

Inquiry into the Future of Self- Employment Terms of Reference

Introduction

The impact of COVID-19 on the economy and employment in the UK has been dramatic in the short term and has the potential to be transformative in the long term. The fallout and implications for different sectors are yet to be determined, but in the face of seemingly permanent changes to the way we work, these implications are profound for the future of self-employment in particular.

The pandemic and its financial impact have revealed a level of fragility facing self-employed workers that needs to be addressed. Self-employed workers have been particularly vulnerable to the short-term economic uncertainty and during the coronavirus pandemic, the design of government support schemes has failed to protect many. The result is a real fear that thousands of workers who have chosen to be self-employed, could be driven out of this model of work due to fears around its sustainability in the long-term, harming both themselves and the economy.

Now more than ever, they need a new deal if they are to continue to play a significant and equitable role in the labour market of the future.

This is an independent commission that will help learn, listen and inform the future shape of support and labour market conditions for the self-employed. The inquiry is supporting by Prospect, a trade union, which represents around 150,000 members. Around 30,000 of them are freelance or self-employed professionals in specialist roles, including the creative and arts sectors, theatre and film making. We are working with the trade union Community and the Federation of Small Businesses to consider what post-COVID employment looks like for freelancers and the self-employed workers.

About this inquiry

The increase in the number of self-employed workers is one of the most significant recent developments in the UK labour market. Despite this, the voice of self-employed people in society and politics is not as strong as it should be. It has become clear through the crisis that the understanding of policy makers of the professional freelance and self-employed sectors is worryingly low.

This commission seeks address these issues, developing recommendations for policy makers to take into consideration as we move through the economic recovery and into the post-COVID world. With the a Budget expected early next year, now is an excellent opportunity to explore in detail current and future employment of freelancers and self-employed workers, to make sure that they are treated justly and that their huge talents are harnessed for the good of out economy and society.

The Inquiry will report before the end of the year to inform next year's Budget.

Areas of inquiry

Painting a picture of self-employment – helping policy makers to understand the role self-employment plays in the economy and the range of experiences that self-employed people have.

1. Tax status and contribution of freelancers and self employed

While some self-employed people have been able to access government support through the Covid-19 pandemic via the Self-Employment Income Support Scheme (SEISS), the Chancellor has made it clear that in exchange the government intends to review the tax status of self-employed workers. This is despite a large proportion of self-employed and freelance workers receiving no support under SEISS due to the way in which they are contracted. In addition, recovery from COVID-19 will have major impacts on the world of work and on the impending spending round. We will assess the range of different models of self-employment and make recommendations regarding the approach government should take to the issues of tax and support.

2. Mind the gap – what does a future safety net look like for freelancers?

The nature of the government support has created a lottery where workers have received differing amounts of support depending on often arbitrary criteria. The inquiry will look at what support is in place for self-employed and freelance workers, with case studies of where issues have arisen during COVID-19 over support offered by Treasury and DWP, and what can be done to ensure a robust safety net for self-employed workers in the future which ensures these issues do not arise again. In particular the commission will look at how greater income protections and future saving models can be encouraged.

3. Job security/ employment rights

The pandemic has also cast a new light on the unequal rights enjoyed by self-employed or freelance workers compared to their employee colleagues. This is particularly acute for PAYE freelancers who can work identical jobs to employees with inferior rights. With issues such as health and safety at work, when to come into the office, or remote monitoring of workers rising up the agenda, it is more important to understand and address the gaps that exist in rights for these groups of workers.

4. Independence from employers/engagers

Despite often not being formally 'employed', the relationship of self-employed workers with their engagers is crucial and will remain so. For example, there are many who could have been furloughed under the terms of the Coronavirus Job Retention Scheme (CJRS) but whose employers felt they did not have a duty of care to freelance workers and chose not to do so. The Commission will examine how to strike the right balance between the independence that self-employed workers desire, and the obligations they are owed by those who engage their labour, and how unions and other structures can play a role in this relationship.

Members of the Inquiry

- Mike Clancy, General Secretary, Prospect
- Sophie Wingfield, Director of Policy at the Recruitment and Employment Confederation (REC)
- Tony Wilson, Director, Institute of Employment Studies
- Rakesh Patel, Director of Client Relations and Talent, Thompson's Solicitors, previously lead for employment rights and an employment litigator.
- Roy Rickhuss, General Secretary of Community Union
- Abena Oppong-Asare MP, MP for Erith and Thamesmead since 2019 and Parliamentary Private Secretary to Shadow Chancellor of the Exchequer, Anneliese Dodds
- Rt. Hon Anne Milton, MP for Guildford (Conservative 2005-2019, then independent 2019) and former Minister of State for Apprenticeships and Skills at the Department for Education
- Martin McTague, National Vice Chair of the Federation of Small Businesses