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BRIEFING

The minimum required?

Minimum wages and the self-employed

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Summary

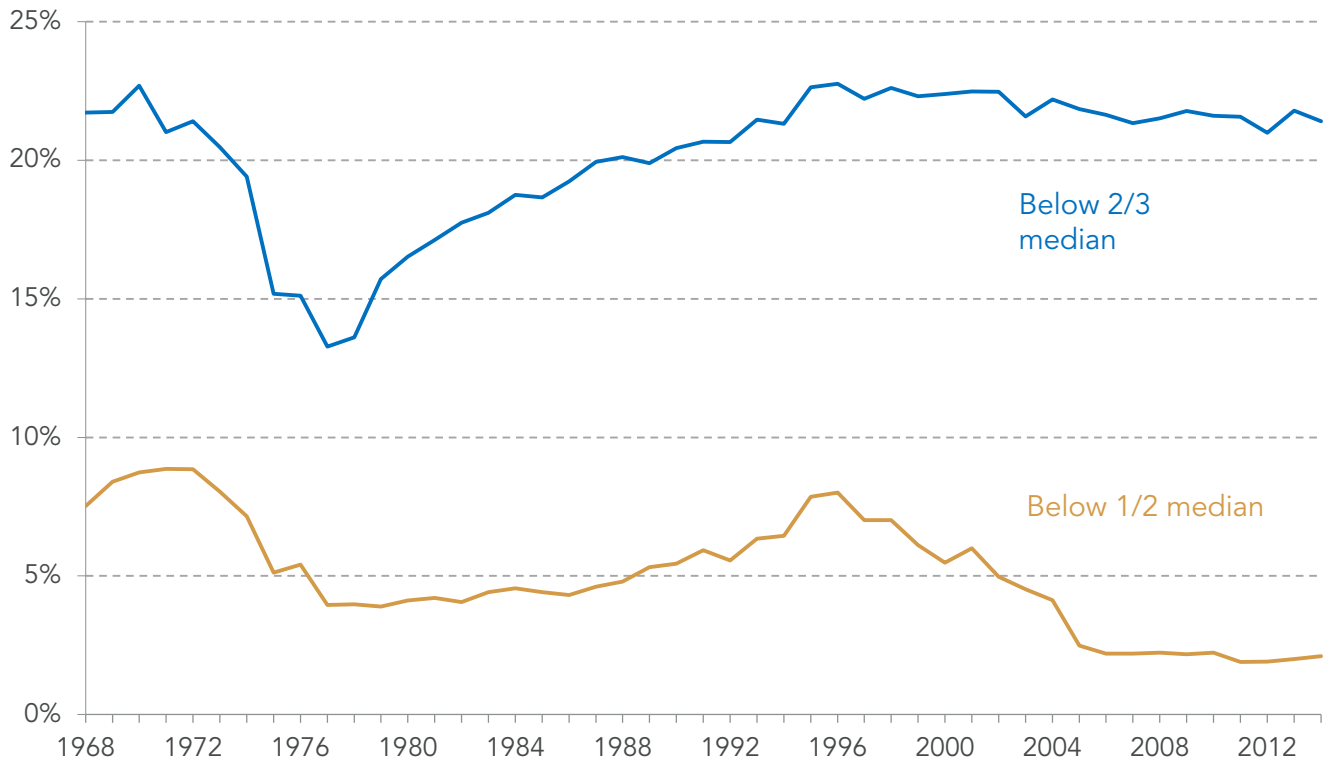
The minimum wage revolutionised the lower end of the UK's labour market, protecting employees from exploitation. But the self-employed – now one in seven of the workforce – are not entitled to the minimum wage. With growing concerns over their earnings and conditions, particularly in the so-called gig economy, extending the minimum wage to some of this group has been discussed. While a minimum wage would not be appropriate for the majority of the self-employed, for those who take work from firms or platforms and – crucially – don't have control over the price they charge, moves to reduce exploitatively low pay would be both meaningful and welcome. Existing legislation on 'piece work' done by employees provides a useful template, in which firms offering work complete a test to ensure that a person working at an average pace could be expected to earn at least the minimum wage while carrying out the task. This measure alone will not assuage fears about poor quality self-employment; greater enforcement of existing employment law to prevent workers from being wrongly classified as self-employed is vital, as well as moves to close the gap in the tax and benefit treatment of self-employed and employee.

The scope and purpose of the minimum wage has changed over time

This November, it will be 20 years since the National Minimum Wage (NMW) Bill was first published. Among the stated aims of a legal wage floor was removing "the worst cases of

Figure 1: The National Minimum Wage effectively tackled extreme low pay

Proportion of all employees paid below different low pay thresholds: 1968-2014, GB



Notes: GB. Hourly earnings excluding overtime. See Annex 1 for methodological details, including how different datasets are combined.

Sources: RF analysis of DWP, *Family Expenditure Survey (1968-1981)*; ONS, *New Earnings Survey Panel Data (1975-2013)*; ONS, *Annual Survey of Hours and Earnings (1997-2014)*

exploitation [in order to] ensure greater decency and fairness in the workplace".[1] As Figure 1 illustrates, this goal was achieved, with the share of employees paid less than half the median hourly wage falling from 7 per cent immediately prior to the NMW's introduction to just 2 per cent by 2014.

But 2015 marked an important turning point for low pay and the wage floor in the UK. While the worst exploitation may have been all but eliminated, a stubbornly high one-in-five workers remained low paid.[2] The announcement of the National Living Wage (NLW) – beginning with a 7.5 per cent jump from an NMW of £6.70 to an NLW of £7.20 for workers aged 25 and over – meant the rationale of the UK's wage floor policy shifted from one in which the focus was workers at the very bottom of the pay ladder to instead narrowing the gap between the bottom and the middle.

This has expanded the wage floor's influence on the labour market. From a low under the NMW of 1.5 per cent of workers being on the wage floor, by 2020 12 per cent of UK employees will be paid at the NLW or the lower age-appropriate rates on current projections.[3] The scope of the policy has clearly been greatly widened. But while the boost it provides to low-earning employees is large, another transformation has raised questions about the wage floor's continued ability to offer pay protection to all those at risk of exploitation.

Rising self-employment means a growing population are not covered by the minimum wage

Commentary on the UK's labour market has often depicted the past few years as having been the best of times and the worst of times. A record share of people in work has come alongside mounting concern around insecure employment. One form of potentially insecure work that has increased hugely is self-employment. At the turn of the century, 11.7 per cent of workers were self-employed. The latest figures indicate that 15 per cent of those in employment – 4.8 million people – are now self-employed.

Much of the initial debate on this rise focused on whether it was a temporary trend driven by those turning to self-employment as a last resort, or if it instead reflected a genuine desire to work for yourself, both for the autonomy it can offer as well as the tax breaks it brings. While a survey in 2014 suggested that for some self-employed, getting back into an employee job was still their aim,[4] the majority were self-employed by preference. And though the meteoric increases of 2013-14 have abated, the number of self-employed people has not returned to previous levels.

Whatever the balance between structural and cyclical drivers of increases in self-employment, the UK labour market is set to include a high rate of self-employment for the foreseeable future. Discussion has moved onto whether or not these self-employed roles offer a route to long-term earnings growth and income security. While the stereotypical self-employed person – a small businessperson or a tradesperson – is still widespread and recent years have brought increases in self-employment in higher-earning sectors, the post-crisis period has seen a greater emphasis on and awareness of low-paid self-employment.

Painting an accurate picture of the conditions and pay of the self-employed is more complicated than for employees however. Data on pay, and particularly the hourly pay, of the self-employed is less detailed, timely and reliable. But we can get a sense of scale of the low pay challenge by

[1] See for example: https://www.publications.parliament.uk/pa/ld199798/ldhansrd/vo980323/text/80323-17.htm

[2] Defined as employees earning less than two-thirds of the median hourly wage.

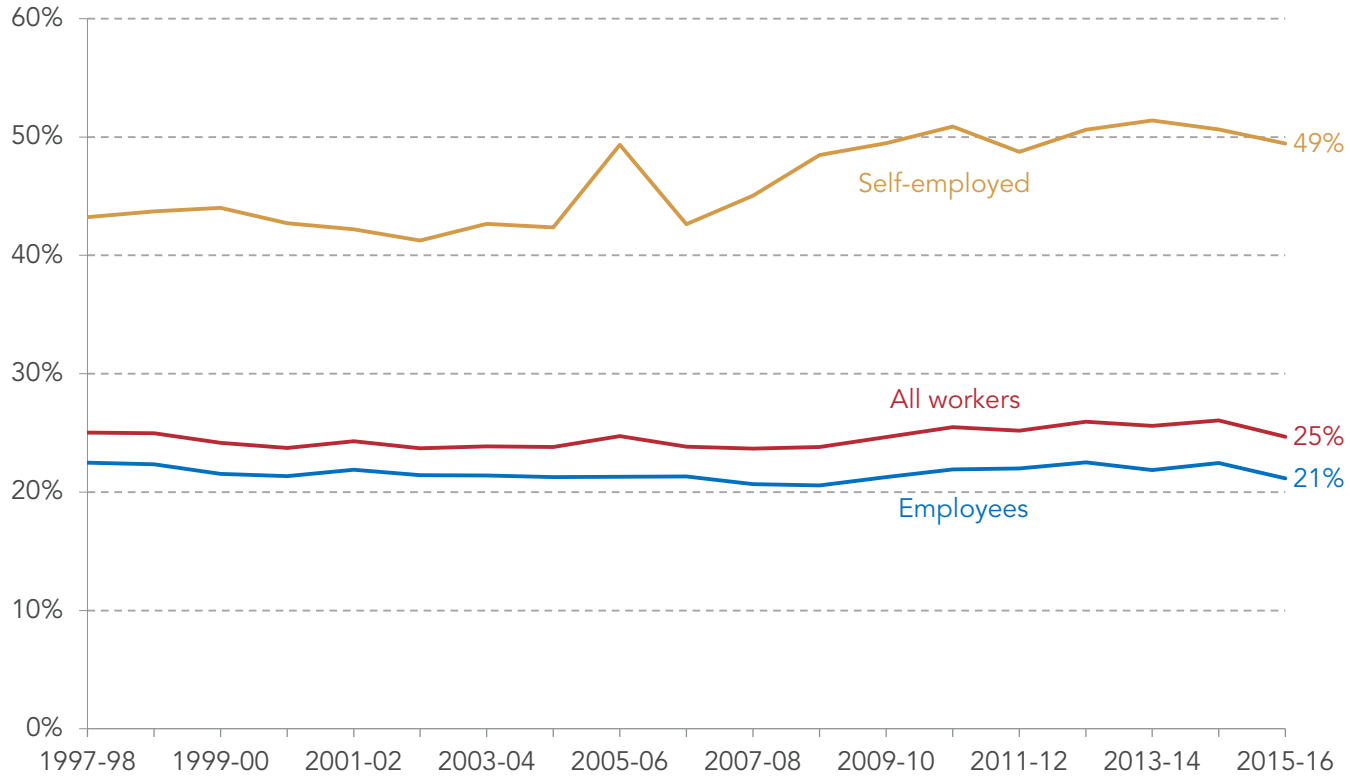
[3] Low Pay Commission, *A rising floor: the latest evidence on the National Living Wage and youth rates of the minimum wage*, April 2017

[4] C D'Arcy and L Gardiner, *Just the job – or a working compromise? The changing nature of self-employment in the UK*, Resolution Foundation, May 2014

considering the weekly pay of those working full time. Low pay is much more common among the self-employed, with around half (49 per cent) low paid on this measure in 2015-16, compared to 21 per cent of employees, as shown in Figure 2.

Figure 2: The self-employed are much more likely to be low paid

Proportion of full-time workers earning below 2/3 median weekly earnings



Source: RF analysis of ONS, *Family Resources Survey*

But as well as this high *level* of low pay among the self-employed, concerning too is the steady increase in low pay among the self-employed since the early 2000s, with its prevalence in this group having risen by a quarter since 2002-03. Self-employment then does not appear to be providing reliable earnings for everyone. The fact that the minimum wage does not apply to the self-employed potentially makes this issue more pressing at a time when the wage floor is set to rise significantly. And while there is limited evidence so far to suggest that the more ambitious NLW for employees has contributed to this increase in self-employment, the incentive for unscrupulous employers to shift their employees into self-employment has undoubtedly grown and is set to do so through to 2020.

'Gig economy' has brought concerns about self-employment into the spotlight

One of the topics where these issues have come to a head has been in the so-called 'gig economy'. A universally agreed upon definition of the 'gig' or 'platform' economy does not exist but one widely shared element is "a reliance on intermediary digital platforms or apps to connect self-employed

workers with work."[5] People working for some of the most high-profile of these firms, including Uber and Deliveroo, have been classed as self-employed by the firms and therefore not entitled to the minimum wage among other rights provided to workers or employees. But while a number of legal cases are ongoing and may rule that those working through or for those companies should rightfully be entitled to the minimum wage, concern about the wider treatment of those working in the gig economy has sparked discussion of whether other measures to protect this group should be introduced. These questions have led to a Work and Pensions Committee report and have contributed to Matthew Taylor's review of modern employment practices.

Given this coverage in the media and Westminster, one could be forgiven for assuming the majority of the increase in self-employment has come from the gig economy. A survey by the RSA and Ipsos MORI suggests that as many as 1.1m people do some form of gig work and the rise in self-employed taxi services has been rapid.[6]

But as with pay, accurately determining the extent to which the gig economy has driven the rise in self-employment is not straightforward. Although there are different ways of approaching the question, our best official source of labour market information – the Labour Force Survey – suggests that the share of freelancers (the most likely category for gig economy workers to be classed in) among the workforce has remained around 2 per cent over much of the past 15 years.[7] Previous Resolution Foundation research has highlighted that the majority of growth in self-employment since 2009 has come in relatively 'privileged' sectors like advertising and banking.[8] And one of the sharpest increases in self-employment has come in hairdressing.

The gig economy then does not appear to explain all of the growth in self-employment or in low-paid self-employment. But the concerns it has raised – for self-employed in newer industries and those in more traditional ones too – are valid.

Muddiness of employment status confuses matters

While the technological elements of work in the gig economy have raised new questions, debates over the rights different kinds of workers should receive are not new. Many of these come down to accurately determining the kind of relationship that is in place, which may not always be the same for employment rights and tax purposes.

There are three main statuses in UK employment law. Employees are those who work under a "contract of employment" as defined in the Employment Rights Act 1996, with a clear relationship between an employer and an employee over whom the employer has control. The employee will have no, or limited, ability to provide a substitute to do the work on their behalf or to decide the hours they work or the tasks they carry out. A full suite of rights are guaranteed to employees including protection against unfair dismissal, parental leave, sick pay, holiday entitlements and the minimum wage.

At the other end of the scale are what we might characterise as 'independent' self-employed people "who carry on a profession or a business undertaking on their own account and enter into contracts with clients or customers to provide work or services for them."[9] They may have freedom to substitute other people in their place and are under little control in terms of how and

[5] https://www.publications.parliament.uk/pa/cm201617/cmselect/cmworpen/847/847.pdf

[6] B Balaram, J Warden and F Wallace-Stephens, *Good Gigs: A fairer future for the UK's gig economy*, RSA, April 2017

[7] L Gardiner, "The 'gig economy' – revolutionising the world of work, or the latest storm in a teacup?", *Resolution Foundation blog*, October 2015

[8] D Tomlinson and A Corlett, *A tough gig? The nature of self-employment in 21st Century Britain and policy implications*, Resolution Foundation, February 2017

[9] *Clyde & Co LLP and another v. Bates van Winkelhof*, 2014

when they do their work. These types of self-employed people receive very few employment rights, generally restricted to health and safety provisions and, in some limited cases, protection from discrimination and victimisation for whistleblowing.

The third category falls between these two. In a recent Supreme Court judgment they are described as another type of self-employed person, referred to as a "worker" or a "limb (b) worker" in reference to Section 230(3)(b) of the Employment Rights Act 1996. They are defined there as someone who "undertakes to do or perform personally any work or services for another party to the contract whose status is not by virtue of the contract that of a client or customer of any profession or business undertaking carried on by the individual". Breaking this down, it means that like employees, they may have a limited right to substitute someone in to carry out their work for them but the strength of the relationship between the employer and worker is weaker than for an employee. They do not operate solely on their own account but work for or through someone else's business.

Individuals who fall into this worker category receive more rights than the independent self-employed but fewer than employees. For example, as well as discrimination, whistleblowing and health and safety protections afforded to the independent self-employed, they are also entitled to Working Time protections, holiday entitlement and pension auto-enrolment rights, as well as the minimum wage.

From the point of view of an individual or firm, there are two important considerations when it comes to the type of labour used. First, as discussed, different employment statuses guarantee different rights. These rights can come at a price to the firm engaging that labour, requiring them to provide different forms of benefits and protections. Because the engager has the smallest duty of care towards a self-employed individual, using self-employed labour may be more attractive to some although this overlooks the benefits of having regular workers over whom greater control can be exercised.

The second consideration for the engager is tax, specifically on National Insurance contributions (NICs). Those classified as self-employed pay Class 2 NICs and Class 4 NICs. Those classified as employed pay Class 1 NICs. Because of the different rates at which these are levied, a self-employed individual will pay less tax on the same earnings than an employed individual. But the biggest difference from the firm's point of view is employer NICs. This is a 13.8 per cent tax on employers using employed labour that does not apply to those engaging self-employed labour, acting as a major incentive towards using the self-employed.

In most cases someone who is not classed as an employee for employment law purposes is likely to be self-employed for tax purposes, and an employee in employment law will probably be employed in the eyes of HMRC too. The concept of 'worker' is not replicated in the tax rules. Generally, however, those individuals who come within the intermediate 'limb b' worker category described above will be treated as self-employed for tax purposes. These are not hard and fast rules. HMRC has special rules for a number of occupations, which may lead to different outcomes and, in practice, many firms using workers, such as those on zero-hours contracts, pay through the PAYE system rather than treat them as self-employed.

Greater enforcement should be a top priority, as some have suggested

The existing system is not perfectly clear. A number of high-profile tribunals, such as those involving Uber[10] and Pimlico Plumbers[11], have centred on this question of whether individuals properly fall into the independently self-employed category or are workers, with such legal cases being the primary means through which change of status and access to rights can be achieved.

[10] *Uber B.V. & Others v. Aslam & Farrar*, 2016

[11] *Pimlico Plumbers Ltd v. Smith*, 2017

The Independent Workers Union of Great Britain, for instance, has argued that the priority for improving the rights of people in the gig economy should be the proper application of existing employment law. It is their view that, given the working relationships in high-profile gig economy firms, these individuals should rightfully be considered workers. With worker status comes entitlement to the rights discussed above, including the minimum wage.

Appeals in these cases are ongoing but the most recent judgments in both the cases mentioned above found that the individuals should rightfully be described as a worker and therefore entitled to rights including the minimum wage. Where this is the case and final judgments decide that individuals are workers, they should receive all the rights to which that status entitles them. Greater enforcement of existing law alongside reductions or abolition of employment tribunal fees are important parts of ensuring individuals receive the protections we have collectively decided they should be entitled to.

So employment tribunals should be used when appropriate and employment law will continue to play an important role in ensuring people's rights are protected. However, the limits of expecting each instance of miscategorisation to be proven through the courts are all too real. This is a tension across much employment law, in which workers often have limited power in non-unionised industries and workplaces to get the rights they are entitled to without legal recourse. This is particularly true given the lack of clear definitions of the different employment statuses.

For individual firms it is also worth reflecting that in some instances they will simply respond to judgments that rule that their current way of operating means they are engaging workers rather than self-employed labour by changing those ways of operating. Shifting terms and conditions to reduce the control the firm exercises after an adverse judgment will mean in practice the debate over employment status, and therefore employment rights, for those working through such a firm continues.

At the other end of the scale, there are those who argue that the gig economy works well in general, and that exploitatively low wages are as minor a concern in the gig economy companies as elsewhere in the economy. The evidence submitted by a number of firms to the Work and Pensions Committee highlighted the steps they had taken to make their terms and conditions more mutually beneficial. An argument against further reform would be that the business model these firms operate under is only sustainable without the costs of employing workers or employees. Not only would consumers lose out, so too would the people carrying out the work, the majority of whom are satisfied with their current terms and conditions.

While potential employment effects should be borne in mind when modifying employment law, efforts to guarantee at least a minimum wage should not destroy these companies' business models, even if they do affect the prices they charge and profits they make. This is after all the same argument that was made against the minimum wage in general.

While others suggest more transformative approaches

Calls have also been made to go beyond greater enforcement. A suggestion made in Labour's 2017 manifesto was to revisit the definitions of each of the employment statuses. While this could mean the definitions change in either direction, a possible outcome would be the expansion of worker status to more explicitly include some of those who today would be classed as self-employed. But as a review of employment statuses could also reach far beyond this, we focus in this rest of this note on shorter-term changes to the existing employment status system.

The TUC has recommended that, as well as improved enforcement, there be a statutory presumption that individuals are employees unless the employer can demonstrate that they should be considered workers or self-employed.[12] This presumption of employee status until proven otherwise is an idea worth exploring, although it clearly does not affect in itself the final

[12] TUC, *The gig is up: trade unions tackling insecure work*, June 2017

legal status that the courts would find should apply for a given set of circumstances. We have seen a recent example of such an approach when it comes to tax, something that could go further. The onus for certifying that someone is genuinely self-employed for tax purposes was recently moved from the individual to the organisation contracting that labour for the public sector and should now be extended to the private sector, beginning with larger companies.

Other recommendations have focused more narrowly on pay. In a report on the gig economy[13] Frank Field MP called firstly for gig economy companies to guarantee minimum daily and weekly rates of pay. Second, he recommended companies could consult with the Independent Workers Union of Great Britain to set those rates at appropriate levels. Third, companies should specify how long their working days are and how long they are expected to take to carry out their work (deliveries were the specified examples) in order to make this calculation clearer.

Calls for firms to be proactive in guaranteeing minimum earnings are welcome as would be greater involvement of workers and their representatives in price-setting. Limiting such approaches to the gig economy would however miss out a significant number of people in 'traditional' sectors where people are currently self-employed. And given the low rates of union membership in these sectors and the difficulty in sharing information with third parties, agreeing those rates externally in every case may be challenging. The third recommendation, for firms to be clearer on how long it takes for work to be completed, shares something in common with the existing National Minimum Wage (NMW) Regulations around 'piece work' and is something we explore further below.

Extending a reasonable minimum wage test to some of the self-employed

Applying a blanket minimum wage guarantee to the self-employed would not be practical. Many lack an employer to make that guarantee a meaningful proposal. But, looking beyond those that greater enforcement would result in employment protections being extended to under existing rules, a group for whom greater low pay protection would be both feasible and desirable are individuals providing labour to platforms or firms with the firm having power over price-setting, and therefore exercising significant control over their earnings. Under current law this ability to set or take prices would be considered by an employment tribunal as a relevant fact in determining whether someone is genuinely self-employed, but based on existing legal judgments it alone would be insufficient to result in worker status.

This would be important both within the gig economy and outside of it. It could have consequences both for, say, courier firms who impose very few worker-like restrictions on the self-employed individuals they use as well those in more 'traditional' industries such as minicab companies, again assuming that they do not fall into the category of worker.

Given the data shortcomings already highlighted, quantifying exactly how many people find themselves in this category is difficult. We can however identify how many people work in industries in which this 'price-taking' model – the self-employed having little control over the fee they are paid – is common. For instance, in the year to March 2017, 175,000 self-employed people worked in taxi operations. Drivers working for Uber face a maximum fee they can charge that is in practice the going rate and minicab drivers do not decide the fares they charge customers.

Approaching 150,000 of the self-employed work in hairdressing or other beauty treatment. While many of these will be salon owners who determine their own prices or those cutting hair in customers' homes, 'chair-renting' is common across the industry with people in this category likely to have less control over the rates they charge. While the majority of these individuals

[13] F Field and A Forsey, *Wild West Workplace: Self-employment in the 'gig economy'*. The gig economy is defined there as "a relatively new and expanding industry in which companies hire people to work mainly on a freelance, short-term, temporary basis. Those people are generally required to provide their services 'on demand' to fit around consumer behaviour"

will earn above the minimum wage, taking into account the number of self-employed in these industries – alongside, for example, 105,000 in landscaping services, 100,000 in plumbing, 80,000 in cleaning and 40,000 in other postal or courier activities – a non-trivial proportion of the self-employed could fall into this price-taking category.

To offer these individuals some pay protection and reassert the minimum wage's original purpose of stopping the worst instances of exploitation then, a test could be applied deciding whether a person working at an 'average' pace would, under the price and conditions set out, be able to earn the minimum wage.

A potential guide for this approach can be found in the NMW regulations. Taking this approach, based on piecework – where people are paid per task completed or per item produced rather than for their time – appears a way of reflecting the kind of work done by self-employed people. The firm would be required to assess how long people carrying out this work take on average to complete it and ensure the rate paid does not bring the individual's effective wage below the minimum wage. The NMW regulations have some tolerance built into to recognise that a reasonable work rate is not the same as an 'average' work rate; some workers will be slower than others.

To take one example, a firm offers £10 to a self-employed courier for the delivery of an item. The distance between the pick-up point and the delivery location is one mile. Given the expected time to travel one mile, taking into account local conditions at the time, the firm would have to test that a self-employed person could reasonably complete this delivery in a time that would not bring their earnings for that period below the NLW. This would satisfy the test. If the distance was 100 miles however, with no other delivery tasks offered, it is clear that a person could not travel quickly enough for £10 to be sufficient.

Dealing with the difficulties

Even in this simple example, a number of potential complications can be imagined. In many of these instances, the existing NMW regulations already offer a template of how this could be achieved. Some focus more on how the test should be carried out by the firm while others are more relevant when considering what would be required if a complaint was raised.

Employers setting unfairly low rates

In the NMW regulations it is for the employer to identify the average work rate. There are safeguards to prevent unscrupulous employers from picking a demonstrably unfair rate, with the employer required to conduct tests using the existing workforce to assess average work rates. HMRC officers can investigate complaints about the rating exercise and, if he/she thinks the complaints are valid, can take enforcement action. While firms may well be worried of falling foul of these regulations, evidence of having carried out the test in a comprehensive and fair way should mean that any enforcement action taken is appropriate.

Speed of work

A person could choose to spend many hours completing the delivery, resulting in a very low hourly wage, while another person could complete it in a much shorter period, leaving them with considerably higher de facto hourly wage. The concept of 'fair work rates' in the NMW regulations recognises that payment by output or piecework is acceptable, and the intention of the minimum wage is not to incentivise very low productivity in these instances. The flipside to this is that if a self-employed person opts to do something in a slower way but within agreed timelines, extending this rule to their work shouldn't prevent them from carrying it out in their preferred way.

Applying a test to non-standard tasks

One difficulty that already exists in the NMW regulations is that this piece rates test only applies to standard tasks. While an average time required to travel one mile on a regular route in normal weather and traffic conditions can be calculated, a task that is less common or standardisable is more difficult to provide an average for. While no perfect solution exists for genuinely one-off tasks, was the task to become standard the employer would be expected to carry out the test in the same way. The sheer volume of data collected in the gig economy may also provide part of the answer to this challenge.

Volume of work and accepting tasks

The payment envisaged in our recommendation is for the time spent carrying out the work. In some instances this will be straightforward but in others, where waiting in between jobs may be required for instance, the appropriate approach is less clear. For workers and employees paid piece rates, time when they are required to be at the workplace is considered working time. For the self-employed, this scenario is more complex given the lack of control a firm has over them. The self-employed person has the freedom to leave the workplace or to cease working whenever they wish. While the firm's test should include unavoidable time spent waiting, it would not serve to protect the self-employed from troughs in demand.

This follows through to whether or not a person accepts the work offered. A key point in the Uber judgment was whether a driver was at work if they had the app open but did not accept jobs.[14] As our example focuses on the time spent carrying out the work, simply having the app open or being in the workplace would not constitute being at work for the self-employed for this purpose.

Working for multiple companies at once

A linked issue is the difficulty of ascertaining when a person is solely at work for one company. If a delivery person was simultaneously logged into the apps of two different companies, the question arises of which company bears the responsibility to pay the minimum wage. Because the issue here is not whether sufficient work was provided to the self-employed delivery person but whether, on the work that was offered and accepted, the rate and the time taken leave them above the minimum wage this challenge should be surmountable.

Deducting expenses

In the example given above, the distance to be travelled could easily be covered on foot in the required time. But if the distance was 20 miles, matters are less straightforward. In this instance, the cost of operating a vehicle would need to be considered, with that deducted from the fee earned. While it could be imagined that someone may lease a very expensive car, thereby driving down their wage, this would fail a reasonableness test. In this instance, the firm would be expected to research the expected costs of a standard vehicle and factor that into their calculation of the appropriate rate to be paid.

Determining the extent of price-setting power

The relative power of the purchaser to the self-employed person and their ability to set prices is the defining element of this group. In some cases this will be clear cut with a set fee per task. In other cases, firms may set a maximum rate with the self-employed free to negotiate a lower rate. In practice however, this still represents price-setting. In other instances, where some elements of the work have fixed rates while the self-employed person has more freedom over other charges, matters would be more complicated to rule on definitively. Firms making this argument would have to prove that they genuinely did not have price-setting power to HMRC or at a tribunal.

[14] *Uber B.V. & Others v. Aslam & Farrar*, 2016

Implementing this policy

The formulation set out here would leave the majority of the self-employed unaffected as they do not have the price they charge set by a firm. Similarly, the burden on firms would be limited. For the vast majority of firms operating in this way, the only requirement would be carrying out the rating exercise. Most firms would be expected to have done such analysis anyway as part of basic business planning. There should not be new competition law consequences from this change given it applies to relationships in which the individual already has no or very little control over pricing. Beyond the time taken to run this exercise, the only additional cost to firms would be if they are falling below the minimum wage threshold. They would then need, as with employers, to bring pay rates up to the required level.

A reasonable anxiety about this approach is the wish to avoid creating an entirely separate category of self-employment or to impose too high data retention requirements on individuals. The approach to implementation could address this with two different formulations of the method for challenging a firm paying below the minimum wage rates available. One version would mean the right to a minimum rate sits with the individual. For a self-employed person to challenge a firm, the process would be much the same as for an employee or worker reporting a minimum wage infringement with this group added to HMRC's responsibilities. As with the existing NMW regulations, HMRC would oversee enforcement with their staff investigating whether or not the rating exercise had been applied fairly in response to a complaint. As this would increase HMRC's enforcement remit, an appropriate increase in funds would be required too.

This would mirror the existing employee/worker legislation and would amount to a small but real additional complication to the employment law landscape. It could however prove more complex to enforce as it would require the self-employed individual to keep detailed records of their time. In some instances, particularly in the gig economy with an extensive data trail of their work, this would be relatively simple but in others, for example those working outside of a standard workplace or through an app with little control involved, may be more difficult.

To shift this burden, a duty could instead be imposed on the firm rather than a right being given to the individual. While in practice this may mean that a self-employed person working through the firm would have to make a complaint and demonstrate evidence that the rates being paid were unfair, legally it would place a greater emphasis on the firm to demonstrate the fairness of the exercise and that their staff do complete tasks at a pace which allows them to earn the minimum wage or higher.

Solely acting on the issue of low earnings among the self-employed is not sufficient. Other changes that would improve the labour market conditions of the nearly 5 million people in the UK who are self-employed are discussed in a forthcoming Resolution Foundation publication, *Work in Brexit Britain*. A summary of these recommendations can be found in Box 1. But alongside these, and support to access training or find other employment opportunities in order to boost their earnings, legislation which would force firms using self-employed labour to carry out this exercise and pay fair rates for work they offer would be a helpful step forward in improving the treatment of the self-employed.

i Box 1: Recommendations to support the self-employed

- Extending Statutory Maternity Pay at a cost of up to £82m and Statutory Paternity Pay at a cost of up to £18m;
- Extending contributory Jobseekers' Allowance to those who have paid Class 4 NICs at a profit level of £25,000 for two years, at a cost of around £50m;
- Reopening plans to equalise NICs up to the 12% rate that employees pay, saving £1bn;
- Extending employer NICs to price-setting firms that take on self-employed contractors, possibly through a new levy; and,
- Reducing the tax advantages associated with self-incorporation by scaling back Entrepreneur's Relief and the Annual Exempt Amount, which together cost £6bn.

Resolution Foundation

Resolution Foundation is an independent research and policy organisation. Our goal is to improve the lives of people with low to middle incomes by delivering change in areas where they are currently disadvantaged. We do this by:

- *undertaking research and economic analysis to understand the challenges facing people on a low to middle income;*
- *developing practical and effective policy proposals; and*
- *engaging with policy makers and stakeholders to influence decision-making and bring about change.*

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