

**Treasury Committee “Economic impact of Coronavirus” inquiry  
Submission by the Incorporated Society of Musicians**

- This is a submission produced by Incorporated Society of Musicians (ISM) responding to the Treasury Committee “Economic impact of Coronavirus” inquiry. This document has been structured as follows:

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**1. Introduction**

About the ISM

- The Incorporated Society of Musicians (ISM) is the UK’s oldest professional representative body for musicians, set up in 1882 to promote the art of music and to protect the interests of all those working in the music sector. The ISM’s membership comprises approximately 10,000 members working in the music sector. We support our members with legal services and advice, insurances, professional development and guidance in their work as a musician.

Summary

- The coronavirus COVID-19 has had a devastating impact on the music industry. Performers, composers, producers, conductors, agents, teachers, academics, advisers and sound technicians have all lost a significant amount of work and income due to the short-notice cancellation of concerts, festivals and school closures.
- We are deeply appreciative of the government efforts to meet the needs of musicians during this difficult time. The introduction of the Coronavirus Job Retention Scheme (“CJRS”), the Self-employment Income Support Scheme (“SEISS”), and the Coronavirus Business Interruption Loan Scheme (“CBILS”), has provided some level of security for our members.
- However, these schemes are not sufficiently tailored to the needs of musicians, who operate in a mixed economy undertaking work which is both self-employed and employed. By categorising workers as either employed or self-employment, the government has failed to understand the complexities of the music industry labour market. This has caused many musicians to fall through the cracks and not receive adequate financial help.

- To increase the accessibility of these schemes, the ISM's recommendations for government regarding **CJRS** are as follows:
  - i. Send clear communications to employers reminding them that atypical workers, including agency workers, individuals on zero hours contracts, and casual workers, are eligible to be furloughed;
  - ii. Allow furloughed employee to continue working or at the very least volunteer for the organisation they have been furloughed from.
- The ISM's recommendations for government regarding **SEISS** are as follows:
  - iii. Lower the threshold of income from 50% to 25%;
  - iv. Remove the £50,000 cap;
  - v. Allow graduates, those who have been on sick leave or maternity leave, or those who have returned to work in the past three years to discount years that do not reflect their current position;
  - vi. Extend eligibility to individuals who have been self-employed for less than a year or provide equivalent meaningful support to these workers;
  - vii. Extend eligibility to individuals who operate under a Limited Company and take dividends as a source of income or provide equivalent meaningful support to these workers.
- The ISM recommends that the government provides an alternative to Universal Credit in order to cover the income gap or make the Universal Credit application process more responsive.
- The ISM recommends the government introduces a **specific financial support package for the UK's creative industries**.

## 2. Background

### Economic and cultural value of the UK's creative industries

- Creative industries are hugely successful, generating over £101bn for the UK economy. The sector has grown twice as fast as the UK economy as a whole over the last decade and is part of a bigger creative economy, employing over three million people and generating value across supply chains.<sup>1</sup>
- Music is key component of our fantastic creative industries. There are thousands of musicians working professionally in the UK: teaching the art of music to our children at school; performing within our celebrated orchestras and renowned concert halls; and composing the music we hear on television and in our headphones.
- UK Music's inaugural *Music By Numbers* report revealed that in 2018 the UK music industry contributed £5.2 billion to the UK economy and the total export revenue of the music industry was £2.7 billion.<sup>2</sup> British artists account for one in eight albums sold around the world.<sup>3</sup>

<sup>1</sup> <https://www.cbi.org.uk/articles/centre-stage-keeping-the-uk-s-creative-industries-in-the-spotlight/>

<sup>2</sup> <https://www.ukmusic.org/research/music-by-numbers/>

<sup>3</sup> <https://www.bpi.co.uk/news-analysis/british-music-records-another-year-of-global-success/>

- Music also plays a vital role in the UK's soft power, which is currently ranked second in the Portland Soft Power 30 Index (2019). The UK boasts an impressive music scene that affords us a prominent cultural platform on the world stage.<sup>4</sup>

### A precarious workforce

- However, life for average musicians remains incredibly precarious. Musicians' earnings are extremely low in relation to the level of skill they possess; they are highly skilled but not highly paid. Most musicians work as freelancers with portfolio careers, which is why it is more accurate to consider 'earnings' rather than 'salary'. Recent ISM research (2019) found that 55% of ISM members who all work in the music sector earn less than £20,000. 79% of musicians earn less than £30,000.<sup>5</sup>
- There are also many areas of the music sector where employment practices are questionable. According to reports from our membership, many peripatetic teachers are employed or engaged by music education hubs on basic terms and conditions or zero-hour contracts which do not provide workers with adequate sick pay.<sup>6</sup> Prestigious conservatories also use casual worker status, with many staff working on precarious contracts.<sup>7</sup>
- The 'Good work: the Taylor review of modern working practices' highlighted instances where individuals are misclassified as self-employed and called for greater protection to those working under more flexible work arrangements. This review concluded that there was a need to "organise our national framework around an explicit commitment to good work for all" and that the government should work towards both self-employment and employment meaning the same for both tax purposes and employment rights.<sup>8</sup>
- This culminated at the end of last year with the publication of the government's Good Work Plan, which they described as their "vision for the future of the UK labour market".<sup>9</sup> From 6 April 2020, some measures have come into effect as part of the Good Work Plan. For example, all workers and employees must be provided with a Section 1 written statement of terms on or before starting work (currently it must be provided within one month and only applies to employees). In addition, Section 1 statement must set out new particulars, including the days and hours of work (and any variation) and any probationary period, paid leave, benefits and training. However, many of the core recommendations in the Taylor Review have yet to be implemented.
- The precarious and unpredictable nature of the work also contributes towards higher levels of anxiety.<sup>10</sup> Research carried out by Help Musicians UK (HMUK) revealed that those working in music may be up to three times more likely to experience depression, compared to the general public. Therefore, long before the COVID-19 pandemic came along, there was not a safety net in place, particularly for the self-employed, which make up a significant proportion of the music sector.

<sup>4</sup> <https://softpower30.com/wp-content/uploads/2019/10/The-Soft-Power-30-Report-2019-1.pdf>

<sup>5</sup> ISM (2019). Members Fund Survey. ISM Group

<sup>6</sup> <https://www.ism.org/news/covid-19-ism-calls-for-full-sick-pay-for-teachers-affected-by-virus>

<sup>7</sup> University and College Union, Counting the costs of casualisation in higher education (June 2019)

[https://www.ucu.org.uk/media/10336/Counting-the-costs-of-casualisation-in-higher-education-Jun-19/pdf/ucu\\_casualisation\\_in\\_HE\\_survey\\_report\\_Jun19.pdf](https://www.ucu.org.uk/media/10336/Counting-the-costs-of-casualisation-in-higher-education-Jun-19/pdf/ucu_casualisation_in_HE_survey_report_Jun19.pdf)

<sup>8</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/627671/good-work-taylor-review-modern-working-practices-rg.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/627671/good-work-taylor-review-modern-working-practices-rg.pdf)

<sup>9</sup> <https://www.gov.uk/government/publications/good-work-plan>

<sup>10</sup> Can Music Make You Sick? Final Report and Recommendations

[https://static1.squarespace.com/static/5981ffde914e6bc993575278/t/59cd0c5f46c3c43c96190d82/1506610315886/CMMYS\\_WEB.pdf](https://static1.squarespace.com/static/5981ffde914e6bc993575278/t/59cd0c5f46c3c43c96190d82/1506610315886/CMMYS_WEB.pdf)

### Mixed employment

- Musicians work across many types of employment making them very difficult to categorise. Many musicians, including 93% of the ISM membership, undertake work which is both self-employed and employed, working with different employers or contractors and often on their own account. For example, many teach on an employed part-time basis often on zero hours contracts while also working as a performer in different settings from theatre to wedding bands. There is no typical type of musician and no two musicians will have identical portfolios of work.

### Challenges for SMEs

- The music industry has also traditionally been a sector that has struggled accessing mainstream finance. Research by the Creative Industries Council found that 72% of creative SME's using external funding did not have enough finance.<sup>11</sup> Most music venues work on the basis of very tight margins and cashflow is therefore critical. SMEs make up a significant proportion of the music sector. According to Intuit QuickBooks, almost three in five SMEs have experienced problems with their cash flow.<sup>12</sup>

## **3. Immediate impact of COVID-19**

- As noted, the coronavirus COVID-19 has had a devastating impact on the music industry. In March we ran a 24-hour survey to understand the immediate impact of COVID-19 on the music sector.
  - 97% of respondents have suffered a negative impact on their ability to work due to COVID-19;
  - 95% of these respondents are self-employed (just under 3% are on zero-hour contracts);
  - 99% of these respondents have lost work since the measures were put in place last week;
  - The amount of work lost ranges from 25% to 50% of annual income so far (with anywhere between £500 to £6000-worth of work lost in one phone call);
  - 71% of these respondents are very concerned about their ability to earn a living in the coming week;
  - 64% of these respondents are suffering from mental health issues as a result of COVID-19 and their experiences.
- We also conducted a survey in April to understand the financial impact of COVID-19 on music businesses and organisations. Of the 70 music businesses and organisations who responded:
  - 83% of music businesses and organisations reported that COVID-19 is significantly impacting their business financially;
  - 33% of respondents reported that their business/organisation is at imminent risk of failing.<sup>13</sup>
- Comments from respondents included:

*'Our sales are close to zero as there are no performances, but we have cut basic costs substantially and hope to survive.'*

*'The furlough scheme does not help music management businesses where valuable colleagues could still work productively from home - but under the scheme are being paid by the government to do nothing. Furloughing is also bad for mental health and well-being and morale - which creates extra work for the company as we are "looking after" furloughed staff.'*

<sup>11</sup> <https://www.thecreativeindustries.co.uk/media/471225/cic-access-to-finance-research-report-june-2018.pdf>

<sup>12</sup> <https://www.uktech.news/quest-posts/accountancy/smes-most-common-issue-is-cashflow-20190402>

<sup>13</sup> <https://www.ism.org/news/impact-of-covid-19-music-businesses>

*'[My business] is not getting a rates holiday because it is not seen as a leisure business. I have bills to pay and no income.'*

*'We are at risk of losing many music shops and associated businesses.'*

*'We are a performing organisation and can't perform. We are now [looking at using our] reserves.'*

*'If disruption continues past June the business will struggle to survive without significant support.'*

*'Financial help for organisations in our sector feels limited and it seems likely that small organisations are going to fail.'*

- Our survey findings echo data released by the Creative Industries Federation which showed that:
  - 42% of creative organisations estimate that their income has decreased by 100% since the outbreak;
  - 63% of creative organisations predict a decrease in annual turnover of more than 50% by the end of 2020;
  - 1 in 7 creative organisations believe they can last less than 4 weeks on existing reserves;
  - 45% of creative organisations do not understand the Coronavirus Business Interruption Loan Scheme (CBILS).<sup>14</sup>

#### **4. Limitations of CJRS**

- As outlined in the government's guidance, the CJRS is "designed to help employers whose operations have been severely affected by coronavirus (COVID-19) to retain their employees and protect the UK economy". We are deeply grateful for these far reaching measures, which will provide financial support for many of our members during these very difficult times. However, there are still many musicians who are falling through the cracks.

#### Challenges for casual workers

- COVID-19 has led to the closure of many places where hourly paid workers are employed. The government's guidance confirms that employees and workers on PAYE in precarious employment, such as casual workers, agency workers and those on zero hours contracts, are eligible to be furloughed. However, we have heard many reports from our members that this is not common practice in the music sector. There has also been some confusion when it comes to atypical employees in relation to the updated guidance on Friday 17 April. There needs to be absolute clarity from government on the criteria for such workers who are particularly found in the creative industries where there are lots of casual employees.
- Professor Michael Ford QC and Professor Alan Bogg highlighted that there will be little economic incentive for employers and agencies to furlough casual workers as they do not have a contractual obligation to provide workers with work, and no correlative duty to pay. There are also disincentives to do so, includes their potential future liability to pay redundancy pay after undertaking a fair redundancy procedure.<sup>15</sup> This issue has not been addressed by the Updated Guidance. Therefore, to be furloughed under the CJRS, precarious workers will continue to be reliant on the altruism of their employer.

<sup>14</sup> <https://www.creativeindustriesfederation.com/news/press-release-federation-calls-urgent-grant-support-creative-organisations>

<sup>15</sup> <https://uklabourlawblog.com/2020/03/23/legislating-in-times-of-crisis-the-coronavirus-job-retention-scheme-by-alan-bogg-and-michael-ford/>

- **The ISM recommends that the government sends clear communications to employers reminding them that atypical workers, including agency workers, individuals on zero hours contracts, and casual workers, are eligible to be furloughed.**

#### Working for the employer during furlough

- A significant challenge for the music sector is that an employee is not permitted to work for an employer by whom they have been furloughed. The Updated Guidance (published on 4 April 2020) repeats previous advice that an employee can take part in volunteer work so long as they do not provide services to or generate revenue for or on behalf of the organisation.
- This is putting insurmountable strain on organisations in the music and wider arts sector who have had to furlough their staff and are now struggling to function without a sufficient workforce. It should be recognised that because of how tight the margins and cashflow are in such organisations, they simply do not have the cash to keep workers on but now they are also finding that their businesses are struggling because of a lack of key staff following furloughing.
- Other countries have put schemes in place which allow furloughed employees to continue working – even if it is just on a volunteer basis – so businesses can survive during and beyond the COVID-19 crisis. For example, The Australian JobKeeper Payment is a temporary scheme open to businesses impacted by the coronavirus, providing \$1,500 per fortnight per employee for up to 6 months. This scheme supports employers to maintain their connection to their employees, enabling business to reactivate their operations quickly – without having to rehire staff – when the crisis is over.<sup>16</sup> Similarly, the Canadian Emergency Wage Subsidy is a scheme to help employers avoid layoffs and rehire employees. The government will cover 75 per cent of salaries for qualifying businesses, for up to 3 months, retroactive to March 15, 2020.<sup>17</sup>

- **To help employers survive during this crisis, the ISM recommends that the government allows furloughed employees to continue working or at the very least volunteer for the organisation they have been furloughed from.**

<sup>16</sup> <https://www.business.gov.au/Risk-management/Emergency-management/Coronavirus-information-and-support-for-business/JobKeeper-Payment-for-employers-and-employees>

<sup>17</sup> <https://www.canada.ca/en/departement-finance/economic-response-plan/wage-subsidy.html>

## 5. Limitations of SEISS

- We are grateful the government has listened to the music sector by introducing financial support for the self-employed. However, many of our members have raised concerns that they are not eligible for the SEISS.

### The 50% threshold

- As noted, there is no typical type of musician and no two musicians will have identical portfolios of work. Because of the mix of work between being employed and self-employed, the requirement for 50% of income to be from self-employment in order to be able to access 80% profits means many musicians will not be able to get financial support for self-employed work.
- The policy justification for this threshold is unclear, particularly when employees and workers paid via PAYE can be furloughed by more than one employer. Why is there an expectation that individuals whose income derives from a combination of employment and self-employment can cope with a significant drop in income more easily than employed people?

- **The ISM recommends that the government lowers the threshold of income from self-employment from 50% to 25%.**

### Calculating profits

- The taxable grant offers three months support, at 80% of your average monthly self-employed profit from your last three tax returns (2016-17, 2017-18, 2018-19). Dr Jane MacArthur FCA DipABRSM of Amati UK Ltd<sup>18</sup> provides useful guidance and example grant calculations for musicians to follow.
- However, it can take a very long time for musicians to build up a portfolio of work and any break can impact this significantly. Many musicians are graduates or have been on maternity or sick leave in the past three years. This can affect their income greatly and doesn't represent where they now are.

- **The ISM recommends that the governments allow graduates, those who have been on sick leave or maternity leave, or those who have returned to work in the past three years to discount years that do not reflect their current position.**

### The £50,000 cut-off

- A self-employed individual is not eligible to apply for support unless their trading profits are less than £50,000. Therefore, an individual with a profit of £51,000 will get no help at all, whereas someone with a profit of £49,000 will get the maximum help available.
- In contrast, there is no cap on earnings in the eligibility criteria for the CJRS. This means a senior director earning £200,000 per annum, or any other employee, can receive a salary of £2,500 a month if furloughed under the CJRS. The government has failed to provide a satisfactory explanation for the striking difference in treatment between the employed and the self-employed.

- **The ISM recommends that the government removes the £50,000 cap.**

<sup>18</sup> [www.amati.co.uk](http://www.amati.co.uk)

### The newly self-employed

- Newly self-employed musicians have been left with no financial support under the current measures. Under the SEISS, a self-employed individual cannot claim a grant unless they have submitted an Income Tax Self-Assessment tax return for the tax year 2018-19, and continued to trade in the tax year 2019-20. Therefore, to be eligible for the scheme the latest date a self-employed person can have started working would be 5 April 2019. Those who commenced self-employment in the tax year 2019-20 cannot claim support under the SEISS. In stark contrast, under the CJRS any individual who was on the employer's payroll on or before 28 February 2020 is eligible to be furloughed.
- The HMRC may not have the capacity to handle an influx of self-assessment tax returns for 2019-20 within the next few months. However, it is not clear why special provision could not be made for those who commenced self-employment during that tax year.

- **The ISM recommends that the government extends eligibility to individuals who have been self-employed for less than a year or provide equivalent meaningful support to these workers.**

### Limited Companies

- We have also received correspondence from members in relation to businesses who operate under a Limited Company and take dividends as a source of income. Many musicians run ensembles, teaching practices and other types of micro businesses and have lost thousands of pounds' worth of income due to COVID-19. These Directors, who make up 14% of self-employed people<sup>19</sup>, are not eligible for any of the financial measures and therefore are not receiving any support from the government during this difficult period. It should be noted that many workers who fall into this category do not have a high income and desperately need help. Given that the financial support would be capped and temporary, this is extremely unfair.

- **The ISM recommends that the government extends eligibility to individuals who operate under a Limited Company and take dividends as a source of income or provide equivalent meaningful support to these workers.**

## 6. Limitations of CBILS

- Business grants are essential to ensure that the UK creative industry survives during this unprecedented period. We welcome the introduction of the CBILS in response to the urgent cash flow challenge that our creative industries are facing. However, many businesses are struggling to access these loans and many charities are not eligible because their trading income falls beneath the 50% threshold. On Sunday 12 April, three weeks after the launch of the scheme, the government has admitted that just 1.4% of businesses that enquired about its CBILS have so far been successful.<sup>20</sup> For those who have been successful, this finance will come too late.
- We have asked the music sector about their views and experiences of the CBILS. Some businesses have reported that their experience of applying for the loan was slow and challenging, with many still

<sup>19</sup> <https://bectu.org.uk/news/at-least-one-quarter-of-self-employed-not-eligible-for-government-support-scheme/>

<sup>20</sup> <https://www.theguardian.com/world/2020/apr/12/applicants-uk-coronavirus-business-loan-cbils>

waiting to hear. Others have reported that they do not want to add to a difficult financial situation by taking on additional interest payments. Our survey is still live and these are some initial findings and comments we have collated:

*'We decided not to apply for a loan as the T&Cs are too strict on payback in an unknown future.'*

*'The process is far too complicated for an emergency loan - the govt needs to guarantee 100% of smaller loans and the application should consist of 1 page as in Germany or Switzerland.'*

*'As a small charity we do not want to get a loan with the potential funding gap that we may have through loss of earned income considering that we have no deficit to date. We will have to re-assess our situation dependent on how long we remain closed. We are applying for other Emergency grants instead.'*

*'The government package has not been useful to small businesses (and) has not helped us. In order to get any help, we would need to register to pay rates, which would have other implications for our income. All very unhelpful.'*

*'The bank focused on the historical data rather than... forecast and a change in strategy of the business bought about by the virus.'*

*'Loans have to be paid back. Grants would have been more useful!'*

*'My company is a membership association and is a start-up so just launching. We help musicians with mental health and career development yet we are not eligible for the loan since we are a membership association.'*

- On Monday 6th April, 2020, the Creative Industries Federation, which we are a member, wrote to Secretary of State for BEIS and Secretary of State for Culture asking that the government urgently considers the following:
  - Fire-up the dormant Regional Growth Fund mechanism to rapidly implement a business grant scheme dedicated to creative micros and SMEs.
  - Support Local Enterprise Partnerships (LEPs) to divert Local Growth Deal Funding, and other public funding pots, into grant schemes that creative businesses and entrepreneurs in their region can access at pace.
  - Introduce a Creative Industries Distress Fund, established by DCMS, to rapidly respond to bids for support based on urgent needs that are unique to our sector.<sup>21</sup>

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<sup>21</sup> [https://www.creativeindustriesfederation.com/news/open-letter-business-and-culture-secretaries?utm\\_source=Unknown+List&utm\\_campaign=7552178c19-EMAIL\\_CAMPAIGN\\_2020\\_04\\_06\\_10\\_13&utm\\_medium=email&utm\\_term=0\\_-7552178c19-&utm\\_source=Audience+Master+List&utm\\_campaign=7552178c19-](https://www.creativeindustriesfederation.com/news/open-letter-business-and-culture-secretaries?utm_source=Unknown+List&utm_campaign=7552178c19-EMAIL_CAMPAIGN_2020_04_06_10_13&utm_medium=email&utm_term=0_-7552178c19-&utm_source=Audience+Master+List&utm_campaign=7552178c19-)

## 7. Access to Universal Credit

- We understand furloughed employees will be receiving their payment via CJRS before the end of April and the SEISS will not be making payments until June. In the meantime, musicians without savings will have to rely on financial support through the welfare system. However, it is clear that even with an increase of £7bn through the welfare system, Universal Credit is not structured in a way which will support the vast number of musicians and creative practitioners who became immediately out of work overnight.
- A flash survey (based on 2,073 responses) carried out by Help Musicians found that 67% of those applying indicated they had experienced problems with the process (primarily long waits for contact, technology issues, and confusion on rules).
- The Department for Work and Pensions reported that almost 500,000 people applied for universal credit in nine days following the UK outbreak of Covid-19.<sup>22</sup> With each individual case being interviewed in person on the phone, there is a massive backlog already and the system is struggling to cope. Those who are able apply for Universal Credit may have to wait 5 weeks for the payment to come through at £94.00 a week.

- **The ISM recommends that the government provide an alternative an alternative to Universal Credit in order to cover the income gap or make the Universal Credit application process more responsive.**

## 8. Targeted financial support for creative industries

- As noted, the support packages announced by the government have failed to reach the very large numbers of directors of small limited companies, freelancers or agency workers that support out fantastic creative industries.
- On Tuesday 24 March 2020 the Arts Council England announced a £160 million emergency response package to support individuals and organisations across the cultural sector in response to the Covid-19 crisis. £20 million will be available to creative practitioners and cultural workers. To qualify, individual freelance creatives must make 50% or more of their income from creative freelance work and have delivered publicly funded work and lost income as a result of COVID-19. Those who do not have funds to remain stable through COVID-19 can receive a grant of up to £2,500 or up to £3,000 if an individual has extra costs relating to a disability.<sup>23</sup>
- We welcome this emergency funding from Arts Council England, which will help support freelance creatives through the COVID-19 crisis. However, this is not sufficient to meet the needs of those who work in the music sector. As this fund is for all artforms and disciplines covered by Arts Council's usual funding programmes, only a small number of individuals and organisations will receive financial support. Most musicians will not be eligible.
- The music sector has also launched a number of funds to provide additional support to those who have been most impacted by the current crisis. For example, PPL recently announced that it has pledged a

<sup>22</sup> <https://www.theguardian.com/world/2020/mar/25/almost-500000-people-in-uk-apply-for-universal-credit-in-nine-days>

<sup>23</sup> <https://www.artscouncil.org.uk/covid-19/covid-19-more-information>

£700,000 contribution to hardship funds established by Help Musicians, The Musicians' Union and AIM. The Music Venue Trust has launched a Grassroots Music Venue Crisis Fund, calling on the music industry, cultural sector and high net worth individuals to contribute towards extending our existing Emergency Response Service to safeguard the nation's grassroots music venues.

- Significant targeted financial measures are needed to ensure the UK's creative industries can survive during and beyond the COVID-19 crisis. In Germany on March 23, the Minister of State for Culture Monika Grütters unveiled a €50 (\$54 billion) aid package for artists and Cultural Businesses hit by coronavirus, which was described as a "rescue umbrella for the cultural, creative and media sector".<sup>24</sup>
- On 17 April 2020, the government announced targeted financial support for England's fishing businesses totally £10 million. The purpose of this support scheme is to meet the immediate needs of the industry by helping English fishing and aquaculture businesses with their fixed costs such as such as insurance, equipment hire and port costs. While of course fishing is important, the government should not to lose sight of how valuable the creative industries are and their extraordinary growth in recent years. As previously stated, the UK's creative industries generate over £101bn for the UK economy – equivalent to £11.5m per hour.<sup>25</sup> By way of comparison, in 2016 the fishing industry contributed £1.4 billion to the UK economy over the course of the year.<sup>26</sup>

- **The ISM recommends the government introduces a specific financial support package for the UK's creative industries.**

## 9. Improved employment protections after COVID-19

- The COVID-19 Pandemic has demonstrated that there is a lack of safety net in place for much of the music sector. Musicians are mainly self-employed. This freelance model makes it difficult for musicians to have access to the protection and support mechanisms which are to be found in more traditional employment.
- The government has passed secondary legislation giving effect to some of the commitments in the Good Work Plan, including legislation to extend to workers the right to receive a written statement of employment rights. However, because this only came into affect from April 6 (after the outbreak of COVID-19), many casual workers who have been impacted by this crisis will still not have a written statement confirming their rights. We therefore urge government to make it very clear to employers that all such workers including casual employees can be furloughed if they meet the qualifying criteria.
- It is also disappointing that many of the core recommendations in the Taylor Review have yet to be implemented. It is also currently not clear how the government intends to proceed across the full range of issues as it has not yet responded to the numerous consultations on these reforms.
- In the December 2019 Queen's Speech, the government announced an Employment Bill, which will give effect to many Good Work Plan recommendations. We would urge the government to use this Bill as an opportunity to ensure our legislative framework is tailored to the needs of the music sector, which operates in a mixed economy of employed and self-employed.

<sup>24</sup> <https://www.bundesregierung.de/breg-de/bundesregierung/staatsministerin-fuer-kultur-und-medien/aktuelles/bundesregierung-beschliesst-soforthilfe-gruetters-rettungsschirm-fuer-den-kulturbereich--1733612>

<sup>25</sup> <https://www.cbi.org.uk/articles/centre-stage-keeping-the-uk-s-creative-industries-in-the-spotlight/>

<sup>26</sup> <http://researchbriefings.files.parliament.uk/documents/CDP-2017-0256/CDP-2017-0256.pdf>

## 10. Extending the Brexit transition period

- In addition to the many disruptions presented by COVID-19, Brexit is another significant challenge facing the music profession. After leaving the EU on 31 January, the UK entered the transition period until 31 December 2020. Its purpose is to allow time for negotiation new trading arrangements, and to minimize the inevitable financial shock by giving governments and businesses time to prepare.
- However, there are many issues currently outstanding, which the government has not yet addressed. The ISM's research shows that musicians' livelihoods depend on the ability to tour multiple countries for work in a short period of time. Therefore, we are calling for the introduction of a two-year, multi-entry touring visa that is cheap and admin-light to ensure musicians are able to travel easily to the EU27 for work. Any immigration system must be one which supports the creative industries and can be the basis of satisfactory reciprocity between the UK and the EU in any EU-UK trade agreement when it comes to touring.
- We are also very concerned that future negotiations between the UK and EU could lead to significant additional restrictions on imports and exports of musical instruments, or lead to a considerable increase in paperwork or transport costs. For example, any restriction on free movement of goods could lead to the introduction of carnets, which cost a minimum of £325.96. An ATA carnet is a temporary international customs document that allows goods, including instruments and sound equipment, to move temporarily outside the UK.
- It will also become obligatory for musicians to obtain a Musical Instrument certificate, if they want to transport instruments to the EU that contain restricted species found on the CITES list<sup>27</sup>, for example ivory or Brazilian rosewood. At present, MICs are currently free, although we understand this will no longer be the case as of this year. Instruments containing CITES-listed products will also need to go through CITES-designated ports of entry and exit after the transition period, which currently exclude Eurostar, Newcastle and Immingham.
- It is clear that Brexit will create additional burdens for the music sector, which would be challenging to overcome in normal times. However, we are now in uncharted territory following the coronavirus pandemic. Music will be on its knees if we go from COVID-19 to Brexit in one leap.
- 1 July 2020 is the latest date to agree an extension under the terms of the Withdrawal Agreement. However, neither side has requested one. Extending the transition period would mean more time for negotiations and for the music sector – who face huge disruption due to coronavirus – to prepare for a new UK–EU trade regime.<sup>28</sup>

- **The ISM recommends the government negotiates an extension to the transition period. This is the only sensible option to protect the position of the UK music industry.**

<sup>27</sup> CITES is the Convention on International Trade in Endangered Species of Wild Fauna and Flora. It is an international agreement between governments (i.e. not created by the EU) that aims to ensure that international trade in wild animals and plants does not threaten their survival.

<sup>28</sup> <https://www.instituteforgovernment.org.uk/blog/eu-contemplating-longer-brexit-transition-period>

## 11. Conclusion

- In summary, COVID-19 has had a devastating impact on the music industry as a whole. We are deeply appreciative of the various schemes introduced by the government. However, they are not sufficiently tailored to meet the needs of musicians, who operate in a mixed economy undertaking work which is both self-employed and employed.
- The CJRS and the SEISS share the same essential purpose, to support members of the working population whose livelihoods have been put in peril by the collapse in economic activity caused by the coronavirus pandemic. However, there are significant inequalities between these two schemes and musicians, who are predominantly self-employed, are being penalised. As a result, many musicians are falling through the cracks and not receiving financial support during this unprecedented period.
- In order to protect musicians, the government needs to immediately address many of the issues we have raised. Going forward, significant targeted financial support is desperately needed to ensure this vital sector, which contributes significantly to the UK economy, can survive during and beyond the COVID-19 crisis. Alongside this, an extension to the Brexit transition period is the only sensible option to protect the position of the UK music industry.