<u>Bectu / Prospect Submission to the Treasury Select Committee – 30th March 2020.</u>

Prospect represents thousands of self-employed and freelance members across the economy but primarily organised in our Bectu sector which represents workers in the creative industries.

This sector contributes over £100bn to the UK economy and has been almost totally closed by this pandemic. There is simply no work for the majority of self-employed and freelance workers who make up a large portion of the creative workforce in the UK and no prospect of any work for months to come. These people need urgent help and yet under the current system they will be denied support.

The Self-employed Income Support Scheme (SEISS) will be a huge relief to many self-employed workers who operate as sole-traders but it does not cover all self-employed and freelance workers and some adjustments are needed to make sure that nobody is left behind.

The main outstanding issues are:

1) There are many thousands of workers who work a series of short PAYE contracts, for example on film sets or theatres. These people are not covered by SEISS but also potentially not covered by the Job Retention Scheme (JRS) for employees either because they were not in a contract on the cut-off date at the end of February or because their employer cannot afford to keep them on the payroll until the money from the JRS arrives. A survey conducted by Bectu after the SEISS was announced found 47% of PAYE freelancers working in film and TV were not in a contract at the cut-off date and only 2% had so far been told they were being furloughed by their employer.

   We propose that: The government should urgently update the JRS guidance to make it clear that these workers can and should be re-hired and furloughed by their last engager- even if this was before the 28th February cut-off date. The seasonal nature of the industry means that many workers were not formally in a contract at the cut-off date. The government should also look to urgently secure the cash-flow of smaller engagers such as small production companies to enable to them to furlough workers in this way.

2) People who work the Personal Service Companies (Limited Companies) and draw down their income in dividends. These people currently have no support under either scheme but make up a large portion of the creative workforce because the employers have often insisted that workers are set up in this manner, normally to avoid workers accruing employment rights and to simplify payments. These people are often not high earners and being forced to rely on Universal Credit cannot be just. The government should correct this imbalance as soon as possible. On average we found that people working in this way in the film and TV sector earned £40,000 with three quarters of that paid as dividends.

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We propose that: The government must find a way to include dividend income from personal service companies in the SEISS calculation. It will be important to distinguish this from dividend income from other shares. Not doing this means thousands of people in the creative industries face financial ruin.

3) The £50,000 upper threshold in the SEISS is difficult to justify when there is no equivalent in the JRS. Many people in the creative industries work in London and the South East and fall the wrong side of the threshold, despite not being 'super rich'. Their savings are their pensions. We understand the government's desire to exclude very high earners but the current threshold captures people who are in real hardship as they have no prospect of work for many months. It cannot be right that these people suffer such a huge economic hit simply in order to exclude a minority of people who do not need help. The cap of £2500 a month already limits the support the wealthy can receive and the upper threshold is unjustifiable.

   We propose that: The government removes the £50,000 upper cap on the SEISS.

4) Newly self-employed people and start-ups will be at a disadvantage as their income will not be properly reflected in their 2018/19 tax return or they may not have done one.

   We propose that: As well as extending the deadline for filing 2018/19 returns for four weeks, the Chancellor should allow start-ups to submit their 19/20 return early and have their income assessed on this basis.

5) The current Universal Credit system penalises people for having larger savings. Many self-employed people who will need to access Universal Credit will have savings because these are effectively their pensions or because they have been saving up for the (now delayed) tax deadline of 31st July. It is perverse to punish these workers for saving for these reasons or expect them to use up these savings and incur financial problems in the future.

   We propose that: The government should remove the restrictions based on savings from the Universal Credit system

6) Workers who have taken time off for maternity/paternity or due to sickness in the last three years will have lower average incomes for these reasons.

   We propose that: maternity/paternity and sickness absences should be accounted for when calculating average income. For example by allowing workers to choose the highest of the last three years rather than the average over three years.

Signed:

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