

The Rt Hon Rishi Sunak
Chancellor of the Exchequer
House of Commons
London SW1A 0AA

15 April 2020

Dear Mr Sunak,

I am writing to you on behalf of the Association of Photographers (AOP), a trade association representing some 3,500 members. The majority of our members are photographers and people working in the creative industries and of those 3,500, a significant proportion (around 45%) operate their businesses as sole-director limited companies, also known as Personal Service Companies (PSCs), either at the suggestion or requirement of their clients or their business advisers.

We are greatly concerned that the level of support currently available to the UK's self-employed and freelance creative workforce in relation to COVID-19 pandemic, whilst appearing to be generous and comprehensive in some areas, is not addressing the needs of a large proportion of our members, and of the creative industries as a whole.

We know from speaking with our members and with other trade associations and industry bodies, such as IPSE, the NUJ, the Creative Industries Federation, BECTU, and the Federation of Small Businesses to name but a few, that as many as 50% of businesses in the creative industries sector operate as PSCs with a sole director/employee structure.

Currently, the only viable option for support for these businesses at this time, is the Job Retention Scheme which allows those sole directors to furlough themselves. However, A vast proportion of these sole-director limited companies or PSCs exist because those businesses' clients prefer to trade with limited companies, as it simplifies and clarifies the working relationship and removes any possibility of the contracted business being seen as having any employment rights from the contracting company. These businesses are also often structured to be tax-efficient and pay a salary as a combination of PAYE and dividends. This is a perfectly legitimate standard practice – indeed many of those setting up such companies will have been advised to do so by their accounting and business advisers.

Businesses structured in this way are at a major disadvantage as the requirements of the furlough scheme precludes the director from any activity of a commercial nature in connection with their business. They are allowed to undertake minor statutory and legal obligations such as filing accounts or certain administrative work, but a business with two or three employees would be able to furlough all except one, and maintain a competitive advantage throughout this crisis, the result of which would be, post-pandemic – a lack of diversity in the structure and size of businesses operating in the creative industries.

The structure of the financial support package in only considering the PAYE element of an employee's pay (not dividends) also places those running PSCs in an invidious position. There is nothing available to them that places them on a par with any other worker in relation to the support packages currently on offer.

The Association of Photographers Limited.

Head office & registered address: Somerset House, South Wing, Strand, London WC2R 1LA
Telephone: +44 (0)20 7739 6669 email accounts@aophoto.co.uk <http://www.the-aop.org>

Registered in England No. 104 3846

We implore you to reconsider the structure and methods by which this support has been constructed, as a huge number of individuals, not just in the creative industries, but anyone operating a PSC, are being discriminated against and are feeling the impact, economic and otherwise, of this crisis like nothing before in living memory.

We are also aware that a very small percentage of businesses (around 2%, from what we understand) have been able to take up the support packages on offer and that any delays in getting the support to the 'front line' need to be measured in days, not weeks, if viable and profitable businesses are to survive. The current approach by the banking sector has been less than helpful and any barriers to the loan and grant support you have made available need to be removed as a matter of utmost urgency. We cannot stress enough that this is of paramount importance and if we can be of any assistance in connecting financial support with those most in need of it, please do let us know.

We have expressed our concerns to the Treasury Select Committee in both their recent Call for Evidence and for Further Feedback on the support packages made available, but we wish to express them directly to you here as well.

We understand that creating schemes of support for workers of all types is a hugely complex task, but you have huge resources and skills available to you and your department and it cannot, must not, be beyond the wit of man to devise support that caters for all. We are hugely concerned that without a change in current thinking, a large number of businesses will not see the light of day on the other side of this crisis, and the UK's creative industries (a massive success story, should you need reminding) will be the poorer for it, as will our economy as a whole.

Yours sincerely,

Seamus McGibbon