



Joint Statement on Universal Credit by SAU and AUE
October 2015

Scottish Artists Union & Artists' Union England jointly represent thousands of professional artists and makers throughout the UK. These are highly educated and skilled workers, who contribute greatly to culture, society and the economy as a whole. The precarious nature of employment for this group of workers, who are generally self-employed or working in a freelance capacity, means that they are particularly susceptible to changes in the taxation and benefit systems. We believe that the stringent enforcement conditions of Universal Credit will result in far greater hardship and debt for artists and makers, in receipt of top up benefits.

Universal Credit is the Conservative Party's flagship welfare reform, claiming to be the Government's key reform to tackle the two key problems of poor work incentives and complexity of the benefit system. It claims it *"will enable the system to help people to move into and progress in work, while supporting the most vulnerable. It will be simple to understand and administer and it will protect both the welfare of those most in need, and the public purse. It will be a dynamic benefit, preparing the claimant for work wherever possible".**

The Welfare Reform Act 2012 sets out to make "benefits and tax credits fairer" through Universal Credit. AUE & SAU do not believe this new system will be fairer or simpler to administer and have many concerns around Universal Credit and its implementation.

SAU know from their recent membership survey that

78% of SAU members are self employed

88% earn less than £10k per year from their practise and that

67% are in receipt of working tax credits

Many artists including those with children, are currently in receipt of top up benefits, and we believe that the introduction of Universal Credit will have an extremely negative financial effect on artists, and will be extremely detrimental to the fragile ecology of the artistic community.

We believe that Universal Credit raises complexities for artists, many of whom are claiming benefits to subsidise the low pay (if any) earned from their arts practice. Creative work doesn't always pay, and the conditionality of Universal Credit is likely to make it more difficult for artists to justify their labour when it is only being valued in economic terms. It is therefore more likely that artists will be forced to take on paid work in other sectors to the detriment of their practice.

- The Government is looking to impose a minimum level of assumed earnings based on hours worked & the minimum wage; we believe this is incompatible with the already precarious and low-paid nature of artist's labour.

- The precarious nature of freelance work is reflected in the frequently inconsistent payments and may give a false impression of earnings, particularly if they are to be assessed on a monthly basis and equated to 35 paid hours per week at minimum wage rates.
- This inconsistent nature of the earnings of freelancers is not compatible with the need to submit monthly accounting figures. This is particularly challenging as –
 - There is a high incidence of project based contracts and commissions amongst artists where income and expenditure aren't spread evenly across the months.
 - Project grants and funding awards are paid as lump sums, not as monthly payments.
- The need to prove gainful self employment will directly or indirectly affect the already low income of many people working in the creative sector. The criteria and timeline for assessing gainful self employment are more restrictive than HMRC guidelines on average hours devoted to business and trading at a loss.
- New claimants will need to demonstrate gainful self-employment and will be expected to attend a work focused interview. We believe that without any specialist knowledge on the part of the interviewer, this could be particularly problematic for artists and creatives, in order to justify what they do and how they earn their income
- A strict 7 day window each month to report earnings may become an unnecessary administrative burden, particularly for early career artists
- Applicants could wait for up to 8 weeks before payments are made, causing further debt and financial hardship.
- Sanctions are expected to be tougher, and as these will now affect Housing Benefit payments, this will cause further instability to artists many of whom work from home, and is likely to push artists into low-paid work in other sectors.
- The TUC together with Women's Aid have drawn attention to a potential increase in Financial Abuse as a result of Universal Credit, as money is paid to only one claimant per household.

AUE & SAU call on the Department of Work & Pensions and Work and Pension's Committee to revoke Universal Credit and implement a workable Welfare System that is fair and just, and in particular, reconsider the current proposed system as it affects self-employed artists/creatives.

**Point 3 Explanatory Memorandum for the Social Security Advisory Committee
Universal Credit Regulations 2012*

For the meeting of the Social Security Advisory Committee on Wednesday 13 June 2012

Department of Work & Pensions

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