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.

Having written to the Department for Digital, Culture, Media & Sport on 20 April, 2020 proposing the establishment of a ‘UK Creators Council’ - to give a direct voice for our over 330,000 members, and for other bodies wishing to join - we feel that now is the time to submit this supplementary evidence to the Select Committee, so as to demonstrate the strength of feeling about the need for a consultative, member-led mechanism across the cultural and creative industries to inform and assist policy-making beyond the current crisis

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, with 100,000 plus members, acting for 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 inquiry 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; 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 are those who, at all stages of their careers, were advised 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.

Government assistance during the Covid-19 crisis so far

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

Both have now been extended, which was again very welcome, though they are time-limited at present and further support will be needed to support recovery in vital areas, including culture and the creative industries. We hope, therefore, that the Chancellor will take account of DCMS sectors' specific, pressing needs in his Emergency Budget, when it takes place.

Currently, however, we are particularly concerned that the extended SEISS scheme will retain the same eligibility criteria as the initial round implemented in May - and that support will run only until the end of August, rather than October as with the JRS. We believe that this is this unfair, as it treats the self-employed differently from 'furloughed' employees.

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 in setting up such support, and swiftly, 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 are not benefitting from furlough under the JRS and have simply been left out – where PAYE contracts, for instance, have come to an end, or zero hours contracts now provide no work. And claimants have to demonstrate they have been adversely affected by the crisis, in any event. 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, 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 setting up. This could be done on the basis of expedited 2019/20 tax returns, as HMRC has already been sending these out;

• 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 to draw on.

• Extending the scheme to the self-employed operating through limited, personal service companies – which many have been encouraged to set up - and taking income 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.

The Arts Council and Emergency Funding

Funding and support from Arts Council England (ACE) and its counterparts in Scotland, Wales and Northern Ireland is vital for our creative and cultural sectors, as are their long-term sustainability as we seek to recover from current circumstances.

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.

Applications for grants to other bodies and individuals closed in April and ACE published on 15 June its promised survey of the results of the two rounds of that process. Details of awards made from the biggest fund, for NPO and CPP-led groups, will follow in July.

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 available are 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 Equitable 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 has halted applications for new projects in its everyday course.

Recognising the immense challenges ahead, therefore, we very much welcome the Select Committee's calls on 18 May and 5 June for more support for the creative sector. And for emphasising this should not only encompass help for world-renowned, at-risk institutions such as Shakespeare's Globe Theatre and people not benefitting from ACE's emergency grants so far, but also for future Arts Council funding in-the-round, well beyond this year.

Individuals in our creative and cultural industries, who underpin their success, do need wider support, including easily accessible grants and loans, tailored to the specific circumstances, characteristics and needs of these vitally important sectors.

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

This latest initiative is clearly 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 ministerial Task Forces), also remains unclear at present, not least as regards securing strategic, sector-specific funding for the future.

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 their role will develop beyond guidance on safe re-opening of venues and that they will be open to input from organisations not represented. Certain key interest groups, including bodies speaking for visual artists and writers, are not 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, backed by HM Treasury, 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, with other membership bodies also keen to join.

As membership organisations, we do not have a place on the Creative Industries Council, despite representing the workers 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 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 in the future.

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 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.

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

We urge the 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 DCMS’ continued support beyond the current crisis in these crucial respects.