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The Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London SW1A 2HQ

24th March 2020

Support for self-employed people affected by Covid-19

Dear Chancellor,

As the Chief Executive of the charity that runs Business Debtline, the UK's only dedicated free debt advice service for small business owners, I am writing to urge you to bring forward support for self-employed people whose incomes are being devastated by the Covid-19 crisis – and in the interim, to set up a self-employed hardship fund to support self-employed people who will fall into financial difficulty before new support becomes available.

Like many other organisations we have grown increasingly concerned about the current gap in the Government's financial response to Covid-19 in the form of support for self-employed people affected by Covid-19. As many have pointed out, there is an inequity between the welcome support package announced last Friday for people in work, and the level of help available to those who work for themselves. As the situation stands, the latter only have improved access to the benefits system to fall back on.

We appreciate that you and your team are working hard to find a solution to this challenge, and recognise that, as you said in the House of Commons today (24th March), there are considerable administrative and operational challenges to overcome in delivering support in a targeted way to this group.

However, as we shared with the Treasury Committee yesterday, our Business Debtline advice service **is currently being inundated with self-employed people who have already seen their incomes plummet due to Covid-19**. They need urgent help now. Almost every call to Business Debtline in the last week has related to Covid-19 and the impact the outbreak is having on the business and personal finances of the self-employed, and we are anticipating a significant surge in demand for advice in the coming weeks.

Immediate help in the interim

The likely delay in setting up a new system to provide the support that is needed makes it even more important that immediate financial support is made available to self-employed people who fall into financial difficulty due to Covid-19 in the short term. As you develop the

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main scheme, we would urge you to create a **dedicated self-employment hardship fund** to get financial help in the interim to those who desperately need it now. This should be separate to the £500 million Covid-19 hardship fund being administered by local authorities and funded by central government.

Furthermore, the Government's response to Covid-19 has already included welcome HMRC forbearance for many self-employed people in the form of deferring Self-Assessment tax payments due on account until January 2021, and the VAT deferral will also be helpful to some. However, given your acknowledgement today that support equivalent to that being provided to those in employment will not be immediate, I would urge you to go further and ensure that HMRC introduces additional, specific, forbearance measures and temporarily suspends collections activity for the self-employed to ensure they do not fall further into financial difficulty.

Income replacement scheme

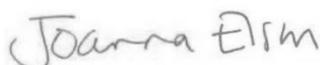
Beyond these interim measures, self-employed people need support to replace the income they have lost. Just as the Government has taken welcome action for those with employers, we support proposals made by IPSE and others for an income replacement scheme, similar to that implemented in Norway, which is based on 80% of self-employed people's average earnings over the last 3 years.

We appreciate the technical challenges involved and welcome your commitment to delivering a solution. However, with many of our self-employed callers seeing their businesses hit harder and more quickly than they could ever have imagined, the urgency of bringing forward and implementing such a scheme can be overstated. The measures announced so far – and even the interim measures we have advocated – will not be sufficient to prevent widespread financial hardship among self-employed people, who have made such an enormous contribution to the UK's economic and social fabric.

If officials would like to discuss this issue further or discuss what we are learning about the impact on self-employed people through our Business Debtline service, the best contact is Grace Brownfield, on 07769 166539 or grace.brownfield@moneyadvicetrust.org.

I look forward to hearing from you and to further measures to support the self-employed being brought forward.

Yours sincerely,



Joanna Elson OBE CDir
Chief Executive
Money Advice Trust