



30 March 2020

Treasury Committee
HM Treasury
1 Horseguards Road
London
SW1A 2HQ

Dear Sir / Madam

Self-Employed package

I am writing to draw attention to the Treasury Committee concerns about the recently announced self-employed package.

We welcome the announcement made by Rt Hon Rishi Sunak on Thursday 26 March 2020 however it has been drawn to our attention by our members that there are gaps in the current package that need to be addressed relating specifically to self-employment and the visual arts.

a-n The Artists Information Company, is the largest artists membership organisation in the UK with over 25,000 members. We support artists in practical ways, acting on behalf of our membership and the visual arts sector to improve artists livelihoods. Founded in 1980 we have a reputation for providing compelling insights and playing a catalytic role in influencing and informing cultural policy.

The creative industries are the fastest growing part of the UK economy contributing £101bn GVA (gross added value). In 2019 the UK regained its position as the second largest art market in the world with \$14bn sales (Art Basel UBS Global Market Report in 2019). We play an important part ensuring our members are market ready, properly insured, and have the necessary tools and skills to mediate the art market and other creative opportunities. In 2018 we enabled our members to travel to all corners of the globe to engage in professional development and showcase their creative practice, distributing over £200k in bursaries.

The majority of our members are self-employed, operating as sole traders or through their own limited companies, and are working across the public and commercial sectors. We have set out below the concerns and issues and at the end of the letter first hand testimonies from our members about their personal situations.

PAYE contracts and Self-Employed

Many of our members have multiple part time, short term PAYE contracts with institutions such as universities, museums, and large event companies. Often these contracts are for a few hours per week for short periods of time such as term times, and can be for one off lectures, talks, education sessions, and other work. The majority of these short-term contracts are PAYE rather than offered on a freelance basis to self-employed workers due to IR35 rules. They are also registered as self-employed for other work such as commissions and payment for exhibitions. Many of our members are finding themselves caught between employment package and earnings too low for self-employment package.

Self-employed earnings vs expenses

There are a range of expenses which artists incur in their day to day work, including additional expenses when undertaking commissions or preparing for an exhibition. Many artists rent studio space but under current conditions are unable to work in their studios. Many will not be offered rent reductions from studio providers. Others may hire spaces or equipment for fabrication, printing, performance and installation, but are now facing the cancellation of commissions and projects while still incurring the expenses.



Trading

Artists' timelines for 'trading' in a financial year vary and are very different to usual commerce. Artists may spend periods developing new work or undertaking research, which may or may not be directly linked to funded or contracted projects or commissions. Earnings are often erratic and funds may be paid in large one-off sums or very small regular amounts from a portfolio of sources. Trading periods are often fitted around parental and caring responsibilities.

Recently self-employed

Some artists will have left PAYE employment to become self-employed in the past few years. While some may be able to show one or more years of accounts and access the support package, for those who made this change in the last financial year 2019-2020 options are limited.

Parental implications

We are concerned that there will be a detrimental effect on women and those taking maternity / paternity leave in recent years which may have affected their profits as self-employed practitioners. This is linked to the question about 'trading' and also the very current circumstances of negotiating self-employment activities with homeschooling children while schools are closed.

I understand that the Committee is looking at all submissions and I urge you to ensure that the support gets to those in most need immediately so that there is a safety net and artists with a complex set of self-employment and employment relationships are not penalised and treated fairly.

Jayne Knight, Chair of a-n and the Board stand ready to do whatever we can to support our members, through our programmes and advice, but they need financial help immediately to ensure they can pay the bills.

Yours sincerely

A handwritten signature in black ink that reads 'Julie Lomax'. The signature is written in a cursive, flowing style.

Julie Lomax
CEO, a-n The Artists Information Company

cc The Rt Hon Oliver Dowden MP, Secretary of State for Digital, Culture, Media and Sport
cc Darren Henley, CEO, Arts Council England



Individual Testimonies

I already have anxiety around the fact that as a freelance curator I'll be relying solely on the £500 statutory maternity pay from the government. I had been hoping to save as much money as possible in the run up to my maternity leave but with jobs cancelled and my regular income halved this is no longer possible. If my ability to apply for self-employed support is hampered by the fact that I won't be working (or at least not much) in the next tax year, then this is an even bleaker situation for me.

The news from the Treasury re: Self Employed support was late but welcome - but with obvious caveats - it's based on profit not net earnings, the June access delay is troubling, it's taxable and if they're going to equalise future National Insurance and tax systems for the self-employed with PAYE employees in exchange for this, then will they be similarly offering the self employed equal benefits = holidays, sick pay etc?

Early feedback from our studio artists and a few other creatives in the city is that the vast majority have first jobs which are not covered by either PAYE support measures or the announcement of support for the self-employed - and they are hurriedly applying for and awaiting Universal Credit.

Can there be a moratorium for utilities bills and rents - could there even be a non-paid break completely until the lockdown ends? This would allow us to ease our studio holders' minds and allow them to keep their studio spaces - and of course would help us as an organisation, significantly. My real fear is that the result of 6 months studio inactivity for us will be shutdown and loss of premises.

I have heard of a project suggesting to pay upfront for work now, but this causes an issue that when the work would be delivered in the future, earliest September the actual work, to be carried out in the future would prevent other income as the labour would need to be paid back.

Most of my income is precarious anyway, and though most my activity/projects have been cancelled in some way, the immediate reaction from funders who are ACE connected, is to continue payment. I hope that project deadlines will become flexible later down the line, even with funders continuing to pay. I hope it won't be the case that the second half of the year, I will be required to complete double the amount of work in half the time.

I am concerned about paying tax in Income Tax Self-Assessment, payments due on the 31 July 2020 in 31 January 2021. My income would not be able to cover this payment together with the payment due for 2019-2020 tax year and the advance payment for 2020-2021. The year I will be paying tax on at this point 2019-2020 will not show an effected income. It is the tax year 2020-2021 that will be effected. But a deferred tax bill at this point will be catastrophic.

I was due to produce an edition that would have provided a decent income for a past project that had an inadequate and insubstantial fee. The production of this work is on hold by the manufacturer indefinitely but possibly forever. This is a direct consequence of the pandemic's effect on manufacture. This would lead to a future loss of income estimated at £10,000.

The toughest times of year when there is little or no employment for me (in the arts) are July-August and December-January. So if the lockdown is lifted or partially lifted for summer I will not be able to make up any lost work or find new work in the sector in this time. Not until September. The effect is not upon 3 months of income. At present I would predict the lockdown will have knock on effects for the whole tax year 2020-2021, possibly longer.

I have other work cancelled, delayed or indefinitely put on hold. Due to the nature of my work and that I work on longer lead-time projects (not day to day cash in hand so to speak) this will affect my income for the next year (tax year 2020-2021). Projects that were underway, if possible are being finished remotely. However all



work that I was about to start is postponed or cancelled. For example, I was due to make a work with a school through a series of workshops over a whole term. At the earliest this will be moved to the autumn. Nevertheless as the project relies on grants from bodies such as ACE, I would guess that it will now be cancelled as the project grants are on hold.

The decision to delay support until the summer is plainly harmful. Research by a-n shows that artists incomes are very low, the majority less than £10k pa, and on those figures it should be obvious that most artists don't have savings to get them through one month of lost income, let alone three or four.

My studio costs £386 a month. My studio block is not offering a rent freeze or even rent reduction for the period of shutdown. Essentially they rent the building from the landlord and sublet it to artists. If anyone in this chain is being offered a freeze then it is not being passed on to the studio holders.

Even though the studio provider states that the building is open. I would normally travel by public transport to get there. I understand that non-essential movement is restricted and as such I cannot go there for the duration of lock-down. There is no way to change this situation, for example stop renting and move out, move to another studio or sublet the studio until lock-down is lifted. As such I am locked into this expense. This means I am paying for expensive and unsafe storage. The building has no security and in this time if the studio holders are not present it will be insecure. I have been looking for a better studio and have been on many waiting lists for 5 years or more.

It's also not clear what support there is on premises, for us our studios. At the moment I pay £332.34 per month, but I'm legally prevented from travelling there. It's unclear whether I'll be able to go back in two weeks or six months. Handing in my notice is not an obvious choice, as studios are in short supply – it took me 18 months on various waiting lists to secure this space – I need to know it's there for me as soon as I'm able to work again. My provider rents out over 800 studios in London, so there is no way they can just stop charging rent and stay afloat, but this is an impossible situation.

Although self-employed individuals are not furloughed, all the galleries I am exhibiting or working on commissions with, are closed to the public and have suspended their programmes. This means my current contracts are all on hold, although my outgoings remain the same. In addition I have a four year-old child, so am now involved in full time child care. Working alongside this is simply not possible and so even using evenings and weekends, this still only represents a small percentage of the time I would usually spend working.

As many artists do, I work in HE for a percentage of my income. Contracts from the university I work for are made for 10 week temporary periods and as such, there is no possibility of being furloughed, as the work offered is carefully timed to end ahead of the summer break.

The three-year average is important as self-employed income for artists can vary so dramatically from year to year. Unfortunately for me, this includes a year where I was claiming statutory maternity pay for some of the tax year and so gives me a much lower average than I would usually hope to earn.

Trading timelines have to be fluid and can be hugely unpredictable within a year let alone year on year. Funded projects can take a significant investment time for development, and can lead to failure and lack of funds for the time invested – are you working but not 'trading' if not earning? Managing the overlap between projects can be difficult – sometimes there is too much work and at others too little, so you're open for trade but no-one is biting. Consultancy work with arts organisations can also be subject to late payment, or more than one payment can arrive simultaneously. I can't plan for this as it's beyond my control.

My situation is similar to a lot of artists I know. Having worked roughly two or three zero-hour contracts at any given time over the past 2 years due to the necessary flexibility it provided of allowing me to focus on art (for



university/career) and take up the occasional higher paid arts roles. The company I worked the most for over the last few years, changed the contracts of all of us freelance fabricators to PAYE (0 hours) randomly last year. So my freelance self-assessment numbers will be lower, and I'm not a staff member with contracted hours to them or any other institution so I don't qualify for the 80% paid wage because I have no monthly fixed income.

I sold a few paintings at the start of the month and asked for the money to be paid quickly due to the situation. This is what I am living off otherwise I would be forced to cycle to family and friends in order to eat. I have a few unpaid invoices but I have signed up to universal credit because realistically I don't expect to make any substantial form of income until August/September.

According to what is currently on the govt website, I would fall into being eligible for the freelance support package, which for the short term would just about cover the performance gigs I am losing to cancelation/postponement, and keep me out of the emergency situation a lot of people find themselves in. This is largely due to the fact that within the typical financial ups and downs of freelance life, 2 of the 3 years used for assessment by govt happen to be decent for me. Had it have shifted 1 year either way I would be in trouble.

From what I understand, government are saying they would be using previous tax return figures partly to combat admin on working out peoples' current individual situations. If this is the case, it would suggest they would not be asking people to certify loss of income for this current period – though this needs clarification. If certification is needed, this would be a challenge as most of the gigs don't have signed contracts.

For the majority of artists I've heard from, their incomes are from so many different places (including a lot of zero-hour contracts) that they fall through the cracks of what has been proposed for PAYE/Freelance support.

I've been self employed as an artist since 2006. This current tax year is different as I began an arts practice base PhD in September 2019. Where previously most of my income had come from self employment, now the majority is from my PhD stipend. With the stipend as well as some continuing self-employed projects I had expected my overall income to be higher this year than in previous years. I have increased my outgoings in anticipation of this, including taking on more space in the studio I share – I cannot reduce this now, because who would I let it to when nobody is allowed out?

I'm not clear on whether this will be a blanket 80%, or whether we will have to provide detailed evidence of lost work. If the latter, it will not be possible to give an accurate figure. I do have a few concrete cancellations, but very often my paid work comes in at short notice. For example I would normally expect some bookings for next term as an artist educator in primary schools around now, I won't know that this work has been 'cancelled', because they just won't contact me this time.

I don't think the announcement takes into account that in addition to lost earnings from gigs already being cancelled there's going to be loss of future earnings from studios (and galleries) closing. I use equipment at my local makerspace to make some of my work. If everyone cancels their subscription to it then it'll close and then we have nowhere to access equipment like laser cutters, 3D printers (unless we go commercial). Having to wait until June just makes the likelihood of this makerspace and art studios closing more likely. The Universal Credit being offered in the meantime really isn't enough to cover most outgoings.



Additional Information

We conducted a survey of our members between the dates of 19-24 March to quickly assess the impact of COVID-19 on their livelihoods and opportunities, and our members reported the following:

- **93% of respondents reported that they or their practice/career has been affected by the COVID-19 outbreak.**
- **96% of respondents are experiencing an immediate impact on income**, the majority indicate an impact on the **key mechanisms through which artists earn a living** such as exhibitions, selling work and employment (often supplementary to their practice).
- **82% of respondents have had upcoming work cancelled**, including events, performances and public activities.
- **59% of respondents have cancelled their own upcoming work**, events, performances or public activities.
- **69% of respondents reported other immediate impacts**, which include having to close their studio, not being able to travel to their studio to make work and moving their teaching to online.

Also, COVID-19 is having an immediate and significant effect on **grants and awards** for 65% of respondents. We welcome the announcement made by Arts Council England on Tuesday 26 March to invest £20m in supporting individual creative practitioners.