

## Written evidence submitted by Viva La PD

### DCMS COMMITTEE INQUIRY INTO IMPACT OF COVID-19 ON DCMS SECTORS

1. Viva La PD is an independent community group for Producer/Directors in Television. It was established in 2017 as a forum to seek and exchange professional advice and experience with peers. Viva La PD has over 1200 associates, many of whom are also part of separate unions and guilds. Viva La PD offers this evidence based on the professional expertise of its membership, which should be viewed as an important perspective for the work of the inquiry.

2. This evidence is presented in four sections. The first gives context to the employment modalities of Producer/Directors in the UK television industry. This is followed by a summary of a recent consultation with our membership and others who work in the television industry through a survey. It highlighted that only 17% are currently employed due to COVID-19 in the UK, and also just 20% are eligible for support from government schemes. The third section provides additional detail for five different category of freelancer and the final section provides policy recommendations to close the gap in assistance.

#### **A. About Employment in Television**

3. The television industry depends on freelancers. Most programme makers are employed on a freelance basis on a mix of contract types. But what they have in common is that they involve being taken on for a specific project or programme, for a fixed duration. This can range from days to months, but is usually weeks. Once the project is complete, the freelancer stops working for that production company, and moves on to another project. Freelancers make a living by balancing multiple projects during the year.

4. The way television freelancers are contracted originated in the 1980s and 1990s, when the industry was deregulated. This saw broadcasters, and independent production companies shift workers from staff contracts to freelance. This had the consequence of moving the burden of financial risk from the employers to those who work for them.

5. The way freelancers are hired in Television can be less formal than other industries. Individuals are often engaged verbally in the first instance, sometimes followed up by an email covering start date, rate and job role agreed. This would be formalised subsequently, and sometimes not until the project has commenced, with a written contract.

6. Prior to the economic shock inducted by the COVID-19 pandemic, the creative sector was identified as the fastest growing contributor to the economy. According to the Creative Industries Federation, it grew at a rate five times that of the UK economy as a whole. Failure to support freelancers, on which this sector depends, will lead to skill loss and will have a significant impact on economic recovery after the pandemic, as well as the British entertainment industry as a whole.

## **B. Government Coronavirus Support**

7. According to an April 2020 survey of almost 1000<sup>1</sup> of our members and other freelance television professionals, almost 80% are out of work as a direct result of COVID-19 in the UK.

8. Only one fifth of freelancers are eligible to help from the Self-Employed Income Support Scheme or the similar Coronavirus Jobs Retention Scheme. Nearly two thirds are not eligible for any other government support, including access to Universal Credit. One in five of those disallowed from Universal Credit were denied on the basis of savings set aside from income to pay their self-employment tax bill.

9. Over half of our members have stated that they will have no choice but to leave the television industry if the situation extends to June. This is a direct impact of Coronavirus but also the ‘freelancer gap’ in the government’s combined assistance measures.

10. Parents on parental leave, especially those who were about to return to work, are at heightened financial risk. Our membership has also highlighted the significant psychological impact of the collapsed TV industry, combined with the lack of government assistance to freelancers.

## **C. Analysis of Exclusion by Freelance Type**

11. Freelancers excluded from or struggling to access the government’s Coronavirus income assistance schemes fall into five broad categories:

a. Sole Traders (“Schedule D”) Freelancers earning just over £50,000

i. 44% of survey respondents are employed on Schedule D contracts. Of those, just 28% are eligible to receive help from the Self-Employed Income Support Scheme. This falls far short of the Chancellor’s claim that 95% of people would be covered. Just over half were excluded due to their annual income exceeding the £50,000 cap included in the Chancellor’s policy.

ii. It is important to note that there is no exclusion for salaried workers within the equivalent Jobs Retention Scheme, only a cap on the assistance provided (80% of salary capped at £2,500 per month). This is a significant inequity that should be addressed through policy change. It is a direct contradiction of the Chancellor’s 26 March statement, “The scheme I have announced today is fair.”

b. Limited Companies (PSCs)

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<sup>1</sup> In total, 966 professionals at all levels took part, from Executive Producers at the peak of their career, to Runners just starting out.

- i. Of 24% of our members who are being hired for productions via their own Limited Company, just 1% of these freelancers said they were eligible to financial support from the government. It should be noted that many professionals in television have had to establish PSCs as a contracting modality prescribed by production companies.
  - ii. Given the terms of the furlough scheme which exclude consideration of dividend payments, most Producer Directors might be eligible to claim £600 or less on the PAYE income they pay themselves from their PSC. However, this is a confusingly grey area, and many aren't sure if they can do that, having received contradictory advice.
- c. The recently Self-Employed
  - i. Almost 10% of our associates are ineligible for support because they'd too recently become Self-Employed to qualify. They were excluded by virtue of the fact they had not filed a 2019 tax return and the Treasury has identified that this could be open to fraudulent claims. However, as they are also ineligible for furlough by an employer as a result of having become self-employed, they aren't entitled to anything from either scheme.
- d. Freelancers earning more though PAYE than self-employed income
  - i. Freelancers with mixed PAYE and self-employed income also fall through the gaps in a similar way to the recently self-employed (11.c above). An example would be a freelancer who has a regular part-time contract, and then tops it up by working extra days elsewhere on a regular basis. These freelancers were specifically excluded in the Chancellor's scheme "to make sure only the genuinely self-employed benefit". Many in this position also find themselves struggling to be furloughed on their PAYE income (as detailed 11.3 below), so have no protection at all.
- e. Production company unwillingness to furlough PAYE employees
  - i. Nearly one third of our membership are employed on fixed-term contracts on a PAYE basis. Their employers could access the Coronavirus Job Retention Scheme so that they can be 'furloughed'. Two thirds of survey respondents who could be supported in this way are not. Primary reasons included cash-flow issues within Production Companies and the nature of many short-term contracts starting or finishing around the eligibility date, thereby just falling short.

## **E Key Recommendations**

12. The government should implement the following policy changes to the Self-Employed Income Support Scheme:

- a. **Ensure parity between the Self-Employed Income Support Scheme and the Coronavirus Jobs Retention Scheme.** Remove the £50,000 cap, creating a universal maximum of £2,500 per month for up to 80% of pay.
- b. **Allow multiple sources/types of income to be recognised in the Self-Employed Income Support Scheme, specifically including a mix of PAYE, self-employment and dividend payments from personal service companies.** This will ensure people who fall between the gaps of both schemes are covered and can draw on existing details in tax returns. Access to the Self-Employed scheme would take precedence over the Jobs Retention Scheme for individuals with mixed incomes of this nature, up to a maximum of £2,500 per month. This would cover both those with PSCs (detailed in 11.b above), and freelancers earning more through PAYE than self-employment (detailed in 11.d above).
- c. **Allow the recently self-employed to claim on the Self-Employed Income Support Scheme.** HMRC should welcome and take into account tax returns for 2019-20 filed by May 31st. If fewer than 12 months are covered, take an average monthly income, up to a maximum of £2,500.

13. The government should implement the following changes to the Jobs Retention Scheme:

- a. **Extend Furlough scheme to those who were engaged to provide services, but not due to start until after 28th February 2020,** and subsequently had their contract cancelled due to Coronavirus.
- b. **Extend Furlough scheme to those whose contracts finished just before the cut-off date of February 28th 2020,** and allow them to be re-engaged by their employer and placed on Furlough.
- c. **Provide confirmation to production companies/PACT (Producers Alliance for Cinema and Television),** and advise how they can extend the Furloughed workers scheme to all eligible freelancers.