

Treasury Committee Call for Evidence on the Economic Impact of Coronavirus

Written evidence submitted by the Association of Photographers (AOP) Limited

Executive Summary

- Who we are and what we do
- Economic impact of Coronavirus on our members

Who we are

The AOP is a not-for-profit professional trade association, founded in 1968. Its aims are to champion and protect the value, professionalism and standing of its members and the creative image-making industry. We vigorously defend and lobby for the interests and rights of all photographers and image-making professionals.

Our members include professional photographers, assistants, agents, suppliers, students and education establishments as well as many others working professionally in the creative industries.

Professional members have a wide client base of large- and small-scale businesses ranging from individual clients in the corporate sector to design groups, publishing houses, music publishers and advertising agencies. Their work is published worldwide in magazines, newspapers, books and advertising campaigns and many sell their images as fine art through galleries, both in traditional spaces and online.

The AOP is a member of the British Copyright Council (BCC), the Creative Industries Federation (CIF), the British Photographic Council (BPC) and Pyramide Europe (EEIG) and we fully support the 'Fair Terms for Creators' campaign: <https://www.fairtermsforcreators.org/> co-ordinated by the Creators' Rights Alliance (CRA).

AOP members are represented by the Design and Artists Copyright Society (DACS) for collective licensing. All our photographer and assistant members are SMEs, some work in partnership with another photographer but, overall, the majority are individuals working either for their own limited company or as sole traders.

Economic impact of Coronavirus on our members

Whilst on the whole we have welcomed the steps the government has taken so far to support the economy and to ensure those key workers identified are protected and enabled to continue to provide the services we all rely on, we are very aware that the measures provided have fallen short of the necessary support for those who are self-employed as sole traders and particularly those who operate their own micro limited companies, also known as Personal Service Companies/PSCs, the latter of which represents around 50% of our membership.

This is not just a health and wellbeing crisis, but an income crisis for our members and for all self-employed people, particularly in the creative industries. Current provision does not begin to address the severity of the situation that these groups are now in and the path to recovery is going to be arduous.

One-third of the UK's creative workforce are self-employed (Creative Industries Federation/CIF) – much higher than the national average of 15.3% (ONS). A recent survey

by the Creative Industries Federation revealed that 60% of self-employed creatives predicted their income will more than halve in 2020, and over 50% of self-employed who responded to a poll carried out by them, have already had 100% of their work cancelled. This is devastating for them and access to Statutory Sick Pay and Universal Credit is in no way an adequate substitute for the income they have lost. Our members, indeed the whole of the self-employed and freelance community, require ongoing government assistance on a similar scale to the support already provided for those qualifying businesses, employers and employees in other sectors. We wish to emphasise that the Creative Industries is a UK success story and contributes a massive £111bn to the UK economy.

In regard to the Terms of Reference, we wish to make the following comments:

Job Protection Scheme and Self-employment Income Support Scheme

The main issue for our members and indeed many creative businesses has been the lack of support for those running their own limited companies, in which they act as the sole director and sole employee and take a salary through a combination of PAYE and dividends. The structure of the (Coronavirus) Job Protection (Retention) Scheme (CJRS) has meant that the majority of businesses set up in this way are not eligible to receive enough financial support to make furloughing an option, leaving those business owners to rely on Universal Credit (UC) or a Bounce-Back Loan (BBL) - the former being nowhere near enough to continue to cover a business' overheads and the latter meaning the business is fundamentally taking on more debt.

In terms of the efficacy of these schemes, it would seem that in the very short-term, some people who have been able to take advantage of the government support schemes have had cash-flow pressures reduced, but this is a very temporary measure and we are more concerned about the gradual climb out of lock-down and the severe impact that it has had on economic activity.

Newly commissioned research, published on 17 June, from Oxford Economics through the Creative Industries Federation predicts that up to 119,000 permanent creative workers will be made redundant by the end of this year and that 287,000 creative roles expect to be terminated also by the end of 2020.

<https://www.creativeindustriesfederation.com/publications/report-projected-economic-impact-covid-19-uk-creative-industries>

Clearly, the current support packages are simply postponing the economic impact of coronavirus and if the above scenario is not to be realised, more will need to be done in terms of investment and support to allow the creative industries, one of the UK's best economic success stories, to continue to flourish.

The gaps in government support have already been mentioned and the discrepancy in the levels of support available to two individuals providing the very same creative service, but with their businesses structured differently, is huge. The Self-employment Income Support Scheme (SEISS) and the CJRS do not give the same levels of benefits and support to those two individuals.

The duration and scale of the support packages should be based on longer-term strategies for investment, ensuring the continued viability and success of the UK's creative industries as a whole. Until that investment strategy is in place, there should not be a weakening of current support. Any decision to close down the support packages must be made on that

basis and the process of doing so done gradually so as to minimise the economic impact on businesses. It is beyond doubt that the road to recovery is going to be slow.

Support to businesses and Financial services

Most of our members are SMEs and do not qualify for support other than from the CJRS, SEISS or UC. Our comments on those points have been made, above.

For the most part, the speed of getting the support packages up and running has been welcomed, but the downside of that has been the creation of gaps in the support, already addressed in previous comments. We are aware from some of our members of some financial institutions taking up to a month to process applications for the Coronavirus Business Interruption Loan Scheme (CBILS), which has placed considerable financial and emotional pressure on the owners of those businesses.

Other government intervention

In the longer term, government should look to support the creative industries to allow it to maintain its world-leading position, particularly in light of our exit from the EU. Government should address, as a matter of urgency, the current tax regime that allows international companies which generate huge profits from activity in the UK, to pay virtually no tax at all.

Economy, public finances and monetary policy

The UK's economy will recover slowly and the shock will be felt for many years. The economic impact of closing down the economy for three months cannot be underestimated.

2m-distancing (or 1m+) will continue to be a part of societal activity for some time and this will impact all sectors that have previously relied on audience numbers and proximity as part of the experience. We are greatly concerned about the theatre and performing arts sector and are fearful that so much creative output will be compromised by the longer-term fall-out from the pandemic.

We expect the gaps between rich and poor to become more polarised and people from ethnic minority backgrounds to be further disadvantaged as a result of the pandemic, unless government takes active steps to address this and sets a strategy in place immediately. The pandemic has already revealed, and exacerbated, quite starkly, the differences between wealthy and poorer parts of the UK.

We should take the pandemic as an opportunity to reassess how we live and work, particularly in relation to the environment. Many people, particularly outside the creative industries for whom home-working is nothing new, have found that they are able to work effectively from home, and we would encourage any strategy which looks to build on this and support more varied means of working to the benefit of the environment.

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