Creative Industries
Policy & Evidence Centre
Led by nesta

Insights for policymakers
Freelancers in the creative industries

One of the defining features of the creative industries is a high reliance on freelancers - whether that is in film, design, tech or the arts. 32% of the creative industries workforce as a whole is self-employed (including freelancers), compared with 16% of the UK workforce (Oct 2019 - Sept 2020, DCMS, 2021). There are several reasons why this is the case. The creative industries function by nature on the basis of "project-based production systems", where different skills are required for different productions and creativity benefits from collaboration and access to networks. Additionally, as emphasised by PEC industry panellists, some freelancers have chosen this work-model as a way of life because they enjoy the benefits and flexibility that come with it.

> **Quick statistics on freelancers from the PEC's Creative Radar survey data (as of March 2020, pre-Covid):**
> - 76% of creative industries companies in the survey had worked with a freelancer in the past year;
> - 41% of companies worked with as many or more freelancers than they had employees;
> - 47% of supermicro (1-5 employees) companies worked with more freelancers than they had employees.

In fact, across the whole economy the last decade has seen a rapid growth in self-employment, with self-employed people representing 15.3% of employment in 2019, up from 12% in 2000.

Yet, despite being an essential and growing part of the workforce, creative freelancers are poorly served by many parts of the policy infrastructure.

This briefing sets out how some of the research published as part of the PEC's 'Freelancer Fortnight' can help policymakers to better understand this part of the economy.

Undervalued, misunderstood and unequal

Whilst there have been several high-profile reviews of employment status over the past decades, the most recent - the Taylor Review of Modern Working Practices - focussed heavily on the new gig economy, typified by drivers working for companies like Deliveroo or Uber. Creative freelancers have told us that they felt left behind by policymakers - with one self-employed worker suggesting that HMRC in particular needs to revisit their relationship with the creative self-employed. This lack of sensitivity is not only felt by freelancers in relation to the UK Government: data collected by the Federation for Small

Businesses found [only a fifth of Scottish freelancers surveyed thought that the last Scottish Government valued their contribution](#).

Whilst a significant amount of data is collected by governments on employment status there is still limited evidence on the complex working practices and business models of the self-employed, as highlighted in our commissioned work from [Coventry University on the 'Contribution and Challenges of Creative Freelance Work'](#). This means that policymakers struggle to understand the impact of their reforms on a diverse group of people.

It also means they struggle to reach their intended audiences with those policies they do introduce. For example, some self-employed creatives, speaking as part of the [PEC's industry panel on freelancers](#) told us that during the COVID-19 pandemic they "*didn't realise [what emergency support was available]... because they didn't see themselves as a business*".

> **Policy recommendation**: UK Government should consider [calls for a Freelance Commissioner](#) to build more resilience in the UK's self employed workforce. One of the primary ambitions of this Commissioner should be to improve national data collection on types and structures of self-employment. Another aspect of this role might be to come up with a strategy to ensure clear government communication of key policy initiatives to a fragmented freelancer workforce.

Where freelancers lose out

As a result of this de-prioritisation and misunderstanding, freelancers and the sectors who rely on them lose out in major policy initiatives. Three examples of this are given here:

1. Skills policy
In recent years, [policymakers have acknowledged the need for lifelong learning programmes to support career development](#) from playground to pension. Despite this, skills policies have not often been aimed at the self-employed workforce.

[Research commissioned by the PEC on freelancers in the Scottish screen sector](#) has shown that those who participated in bespoke sector-specific trainee schemes over the past four decades had longer careers than those who had not (the researchers were able to track trainees' careers from specific years, showing that those who went on a sector-specific training scheme in 1978 went on to enjoy a mean length of career of over 26 years, those from 1979 for 19 years, and those from 1981 for 29 years - all much longer than their peers).

The success of the sector-specific programme detailed in this paper contrasts with [the difficulties the sector has had in adapting economy-wide programmes like the apprenticeship levy](#). These include issues around duration of placement, requirements around on-the-job training and capacity to provide necessary support, as described in the [PEC's Evidence Synthesis on skills, talent and diversity](#). These issues have led to relatively low take up of the apprenticeship scheme and only recently has the sector been allowed the greater flexibility and funding support needed for new delivery models to be introduced.

> **Policy recommendation**: Across the UK, no National or UK-wide skills policy should be written without fully recognising the structures, opportunities and limitations of freelance work.

Whilst the UK Government's 'Plan for Growth' mentions the UK-wide supports for self-employed people during the COVID-19 pandemic, it will be critical to ensure that the skills interventions that are mentioned like 'employer-led skills bootcamp' do not disadvantage those sectors that are most reliant on freelancers.

Devolved administrations and arms-length bodies should consider either introducing, or ensuring they sustain, bespoke sector-specific trainee schemes. Governments should make sure they do not crowd out effective initiatives with new generic interventions like the apprenticeship levy which may not suit the needs of every sector.

2. Immigration policy

In any sector, improving the skills base can boost productivity, and so it is perhaps no wonder that companies are so keen to advocate for their corner of the economy when it comes to immigration. But the reality for the UK's creative industries is that their needs are different from the rest of the economy.

PEC and Creative Industries Council research has shown that, unlike the rest of the economy, the most severe skills shortages within the creative industries are in high skilled occupations such as programmers, software developers, architects, and designers. These roles are also very likely to be dominated by the self-employed: prior to Brexit, we estimated 10% of employers in the creative industries had hired a freelance worker from the EU in the past 12 months.

Despite evidence on the importance of EU freelancers to UK creative businesses, the UK's post-Brexit immigration system currently has limited pathways of entry for skilled freelancers, unless they are deemed 'exceptionally talented' or have a significant amount to invest in a new business.

However, the Government now has a chance to change this. The Budget announced additional changes to the UK's immigration system, including the introduction by March 2022 of 'an elite points based visa' and a reform of the Global Talent Visa. Both of these policies are aimed at attracting and retaining "the most highly skilled, globally mobile talent – particularly in academia, science, research and technology – from around the world".

Policy recommendation: This 'elite points based visa' and 'Global Talent Visa' offer an important opportunity to ensure that skilled freelancers are able to work in the UK, particularly those at the same skill-level as their full-time employed counterparts. These changes to the current immigration policy should be made with the economic needs of sectors like the creative industries in mind, and must address the skills demands of sub-sectors like design, screen, and the arts as well as of digital or science-focussed businesses.

3. Emergency support during the COVID-19 pandemic

COVID-19 has exposed the extent of structural challenges in the workforce and the inadequacy of current policy, but it did not cause them. And whilst self-employed people across the creative industries have struggled, those in some sub-sectors have fared far worse than others.

PEC analysis of the Labour Force Survey in partnership with the University of Westminster and the Economic Statistics Centre of Excellence shows that whilst those employed in occupation groups like 'IT, software and computer services' and 'Publishing' appear to have fared better than the non-creative workforce, other creative occupation groups have been harder hit. Most notably, the 'Music, performing

and visual arts' workforce experienced a fall in employment of 68,000 and hours worked by those who kept their jobs fell on average by 35%.

There are also fears in the arts sector that they will not be able to 'bounce back': research on the theatre industry from Freelancers in the Dark found that 72.4% of respondents felt more or much more pessimistic about their future as a theatre freelancer as they told the research team about hardship, loss of income, and the loss of identity linked to a loss of work.

The screen industry has also struggled during COVID-19, with cinemas closed and production halted during the first lockdown. In Scotland, our latest commissioned research found that the generic government support schemes had not met the needs of the screen industry freelancers in their sample.

On February 10th the House of Commons Treasury Committee published the latest report of their inquiry into the economic impact of coronavirus. Their earlier June 2020 report focussed on the gaps in support for workers and highlighted "*freelancers and those on short-term contracts*" as one of 4 groups at risk of being "unlikely to be eligible for either of the Government's two principal income support schemes" - the Coronavirus Job Retention Scheme (CJRS) and the Self-Employment Income Support Scheme (SEISS). Their latest publication reiterates the fact that "*there are a large number of freelancers who continue to miss out on support*".

As these schemes come to an end, it will become even more critical that the Government develops a long-term roadmap to recovery which puts the freelance workforce at its heart.

> **Policy recommendation**: In ongoing support following the COVID-19 pandemic, governments need to recognise the diverse nature of the freelancer workforce, and the specific needs of creative freelancers in sectors that are both the secret of the UK's creative success but also the most vulnerable parts of these sector's workforces.

Freelancers and diversity

In the PEC's Industry Panel we heard that when considering those who have lost work in the pandemic, it is vital policymakers investigate the background, gender and ethnicity, as well as age, disability and caregiving responsibilities of those who are no longer in work. One panellist expanded on which demographics had been hardest hit, describing how '*everyone I know that went off to be Hermes delivery drivers were all at the beginning [of their career]. They're all starting out, they're all more working class and they haven't got networks*'.

Research, from our project with the Centre for Cultural Value and the Audience Agency has also uncovered how unequally the costs have been borne across different groups. It showed that the number of freelancers working in creative occupations aged 25-29 and 40-49 saw particularly steep declines (from 30,000 to 20,000 and 50,000 to 38,000 respectively). It also provides more detailed early data on the impact on different groups within sub-sectors. For example, by using data on the screen industry it indicates a staggering 51% fall in the number of female freelancers in 2020, compared with a 5% decline for men.

This echoes research on the status quo prior to the pandemic, including [PEC commissioned work on the Scottish Film Industry](#), which highlighted a need to introduce strategic policies to improve diversity of recruitment and support career resilience specifically amongst the self-employed.

As lack of understanding of the self-employed seems to have driven inconsistencies of approach from the Government. For example, PEC industry panellists suggested to us that the UK Government needs to consider how childcare guidelines can be changed as the lockdown eases to allow better access to support networks for the self-employed.

> **Policy insight**: Freelancers are the canary in the coalmine for the economy, whether in creative roles or not. As policymakers consider impediments to a diverse and inclusive workforce, they need to consider particular challenges facing the self-employed which are an essential part of the talent base in sectors like the creative industries. Although this briefing is aimed at policymakers, a parallel PEC research strand [highlights the industry change needed in this area](#).

Conclusion

The issues facing the self-employed are more significant than the failure of any single policy: they are long-term and systemic. With freelancers making up a significant part of fast growing sectors like the creative industries, helping the self-employed get back on their feet should be an important priority for policymakers as we emerge from this crisis. Governments need to take the necessary steps to ensure that they fully understand their working practices and business models in order to design policies which are fit for purpose. That is not to say that immediate actions are not needed now: urgent intervention is needed in the areas of COVID-19, skills and immigration policy in particular. However, action will need to go even further in order to ensure that similar inconsistencies of approach do not emerge in other policy areas which impact on the workforce.

> **What are creative freelancers:**
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> The Government defines someone's employment status as self-employed if they run their business for themselves and take responsibility for its success or failure. The term 'freelancer' is less clearly defined. It is sometimes used as a subcategory of self-employment - for example in the Labour Force Survey where respondents can choose to select it as one of up to four terms to describe their employment status. IPSE (the Association of Independent Professionals and the Self-Employed) have defined freelancers as those self employed people working in highly skilled managerial, professional and technical occupations; this includes occupations from lawyers and accountants, doctors and scientist, writers and designers to high level managers and directors, to list a few.
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> In practice they are often treated as synonymous with self-employment as a whole, as is the case in this briefing.

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