

## **UK Music - Response to Inquiry into the Future of Self-Employment**

### **Introduction**

1. UK Music is the umbrella body representing the collective interests of the UK's commercial music industry, from songwriters and composers to artists and musicians, studio producers, professional recording studios, music managers, music publishers, major and independent record labels, music licensing companies and the live music sector. UK Music exists to represent the UK's commercial music sector, to drive economic growth and promote the benefits of music to British society (see annex for full list of members). The UK commercial music sector is a vibrant and diverse industry and prior to the COVID pandemic, an industry seeing dynamic growth. Our *Music By Numbers* report showed that as of 2018 the industry employed 190,935 people in the UK, producing £5.2 billion GVA per annum and creating exports valued at £2.7 billion, with 12% growth in the value of music tourism alone.<sup>1</sup>
2. Our interest in this consultation stems from the importance of the self-employed to the commercial music industry; 72% of workers in the sector are self-employed.<sup>2</sup> This is due to much of the work in the sector being based on discrete paid engagements at recording studios, live music venues, festivals and other sites where the output of the sector (the music and experiences we sell) is created. Many workers choose self-employment as it provides greater opportunities for flexible working or to be able to work on projects they are passionate on an ad-hoc nature. The importance of physical spaces and these one-off engagements has meant the sector has endured a heavy toll due to COVID disruption. It is estimated that up to £3 billion in GVA (£900 million in the direct live sector), and according to a recent report 141,000 Full Time Equivalent roles will have "ceased to exist" in the live music and adjacent sectors by the end of 2020.<sup>3</sup>
3. This response is split into two sections, the first part covers the Self-Employment Income Support Scheme and the lessons that can be drawn from that for support for the self-employed going forward. The second section will focus on the #SelfieLeave campaign to extend shared parental leave to freelancers.

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<sup>1</sup> <https://www.ukmusic.org/research/music-by-numbers/>

<sup>2</sup> [https://www.ukmusic.org/assets/general/Music\\_By\\_Numbers\\_2019\\_Report.pdf](https://www.ukmusic.org/assets/general/Music_By_Numbers_2019_Report.pdf) p. 11

<sup>3</sup> [https://concertpromotersassociation.co.uk/wp-content/uploads/2020/10/REPORT\\_UK-Live-Music-at-a-Cliff-Edge.pdf](https://concertpromotersassociation.co.uk/wp-content/uploads/2020/10/REPORT_UK-Live-Music-at-a-Cliff-Edge.pdf)

4. Our key recommendations:

- **Accessible and flexible support for the self-employed, both during COVID and generally from HMRC and the Treasury (HMT).**
- **Ensure accurate data reflects the varied nature of self-employment.**
- **Extending Shared Parental Leave to the self-employed.**

#### **Support for the Self-Employed**

4. The COVID crisis and attendant necessary health measures have highlighted issues with how the self-employed are dealt with by the Treasury (HMT). The Self-Employment Income Support Scheme (SEISS) was an unprecedented intervention by the Chancellor. The payment of 80% and then 70% of a self-employed worker's average monthly profits in its first two rounds was generous by global standards and offered a lifeline to many. However, it should be noted that some international governments have a history of the state supporting creative freelancers, for example, before the pandemic France already ran a payment scheme for artists between work (*intermittents du spectacle*), and we have concerns on eligibility.<sup>4</sup>
5. Restrictive criteria put in place to distinguish eligibility for the Scheme has meant that SEISS has proved more difficult to access than the employee-focused Job Retention Scheme (JRS) in numerous ways. For instance, the requirement to have filed a 2018-2019 Tax Return by April 2020 to be eligible for SEISS immediately barred anyone who had joined the sector in the previous 12 months.<sup>5</sup> Conversely, for the JRS any employee who had a tax event with HMRC by March 2020 was eligible. Despite a cap of £7,500 and then £6,250 per grant, those with trading profits of above £50,000 were also excluded from SEISS, unlike high earning JRS claimants who could be paid up to the cap. Other groups who were ineligible for the scheme were those on zero-hours contracts and those with portfolio incomes. These are common in the music sector, with 34% of musicians having a second job.<sup>6</sup>
6. An example of the impact this has had comes from the testimony of a member of the Musicians' Union (MU) who we cited in a submission to the House of Commons Digital, Culture, Media and Sport Select Committee.<sup>7</sup> “[They] had three zero-hour sessional music teaching contracts, on PAYE, with two music services and a conservatoire, as well as gigging on a self-employed basis. They have been told by all three employers that they will not be getting any more work but will not be furloughed. As this work makes up over 50% of their income, they cannot apply for SEISS and therefore do not qualify for any Government support.” We would point out that other international schemes such as the Australia’s JobKeeper Payment

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<sup>4</sup> <https://uk.reuters.com/article/health-coronavirus-france-culture/frances-macron-throws-lockdown-lifeline-to-culture-sector-idINKBN22I1LB>

<sup>5</sup> <https://www.gov.uk/guidance/claim-a-grant-through-the-coronavirus-covid-19-self-employment-income-support-scheme>

<sup>6</sup> <https://www.musiciansunion.org.uk/Files/Reports/Industry/The-Working-Musician-report>

<sup>7</sup> [https://www.ukmusic.org/assets/general/UK\\_Music\\_Submission\\_to\\_DCMS\\_Select\\_Committee\\_ImpactCOVID\\_7\\_May2020.pdf](https://www.ukmusic.org/assets/general/UK_Music_Submission_to_DCMS_Select_Committee_ImpactCOVID_7_May2020.pdf) p. 6

scheme are more flexible and therefore better able to capture the complexities of self-employment.<sup>8</sup>

7. A further issue among those who are eligible for SEISS is that some can only do so at a very reduced rate. Those who have recently taken maternity leave or are on long-term sick pay are penalised as SEISS draws on a 3-year average of monthly trading profits when determining payments, with no way to discount periods of enforced inactivity. This is particularly iniquitous to self-employed new parents. They are getting reduced support while attempting to navigate a pandemic with a young child. They also cannot share parental leave with their partner as their employed peers can (as we shall explore in more detail later). In contrast, the JRS is linked to the employee's salary.
8. Furthermore, many working in the music industry combat the "feast and famine" nature of the sector by paying earnings into a company and then drawing income as a dividend, yet these earnings are not covered by SEISS. The Government has stated that this was on the basis that it was impossible to differentiate between these payments and investment dividends. This is doubly problematic because while they will be drawing a minimum salary, they cannot furlough themselves as this would preclude them from working which they need to do if they are operating as a sole trader.
9. One case highlighted with us was a husband and wife who ran a ceilidh band and who drew the majority of their income through dividends, they are both unable to generate income due to the current restrictions, and cannot access SEISS at a level at which they can afford to live. Many such as this couple have been effectively outside of support since March, and with full re-opening yet to occur their income has also been massively affected. We understand that the Broadcasting, Entertainment, Communications and Theatre Union put a proposal to HMT that would have allowed them to make that assessment, but this was rejected.<sup>9</sup> Therefore, many in the industry received much lower payments than they should have or have been excluded from the Scheme entirely.
10. For those who do qualify, a chasm has developed in the next round of support. From November SEISS will only cover 40% of monthly trading profit, capped at £3,750 for the total grant. Conversely, the Chancellor's expanded Job Support Scheme announced in October covers 67% of wages (up to £2,100 pm) and a £3,000 cash grant per month for qualifying businesses. Even a maximum SEISS payment is less than an employee working 40-hour weeks on the National Living Wage would receive per month, and less than half the maximum possible payment for an employee under JSS for the equivalent period.<sup>10</sup> These payments are inadequate to keep the self-employed in industries that are currently unable to

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<sup>8</sup> [https://treasury.gov.au/sites/default/files/2020-04/JobKeeper\\_frequently\\_asked\\_questions\\_2.pdf](https://treasury.gov.au/sites/default/files/2020-04/JobKeeper_frequently_asked_questions_2.pdf)

<sup>9</sup> <https://bectu.org.uk/news/bectu-continues-lobbying-government-on-behalf-of-creative-freelancers/>

<sup>10</sup> <https://www.gov.uk/minimum-wage-different-types-work/paid-an-annual-salary>

operate.<sup>11</sup> Without action there may be a talent exodus. An MU survey found only 29% of musicians were sure they would continue with their career in the industry.<sup>12</sup>

- **Ensuring support is accessible to the self-employed is important.**

11. Eligibility issues have led to as many as two-thirds of creative freelancers being unable to claim under SEISS. The Government has stated that 64,000 out of 99,000 *eligible* self-employed creatives accessed the scheme, equating to 64%.<sup>13</sup> However, including the 88,000 freelancers from the arts, entertainment and recreation deemed ineligible (such as the newly self-employed), shows only 34.2% of total creative freelancers were supported (close to the 38% eligibility estimated by the MU).<sup>14</sup>

12. Furthermore, although the Government is right to state that when assessed by income 95% of the self-employed are in theory covered by the Scheme, this estimate does not include the other reasons a worker may be ineligible.<sup>15</sup> It is critical that the varied nature of self-employment is considered when making assessments. We would therefore recommend the use of surveys rather than flat rate estimates when assessing the efficacy of policy in relation to the self-employed.

- **Data that takes account of the varied nature of self-employment is vital.**

13. Flexibility in the support offered going forward is also critical. Though many music venues (even in Tier 3 areas) have an allowance to open under Stage 4 “partial re-opening” of venues, none are operating full programmes and economics have forced many into closure.<sup>16</sup> Therefore, many of the self-employed in the music industry who might go from session to session right down the supply chain working on lighting, sound design and/or playing gigs are still unable to work. Support for the self-employed needs to recognise this reality and be complementary to the measures on offer for the employed. We appreciate the Government’s point that the £1.57 billion Culture Recovery Fund (CRF) is intended in part to underwrite activity and produce employment opportunities for the self-employed, and we welcome this funding.<sup>17</sup> However, we do not know how increasing restrictions across the UK will affect demand and the ability to perform in practice, even accounting for these payments.

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<sup>11</sup><https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/privaterentalmarketsummarystatisticsinengland/april2019tomarch2020>

<https://www.gov.uk/minimum-wage-different-types-work/paid-an-annual-salary>

<sup>12</sup> <https://www.musiciansunion.org.uk/Home/Advice/covid-19/take-action-pandemic>

<sup>13</sup> <https://www.gov.uk/government/statistics/self-employment-income-support-scheme-statistics-september-2020>

<sup>14</sup>

[https://www.ukmusic.org/assets/general/UK\\_Music\\_Submission\\_to\\_DCMS\\_Select\\_Committee\\_ImpactCOVID\\_7\\_May2020.pdf](https://www.ukmusic.org/assets/general/UK_Music_Submission_to_DCMS_Select_Committee_ImpactCOVID_7_May2020.pdf) p. 7

<sup>15</sup> <https://www.gov.uk/government/news/chancellor-gives-support-to-millions-of-self-employed-individuals>

<sup>16</sup>

<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/privaterentalmarketsummarystatisticsinengland/april2019tomarch2020>

<sup>17</sup> <https://www.ukmusic.org/news/uk-music-chief-welcomes-governments-huge-vote-of-confidence-in-uk-music-ind>

14. Social indoor mixing is increasingly being banned across England and Scotland while Wales and Northern Ireland have both launched full national lockdowns. There are also other issues. Travel restrictions and insurance concerns are also restricting the number of touring acts, and for many venues CRF funding will not be enough to make a full schedule economically viable under restrictions. Even with the CRF the volume of work under Stage 4 will not be able to sustain the current volume of workers.
15. This difficult picture is borne out by a recent MU survey that noted 71% of musicians were considering quitting the sector or unsure if they would continue with their career. 47% have already sought work outside the sector, and 70% have had less than a quarter of their usual volume of work over the year.<sup>18</sup>
16. Yet the industry's highly skilled workers (not just musicians but technical staff, producers, managers, and many others) will be vital to not only the industry's recovery, but the scale of the national recovery. Music was a rapidly growing industry pre-pandemic, as set out in the introduction, and is a major employer across the country (particularly in the North West).<sup>19</sup> The creative industries grew at five times the rate of the overall economy in 2018.<sup>20</sup> Music also supports other industries e.g. people using hospitality before and after a gig. One Ed Sheeran gig is estimated to have put £9 million into Ipswich's economy.<sup>21</sup> Therefore, a vibrant music sector could boost the national economic recovery, but to fulfil that role it needs its artisans in the industry.
17. To achieve this, flexibility needs to be built into schemes. We would support the adoption of a backstop approach to target sectors with high numbers of the self-employed, such as the creative industries. Both the Welsh and Scottish Governments set up specific hardship funds for self-employed creatives of £7 million and £5 million respectively, to help keep their skills in the sector.<sup>22</sup> While the UK Government did place £2 million into freelance hardship funds, this was less than the Welsh and Scottish Government to cover a larger number of freelancers. The need for a backstop of this kind is attested by the broad array of hardship funds created and supported by the music sector itself.
18. This work has included PPL donating £800,000 to hardship funds including the Stagehand Fund for crew.<sup>23</sup> The BPI co-ordinating £1.5 million in funding towards industry funds.<sup>24</sup> PRS for Music, AIM, MMF and the MU have also establishing funds in response to the crisis, and the industry has also bolstered pre-existing

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<sup>18</sup> <https://www.musiciansunion.org.uk/Home/Advice/covid-19/take-action-pandemic>

<sup>19</sup> <https://www.ukmusic.org/research/music-by-numbers/>

<sup>20</sup> <https://www.gov.uk/government/news/uks-creative-industries-contributes-almost-13-million-to-the-uk-economy-every-hour>

<sup>21</sup> <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/digital-culture-media-and-sport-committee/live-music/oral/91709.pdf>

<sup>22</sup> <https://gov.wales/fund-support-creative-freelancers-affected-covid-19-now-open>  
<https://www.creativescotland.com/funding/funding-programmes/hardship-fund-for-creative-freelancers>

<sup>23</sup> <https://twitter.com/PPLUK/status/1313766729626124291>

<https://www.ppluk.com/ppl-pledges-700000-to-music-industry-hardship-funds/>

<sup>24</sup> <https://www.bpi.co.uk/news-analysis/recorded-music-community-comes-together-to-provide-additional-support-to-artists/>

funds such as Help Musicians, which has used £5 million of its emergency reserves.<sup>25</sup> The Music Venue Trust has established an emergency fund to try and preserve Grassroots Music Venues.<sup>26</sup> However, these resources are not infinite and we would encourage the Government to show more flexibility in supporting the self-employed until Stage 5 (full re-opening) is reached.

- **Flexible support for the self-employed both in general and to support workers to Stage 5 is vital.**

19. While we welcomed the Government's fiscal commitment to the self-employed displayed by the introduction of SEISS and recognise the lifeline it has been to many, there are a number of lessons that can be learned from how this has been administered. First and foremost, self-employed support should be complementary to support for the employed. The self-employed have faced additional restrictions when accessing SEISS in comparison to employers and employees who applied to JRS. While we acknowledge the structural differences of being self-employed, it must be recognised that the next two rounds of SEISS are notably less generous than those for their employed equivalents. Secondly, given the varied nature of self-employment, it is important to recognise the extent of those in our industry who have not been covered by SEISS and the ongoing impact this is having on them financially and on the industry's ability to retain them in the sector. Finally, there is the question of flexibility. We would recommend the Government be as flexible as the self-employed labour market itself in delivering support. If the Government is willing to support the self-employed to stay in the sector, these workers and their skills and talent can power a music industry recovery that would be of immense value to the wider national economy.

20. Therefore, moving forward we would like to see.

- **Ensuring support is accessible to the self-employed is important.**
- **Data that takes account of the varied nature of self-employment is vital.**
- **Flexibility should be built into support for the self-employed.**

### **#SelfieLeave Campaign**

21. UK Music has supported the #SelfieLeave campaign which calls for Shared Parental Leave to be extended to the self-employed.<sup>27</sup> Since 2015, employed parents have had access to a flexible regime of parental leave of 50 weeks and Shared Parental Leave of 37 weeks that can be shared between both parents. They can also choose to stagger it or to take it in blocks. Conversely, leave for self-

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<sup>25</sup> <https://www.prsformusic.com/c/emergency-relief-fund>  
<https://www.aim.org.uk/#/opportunities/view/aim-crisis-fund-for-independent-music-contractors>  
<https://www.ukmusic.org/covid-19/coronavirus-financial-support-information/how-to-get-emergency-funding-if-you-work-in-the-music-industry>

<https://www.musiciansunion.org.uk/hardshipfund>

<https://www.helpmusicians.org.uk/news/latest-news/applications-now-open-for-phase-2-of-help-musicians-financia>

<sup>26</sup> <http://musicvenuetrust.com/>

<sup>27</sup> <https://www.ukmusic.org/policy/selfieleave/>

employed parents is entirely under a Maternity Allowance of 39 weeks that can neither be split with the other parent nor split by time. Our proposal in advance of a full review would be to extend Shared Parental Leave to self-employed parents, or to change Maternity Allowance (MA) to allow it to be split by time, and add a Parental Allowance of a pool of weeks a partner could access to support childcare. Overall, this would be a minimum 12 weeks paternity leave pool with a six-week portion paid at 90 per cent of monthly earnings to be taken at any time in the first 18 months and split into blocks.

- **We would recommend Shared Parental Leave be extended to freelancers.**
22. The current situation penalises self-employed parents looking to have a child. Those using MA have no income protection prior to childbirth and cannot split MA to return to work for a short period to support activity that may be vital to their career or business. Given the prevalence of one-off engagements in the sector this flexibility is needed. The current structure of MA entirely places the burden on one parent to take an extended career break, with no way to split this with their partner. It is easy to see the impact this would have on a self-employed woman who has just had a child. They are disadvantaged because unlike their partner or employed peers if they want to have a child they are compelled to take a lengthy career break.
  23. The statistics back up this hypothesis. Our 2020 Diversity Survey suggests a clear gender divide in career progression. Our respondent survey found the proportion of women fell from entry to senior level positions in the music sector, with 49.6% female v 48.8% male split at entry positions and 40.39% female v 56% male in senior posts. Furthermore, according to research from Parental Pay Equality in 2018, by the time a child is one-year-old only 3% of self-employed mothers have reached their pre-baby earnings compared to 20% of employed mothers.
  24. A critical part of rectifying this is encouraging partners to play an active role in providing childcare. Allowing both parents to play this active role was an important aim of the reform in leave for employed parents, the then Business Minister Jo Swinson noted that the reform militated against “gender bias” in child care arrangements.<sup>28</sup> Allowing partners the time off that they would be unable to take without Government support has a number of benefits beyond the main care giver. It allows partners to be more involved in their children’s lives at a critical stage in development. This benefits both them and the child – meaning this simple change would be a positive for the entire family and society. Yet, as it stands a bias against having two parents involved in childcare is hardwired into the Maternity Allowance for self-employed parents.
  25. We have set out in a submission to the Department of Business, Energy and Industrial Strategy *Parental leave and pay: Supporting parents and achieving equality* that Government “*should cover the cost of paternity and maternity pay ... to an extent which makes it financially viable for both mothers and fathers to take time off work*”.<sup>29</sup> The first step in achieving this in a self-employed context is building in flexibility to MA to allow a partner to also take paid time off or extending Shared

<sup>28</sup> <https://www.gov.uk/government/news/reform-of-flexible-parental-leave#:~:text=The%20Government%20plans%20to%20legislate,52%20weeks%20of%20maternity%20leave.>

<sup>29</sup> [https://www.ukmusic.org/assets/general/SPL-\\_BEIS\\_Consultation\\_-\\_UK\\_Music\\_FINAL\\_Draft.pdf](https://www.ukmusic.org/assets/general/SPL-_BEIS_Consultation_-_UK_Music_FINAL_Draft.pdf)

Parental Leave as a package to the self-employed. Other measure that could be taken include:

- **Day 1 rights to the Maternity Allowance or reformed Paternity Leave for the self-employed.**

26. We would be happy to work with the All-Party Parliamentary Group for the Self-Employed on this further through the UK Music Diversity Taskforce. Given 72% of the sector's workers are self-employed, this issue has a profound impact on workers in the sector. While the career gap is not monocausal the inability to share paternity leave with a partner is a disadvantage for many women and non-binary people working in the industry. A disadvantage that was noted and corrected for employed parents five years ago. Therefore, rectifying this would be a simple step forward that would provide direct support to self-employed parents.

### **Conclusion**

27. Overall, there needs to be a step change towards parity of esteem between the employed and the self-employed from HMT, HMRC and Government more generally. The number of self-employed has risen consistently in the UK for a number of years (though it remains to be seen how COVID effects this).<sup>30</sup> They are a core component of the UK workforce that warrant flexibility, accurate data and parity of esteem when looking for support. Those principals should cover both financial and other support, to allow the self-employed to move forward with confidence. Our key recommendations;

- **Accessible and flexible support for the self-employed, both during COVID and generally from HMRC and the Treasury (HMT).**
- **Ensure accurate data reflects the varied nature of self-employment.**
- **Extending Shared Parental Leave to the self-employed.**

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<sup>30</sup><https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/trendsinsselfemploymentintheuk/2018-02-07>

## **Annex**

UK Music's membership comprises: -

- AIM – The Association of Independent Music – the trade body for the independent music community, representing over 850 small and medium sized independent record labels and associated music businesses.
- BPI - the trade body of the recorded music industry representing 3 major record labels and over 300 independent record labels.
- FAC – The Featured Artists Coalition is the UK trade body representing the specific rights and interests of music artists. A not-for-profit organisation, they represent a diverse, global membership of creators at all stages of their careers and provide a strong, collective voice for artists.
- The Ivors Academy - The Ivors Academy is an independent association representing professional songwriters and composers. As champions of music creators for over 70 years, the organisation works to support, protect and celebrate music creators including its internationally respected Ivors Awards.
- MMF – Music Managers Forum - representing over 900 UK managers of artists, songwriters and producers across the music industry with global businesses.
- MPG - Music Producers Guild - representing and promoting the interests of all those involved in the production of recorded music – including music studios, producers, engineers, mixers, remixers, programmers and mastering engineers.
- MPA - Music Publishers Association - with 260 major and independent music publishers in membership, representing close to 4,000 catalogues across all genres of music.
- Musicians' Union - Representing over 32,000 musicians from all genres, both featured and non-featured.
- PPL is the music licensing company which works on behalf of over 100,000 record companies and performers to license recorded music played in public (at pubs, nightclubs, restaurants, shops, offices and many other business types) and broadcast (TV and radio) in the UK. PPL also collects royalties for members when their recorded music is played around the world through a network of international agreements with other collective management organisations (CMOs).
- PRS for Music is responsible for the collective licensing of rights in the musical works of 114,000 composers, songwriters and publishers and an international repertoire of 10 million songs.
- UK Live Music Group, representing of the live music sector with a membership consisting of: Agents' Association (AA), Association for Electronic Music (AFEM), Association of Festival Organisers (AFO), Association of Independent Festivals (AIF), Concert Promoters Association (CPA), International Live Music Conference (ILMC), National Arenas Association (NAA), Production Services Association (PSA), Music Venue Trust (MVT), with contributions from PRS Foundation, MU, MMF, FAC and BPI.