

A third of the UK's creative workforce are self-employed - more than double the national average of 15%. Coronavirus is not only a health crisis for these individuals but also an economic one. According to a recent Federation survey, 60% of creative freelancers estimate that their income will decrease by over 50% in 2020, and a snap poll on Twitter showed that almost half have already had 100% of their work cancelled.

The Self-Employed Income Support Scheme is very welcome and will protect the majority of the UK's self employed and freelance workers. However, urgent clarity and support is needed for those who may now fall through the gaps, including those in between short-term PAYE contracts, those who have been self-employed for less than a year, and those paid in dividends. A full list is outlined below, and we are in the process of gathering more feedback through a [new sector survey](#), circulated on Friday 27th March.

The delay in the scheme becoming operational also poses a significant challenge for those needing to meet business expenses and living costs in the 2 month interim period. We must ensure that interim relief is immediately accessible in the form of grants and, to provide certainty, HMRC should approve those who are eligible for the Scheme as soon as possible. As of 3:30pm on March 30th, two-thirds of 619 creative freelancers who responded to our recent survey were concerned by the impact the delay in support would have.

It is vital that no-one is left behind in the design and implementation of the Scheme, and we will be urging government to ensure appropriate support is in place for those who currently fall through the gaps:

- a. Short-term PAYE Contracts - a concern for 26% of respondents to our recent survey**
Those self-employed who are paid through PAYE are not eligible for the government's Self-Employed Income Support Scheme based on self-assessment tax records. While they can be furloughed by their employers under the Job Retention Scheme to receive 80% of their wages, this only works if they are currently contracted. Freelancers may choose to be paid via PAYE under short-term contracts for each organisation they provide services to but have not yet begun their next contract.
- b. Recently Self-Employed - a concern for 21% of respondents**
Those who have recently entered work or who have recently switched from being employed (with no tax records for 18-19) will not be eligible for any government support given the calculation is based on average earnings from 16-17 to 18-19. This includes recent graduates and those who have just completed their training - our future talent pipeline.
- c. Company Directors and Personal Service Companies - a concern for 31% of respondents**
Some self-employed choose to set themselves up as a limited company to minimise their personal liability to business risks and ease administrative management. The title of Director therefore does not necessarily mean a high income. Within this structure it is very common for individuals to minimise what they pay themselves under PAYE and pay the majority of their income in the form of dividends. This means that the Job Retention Scheme is of minimal

benefit to them while they do not qualify at all for the Self-Employed Income Support Scheme. While the Business Interruption Loan Scheme is open to those who have their own companies they are constrained by the large amounts and liability which private lenders are prepared to offer.

d. Maternity/Paternity/Sick Leave - a concern for 5% of respondents

The Self-Employed Income Support Scheme is based on averaging three years of tax records from 16-17 to 18-19 to achieve the most accurate indication of earnings. However, those who have had to take extended leave in a particular year (due to maternity/paternity or being ill) would find that their average earnings are brought down and therefore they would receive less from the Scheme. There is no mechanism to compensate for this in the income calculation.

THE UK'S CREATIVE INDUSTRIES - KEY STATISTICS

- The creative industries contribute £111.7bn in GVA to the economy which is larger than the aerospace, automotive, life sciences and oil and gas sectors combined.
- Almost 1 in 8 UK businesses are creative businesses and the sector is creating jobs at three times the UK average with an expected one million more jobs by 2030.
- The creative industries are growing at five times the rate of the UK economy as a whole.
- 34% of creative workers are freelancers and in some sub-sectors the figure is much higher, such as 50% in film and video production.
- 95% of creative enterprises are micro businesses with no or limited HR support or financial headroom.
- Creative businesses represent over 5% of the UK economy and are responsible for more than 10%, or £27 billion, of the UK's annual service exports.

The **Creative Industries Federation** is the independent body which represents, champions and supports the UK's creators and creative industries. Its membership includes small and large businesses, charitable organisations, education providers, freelancers, trade and sector support bodies from across the sector and throughout the UK.