – was also appointed as the new Commissioner for Cultural Recovery and Renewal.

This initiative was also welcome, though the eight-strong Task Force's membership seems to have been selected *ad hoc.* Its remit for 'renewal', beyond re-opening recreation and leisure venues (alongside four other Task Forces, including two involving BEIS for pubs, restaurants and 'non-essential' retail), also remains unclear at present, not least as regards securing strategic, sector-specific funding for the future beyond the cultural relief package.

While we appreciate the need to act urgently, DCMS did not announce an open call for expressions of interest in joining the eight Working Groups and the process of constituting them was opaque.

We hope, however, that the role of the Task Forces will develop beyond guidance on safe re-opening of venues and that they will be open to further co-option and input from organisations not represented. Certain key interest groups, including bodies speaking for visual artists and writers, have not been included at present and further measures for the future would benefit from their voices.

As a result of this crisis, the UK and its economy will face challenges and a burden of debt not seen since the Second World War, and far more so than after the 2008 financial crash. The post-war response included the Marshall Plan and industrial and social strategies for recovery, not least the creation of the NHS and, for culture, the Arts Council of Great Britain. And such an all-encompassing approach is now needed for our creative industries again.

We support calls, therefore, for the development of a specific, flexible DCMS Recovery Plan - beyond the Cultural Relief Package, backed by HM Treasury and aligned to a fresh Industrial Strategy - taking in the needs of each of our creative and cultural industries to set a course for confidence, recovery and growth. Other countries, such as Germany, are already doing this, with substantial funding.

As part of this, the Government will need to engage with and understand the support required by freelances and the self-employed, given their importance to these sectors and the fact that this group of workers has grown faster than any other in the whole economy.

We have recently written to the Secretary of State urging DCMS to engage with us, round the table, forming a UK Creators Council as a mechanism for input by representatives of the creative workforce, with other membership bodies also keen to join.

ALCS BECS DACS DIRECTORS UK equity Musicians' Union The Royal Society of Literature The Society of Authors WGGB The Writers' Union

As membership organisations, we do not have a place on the Creative Industries Council – of which the DCMS and BEIS Secretaries of State are Joint Chairs - despite representing the very creators who are the lifeblood of our cultural and creative sectors.

Yet we are uniquely placed to offer our expertise and resources constructively to assist DCMS (and BEIS) in supporting the artists, writers, directors, musicians, performers and other creators affected by the crisis and on which these industries depend, together with the further challenges ahead for the UK's creative economy. **This holistic approach, we feel, would aid the Department and far better inform policy-making, now more than ever.**

A comprehensive Recovery Plan will need to look outwardly, as well as at the creative and cultural base within our country, its nations and regions. It will be essential, for instance, to maintain a world-leading framework for copyright and the protection of intellectual property in the digital world, as a key foundation of the UK's success, and to ensure this is promoted robustly during the ongoing negotiations on our future international trading relationships.

A major contribution to creative incomes also derives from international licensing agreements, including the Artists' Resale Right and mutually recognised music, literary and performing rights, which our expertise has helped to negotiate, monitor and enforce.

The creative and cultural sectors are key, too, to the UK's balance of international trade. In 2018, according to latest DCMS estimates, our creative industries accounted for £35.6 billion of services exports, and the culture sector a further £8.8 billion - of which £15.4 billion and £4.1 billion respectively were to countries within the European Union.

That compared with imports of creative services of £17.8 billion and £4.2 billion for culture, of which £6.6 billion and £1.6 billion were from the EU. It is a substantial surplus on all counts, and testament to our success and the importance of international trade agreements.

The creative industries are defined by the Government as *"those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property".*

Our creative and cultural industries will be at the fore in future trade negotiations, so it is vital for the Government to support the sector specifically to maintain the UK's reputation as a cultural and creative powerhouse on the world stage. Central to this, too, will be to ensure that our high standards of copyright enforcement and protection are reflected and protected in future trade deals, so that our creative industries continue to be an outstanding success.

Today a growing proportion of creative content is consumed online. As such, the means for individual rights owners to ensure that they are remunerated for the use of their works - through appropriate collective management systems in cases where individual oversight is impractical or impossible - will continue to play a vital role.

As well as highlighting the crucial support given by professional trades unions, the current situation has underscored the importance of Collective Management Organisations (CMOs) in helping members, by advancing payment distributions and ensuring their rights are protected in the face of fast-changing consumption patterns, not least during the crisis itself.

Effective CMOs, underpinned by strong copyright protection, are another UK success and it is essential to our creative economy that their significance for creative individuals is recognised, as we negotiate future terms of trade. This must include protecting remuneration streams secured from secondary uses of work, in cases where effective Collective Management is the only realistic way to ensure that payments for use are made.

At the moment, the DCMS Select Committee is also conducting a major inquiry into the future of Public Service Broadcasting, whose importance for news, entertainment and education has again been underlined during this latest war against the Corona virus.

It is a sector which vitally nurtures our creative talent and faces unprecedented challenge from the ascent of largely US-owned, paid-for streaming services, from a crisis-hit decline in advertising revenues and the implications of this for future investment. The future of this key part of our creative industries also needs, clearly, to be central to a DCMS Recovery Plan and we hope the BEIS Committee will consider the importance of tailored, sector-specific interventions across the economy in its Post-Pandemic Economic Growth inquiry.

The maintenance of a strong copyright and IP regime is pivotal to this sector's recovery and the remuneration model that underpins film and TV production, too.

We urge the BEIS Committee, therefore, to express its support for the core principles of strong copyright protections during international trade negotiations, in order to maximise the value of IP for creators and the UK economy, and we look forward to the BEIS and DCMS Departments' continued support beyond the current crisis in these crucial respects.

15 July, 2020