

**AOI Submission to the Post-pandemic Economic Growth
BEIS Select Committee Inquiry**
August 25 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. One-third of the UK's creative workforce are self-employed, and within illustration and our membership almost all are self employed. This is much higher than the national average of 15%.

The Financial Impact of Covid on Illustrators

5. The financial impact of Covid for illustrators is significant and stark. In a survey undertaken in May 2020 we evidenced that 73% respondent's income has decreased since the start of the pandemic. The average loss was between £1,000 and £3,000 over two months. Unsurprisingly 97% of respondents are in some way concerned about the impact of Covid-19 on their household finances.
6. There are significant concerns about the long term impact of Covid-19 on the illustration industry including;

Reduced Commissions. There is a decrease in commissions even after the economy reopens fully due to both lack of funds and risk aversion. Many illustrators were in a precarious financial position before the pandemic started, and do not have the financial resilience to withstand reduced or no income.

Creative paralysis. Many illustrators are creatively paralyzed due to the pandemic. The lack of commissions, or cancelled opportunities is stalling careers, and restricting professional growth and the ability to secure income. This links with considerable mental health concerns which threaten to undermine the UK's soft power of creative industries.

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.

7. The pandemic has exposed the fragilities that exist within the creative sector, which relies on employing many on short term, freelance and self-employed contracts.
8. Despite significant, and ambitious schemes many creative freelancers have not secured any or adequate financial support throughout the pandemic leaving them in a financially precarious situation.

Post Pandemic Support

9. The creative industries must be a priority area of focus for the government when planning the post-pandemic economy. By strengthening the system for the self-employed the government will prevent a similar situation arising if there is to be a second lockdown and lessening the impact on the welfare system.
 10. **Support for Creators not just Institutions.** The recent government bailout of £1.57 billion for the creative sector although welcome focuses more on protecting cultural institutions as opposed to creators.
 11. Likewise we welcome the establishment of a taskforce to aid the recovery and renewal of the sector. However we are gravely concerned that there is a blind spot for our, and other sectors which are unsubsidised and not directly linked to a live audience. We would urge the Commissioner to consider an avenue to hear the particular challenges faced by illustrators, photographers, authors and others.
- ⇒ We strongly urge the establishment of a UK Creators Council, comprising membership bodies able to speak on behalf of a vast number of freelancers to address this gap, and ensure policies are relevant and effective at this most crucial time.
12. **SEISS Scheme.** Many creative freelancers develop a portfolio career, balancing freelance and employed income. This has meant many fall between the Self Employment Income Support Scheme (SEISS) and Job Retention Scheme (JRS), resulting in having no support.

Those who are eligible for the SEISS suffer a further frustration that it has not been extended in line with the JRS (to August rather than October) suggesting a sense of inferiority for freelancers that does not reflect their importance to the UK economy.

- ⇒ This must be addressed and made equitable. It will take freelancers longer to rebuild their income compared to many salaried staff, and a tapering of support via the SEISS will ensure freelancers can continue to work long term.
- ⇒ Similarly, the government must take remedial action to address the gaps in the SEISS to make it fair, which we have consistently raised including;
- the 50% income threshold,
 - calculations being based on profits as opposed to gross income
 - the £50,00 cliff edge penalising those in high -cost areas of the UK
 - the exclusion of the recently self-employed
 - the lack of consideration of maternity / paternity and caring leave

13. Challenges for Small Businesses. In addition to creative freelancers, there are many small businesses (with under 10 employees, often less than 3) which will struggle due to lack of ongoing support. This will seriously compromise the resilience of the sector.

⇒ 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.

⇒ 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.

14. Communication. We have consistently raised many of these concerns, along with other creator-organisations, and have not had a response to understand why these have not be addressed.

⇒ We ask for this to be remedied so we can best understand the Government's approach and how we can constructively feed in to discussion.

Economic Sustainability for Creative Freelancers Going Forward.

15. Recovery Plan. There is a once in a lifetime opportunity for a radical, ambitious and creative plan fitting of the scale and importance of the UK's creative industries. We support calls for the development of an ambitious, specific, flexible DCMS Recovery Plan, backed by HM Treasury, aligned to a fresh Industrial Strategy to set a course for confidence, recovery and growth. Other countries, such as Germany, are already doing this, supported by substantial funding.

16. **Fair Terms.** The AOI is a member of the Creative Rights Alliance. We work to support creators when they sign new contracts. There is an inequality of bargaining power between individual creators and commissioners. We believe that creators should be treated fairly when they sign contracts¹.
17. **Copyright.** Copyright is one of the foundations of our successful creative industries, now more than ever with all the challenges of the online digital age. The UK must continue to maintain the highest Intellectual Property ('IP') standards during the crisis and following its exit from the European Union ('EU').
18. **Sick Leave.** The government must support creative freelancers, who do not have paid sick leave. This will mean any self-isolation or Covid-related illness will come at significant personal cost at a time they can least afford it.
19. **Diversity and Equality.** The pandemic will have an impact on the types of people who can successfully pursue a career within the creative industries. There is already an issue with diversity within the sector, particularly those from disadvantaged backgrounds.

A focus for post-pandemic planning for the sector should be on improving diversity within the creative industries by investing in widening participation schemes, mentoring schemes, diversity funding projects.

20. **Mental Health.** 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.

¹ <https://www.fairtermsforcreators.org/>