This briefing was prepared by the Incorporated Society of Musicians (ISM), the UK’s oldest professional representative body for musicians, ahead of a debate in the House of Lords on 12 March about the 2021 Budget. For more information please contact Liam Budd, Senior External Affairs & Policy Manager at liam.budd@ism.org.

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1. Supplementary Questions

The extension to both the Coronavirus Job Retention Scheme (CJRS) and the Self-Employed Income Support Scheme (SEISS) announced in the 2021 Budget are welcome measures that protect jobs and livelihoods. However, many self-employed people are still unable to access the support they need and have been without meaningful income for almost a year. Will the Government expand the eligibility criteria to help those who remain unable to access the Self-Employed Income Support Scheme?

A major barrier to the return of live performance, is the failure of the commercial insurance market to offer suitable cancellation policies. Will the Minister commit to implementing a Government-backed reinsurance scheme for live performance, following the precedent of the Film and TV Restart Scheme?

The additional £300 Million to the Cultural Recovery Fund is a welcome measure that supports organisations in the cultural industries. However, much of this funding has failed to reach the creative freelancers who greatly contribute to organisations’ international success. What steps will the Government now take to ensure that arts funding already distributed through the Cultural Recovery Fund goes into the pockets of freelance musicians and other performers, and will it match additional funding for creative freelancers in line with the devolved nations, such as the recent Welsh Government’s extra support of £8.9 million?

The Chancellor’s recent Spending Review represents a positive step towards the Government’s pledge to level up the country. Theatres and music venues are crucial to unlocking spending in other sectors. How will the Government ensure that cultural institutions are prioritised by councils in their bids for the Levelling Up Fund and will the Minister ensure this money reaches the cultural sector?

It is extremely encouraging that venues can open their doors from the end of April at the earliest. However, the Budget failed to provide the financial security for venues to cover the shortfall in ticket sales due to reduced capacity audiences. This will make it unviable for many venues to stage live performances. Will the Government explore ways to support venues financially until they can safely return to full capacity later in the year?
2. Introduction

Before the current crisis, our sector was thriving, making a positive contribution to the nation’s wealth, health and well-being. Music contributed £5.8 billion to the UK economy in 2019 and employment in the industry hit an all-time high of 197,000 in 2019 (UK Music). However, with almost all live performance suspended, the ONS found that the arts, entertainment & recreation is the worst affected sector by coronavirus (ONS). As a result, one recent survey found that 64% of UK musicians are thinking about leaving the sector and 41% had not received any Government support during the pandemic (Encore).

In the 2021 Budget, the Chancellor announced an extension to both the Coronavirus Job Retention Scheme (CJRS) and the Self-Employed Income Support Scheme (SEISS), until September 2021. This was a welcome lifeline for many, but these schemes are only accessible to those who meet the eligibility criteria. While an estimated 600,000 newly self-employed can only now access the grant, many more self-employed workers continue to be excluded.

Although more than £300m of extra funding to the cultural recovery fund was announced in the 2021 Budget, this package was not sufficient to address the needs of at least 700,000 creative freelancers. Furthermore, the 2021 Budget did not adopt crucial measures necessary for the live performance sector to return safely when restrictions are eventually eased, including the introduction of a Government-backed reinsurance scheme and new tax relief measures. In addition, the Chancellor did not introduce financial support measures for venues needing to open under reduced capacity, threatening the viability of many venues across the UK.

3. SEISS

The coronavirus pandemic has had a devastating impact on the music sector and its workforce. Therefore, the SEISS has been a vital lifeline for eligible musicians. However, our research found that one-third of musicians did not receive SEISS generally and 60% of performers specifically said they faced significant financial hardship as a result. A recent survey conducted by the Creative Industries Federation found that, since the start of the pandemic, 63% of creative practitioners and organisations have seen their turnover decrease by more than half, with creative freelancers seeing the biggest drop in revenue (CIF).

Aiding a further 1.3 million self-employed people would add just 1% of the total cost to date of the current SEISS and furlough support schemes, according to the Institute for Fiscal Studies.

The ISM believes the Government should lower the threshold of income from self-employment from 50% to 25%. This is because our research found that nearly two-thirds of survey respondents said they were not eligible to receive the SEISS because less than half of their income came from self-employed work. In addition, we recommend removing the £50,000 cap on earnings, which has no equivalent cap for the furlough scheme.

Finally, the Government must either extend the eligibility criteria or develop suitable alternative support for individuals who operate under a Limited Company and take dividends. Similarly, the current system does not fairly calculate the level of support for graduates, those who have been on sick leave and those who have otherwise returned to work recently.
4. Insurance and tax relief

A major barrier to the return of performance, is the failure of the commercial insurance market to offer suitable cancellation policies. We believe that the £500 million Restart Scheme for Film and TV which helped delayed productions obtain insurance has set an important precedent (UK Gov). We are now calling for an equivalent Government-backed reinsurance scheme for live performance.

Promoters and venues would pay into a dedicated fund, to be matched by the Government, in addition to an additional premium paid by the insurance industry. UK Music estimated that a £650 million fund would allow £2 billion worth of activity to go ahead (UK Music). By comparison the German Federal Government pledged €2.5 billion to insure events for the second half of 2021 (accessaa) while Austria and the Netherlands have both invested around €300 million in similar schemes (IQ).

We are also proposing the creation of a new tax relief for live music, touring and new compositions. This would follow the regulatory elements of the Theatre Tax Relief. These would cover:

- The production costs of musical performances including commission fees for new music, production costs for a new presentation of existing works, music hire and copyright licences.
- New presentations of existing music and performances of new music and support orchestral concerts.

5. The Cultural Recovery Fund

In July 2020, the Government announced a £1.57 billion financial support package for the arts sector recovery and an additional £300m was announced in the 2021 Budget. Although welcome, this is insufficient in addressing the needs of at least 700,000 creative freelancers. That is because to date, they have received little from the funds allocated to institutions and venues. However, the devolved nations have set a precedent for directing funds to individuals, and the ISM is calling for the Government to match this example. On 10 February 2021, the Welsh Government announced it will be directing a further £8.9 million from the cultural recovery fund to support creative sector freelancers (Welsh Gov). Best practice from the devolved nations on urgent financial support for creative freelancers should be adopted in England.

The Cultural Recovery Fund is also insufficient for funding the long-term return of live performance. Many venues already operated on tight profit margins due to high operating costs. That means that much of the funding received so far kept them afloat and more support will be required to cover the advance costs of re-staging performances. But future ticket sales will be reduced to an unsustainable level due to social distancing restrictions and audience confidence. Without effective national measures, music organisations have offered small emergency funds and crowdfunding campaigns, but these cannot sustain an industry in crisis. Therefore, additional funding is needed to cover the shortfall in reduced capacity ticket sales until venues can safely return to full capacity later in the year.