

# IMPACT OF COVID-19 ON DCMS SECTORS INQUIRY HOUSE OF COMMONS DCMS SELECT COMMITTEE

*Submission in response to call for evidence*



## About us

The Society of Authors ('SoA') exists to protect the rights and further the interests of authors across the United Kingdom. Founded in 1884, the SoA has more than 11,000 members who are professional authors across all areas of the profession from novelists, broadcasters and scriptwriters to textbook and ghost writers, illustrators and translators.

The SoA is also a founding member of, and provides policy support to, the Creators' Rights Alliance ('CRA'), comprising also of the National Union of Journalists, the Incorporated Society of Musicians, the Musicians' Union, the Association of Illustrators and the Writers' Guild of Great Britain. We are therefore well placed to discuss the impact of the current crisis on both the publishing and wider creative industries.

## Current challenges

The SoA's members have been badly affected by the coronavirus crisis and the creative industries sector, which contributed £111.7 billion in Gross Value Added to the economy in 2018 – up 7.4% on 2017 – has been particularly hard hit following the coronavirus outbreak. Contrary to popular impression, median earnings of a full-time professional author are now [less than £11,000 a year](#) as shown by the All-Party Parliamentary Writers' Group ('APWG') supported by the Authors Licensing and Collecting Society ('ALCS'). The SoA works closely with ALCS and supports its submission to the Committee.

The SoA particularly welcomes ALCS' observations surrounding the need to safeguard Copyright standards during the crisis and its call for the establishment of a UK Creators' Council. The SoA also supports ALCS' considerations about the Government's financial support measures in the wake of the coronavirus and the broader post-Brexit agenda, both of which are discussed further below.

## Government support

On 7 April, the SoA issued a [detailed submission to HM Treasury](#) expressing our difficulties with the Government's Job Retention Scheme ('JRS') and Self-Employed Income Support Scheme ('SEISS'), following our [evidence to the House of Commons Treasury Select Committee](#) on 31 March expressing our emerging concerns about the scheme designs.

Our concerns were subsequently borne out in a survey we conducted online between 7 and 14 April with a view to gathering evidence to further inform public policymaking. Summary data from the survey, which attracted 1,087 responses, are set out below for the Committee.

## Summary data

78% of respondents reported that they had had events cancelled, with 29% suffering as a result of commissions being lost. Only 26% of respondents expected their incomes to remain stable (23%) or improve (3%) in the wake of the crisis with 32% unsure as to how it stood to affect them financially. 42% reported that they expected to be worse off following the crisis.

In response to questions about the packages of support announced by the Government, 84% said they did not expect to benefit from the JRS and 85% reported that they would not benefit from changes to Universal Credit. A

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combined 85% said that they were either unsure as to whether they would benefit from the SEISS (26%) or that they would not do so (59%).

With 54% of respondents reporting that they earn more than half of their incomes from non-writing work, we expect a majority of authors not to benefit from the SEISS. The combined effect of the scheme requirements is proving prohibitive to our members, many of whom have low incomes, multiple sources of income and yet family savings above the Universal Credit threshold.

#### Survey conclusions

The findings support the SoA's concerns set out in our submission to the Chancellor and reflect our main policy concerns that the 50% income requirement for accessing the SEISS and lack of flexibility surrounding furloughing under the JRS effectively prevent authors with portfolio careers from getting the financial support they now need.

As to the wider picture, with one in three creative professionals now self-employed – more than twice in the economy at large – grants paid under the SEISS based on three-year mean 'profits' will not help those such as illustrators, artists and musicians with significant rental and other commercial overheads, notwithstanding the introduction of the Government's 'bounce back' loans from 4 May. Although we would ask that the Committee to read our submission to the Chancellor in full, further detail on these items can be found at paragraphs 1-5 (SEISS concerns), 8 (JRS and furloughing) and 14 (termination of contracts) for ease of reference.

The SoA plans to repeat its survey at intervals over the coming months to chart the ongoing impact of the crisis and effectiveness of Government support on offer. If helpful, arrangements for providing further data to the Committee can be made by contacting our Public Affairs Manager [Eddie Reeves](#).

#### General observations

In the immediate term, authors are understandably concerned about supply difficulties and lost sales following the crisis. Most cannot absorb these losses and, with many reliant on royalty income, they now also risk falling between gaps in Government support.

The SoA is equally concerned about maintaining a viable and diverse publishing industry following the crisis so, as well as pushing hard for the Government to do more to ease the financial burden on authors and creative freelancers, we would ask the Committee to push for more effective support for smaller and independent bookshops, and to more closely consult with the SoA, Booksellers Association and others, about revisions to current lockdown measures when it is safe to do so. We would also ask the Committee to consider the Publishers Association's recent work surrounding publishing houses, many of which are falling between gaps in the Government's suite of commercial policies.

#### Post-Brexit policy concerns

In addition to our immediate concerns following the coronavirus outbreak, the SoA has several [post-Brexit policy](#) areas on which we would like to see the Government take action with particular urgency, given the severity of the crisis and ensuing uncertainties. These include:

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1. **Copyright protections:** it is important that the UK continues to maintain the highest Intellectual Property ('IP') standards during the crisis and following its exit from the European Union ('EU'). Notwithstanding the political difficulties, the SoA is clear that it would be commercially better for the country to adopt or align with new standards ahead of implementation of the Copyright Directive by the EU27 on 7 June 2021.

The SoA believes that our EU trading partners are likely to insist on the UK applying law analogous to the Directive when negotiating trade deals in order to safeguard IP standards and maintain a well-functioning market. If the UK fails to enact it – or align with its rules – we could risk losing trade to the detriment of UK publishers and authors as we emerge from the crisis.

Notably, the Government supported the Directive when it was originally passed and, in the SoA's view, it would be far less time-consuming to transpose it than to consider Copyright in isolation when negotiating multiple trade deals. Given the long lead times in the publishing industry and the scale of the current crisis, clarity on this important issue is now a greater concern than ever.

2. **Taxation:** the SoA welcomed the Chancellor's announcement that the Government would remove VAT on certain digital publications from 1 December in his March budget. We would ask the Committee now to consider advocating that this be extended to audiobooks following the crisis as there is little justification in policy terms for ebooks to be exempt in time for the Christmas rush, with audiobooks continuing to be subject to a 20% charge. This would be a affordable stimulus in fiscal terms but one of potentially great significance to the publishing industry.
3. **Freedom of movement:** as an active member of the Creative Industries Federation ('CIF'), the SoA supports the CIF's recent efforts to ensure that authors, musicians and writers – and those who support them – can continue to work freely across the EU once the Implementation Period has ended.

With 95% of creative businesses employing fewer than 10 people and operating on a project-by-project basis, it is vital that new immigration rules are easy to navigate, if the creative industries are to recover quickly following the crisis. The SoA shares the CIF's concerns about the proposed operation of Tier 2 and Tier 5 visas, in particular, and this is a subject to which the Government must quickly return as the end of the Transition Period nears and with industry revenues devastated following the crisis.

#### Authors Emergency Fund

Whilst writing, we are pleased to report that the SoA has been overwhelmed with support from industry colleagues (including ALCS) and individuals contributing towards our [Authors' Emergency Fund](#), which is set to provide desperately needed grants to authors in financial difficulties following the outbreak of the coronavirus. At the time of writing, we have raised nearly £1 million and we would welcome any support from the Committee in publicising this vital initiative.

#### Further evidence

For further information about this submission and to arrange for oral evidence to be taken, please contact Chief Executive [Nicola Solomon](#) and Public Affairs Manager [Eddie Reeves](#).

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Embedded links

Earlier references to our submissions and to the APWG's report on authors' earnings are embedded as links in this document and will take the reader through to the SoA website and to the APWG's respectively. Names highlighted in this report contain embedded 'mailto:' links.

**Submitted by [email](#) and via the portal  
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