



## **Equity Briefing on the Suspension of the Minimum Income Floor (MIF)**

1. Equity represents over 48,000 actors and creative professionals working across the UK's entertainment, arts and creative industries. Very little permanent employment exists in the sector and consequently the vast majority of our members are self-employed for tax and welfare benefits purposes.

2. During the COVID-19 crisis the usual rules applicable to the self-employed under Universal Credit were modified.

These changes were brought in by The Universal Credit (Coronavirus)(Further Measures) Regulations 2020 SI 2020 No.371. See link:

[Social Security \(Coronavirus\) \(Further Measures\) Regulations 2020](#)

Particular powers were given under Regulation 2 of these regulations to amend or suspend the operation of the Minimum Income Floor (MIF) in Universal Credit.

There are similar powers to amend gainful self-employment (GSE) determinations, start up periods and work search and work availability requirements.

These powers were originally due to cease on 13<sup>th</sup> November 2020 but they were extended to end of April 2021 and then until 31<sup>st</sup> July 2021 via the [The Universal Credit \(Extension of Coronavirus Measures\) Regulations 2021](#)

3. The government has now announced that the powers will be extended by a further period of one year up until July 2022 but the revised measures which come into force at the end of July 2021 give work coaches wide discretions to re-impose the MIF:

[The Universal Credit \(Coronavirus\) \(Restoration of the Minimum Income Floor\) Regulations 2021 \(legislation.gov.uk\)](#)

In particular Regulations 2(2) - 2(4) of the new regulations state:

(2) Where the MIF easement is being applied to a claimant on the coming into force of these Regulations, the Secretary of State must, subject to paragraph (3), cease to apply that easement from the assessment period immediately after the assessment period in which the following conditions are met—

(a) the Secretary of State has determined that the claimant continues to be in gainful self-employment; and

(b) if the claimant was in a start-up period on 13th March 2020(7), the same number of complete months of that period that remained on that date have elapsed since the determination in subparagraph (a).

(3) The Secretary of State may continue to apply the MIF easement after the assessment period in which the conditions mentioned in paragraph (2) are met, but only if it appears that the trade, profession or vocation carried on by the claimant remains adversely affected by the outbreak of coronavirus disease, and not for more than two consecutive assessment periods on a single occasion and not for more than six assessment periods in total.

(4) The Secretary of State may, if satisfied that economic conditions have sufficiently improved, determine that the MIF easement is no longer to apply to any claimant.

So work coaches may simply re-impose the MIF from the time they consider that economic conditions have sufficiently improved – there is no consideration here of the conditions obtaining in any particular sector.

In addition, the DWP have provided no clarity on what factors work coaches will need to bear in mind in making these judgements and how they will be expected to apply these in individual cases.

4. Equity has long campaigned for the abolition of the minimum income floor and welcomed the government's decision to suspend it during the current crisis period in the industry. The effects of applying the MIF are unduly harsh to the self-employed with variable and unpredictable income as is common in our industry.

The MIF assumes an income for those self-employed who are deemed GSE irrespective of whether that income is being received in a particular month. It is based on the National Minimum Wage (NMW) and in a typical case would result in an assumed income of 35 x NMW per week. This equates to £311.85 per week or £1351.35 over a Universal Credit monthly assessment period.

The MIF creates artificial cliff edges forcing our members into rent arrears and hardship in periods when they have reduced or nil income. The stated rationale for the MIF was to reduce cases of fraud and weed out 'hobbyists' who are unable to sustain themselves in self-employment. But it fails to address the issues of those self-employed with fluctuating income and treats them as though self-employment had the same regular monthly income pattern as employment.

Our view is that the gainful self-employment test on its own should be sufficient if properly administered by DWP staff trained in and aware of the work patterns of the self-employed, including those in our industry.

5. A simple example illustrates the problem the MIF creates for our members:

a) No MIF applied:

Glenn is a self-employed actor aged 45. He lives on his own and rents a one bedroom private rented flat. His Local Housing Allowance is £1000 per month. He has received £1500 in his most recent assessment period from film and theatre work, including royalty and residual payments. He receives no other income. He has incurred £400 in expenses in the same assessment period, and paid £100 into the Equity Pension Scheme, leaving his gross profit from UC for this assessment period as £1000. His maximum UC award is calculated as follows:

<b>Standard Allowance (single claimant aged 25 or over)</b>	<b>£ 411.51</b>
<b>Housing Costs element</b>	<b>£ 1000.00</b>
<b>Maximum UC award</b>	<b>£ 1411.51</b>
<b>Less 63% of earnings (63% of £1000)</b>	<b>£ 630.00</b>
<b>UC award (£1409.89 - £630)</b>	<b>£ <u>781.51</u></b>

If Glenn were to not earn anything in the next assessment period, he would receive the full UC award - £1411.51.

b) MIF applied:

<b>Standard Allowance (single claimant aged 25 or over)</b>	<b>£ 411.51</b>
<b>Housing Costs element</b>	<b>£ 1000.00</b>
<b>Maximum UC award</b>	<b>£ 1411.51</b>
<b>Less 63% of earnings (£63% of £1351.35 MIF applied)</b>	<b>£ 851.35</b>
<b>UC award (£1411.51 - £851.35)</b>	<b>£ <u>560.16</u></b>

**Note: - the starting MIF figure is modified by notional deductions of tax, Class 2 and Class 4 NICs amounting to £127.10 in that month.**

So Glenn is £221.35 worse off than if the MIF had not been applied, or if his earnings had been received on an employment basis.

But more seriously in a month when he does not receive any earnings, the MIF would *still* be imposed and Glenn's UC award stays the same, rather than him receiving his maximum UC award.

Therefore, not only do GSE self-employed claimants generally receive lower UC payments than the employed, in lean months when support is needed even more, they receive even less.

5. The re-imposition of Minimum Income Floor during this crisis period in the industry could have a disastrous effect. It is clear from the evidence already assembled that the recovery is going to be a long and slow one particularly in the live performance sector.

This was clear from our evidence to the Digital, Culture, Media and Sport Committee (<https://committees.parliament.uk/publications/2022/documents/19516/default/>) and other studies including the Creative Industries Federation/Oxford Economics report on The Projected Economic Impact of Covid-19 on the UK Creative Industries (<https://www.creativeindustriesfederation.com/publications/report-projected-economic-impact-covid-19-uk-creative-industries>).

We acknowledge that the government has announced some measures that will assist venues to remain open going forward and film production to go ahead. So we warmly welcome the £1.57 billion support package announced last July and the £500 million pound insurance fund for film and TV production. But in the meantime many productions have been suspended or cancelled spelling a serious loss of job opportunities for our members and there is a real fear that a lot of talent will be lost to the industry. There is already evidence that is happening from calls and contacts to the union.

Given also that many members have been unable to access government support in the shape of the Self-employed Income Support scheme (SEISS) they have become more reliant on social security than has been the case for many years.

6. The government has in the past recognised the need to sustain employment in the entertainment industry in order to preserve its competitiveness and world-leading status. It was with that in mind that it agreed amendments to the Categorisation of Earners Regulations in 1993 to enable our members to continue to access contribution-based jobseeker's allowance between jobs.

We are asking government to take a similar view of the value of the industry now and not to re-impose what amounts to a sanction on the self-employed in the form of the Minimum Income Floor particularly during the COVID-19 crisis.

We also ask government to continue to relax the rules of on work search and work availability to enable members to continue to seek work in the profession and gradually rebuild their businesses over the coming months. Maintaining a talent pool including those fairly new to the profession will be a key part of the recovery process and that means ensuring that this pool is not forced out of entertainment work.