

Treasury Committee
Inquiry into the economic impact of coronavirus

Submission from the Association of Illustrators, 27 May 2020

About the Association of Illustrators (The AOI)

1. The AOI is a membership organisation founded in 1973 to support and sustain illustrators and the illustration industry. The AOI is based in London, with members across the UK and a small percentage globally.
2. The AOI has 2,700 members which is a significant proportion of the working illustration community.
3. The majority (est. 98%) of illustrators are freelancer operating as sole traders or limited companies. Our members work across the creative industries- in publishing, editorial, advertising, gaming, animation, medicine and research etc. They are sought by commissioners in the UK and worldwide and many are recognised as leaders in their field.
4. As you know, one-third of the UK's creative workforce are self-employed – much higher than the national average of 15%. This is even higher for our members.

Previous Submissions

5. This letter follows 3 other communications concerning financial support for Freelancers on [23rd March](#) and [30th March](#), and again on [18 May](#) articulating our concern about the lack of parity between the SEISS and JRS.
6. This submission updates Government with findings from our survey of members and clarity on mid to long term support needed.

The Impact on Our Members

7. We recently undertook a survey to understand the impact of Covid-19 and the Government's support of freelancers on our membership. The survey represents 5% of our membership, and illustrators at all stages of their careers, from emerging graduates to established professionals.
8. Key findings are;

8.1 Impact on Income

73% respondent's income has decreased since the start of the pandemic. Unsurprisingly 97% of respondents are in some way concerned about the impact of Covid-19 on their household finances.

Extrapolating figures suggest our membership has lost income in the region of £5million due to Covid-19. The average loss was between £1,000 and £3,000.

8.2 Impact on Wellbeing

43% are highly or extremely concerned about the impact of Covid-19 on their wellbeing, and 91% are in some way concerned.

Overwhelmingly the impact on mental health was noted in an open question. Stress came from the financial impact, but also the uncertainty, challenging home environments and the juggle of work and childcare.

8.3 Support accessed through Covid-19

71% have not applied for a grant suggesting non-government routes are not a viable option.

42% do not think they are eligible for the Government's income support measures, with a further 27% not yet sure if they are.

62% do not think they will benefit from Universal Credit or the benefits system, with a further 27% not knowing if they are eligible.

60% do not feel the government is doing enough to support self employed workers and the organisations they work with. Only 7% think they are doing enough.

The main concern of the Government support cited was for those who are not eligible for SEISS as at the start of their careers ie those without a tax return.

8.4 Long Term Impact

There was significant concern about the long term impact of Covid-19 on the illustration industry. This can be seen in two ways;

1. Creative paralysis. Many spoke of being creatively paralyzed due to the situation. Others articulated how the lack of commissions, or cancelled opportunities was stalling their careers, stopping them from taking the next step in their professional growth.
2. Self-employed lag. It will take self employed creatives longer than PAYE staff to rebuild their work and their resources. Support must stay in place to support this rebuilding, but also proactively stimulate commissions being re-started.

Support in the short and longer term

9. We recognise the unprecedented support the government has provided for Freelancers and PAYE employees, however as our survey shows, this must go further. Many of our comments echo those of other creator organisations, including Society of Authors and ALCS.

SEISS

10. We appreciate the early roll out of the scheme, and how easy it is to use. However it is of utmost importance that the **scheme is extended in line with the JRS scheme**. Freelancers are not second class citizens and should be supported in the same way.
11. We ask that you revise the scheme to;
 - a. **Support the recently self-employed** on the basis of expedited 2019/20 tax returns. This is hugely important for creative professionals beginning their careers who will be the engine of our industry in the future.

- b. **Take gross income, not net profits into account.** The £2500 cap is in place, and it allows those with significant, justifiable outgoings to receive the support they need.
- c. **Tapering the scheme** so that there is no £50,000 cliff edge, understanding that those freelancers living in high cost areas may not have savings to draw on because of the cost of living.
- d. **Remove the 50% threshold** so that all income – both PAYE and freelance – is considered within the entirety of JRS and SEISS calculations during any second phase and that compensating payments omitted from the first phase are made to ensure that self-employed creative professionals are not disproportionately disadvantaged.

Limited Companies and Small Business

- a. The SEISS must be available to the self employed **operating through limited companies** and taking income through dividends, again with the £2500 cap.
- b. The 'Bounce Back Loan Scheme is welcomed, however as we noted in an earlier submission we have concerns about the 12-month interest-free period being too short in view of the time that it is likely to take for the creative industries to return pre-crisis levels. We ask that HM Treasury carefully considers an **extension of the interest-free period** to at least 24 months, and/or the introduction of a *de minimis* threshold above which repayments would be made.
- c. It is clear that the financial impact of Covid-19 will be felt most keenly in Q3 and Q4 of this financial year, and beyond. The support offered to small business, for example the VAT holiday and rate relief, **must be extended for 24 months** to allow these companies to become stable once more.

Mental Health

- a. It is clear that the mental health impact of Covid-19 is significant and may have a long term crippling effect on our industry. This must be addressed and we ask that funding is offered to **provide specific support to creative freelancers** who will experience very particular challenges in this area.

I hope that these insights are helpful. The range, and speed of support that the Government has offered to date has been hugely valued by those who can access it. I would be grateful for a response by [email](#) and would be delighted to engage further on these and other issues to find a solution to keep our wonderful industry thriving.

Yours sincerely

Ren Renwick
CEO