Written evidence submitted by the Authors' Licensing & Collecting Society

DCMS Select Committee Inquiry into The Impact of Covid-19 on DCMS Sectors

The Authors' Licensing & Collecting Society (ALCS) welcomes the opportunity to contribute to this inquiry on behalf of our 100,000 plus author and writer members across the UK's creative industries, whose lives and livelihoods are, of course, severely affected at this difficult time.

We are a not-for-profit organisation, established in 1977 and owned by our members. ALCS collects and distributes money due for licensed secondary uses of authors' works, in the UK and internationally, including photocopying, digital reproduction, recordings and essential usage in education, business and all levels of public administration.

In the last financial year, we have paid out £34.8 million to writers, who are often on low and uncertain incomes, taking the total since our foundation to over £500 million in all.

At Westminster, ALCS is proud to provide support for the All Party Parliamentary Writers Group (APWG) and we campaign for fair treatment and payment for writers' original works, informing our members about crucial issues such as unfair contracts, copyright and the Public Lending Right.

AUTHORS' EARNINGS – AND ALCS' AND FELLOW WRITERS GROUPS' IMMEDIATE RESPONSE TO THE COVID-19 CRISIS

ALCS manages most of its payments in twice-yearly instalments, and the distribution in March went ahead, despite the current disruption, with nearly £24 million paid out to around 90,000 authors after moving our office to remote-working. Many writers now need those funds more than ever.

In addition, ALCS has contributed significantly to the Authors' Emergency Fund, which was launched last month as the health crisis escalated. In funding this, we joined the Society of Authors, the Royal Literary Fund, the T S Eliot Foundation in partnership with English PEN and Amazon UK to provide support to writers in real financial hardship right now. We are pleased, too, that the Arts Council has supported this initiative, taking the fund to over £1 million, amid its own hardship funding measures.

We are sharing details of this programme through our newsletters and social media and the grant application process is being managed by the Society of Authors on their website.

Authors' and writers' earnings have been under sustained pressure, long before the current crisis. A report last summer, following an in-depth inquiry by the All Party Writers Group, showed a fall of 42% in their income generally since 2005 and we enclose of copy of the findings as evidence.

Many writers – who form the bedrock of our successful creative industries - subsist on low incomes, whilst often doing second or third jobs to make ends meet, sources of work which have now widely dried up, leaving them and their families in the most precarious of positions.

During the current lockdown, ALCS has been collaborating with other representatives across the creative sector and the latest survey, by the Society of Authors this month, shows that from 1,087 of its members who responded, 41% expected their income to fall during the crisis, with another 32% as yet unclear as to the effect on their finances amid all the ongoing uncertainty.

THE GOVERNMENT'S RESPONSE AND THE SELF-EMPLOYED INCOME SUPPORT SCHEME (SEISS)

The initial Job Retention Scheme (JRS) for people in employment was, of course, very welcome, but ALCS joined with fellow representatives in writing to the Chancellor to press for a similar income guarantee for freelancers and the self-employed, who make up so much of our creative industries.

We welcomed, therefore, the Government's follow-up launch of the SEISS, but have also since joined others to outline concerns we have about certain gaps in the scheme, which mean that many people may well slip through the safety net in these most vulnerable of times. We have also urged our members to bring these issues to the attention of their MPs, so that they are aware of their needs.

The following are among our main concerns about the scheme, as it currently stands:

● **People who are part-employed and self-employed** cannot qualify for both the JRS and SEISS, meaning that their normal income may not be fairly reflected. Many freelancers – including writers and authors – would normally earn from a range of sources and will be unfairly disadvantaged by this. People should be able to claim for both or, at the very least if a person can only claim from one, the income that would have been covered by the other should be accommodated.

● **People on a series of short PAYE contracts**, for example a writer moving between jobs, would not be covered by SEISS, but might not be covered by JRS, too. The Government should update the guidance to the scheme so that they can be re-hired and 'furloughed' by their most recent employer – even if they left PAYE before the original 28 February cut-off date.

● Many self-employed people and freelancers **draw down their income in dividends from limited, personal service companies**. In some instances, indeed, they have been pressured into these structures. They include a large part of the UK's creative workforce, yet currently have no support under JRS or SEISS. These people are often not high-earners and being forced to rely on Universal Credit cannot be just. The Government should really correct this unfair exclusion as soon as possible.

● **Self-employed workers with ongoing expenses**, such as workspace and equipment rent, are disadvantaged by SEISS, which focuses on taxable profits. It would be simpler and fairer, given that there is a £2,500 upper monthly limit, to take gross income, not profits, into account.

● **Recently self-employed people** will also be at a disadvantage, as their income may not be properly reflected in their 2018-19 tax return, or they may indeed not have one yet. As well as extending the deadline for filing 2018-19 returns by four weeks, the Chancellor should allow people to submit a 2019-20 return early and have their income assessed on this basis.

● **SEISS' £50,000 upper threshold is unfair,** when there is no equivalent in the JRS. Many in the creative industries in London and the South East can earn over this, without being 'super rich' or having large savings. We understand the wish to exclude high earners, but this arbitrary threshold captures people facing hardship and no current prospect of work. Given the £2,500 monthly cap, they really should not suffer simply to exclude a very wealthy few.

The measures announced so far for the self-employed, including authors, writers and freelancers, will offer peace of mind to many, but given that they will not have access to financial support until June, we hope the Treasury and DCMS will continue to monitor hardship in the creative sector.

The package within the SEISS can, however, be improved and we note that adjustments, including the qualification date, have already been made to the JRS. We hope, therefore, that DCMS will be supportive of creative representatives' efforts to lobby for improvements to the SEISS, too.

COPYRIGHT - AND TEMPORARY RELAXATIONS TO LICENSING DURING THE CRISIS

Copyright is one of the foundations of our successful creative industries, now more than ever with all the challenges of the online digital age. The UK's copyright framework is well-balanced in its application of licensing and limited exceptions for the use of original content, ensuring access for users as well as reward and incentives for creators, and is admired and respected internationally.

In present circumstances, however, to play its part, the Copyright Licensing Agency (CLA) has moved quickly with a temporary relaxation of the terms of its licences for schools and higher education institutions, to provide increased access to learning resources and much-needed support for students working remotely at this difficult time.

By temporarily relaxing the terms of the schools licence to allow expanded copying during the crisis, for instance, from 5% to 30% of content, teachers will be able to legitimately and efficiently copy a term's worth of content as required.

ALCS and other key representatives, including the Publishers Association, have been supportive of this and other initiatives, which include authors facilitating online readings as part of children's story times, working quickly with publishers to produce materials to help young people understand the implications of the crisis and welcoming the release of free eBooks to NHS staff and key workers.

Copyright licensing, therefore, has adapted swiftly during these difficult times – allowing publishers and authors to be generous with their content, whilst still maintaining their economic viability.

Publishing is a vital component of our creative industries, sustaining some 70,000 jobs and providing countless authors, including ALCS members, with a vital source of income.

It is absolutely crucial, therefore, that the UK's 'gold-standard' copyright framework is honoured and protected throughout the pandemic. Swift licensing solutions are providing the flexibility needed for education, whilst ensuring that the digital sharing environment remains robust in the face of piracy.

We look forward to DCMS' continued support beyond the crisis in upholding UK copyright law. The current framework maintains a fair balance between the interests of creators and users, providing the financial support our authors need to sustain their vital contribution to the education sector and the wider economy. It is essential that this balance is preserved during the UK's ongoing trade negotiations with the EU and other territories.

A 'UK CREATORS COUNCIL' – GIVING A VOICE TO HUNDREDS OF THOUSANDS OF UK CREATORS DIRECTLY

Along with other representatives in the creative economy, ALCS has written to both the Chancellor and the new DCMS Secretary of State to offer our support and make available our contact channels with our many thousands of members in these difficult times.

Along with eight fellow organisations, we have also recently followed up an initiative broached with the Department over the last 18 months, which we feel is needed now more than ever: the establishment with DCMS of a 'UK Creators Council' to inform and assist policy-making.

In this ALCS has been joined by the British Equity Collecting Society (BECS), the Design & Artists Copyright Society (DACS), Directors UK, Equity, the Musicians Union, Royal Society of Literature, Society of Authors and the Writers' Guild of Great Britain (WGGB).

This was, indeed, one of the key recommendations from last year's APWG inquiry report, following the model of the Creative Industries Council (CIC), so that the Government can listen to creators' voices directly. The report was launched by the APWG's then chair John Whittingdale, ten years a DCMS Select Committee Chair, then Secretary of State and now a minister in the Department again.

As membership organisations covering the breadth of our vital creative economy, we are not represented on the CIC, yet we can offer our expertise and resources around the table to assist DCMS and the Government in supporting the artists, writers, musicians, performers and other creators affected by the current crisis and further challenges to the UK's creative economy ahead.

The effects on many of them, of course, are unlikely to end when the health situation itself has hopefully been contained, as the economy tries to pick itself up with a larger burden of public debt.

We hope, therefore, that DCMS and the Committee will be receptive to this suggestion.

FURTHER ISSUES OF CONCERN DURING AND BEYOND THE COVID-19 CRISIS

Clearly, we realise the extent of the demands on the Government at the present time, with so many challenging priorities, but we wanted to flag up for the Committee certain other issues at present.

● **Fairer taxation:** ALCS welcomed the measures in the Chancellor's recent Budget to remove VAT from e-publications, to put them on the same basis as print, and for the business rates holiday, which will help High Street bookshops. The wider publishing sector, however, still relies on physical sales for 70% of its revenue and would benefit from access to the same rates relief as retailers.

● **The Public Lending Right:** PLR benefits authors and contributors to published works based in the UK or within the EEA, when loaned from libraries. The scheme limits individual payments to no more than £6,600, so the funding does not go mostly to hugely successful writers.

Volunteer-run library loans are currently not counted, however, and library cuts have deflated authors' incomes. Currently, the PLR pays out just £6 million and in 2019 this allowed 8.52p per loan, a small amount compared to other countries. It would be of comfort at this time for the PLR funding to be 'ring-fenced' at the very least.

● **Creative Europe:** This is the EU's support programme for the audio-visual, creative and cultural sectors and its grants have been worth an average of €18.4 million a year to creators in the UK. In all, €84 million has come to our country during the programme since 2014.

The benefits of and widespread support for the programme, indeed, were highlighted by the DCMS Select Committee's wide-ranging 2018 report into the *Impact of Brexit on UK Creative industries, Tourism and The Single Digital Market*.

In March, the Government announced that it now plans to pull out of Creative Europe after 2020 - but unless it proposes similar, replacement support, opportunities for writers, independent film distribution and other parts of our creative and cultural industries will suffer further at this already uncertain time.

● **'Brexit' issues and uncertainty in general:** The Committee's 2018 report outlined comprehensively the main challenges for our creative industries in the years ahead following withdrawal from the European Union, and the current crisis further exacerbates the uncertainty in a sector which contributes so much to the UK economy. We remain, indeed, the world's biggest exporter of books.

The Committee may not, during this current Covid-19 inquiry, be revisiting the recommendations of that report - to which ALCS also contributed - but we just wanted to emphasise the continued importance of the issues it raised for the future beyond the present health crisis.

21 April 2020