

Written evidence submitted by Jonathan Moore and Rebecca Tromans

The Impact of Covid-19 on DCMS sectors

I am writing on behalf of myself and my partner who both work in the Creative Industry in the Media sector.

I am a Prosthetic Make Up Artist working in Film and Television and my partner is an Actress in the same sector.

I have worked as a Self-Employed Sole Trader in the industry for the last 15+ years and have never faced or witnessed anything like this current situation.

On a personal level, the effect on our lives and career has been catastrophic and immediate. All our ongoing and upcoming work has been either cancelled or postponed with no knowledge if and when we will return to the careers that we have spent years honing.

We are not alone in this. I am not aware of any of our work colleagues who are working either. All the productions that I know of have shut down indefinitely. Once productions cease to operate, we have no work. It's that simple.

Most of us live hand to mouth in our line of work and we are all looking to the government to help us in these unprecedented times. We were therefore very positive when the government created the Self-Employed Income Support Scheme to help the freelance workforce. This positivity was unfortunately short lived once we realised how many cracks were in the scheme and then how many of us would fall through those cracks.

BECTU, my union, has estimated that up to 50% of the self-employed workforce in Film and TV will be unable to benefit from the SEISS scheme. Many of us find ourselves looking unsuccessfully for financial aid from the system that we have been paying our taxes into for years. The same system that is successfully helping our employed colleagues through the Coronavirus Job Retention Scheme without any of the hoops or pitfalls that we face.

The points I will raise in this letter address the following:

- A) Self-Employed workers like myself who have net profits of over £50,000 but earn considerably less than the alleged '5%' omitted from the scheme (**I fall into this category**).
- B) Self-Employed workers who do not have three years of Tax Accounts.
- C) Self-Employed workers who meet the current criteria but have taken a sustained amount time off work due to pregnancy, maternity leave, serious illness and caring roles, thus adversely affecting their Average Net Profits.
- D) PAYE Freelance workers who do not have the benefit of any of the grant schemes available, currently, only eligible to apply for Universal Credit (**my partner falls within this category**).
- E) 'Loan Out' Limited Companies who fall in a grey area, currently unable to benefit from any of the grant schemes available, and it is not clear if the furlough scheme caters for these individuals.

For the purposes of clarity, I would like to start by quoting the statement from Rishi Sunak, taken from the transcript made available on GOV.UK on 26 March 2020:

'Today I can announce the next step in the economic fight against the Coronavirus pandemic, with new support for the self-employed.....'

.....Musicians and sound engineers; plumbers and electricians; taxi drivers and driving instructors; hairdressers and childminders and many others, through no fault of their own, risk losing their livelihoods.

To you, I say this: You have not been forgotten. We will not leave you behind. We are all in this together.

So, to support those who work for themselves, today I am announcing a new Self-Employed Income Support Scheme.

*The government will pay self-employed people, who have been adversely affected by the Coronavirus, a taxable grant worth **80% of their average monthly profits over the last three years, up to £2,500 a month.***

This scheme will be open for at least three months - and I will extend it for longer if necessary.

You'll be able to claim these grants and continue to do business.

And we're covering the same amount of income for a self-employed person as we are for furloughed employees, who also receive a grant worth 80%.

That's unlike almost any other country and makes our scheme one of the most generous in the world. Providing such unprecedented support for self-employed people has been difficult to do in practice. And the self-employed are a diverse population, with some people earning significant profits.

So I've taken steps to make this scheme deliverable, and fair:

*to make sure that the scheme provides targeted support for those most in need, **it will be open to anyone with income up to £50,000.***

to make sure only the genuinely self-employed benefit, it will be available to people who make the majority of their income from self-employment

and to minimise fraud, only those who are already in self-employment, who have a tax return for 2019, will be able to apply

95% of people who are majority self-employed will benefit from this scheme.

Self-employed people can access the business interruption loans.

The scheme I have announced today is fair'.

A) In his speech, Mr. Sunak states that 5% of Self-Employed workers have an average income of £200,000 yet the bar for eligibility has been set at £50,000. I questioned this and other points with the Department for Digital, Culture, Media and Sport and I received the following response:

'The SEISS brings parity with the Coronavirus Job Retention Scheme, announced by the Chancellor last week, where the government committed to pay up to £2,500 each month in wages of employed workers who are furloughed during the outbreak....'

'In order to target support to those most in need, the government has chosen to cap the Self-Employed Income Support Scheme at trading profits below £50,000. For those with trading profits of £50,000 and over, the mean self-employment income is £186,000 and the mean total income is £217,000. Those with higher average incomes are more likely to have access to savings and other resources'.

I choose to repeat two sentences from Mr. Sunak's speech here:

'To you, I say this: You have not been forgotten. We will not leave you behind. We are all in this together'.

And:

'The scheme I have announced today is fair'.

I fall into this category, I have been left behind and this most definitely unfair.

This measure will exclude a huge number of workers in the Film and Television Industry who need to benefit from this grant. By grouping together very highly paid performers, musicians, creatives, directors and HOD's with a large group of Industry workers, who make significantly less than £200,000 in net profits, is grossly unfair. These individuals will have paid 40% tax but will receive zero in return. There is nothing "fair" about this. 'Holiday Pay' is now incorporated within our contracted rates rather than an additional payment. Sick pay is not an option available to us. Any 'savings' that may have been put away are more than likely there to pay taxes and other necessary outgoings.

Comparison:

- 1) A single self-employed person with no dependents earning up to £50,000.00 in net profits will receive grant aid and if feasible may continue to earn.
- 2) A single self-employed person with two dependent children earning over £50,000.00 in net profits will receive nothing.
- 3) A self-employed person in a partnership, with two children, who has net profits over £50,000.00 and the partner takes home £820 per month, will receive nothing and is not eligible for Universal Credit.
- 4) An employed worker is entitled to a capped monthly 'wage' through the Job Retention Scheme of up to £2,500 per month. There is no upper limit to their income which their self-employed colleagues have.

How is this comparison "fair"?

The 40% Income Tax rate applies to those earning between £46,351 and £150,000. The highest Income Tax Band rate of 45% is applicable to those earning over £150,000. The Government makes this distinction clear with these Income Tax bands. It would be "fair" to acknowledge the government Taxation Scheme for the purposes of this grant, and to extend the grant to those who earn up to a Net Income Profit somewhere in the middle of these figures i.e. £100,000. The grant scheme must be extended to accommodate these people in the interests of parity and acknowledgement that these workers are forcibly unemployed, these workers have paid high taxes, and these workers have costs that still need to be met. There is absolutely no parity with employed workers in the same income brackets.

- B) Individuals with less than three years' worth of accounts have been left out of this scheme. This too is grossly unfair and renders these individuals stuck between a rock and hard place. Adopting an assessment based on wage advice slips for these people is much fairer and should be implemented. Let us remind ourselves, this loss of livelihood is not self-imposed.
- C) For Self-Employed workers who have taken prolonged periods of time off work for reasons of maternity leave, serious illness and caring roles, some of these individuals will have had their Average Net Profits adversely affected by these gaps in employment. This must be considered for the purposes of assessment.
- D) PAYE Freelancers in the Film and Television Industry have fallen under the radar entirely and at present there is no provision for this sector in your grant schemes. Offering Universal Credit to these individuals is simply not good enough. Matt Hancock agreed on BBC Question Time that he could not survive on £94 per week. How and why is this group of Freelance workers expected to do so? It is a measure deeply rooted in a lack of social care and obligation under the

circumstances. These are hardworking individuals, who have contributed immensely to Taxes. These workers must also see a parity with their employed colleagues. My partner falls within this category. She works PAYE 'dailies' but without actual contracts so is unable to be furloughed.

- E) The Film and Television Industry workforce is comprised of many Limited Companies with one employee. These individuals are 'loaned-out' to Productions via their Ltd. Companies and whilst they meet a different set of criteria in terms of Taxation, these workers have found their livelihoods destroyed by the Coronavirus crisis. Cash flow is as much of an issue to these individuals as anyone else who works in our Industry. This sector should be accommodated, helping those who do not have the financial resources available to keep themselves going through this period of complete Industry shutdown.

Again, it is very clearly stated in Mr. Sunak's speech that *"You have not been forgotten. We will not leave you behind. We are all in this together"*. Under the scheme it is stated that those eligible for the grant will be able to claim and still do business. Those not eligible in my Industry, cannot do business and cannot claim. How does that balance out as "fair"? Those furloughed in the 'Employed' sector are not subject to means testing. In the interests of parity, why are we? How is that "fair"?

Small businesses may benefit from Coronavirus Interruption Loans of up to £5 million, interest free for twelve months. Retail, hospitality and leisure businesses will pay no rates this year. The smallest businesses can claim hardship grants of up to £25,000. But thousands in the Film and Television Industry will receive nothing. How is that "fair"? How is that just?

The facility offered to defer tax does not help us in the long run, the debt will still stand. The 'Employed' are being financially supported through the Furlough Scheme but the Self-Employed have still been largely omitted. Universal Credit is not enough to live off, confirmed by Matt Hancock on British Television.

Those of us in the Film and Television Industry risk losing our livelihoods, we risk losing everything. Our entire Industry has been adversely affected by the Coronavirus and will take much longer to recover, long after the schools and parks have re-opened, long after restaurants and cafés are full, and ironically, long after cinema queues are reforming. A huge proportion of my Industry has been forgotten and has been left behind. An Industry that contributed £6 billion to GDP in 2017. An Industry of thoroughly marginalised workers is being overlooked, disregarded and hung out to dry. An industry of taxpayers and an industry of voters.

Possible Solution

One possible solution to this is an Emergency Universal Basic Income.

Millions of us are losing huge chunks of our income during Coronavirus lockdown, and many people are losing their jobs entirely. The government support package simply isn't enough to keep families going. Universal Credit is taking weeks and £94 a week is not enough to pay rent and bills. The temporary payments offered exclude millions of people - if you're recently self-employed, if you've been on maternity leave, on a zero-hours contract or lost your job.

So many of us are falling through the cracks and it's going to be impossible to support ourselves and our families within the next few weeks. The government urgently needs to provide an emergency, universal basic income: a straightforward monthly payment that supports us with basic essentials. No complicated criteria or massive delays. Spain has already agreed to introduce universal basic income - now it's time for the UK to step up.

Universal Basic Income is described here:

“Basic income is the idea that, usually to replace other existing social security benefits, everyone receives uniform, flat-rate payments,” says Luke Martinelli, a research associate at the University of Bath. “The motivation for that is to reduce the reliance on other benefits by providing a fairly modest income floor.”

Jamie Cooke, head of RSA Scotland, offers a more specific definition: “Basic income is regular and secure payments directly to every individual within a country, which comes from the state, and I think it has to have certain core elements to it – it is universal, it is unconditional, and it is regular, secure and direct.”

I realise that I am one voice amongst millions, but I know that I speak for many of those who are in similar situations to those of my partner and I.

I hope that this information is helpful.

Kind regards

Jonathan Moore