

# MAYOR OF LONDON

## **Rt Hon Rishi Sunak MP**

Chancellor of the Exchequer  
HM Treasury

**Date:** 13 April 2020

## **Rt Hon Alok Sharma MP**

Secretary of State for Business, Energy and  
Industrial Strategy  
Department for Business, Energy and Industrial  
Strategy

Dear Rishi and Alok,

I wrote to the Prime Minister on 30 March to express my support for the Government's action to help keep people in work and protect incomes. I would like to extend the same support for the steps you and your departments have taken to help London's businesses and workers.

While the announcement by the Chancellor of the Self-employment Income Support Scheme (SEISS) was welcome, I have concerns, shared by business and civil society groups across the capital, that there are gaps in the provision that could leave many thousands of London's 870,000 self-employed people without support. Tradespeople and workers in London's creative and cultural industries appear particularly disadvantaged.

We currently estimate that between a quarter and a third of self-employed Londoners may not be eligible for help from the scheme in its current format.

### **Providing income support to the recently self-employed**

We estimate that over 100,000 Londoners have become self-employed within the last 12 months, around 12 per cent of the total self-employed workforce in London. This includes new graduates and new entrants to various sectors.

While acknowledging the need for appropriate protections against fraud, to ensure that the recently self-employed can access income support, I urge the Government to:

- Extend grant support to those who are able to submit tax records for the 2019-2020 tax year.

### **Providing support to directors of the smallest companies**

Structuring as a Limited Company or Personal Service Company is very common and is sometimes required by clients in the creative and construction sectors. Under the current scheme, directors of the smallest companies will only have their PAYE income considered, and not their dividends – those on low or modest incomes are concerned that support will not be enough to meet their basic needs. My team estimates that at least 79,000 Londoners could be losing out on support on this basis.

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To ensure that directors of the smallest companies with modest incomes have income support to meet their basic needs, I urge the Government to:

- Find a solution that takes account of dividends. We would be happy to work with you both on this and will follow up with further details.

## **Providing support to workers who fall below the 50 per cent of self-employed income threshold**

Many Londoners hold portfolio careers mixing self-employed income with PAYE work on short term contracts for a range of employers. Self-employed workers can see their portfolio of work and income vary from month to month, for example, tradespeople who are seeing their majority PAYE work cancelled alongside a reduction in their self-employed work. These people may now only be eligible for support through the benefits system. The 50 per cent threshold introduces a cliff-edge so that people in similar circumstances may get very different levels of support.

To ensure that the SEISS supports those with portfolio careers, I urge the Government to:

- Exclude only those individuals whose income is made up of PAYE income from a single employer.
- Clarify the position of workers with fluctuations in the composition of their income over the three-year reporting period.

## **Ensuring the threshold for support takes account of costs of living**

The higher costs of living in London mean that the Government's measures do not provide the same financial safety net in the capital as elsewhere. Over a quarter of London's self-employed have children under the age of ten. Families in London with a household income of just over the £50,000 threshold will struggle without access to support. In addition, some self-employed workers have ongoing costs, such as workspace rent, software and equipment, that are not factored in.

To ensure that the SEISS takes account of the higher cost of living in the capital, I urge the Government to:

- Create a sliding scale of support
- Account for expenses that continue to be incurred for the period of social distancing measures (for example, workspace costs).

## **Review the scheme to ensure access for low-income Londoners, and that certain groups are not falling through the gaps**

Some groups, including those with protected characteristics under the Equality Act 2010, are concerned about their access to the scheme. Maternity Action have highlighted that pregnant women and recent mothers may have gaps in their income that could reduce their access to support. This is also true for those with caring responsibilities or those who have had gaps in income due to illness. Self-employed people with disabilities have concerns about the interaction between the scheme and benefits they receive.

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To ensure that the SEISS takes account of groups who may inadvertently fall through the gaps, I urge the Government to:

- Incorporate a declaration for those with gaps in their income due to pregnancy and parental leave to better reflect average earnings
- Clarify the interaction between benefits and the SEISS

## **Improving access to immediate financial support**

It is vital that everyone who needs financial support as a consequence of the COVID-19 outbreak can access it quickly. I am concerned that there is an immediate gap in support for self-employed people who will struggle to get by between now and June.

Some self-employed and freelancers are not currently eligible for Universal Credit due to funds saved in order to pay their income tax bill. Those who are able to access Universal Credit are faced with the difficult choice between five weeks with no income at all or claiming an advance payment and reducing their income for the next six to twelve months, pushing many into debt and poverty. Those with no recourse to public funds, many of whom have been hit particularly hard by job losses in London, are excluded from most benefits and are at serious risk of slipping into destitution.


To ensure that those who need support the most can access it straight away without going into debt, I urge the Government to:

- Find a solution to shorten the waiting period for the SEISS
- Offer non-repayable advances to all new Universal Credit claimants
- Suspend no recourse to public funds conditions
- Exclude funds an individual has saved to pay their income tax bill from any Universal Credit eligibility assessment.

I appreciate the extraordinary pressure that both you and your departments are under at present and thank you again for the steps you have taken already.

I look forward to hearing from you.

Yours sincerely,



**Sadiq Khan**  
Mayor of London

Cc: Paul Scully MP, Minister for London  
Sir Edward Lister, 10 Downing Street