House of Commons

Business, Energy and Industrial Strategy Committee

Oral evidence: The impact of coronavirus on businesses and workers, HC 219

Tuesday 17 November 2020

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Watch the meeting

Members present: Darren Jones (Chair); Alan Brown; Judith Cummins; Richard Fuller; Paul Howell; Mark Pawsey; Zarah Sultana.

Questions 276 - 328

Witnesses

I: Helen Dickinson, Chief Executive, British Retail Consortium; Mike Cherry, National Chair, Federation of Small Businesses; Kate Nicholls, Chief Executive, UKHospitality; Ralph Findlay, Chief Executive, Marston's; Humphrey Cobbold, Chief Executive, PureGym.

II: Dr Sonali Joshi, Founder and Director of Policy and Communications, ExcludedUK; Paul Fleming, General Secretary, Equity Union; Tony Dale, Head of Research, Union of Shop, Distributive and Allied Workers; Mike Brewer, Deputy Chief Executive and Chief Economist, Resolution Foundation; Henry Chango Lopez, General Secretary, Independent Workers' Union of Great Britain.

Examination of witnesses

Witnesses: Helen Dickinson, Mike Cherry, Kate Nicholls, Ralph Findlay and Humphrey Cobbold.

Q276 **Chair:** Welcome to this morning's session of the Business, Energy and Industrial Strategy Committee. Today we are looking at the ongoing impact of Covid on business and workers. We have two very busy sessions this morning. We are delighted in the first panel to welcome Helen Dickinson, who is the chief executive at the British Retail Consortium; Mike Cherry, who is the national chair of the Federation of Small Businesses; Kate Nicholls, who is the chief executive of UKHospitality; Ralph Findlay, who is the chief executive of Marston's; and Humphrey Cobbold, who is the chief executive of PureGym. It will come as no surprise to witnesses or members of the Committee that, given the number of excellent witnesses we have this morning, our questions will be quite directive to certain witnesses. We probably will not have time to call every witness for every question but we will certainly get around all of you in the time that we have.

Can I come first to Helen Dickinson at the British Retail Consortium? We are keen to understand, from your perspective, what the cumulative impact has been of the second lockdown compared to the previous lockdown, particularly in terms of business closures and job losses? What has that been looking like from the British Retail Consortium's perspective?

Helen Dickinson: Hello, everybody. The socioeconomic impact of closing non-essential retail is severe. It is a more mixed picture over retail over the totality of the year because we have some parts of retail that have done well or done better, but many retail businesses' survival is now being threatened because of the timing of this second lockdown. It is at the most crucial trading period of the year, the run-up to Christmas. We estimate that store sales of about £2 billion per week will be lost during the month of the English lockdown. Online and logistics are already close to capacity, so they will not be able to take up much of the slack in the same way that they have done throughout the rest of the year.

The latest data that we have on stores closures takes us up to 1 September. That is a gross number of 13,800 stores closures. Vacancy rates are up by a percentage point in quarter 3, which does not, on the face of it, sound very much but that is basically a tip up from 13% to 14%, so an 8% rise. For every store that closes, there are one, 10 or 100 job losses on the back of it. It is also worth noting that that is a pretty regional picture. The vacancy rates in the north-east are much worse.

The planning assumption of every retail business is that they will be able to reopen on the 3rd, so the most important thing at this point is that we have real clarity that that reopening will occur as planned. Without it, there will be knock-on consequences for many retail businesses, as I am sure you will hear from others.

Q277 **Chair:** Helen, the Local Data Company estimates that there could be a further 18,000 retail unit closures in 2020. You have mentioned the geographical spread of this. From your viewpoint, is it more the big national brands that are closing outlets in the move to online, is it more independent local stores that are being forced to close because they are unable to survive, or is it both?

Helen Dickinson: It is both. Every single retail business that I am talking to—big, small, falling into that essential bucket or falling into the non-essential bucket—are looking at their cost bases and their store portfolios. I spoke to one business yesterday that has seen its turnover fall from £200 million to £160 million. It is on its third round of redundancies as a process in that business. I had an email in my inbox this morning from another one that has 4,000 jobs; unless it can reopen on 3 December, every single one of those jobs is at risk. It is not dependent on the size of the business. It is more significant in clothing and footwear, whether that is big or small businesses, because that category has been hit harder but it is across the piece.

It is more hard-felt because of the timing, because of the crucial nature of Christmas trading. This takes us back to the importance, for all of those businesses, big and small, of being able to trade in that crucial final month of December, given that the SAGE evidence has shown that retail itself is a safe environment and that businesses have invested so much—again, whether they are big or small—in ensuring the safety of their colleagues and their customers.

Q278 **Chair:** Lastly on that point, we have obviously seen a massive shift to online shopping through Amazon and other online delivery options, but there is a debate going on about whether the bigger supermarkets or the stores that have been able to stay open and sell essential goods have been unfairly benefiting from also being able to sell non-essential goods at the same time, while smaller shops that, as you say, could be seen to be Covid-secure have had to shut. Presumably you agree with that problem, do you?

Helen Dickinson: Again, whether they are big or small, lots of retail businesses are aggrieved that they have to be shut. We did not agree with the delineation of what is essential and non-essential. An arbitrary line has been drawn down part of the industry with a definition of what is essential. "Essential" for me, you or any of us is going to be different.

The key thing should have been following what the SAGE advice was, which was that closing non-essential retail would have low impact on the transmission of the virus. Whether big or small, every single business that has been asked to close is really struggling to understand the perspective of that. Lots of businesses, big or small, have been able to pivot part of their business into click and collect, which is still allowed, or into online, but that is, at this time of year, only part of a solution for them in terms of managing their cashflow, given that Christmas is so crucial for them going forward.

Q279 **Chair:** Kate Nicholls, from a UKHospitality perspective, presumably you are seeing similar trends as the broader retail, if not maybe harder for restaurants and those types of venues?

Kate Nicholls: Yes, we would be seeing more significant trends and longer-term trends. Your question initially talked about the national lockdown. You have to go back quite a considerable period of time for hospitality to have been without significant restrictions. The key point is our businesses never really came out of restrictions in July. We were allowed to reopen but we had significant controls, with social distancing and additional control measures around groups of six, which meant that we never got above break-even before we had a return to national restrictions in September.

You have three phases of successive increases in restrictions in hospitality. In mid-September, when we had curfew, face coverings and table service, that reduced revenues by about a third. There was a further wipe-off of a third as you move into the tier restrictions and closures and the ban on mixed-household socialising, and then a 45% drop in revenues as we went into national lockdown. That means that we are back at a 66% fall in revenues. Our revenue is down by about a third. They were at minus 75% when we reopened in July, and the best we got to was minus 15% for the sector as a whole in the end of August and beginning of September. You never got above break-even in the sector since reopening, and then there was a steady decline from September, so the restrictions in hospitality predate the national lockdown.

That is important because it means that our businesses, going into this second national lockdown, are in a far less resilient place than they were in the first lockdown. They also, therefore, have depleted cash reserves. They are going through a terrific amount of cash burn while they are closed. We estimate that is about £500 million of cash burn, just in November, that the businesses are going through just to remain closed in November.

Just to put it in context, as we came out of 2019, hospitality was the third largest employer in the UK, with 3.2 million people. We had £130 billion turnover and were forecast to grow 5% year on year and generate one in six net new jobs. At the end of Q3, so before we have all of these successive lockdowns, our employment numbers were down 20%; we had lost 660,000 jobs in hospitality over the course of this year before we went into national restrictions. Our turnover had fallen by 40%, to just £80 billion, and we had lost all of our foreign export earnings in terms of international tourism. Going from a positive plus 5% annualised growth rate, we are now down at minus 40% annualised growth rate.

As you then come out of Q3 and go into those national restrictions, what should have been our golden quarter, with 40% of revenues earned between Halloween and New Year’s Eve and 20%, on average, of profits earned in December, you can see that hospitality has gone from a pretty precarious position at the end of Q3, back into intensive care in Q4 as we come through this.

That is why the national lockdown second time round is going to be much more significant for our businesses. I would agree with Helen: it is imperative that it is time-limited and that we have an ability for as much of the economy and the sector to open with as few restrictions as are necessary to protect public health, to allow these businesses to gain some income during December, which is such a critical month, to be able to help the country socialise safely during what will be a challenging time period, and also to help us get into that position for growth and recovery once we have passed April and the anticipated recovery starts.

Q280 **Chair:** We are going to come back to some of those points in detail with questions from colleagues in due course. My last question before I bring in colleagues is to Mike Cherry of the Federation of Small Businesses. The SME supply chains, for retail and hospitality and pretty much every other sector in the economy, have struggled as a consequence of these lockdowns. What does the broader outlook look like for the small business economy, Mike?

Mike Cherry: It is hugely damaging to hundreds of thousands of businesses. It is not just retail; it is hospitality, B&Bs and all the other ancillary businesses that are involved in the supply chain, as you rightly point out. Those businesses have not had the same support as the frontline retailers or pubs have. They have not had business rates relief, they have not had the grants and, when you had the tiers, they were just getting used to being able to have some trade after they had come out of being forced to shut. Even though they were not themselves shut, their supply chain meant that their customers were shut so they inevitably had very reduced turnovers, if any at all.

The disappointing thing is that they were getting used to the tiers. There was not the support for those tier 1s that were in the supply chain to the tier 2s and tier 3s, and then suddenly—and it was sudden—we had this lockdown again. This has meant most of those business that were seriously affected have gone back to being very seriously affected at a crucial period of trading for them.

If you look at the wider impact, some small businesses are resilient. Some have continued in the manufacturing sector, as we know. Others have adapted and been able to adapt their business models in different ways. That just shows the innovation and the resilience that comes out of the small business sector.

There is one group that has been seriously impacted, and that is the self-employed. We have seen the recent announcements that the decrease has been about 500,000. In the recovery from the 2008-09 financial crisis, it was the self-employed and the small businesses that were absolutely at the heart of that. If we want those small businesses and the self-employed to be able to get us out of this recovery, remembering that small businesses employ around 60% of the private-sector workforce and collectively contribute just under half of GDP, they also need some additional support going forward.

When you have a lockdown like this, what we have not seen is the commensurate forward planning of what support is going to be there for those businesses as the announcements have been made. We have been very grateful to see the furlough scheme brought back in, of course, but you have also lost some of the other support that was going to be there at the end of January, such as the £1,000 to keep our employees on. If you do not have the businesses there, it is no good supporting employees. You have to have additional support for the businesses themselves to be able to get through this.

As you have already heard, cash burn is absolutely huge for many small businesses. If they have been able to take out from CBILS or the Bounce Back Loan Scheme to get them through what they anticipated, now you are into a completely different scenario where they are having to go back in and take on more debt that they probably cannot afford to repay in the short term. They have not got the cash reserves, apart from relying, in many instances, on their private savings or private resources to support the business through what they hope is going to be a relatively short period of time until we get through to the end of March, but that is not a given, as we all know.

Unless we get the right support alongside what may be going back into the tiers stream or indeed further lockdowns, announced in good time, then these businesses will not be able to plan forward. Many in the supply chain have long extended supply chains themselves, so being able to plan ahead and getting consistent good messaging from Government is absolutely critical to help us not just get through the Christmas period but into the winter period and through that into spring and summer of next year.

Q281 **Mark Jenkinson:** My question is to Ralph Findlay of Marston's and Humphrey Cobbold of PureGym. I am keen to understand how the regional tiered restrictions, followed by the second lockdown, have impacted your businesses. How far do the local restrictions grants go to address some of that? What measures, if any, have you had to take to remain solvent?

Ralph Findlay: Good morning. First of all, on the impact of restrictions and moving into tiers, I will give a little bit of background. We have 1,300 pubs in England: 800 of those were in tier 1 at the end of October; 250 were in tier 2 and 250 were in tier 3. It was a bit of a daily moving feast, I have to say, but that is roughly where we got to. In Wales, at the end of October we had 100 pubs that were closed. In Scotland, we had 21. Just to put a little context behind this, when I am talking about pubs, if I take those 21 in Scotland, we are talking about £2 million to £3 million investments, each one employing somewhere in the region of 50 to 60 people. They are quite sizeable and significant businesses.

I have pretty good data on how all of these restrictions affected my businesses. The numbers I am going to quote you are probably at the upper end of what you will hear in the sector, bad though they are, and I think that is worth bearing in mind. They are at the upper end primarily because we are a suburban business, not in city centres and not in London to any great extent. Those are by far the worst affected. If you look at our business, up to the end of September, with the guidelines and restrictions we had in place at that time, I was running at about minus 10% year on year. That was better than I had expected. We then went into the introduction of NHS Test and Trace and similar in Scotland, with the rule of six, table service, use of masks in pubs by staff and customers and the curfew to 10 pm, which, in practice, means last orders at 9.15 to 9.30 pm. For me, those reduced sales on average by about a further 10%. There was no one single thing that I could point to within that. I could try to break it down but, as much as anything, what it did was to deflate consumer confidence.

We then had the T1/T2/T3 restrictions. As we moved into T2, it was about a further 10% reduction in like-for-like sales; as we moved into T3, it was another 10% reduction. In T3, if you were shut, you were 100% down; if you were open, you were probably, at the better end, 40% down. If you were a city-centre bar in any of those scenarios, you were probably somewhere between 50% and 90% down year on year. Our cash burn rate was running at about £4 million a week. That includes net of all Government assistance and we have about 10,000 people on furlough.

In terms of the Government grants that have assisted us, we currently are capped by the state aid cap, which, in the UK, means that we are restricted to €850,000 in a three-year period. We understand that the European Government, if I can call them that, have enabled an increase to €3 million in a year but that has not yet been approved by the UK Government or the UK Treasury. Tenants and lessees of Marston's have been able to access those grants and the biggest grants were available in the first lockdown, provided they had pubs with a rateable value up to £51,000. There has been a big impact for Marston's from the various lockdowns.

In terms of what we have done to remain solvent, we completed the sale of our brewing business into a joint venture with Carlsberg for £270 million; that completed in October this year. We stopped all unnecessary expenditure, including growth capex. We would have spent about £40 million this year. We have not paid any dividends to our shareholders. That had been running at about £50 million.

Chair: Ralph, I am sorry to interject but we will come back to some of these details in more questions later. If you could try to answer Mark's question specifically, we will come back to some of that stuff later on.

Ralph Findlay: I will, but I did think he asked what measures we had taken to remain solvent, so apologies for that.

Humphrey Cobbold: My name is Humphrey Cobbold. I run a business called PureGym. Just to give you some context, that is 275 sites—gyms and fitness centres—spread out across the entire UK. I represent here, to some degree, the entire fitness industry as well.

Let me very briefly paint a picture for you of the industry and how it has reacted to lockdowns in general and then let me comment on the specific points of the tiering. We are an industry of 7,000 facilities, with about 400,000 employees and another 100,000 people who work on a self-employed basis within our facilities. We consider ourselves an essential service to people's health and wellbeing. That is not just my view; it is the view of the 600,000 people who have signed the petition asking for gyms to be kept open in this latest lockdown. There is a very strong feeling out there that gyms provide a service of physical and mental wellbeing that is essential at times like this. We have worked very hard to develop protocols, in partnership with SAGE, PHE and various other authorities, to ensure that our facilities are safe places to work and safe places to work out. The factual and data evidence for that is very strong and robust.

In terms of the lockdown itself, it has been massively damaging and absolutely brutal for the industry. Our industry, by the end of this month, will have been closed for 23 weeks of this year, during which time the vast majority of our participants in our industry will have earned zero revenue. We do not have any click and collect, we do not have any online sales, we do not have any takeaways, nor have we benefitted from any of the targeted measures that other sectors have benefited from: we have had no equivalent of Eat Out to Help Out, no VAT cuts and no targeted support whatsoever. It has been hugely damaging to a sector that has as its primary purpose helping support the health and wellbeing of the country. Of course, that has been very difficult from a business point of view.

In terms of the tiering system, we were reopened late in the process, in July, and then entered the tiering system when that got underway. Broadly speaking, gyms were allowed to remain open under very strict protocols and controls, and some of those were stricter in some parts and geographies than others. We had some strange ad hoc implementations of controls at the local levels, in places like South Yorkshire and Nottinghamshire, where we were required to not run group exercise classes despite the fact there is no evidence whatsoever that group exercise classes are any higher-risk than any other form of exercise and activity.

In general, to put a context on it, even when operating, the average performance of operators in our sector is somewhere in the 50% to 65% range of prior year revenues. That is below break-even for most operators. We have been able to perform a little better than that through implementing some particular processes and set-ups.

Finally, on the point of solvency in the industry, it has been tremendously difficult. We specifically have had to go out and raise new equity and access new credit in order to be able to trade through, given the limited support that we have received. To put it in context, as a business, this will have cost our business about £100 million this year. We have had to think very carefully, as Ralph and his teams have had to as well, in terms of how we manage ourselves in that sort of situation.

More broadly, the sector has been very badly damaged—I hope not irreparably so—by lockdowns to date. We have seen several high-profile business failures and countless dozens of other smaller operators that have not been able to reopen after the initial lockdown. The current estimates are that 20% to 30% of leisure centres in the UK, in terms of the public sector provision of gyms and fitness, will not be able to reopen even when the pandemic is over. I expect 10% to 20% to drop out of the industry overall. It has been a very difficult period indeed.

Q282 **Paul Howell:** I will focus this because there are a number of points that have already been covered and we need to keep it tight to get all the questions in. I will focus this to Ralph and Humphrey. In terms of the communication going forward, there have been questions about the rate of communications so far from Government on things, but what are the critical things that you want to see in terms of communication next? Let us talk about what you want to see happen, rather than debating too much on what has failed so far.

Ralph Findlay: In terms of communication, the things that stand out are that, when we came out of the lockdown back in July, the level of communication with Government was pretty good. We were consulted with on measures that would work, were capable of being implemented and were practical, and we came out of that lockdown with a very comprehensive series of guidelines. We also had communication, from my perspective, on what the industry needed in terms of support from Treasury, whether that was things like the VAT reduction and the business rates holiday or the furlough scheme.

That communication level seemed to weaken considerably as we went towards October and the second lockdown. The consequence of that was the industry lost confidence in Government, probably through two things: first, the amount of stuff that was coming out via leaks as opposed to direct; and, secondly, the amount of engagement that we had. The result would have been better had we been communicated with. Some of the things that have happened would have been avoided if we had had better communication.

Talk to us, and talk to us early, not late. We are here now, on 17 November, and I understand that we hope we will open on 2 or 3 December for the biggest trading period of my year. I do not know what restrictions I am going to be working to at this point. I do not know how many people of the 10,000 I have on furlough I can bring back. I do not know what discussions I need to have with my supply and logistics teams about getting food and beer into our pubs. This kind of late discussion and stuff happening late is incredibly difficult. Talk more to us; talk sooner. That is really my point.

Q283 **Paul Howell:** Is there anything different, Humphrey, that you would like to add to that?

Humphrey Cobbold: I would very substantially echo what Ralph said: more communication sooner, an openness of dialogue and a sense of partnership as well would not go amiss. There has been a lot of conflict that has been unnecessary in many ways. We need genuine dialogue and discussion. For businesses generally, and certainly for ourselves, the objective is to be part of the solution, not just a part of the problem, but often it feels the other way around.

Q284 **Paul Howell:** Helen, could I ask you pretty much the same question? I have been approached, like many, by a number of small businesses. For example, the wedding industry needs to plan very much in advance. Would you echo what has been said in terms of the whole timing agenda?

Helen Dickinson: I would, for the logistical and operational problems that it creates. There needs to be clarity about 3 December. We also understand that the English existing tiers are being recalibrated; I think that is the word that I heard. What does that mean for particular type of businesses, including those of Humphrey, Ralph and lots of others? From a retail point of view, while we absolutely believe that the evidence needs to be looked at, that SAGE advice should be followed and that all of retail is safe, if we do end up at any point in lockdown version 3 at some point in the future, we have to look at the delineation between essential and non-essential, because some of the major issues that we have seen over the last few weeks would hopefully get resolved.

I would reinforce wholeheartedly the message: engage, engage early and give early clarity as to what is happening next. Even if it is a series of scenarios, at least people will know what those scenarios are. At the moment, we do not even know what the scenarios are that potentially people are having to plan for. It is really important to bring back some of the ways of working that Ralph highlighted, which we saw in the earlier part of the pandemic, where that engagement and collaboration was much more effective than it has been more recently.

Paul Howell: What I am hearing is you need early communication that is as clear as possible; if we are not sure and there are two choices, share the two choices so that you at least know the options that we might be going with.

Q285 **Alan Brown:** Mike, you have continued to raise concerns about the level of cash grants available to small firms, the lack of access to finance and exclusion from support for sole traders and company directors. Have the Government learned anything from the first lockdown and the packages announced then? What other reforms are still required to go forward?

Mike Cherry: You have many issues around this. I briefly mentioned in my opening remarks the business rates holiday. The business rates grants that were available for a very tightly defined group of businesses, i.e. retailers who were on the front line, pubs that were on the front line and others, have not extended any further into the supply chains with the first lockdown. It would have been very helpful for some indication of that type of support to support the business. Let us not forget that business rates are an upfront cost that a business has to pay before it makes £1 of sales. It is a regressive tax. It is damaging to those businesses that are space-necessary, particularly around manufacturing and others, as against those that have been able to benefit from these. It seems very wrong that we have seen supermarkets and discount stores benefiting hugely from that type of support, when many thousands of small businesses were not able to access it because it was so tightly defined in the initial phases.

When we look at the self-employed, we have continually had to make the point and we continue to engage with Government on that, but there are too many that have been excluded from the support that they should have had. That includes company directors, some of whom quite legitimately relied on dividends to help support their earnings. Start-ups have not been able to make themselves available in many cases for what they need because the cut-off date was the tax year ending April 2019. I would have hoped that, for the second lockdown, as I mentioned, commensurate support would have been looked at again to see how these groups of businesses and individuals could have been better supported as we go through now to the end of March and further beyond.

Q286 **Alan Brown:** In terms of businesses forced to close, the Government have put out a £3,000-a-month package for closed businesses. What does that mean in reality, in terms of overheads and how that is going to keep a business solvent or otherwise?

Mike Cherry: That is a package that is up to £3,000, depending on whether you are forced to close. That excludes many of those businesses back in the supply chains, which are all essential businesses in their own way to the customers that they continue to support and supply. That is something else that could be looked at further as we look at getting businesses through past Christmas, into spring and summer next year, in terms of getting them to survive so that they can keep their employees employed. That is something that the Government need to look at urgently

Q287 **Alan Brown:** Back to company directors paid by dividends, HMRC says it is too difficult to ascertain income from the company, or sole trader possibly, from dividends? Do you agree with that, or is there a simple solution? I have even suggested to the Chancellor that payments could be made based on the living wage so that you actually pay the directors a wage, but is there anything out there that would work that is not complicated?

Mike Cherry: HMRC, of course, has all the individual details of these individuals' earnings. That is something that could have been looked at when we went into this second lockdown that obviously was not available to anybody for the first lockdown when that came in at the end of March.

Q288 **Alan Brown:** Kate Nicholls, could you comment on the up to £3,000 per month on closure and what that means for hospitality? What does the impact of partial restrictions mean in terms of support available?

Kate Nicholls: It is up to £3,000. It is scalable depending on the size of the business and the rateable value of the business. For many of those businesses across the sector, £3,000 when you are closed and have no revenue coming in at all will not touch the sides, particularly as they are bearing furlough costs during this lockdown fully. You have the NICs and the auto-enrolment, and particularly you have a big black hole in February now they do not have the opportunity to draw down that coronavirus job retention bonus. That is a significant hit to the industry. Those two costs that are coming through need to be offset against the £3,000 grant that will be available to them.

As Ralph said, for some of the bigger companies in the sector, we need to urgently have a resolution that the Government will opt in to the increase in state aid, so that those businesses can get that cash, but it is not a huge amount of money to get you through, and it certainly does not compensate for the loss of income at such a crucial trading time. If you think of getting through the current restrictions, as Ralph said, his businesses were at the better end of those trading numbers that you have, but across the industry as a whole, as those national restrictions started to bite, people were down at 50% to 60% of normal revenue levels. It then fell to 30% to 40% and, in city-centre locations, it was down at 20% of normal revenue levels. Now, for hospitality as a whole, break-even is 75% and we have never hit break-even this year since March. Those grants do not compensate for the cumulative impact of a hit on revenue levels. They will be enough to get some businesses through and, for many small businesses, they will be a lifeline to get through.

For a lot of people in the sector, they are not subject to mandatory closure but they do not get the automatic grant; they have a lower level of grant if they can demonstrate, and they have discretionary grants. They are bidding into a local authority discretionary grant pot because they are technically able to stay open, particularly in the tourism sector and the tourism side of hospitality. They are not required to close but they have lost all of their business. Think of events, functions, wedding venues, tourist venues, coach operators, tour operators; all of that infrastructure that goes behind core hospitality does not have any guarantee that they will get a discretionary grant from their local authority.

We need to look again if we are going to have these restrictions in place for any length of time. Equally, if we are coming out of the national lockdown into a tier system, which saw hospitality core revenues down at about 50% to 60% of their normal levels, we are going to need to look again at this support, particularly if we have this black hole of the job retention bonus.

Q289 **Mark Pawsey:** I would like to raise the issue of the build-up of rent arrears. I would like to put my questions to Helen and Kate, because hospitality and retail are some of the biggest users of rented accommodation. Kate, you have already said that growing rent debt is the single biggest issue facing hospitality and will cripple the sector without further support. The British Property Federation tells us that, broadly, there is £1.5 billion of rent outstanding from quarters 2, 3 and 4 of this year, being a total of £4.5 billion. This is rent that enables property companies to repay their debts; the profits they make are often distributed in dividends to people to pay their pensions. This is a pretty important and serious issue. I know that you have been in discussion with Government, and I am interested in that, but we know Government have already spent over £200 billion of taxpayers' money on VAT relief, business rate relief, loans, tax deferrals and support for individuals. Kate, what do you want to happen with this outstanding rent?

Kate Nicholls: It is quite clear that, as it has built up over the course of the year with closure, it is not sustainable to think that these businesses, many of which are small businesses, across hospitably and also into retail, which have had protracted periods of closure, will be able to pay a full year's rent in January, which is what some of them are faced with. The moratoriums come to an end at the end of December. The rent forfeiture and the debt enforcement moratorium both come to an end.

Without further Government intervention, those businesses will have to pay a year's rent in full unless they have reached agreement with their landlords. There are many businesses across the hospitality sector that have been able to reach agreement with their landlords, particularly in the pubco sector where there have been negotiations and discussions, but in many cases there simply have been no negotiations. Some 46% of our businesses said that they had had no response from their landlord company to a request for a discussion about rent, either to reset the rent or to look at an alternative payment procedure so that they could pay the outstanding balance. In many cases, they were also told, particularly by commercial landlords, that they had to pay up in full and settle their outstanding arrears before they could talk about any discussions about forward looking at rent.

It is quite clear that the Government are going to have to act further to extend the two moratoriums that we have. We would urge them to take them forward for a further six months to allow those renegotiations to happen. The Government code of practice on rent negotiations needs to be strengthened to provide a greater incentive to address this. One of the proposals we did put to Government was that they looked at a way of helping incentivise forgiveness of rent debt by landlords where that was not happening and where that was getting in the way of settling new rents. Unless we grasp this and find a way of resetting commercial rents, we are going to bake in a problem throughout the whole of the recovery period and we will hamstring people going forward who want to rebuild their businesses post pandemic.

Q290 **Mark Pawsey:** Helen, a commercial landlord said to me that, if he went into one of your retailers' stores and took some goods away without paying for them, he would quite reasonably have the security man on his shoulder, but commercial operators of buildings have been able to avoid paying rent by this moratorium. How can that be fair?

Helen Dickinson: It highlights the need for both the tenant and the landlord to come to the table in order to work out what is sustainable for both parties going forward. We have seen that, while not everybody agrees with it as a process, the moratoria at least have brought more people to the table to have those conversations to find a way forward, to enable that to work for both parties. Otherwise, you end up with this huge gaping gap between them.

I would just reinforce what Kate has said. Extending those moratoria that exist, perhaps in a more targeted way, facilitating and enabling more of those negotiations to occur, to find a way forward that works for both parties, has to be the next step. There is also a part of the whole moratoria process that is not covered by the changes that have been put in place, which is county courts judgments. There are lots of issues out there in the market in terms of those being served on businesses that just do not have the ability to pay. I agree that there is a need for both parties to come to the table and to find a way forward, but the moratoria have proved a mechanism to facilitate and enable that.

Q291 **Mark Pawsey:** Are sufficient discussions taking place, to your knowledge, between landlords and tenants to deal with this problem, or are people taking entrenched positions?

Helen Dickinson: It has shifted over the course of the summer. Kate and I and the landlord groups have sat in various conversations over the course of the last few months. More people have come to the table. I have no doubt that, on both sides of that equation, there are people who should come to the table and have not yet, but it has moved as the situation has become more acute for both sides. We have to continue to put in place the mechanisms that facilitate and enable that to occur. Extending the moratoria is the way to achieve that.

Q292 **Mark Pawsey:** Kate, should the Government pick up the bill for this £4.5 billion that is outstanding? Should that burden fall on taxpayers?

Kate Nicholls: I would echo what Helen has said. What we are looking at is a sharing of the burden. There are four parties to this: there are the landlord and the tenant; equally, there are the bankers and the investment companies beyond the landlords; and, equally, there is then the taxpayer or the Government. Clearly all four of those parties have a vested interest in resolving this satisfactorily, so that we do not have devastation on our high streets, which, certainly from a hospitality point of view, is a very real prospect in January. You only have to look at the CVAs that have gone through recently in hospitality businesses, all of them citing the fact that they cannot get a renegotiation and a resettlement of rent.

Those four parties need to be able to come together to resolve this. It is quite clear that you cannot expect all of the pain to be borne by one of those three main groups: the landlord, the tenant and the banks. You need to make sure that you have a principle of shared pain. If the Government can then step in to either incentivise the forgiveness of rent debt or to take on some of that burden, that would be incredibly helpful to unlock those negotiations about a reset going forward and allow a market-led solution on future rents, which many people are getting involved in.

Q293 **Mark Pawsey:** You are saying that Government should contribute something but maybe not the whole £4.5 billion.

Kate Nicholls: Yes, absolutely. No one party should bear the cost of that, in the same way that it is totally unsustainable and unreasonable for a lessee to be required to pay rent in full when they have not been able to trade. They should be paying something because they should be able to make a contribution, but the fact is that we cannot get to a sensible conversation in about half of the cases that we are dealing with because you have these accrued rent liabilities.

The other thing is that for many of our members, when they approached for business interruption loans or bounce-back loans, the banks made a quite clear stipulation that that loan funding should not be used to be paying off rent debt. You have a catch-22 and a Gordian knot. It needs something to unlock that Gordian knot. If there is a financial incentive that can be provided by the Government or, equally, a use of some of the loan funds to be able to transfer that short-term commercial rent debt into longer-term, lower-interest debt that can be paid off for a longer period, that would also help. It would need Government intervention.

Q294 **Mark Pawsey:** Humphrey, you are in a different position because you have told us that, when you are forced to shut, you get no revenue whatsoever. The Chancellor said, "While our inventions have saved millions of jobs and business, we cannot save every job and every business". To what extent has your business been defended and supported by the £200 billion that the Chancellor has made available?

Humphrey Cobbold: Clearly we have benefitted from the job retention scheme and the rates holiday That has been helpful but, to be honest, there has been very little beyond that, save some tax deferrals that have been directed directly at the sector or that we have been able to benefit from. In general, the sector has made limited uses of the grants and the loans, for various reasons. That has been challenging.

If I may just echo and make one point clear on the prior rental discussion, there is a mechanism for doing this that has already been set out there. This is where Government can play a very important role. The Australian Government put in place a mechanism for businesses relative to the degree of closure or the loss of revenue in the lockdown period, because clearly there are differences in that. If business have lost a lot of revenue, landlords were required to share their part of the pain.

To your point of fairness, it is completely unfair that when tenants, through no fault of our own, are required to shut down for the good of society, our suppliers, in the forms of landlords and their financiers, do not take some of the share of that. The Australians have put that legislation in place. They require a minimum of 50% of rent to be forgiven and the rest of the rent is to be repaid over the lifetime of the lease. That strikes me as a very equitable way in which these things could be shared.

There is a broader point about targeting of contributions by Government here, which, as we go forward, should be looked at much more. There is no reason why businesses that have been particularly adversely affected, because we now know which they are, should not be looked at for an extended rates holiday or further support in other areas. Indeed, we think that they should. Of course, that could be funded by removing some of those subsidies to some of the players that have not really needed them. Let us be honest: large grocers have not really required a rates holiday. I am sorry that me saying that will not be to Helen’s liking, but that is the reality. They have done pretty well through a period when they have traded up rather than down. It is a bad use of Government spending to put that money into the hands of people like that. Give it to sectors in hospitality, leisure, gyms and fitness, theatres and many other areas that are much more deserving of that support, where it would be much more helpful.

Q295 **Mark Pawsey:** Ralph, you set out at the outset the support that you had from Government and the measures you have taken. How much worse would things be for your business if the Government had not taken the action they have taken?

Ralph Findlay: Government action has been absolutely essential. There is no doubt in my mind that the furlough, the VAT reduction and the business rates holiday protected jobs and sustained businesses. They are going to continue to be necessary for the foreseeable future.

If I may just make one point on that, there are two things that really impact our ability to keep going as a business and to employ people. One is the support we get from Government but the other is we need a business; we need people to come into our pubs and restaurants and spend money. At the moment, it is a very weak consumer environment to do that.

We have just recently announced 2,150 job redundancies. It is a massive regret to me that we have done that. Over half our people are under the age of 25 and those are jobs in places that are often really difficult for people to get jobs in. They include many of the constituencies that you on this call represent. We have created thousands of jobs in the last few years—1,000 a year—in Ayrshire, Bradford, Newton Aycliffe, Warrington, Nuneaton and Newport; you know where these places are. Some may say they are low-paid jobs but these are jobs that help people pay bills and help people pay mortgages. In many cases, they set people off on a career path. That, to me, is what this is all about: it is not about profits; it is about sustainability, livelihoods and having a future.

Q296 **Judith Cummins:** I would like to return to the tiered approach and the return to a tiered approach. With just over two weeks to go until 2 December, we still do not have clarity about what that tiered approach will look like. My question is to Marston's, PureGym and UKHospitality, and it is about the restrictions placed on pubs, bars and gyms during recent tiered restrictions. What advance notice do businesses need to prepare for which tier they will return to? What discussions have you had with Government as to the new recalibrated tiered system and what that will look like? Are there any lessons that the Government need to learn from their previous approach to tiered restrictions?

Ralph Findlay: In terms of what notice we need about what we return to in the tiered systems and what discussions we have had with Government, it is a really good question. The answer, of course, is as long as we can get. In reality, knowing where we are, we need at least a week. There is a whole load of logistics and supply chain issues that need putting in place. We need at least a week in order to be able to plan for which tier we are going into. Many of our pubs, if they are in tier 3, are not going to open at all because they either do not have food or they do not have a proper main meal, or whatever that phrase is. There is a whole thing about whether a pub actually opens or not, and then the issue of how you staff it up for when you open. If you open into tier 2 compared to tier 1, you are going to be a lot quieter. There is a lot to do with that. We have not had any communication with Government over that process so far; we need it.

Humphrey Cobbold: As you will know, Bradford is one of the places that early on, after the last lockdown, had some early experience on closing or not closing various things. I am sure you are very familiar with the topic. At a headline level, discussions thus far with Government on reopening arrangements and tiering have been very limited, from our point of view, although I am led to believe that is about to change over the next 10 days. The restrictions placed on us varied a fair degree, depending on where we were in the tier 3 arena. That related to whether we were allowed to operate group exercise. It varied in different parts of South Yorkshire versus West Yorkshire, for example, and across to Lancashire. That was quite complicated and difficult to manage.

I would echo what Ralph says: we need a minimum of a week of clarity on what is going on, both for reopening and the conditions under which we are going to be able to reopen, to be able to configure services properly. Remember that what we are looking to do is provide safe operations for both our staff and our members who attend. We need some time to make sure we have configured the protocols accordingly to do that.

Kate Nicholls: I have a couple of additional points. I would echo everything that Ralph and Humphrey have said. There are three key things we need in terms of notice. We need to know which parts of the country are in which tiers as early as possible. We can have that information earlier than we can the restrictions under which we are operating. The earlier we can have that the better to allow businesses to start to plan to know which parts of the country are in which tiers. As an aside to that, it would be really useful for it to be transparent and clear what metrics are being used to decide which parts of the country are in which tiers and what the test for moving in and out is. That is a longer-term point because, as businesses, we are not just looking at the next 30 days. We are looking at 90 days and more, and we need that end route.

The second point is we need to know the details of what restrictions are in which tier. I would echo the points that colleagues have made. We really need to work with Government on that. If we look at the lessons learned, which you also asked about, when they co-created that with industry, the unions and employer and employee representatives, we got it right. We did not have any unforeseen consequences. When we look at the restrictions that came in before the national lockdowns, they got it wrong. We had a lot of unforeseen consequences; curfew was one of them, where you had an additional pressure. If you had talked to the industry and the regulators, we would have had a better outcome. Work with us on what restrictions are relevant to each tier.

Thirdly, there needs to be detailed guidance on legal interpretation. With recent measures, hospitality has had six different changes to the conditions under which we are operating in a period of eight weeks. That puts incredible pressure on the national businesses but even more so on the small independents that just do not know. We are still getting clarifications through now as to what businesses need to do to comply with national lockdown. These are legally based and have massive fines attached; it is simply not good enough to have that information coming out 12 hours before we reopen, which is what we had in September and October. Those are the three key points about notice: which parts of the country are in which tiers, what restrictions are on each tier and what the legal detail behind it is.

In terms of lessons learned, we need stability. We cannot have weekly changing, where you might change tier and you do not know which tier you are in and whether you might be going up. Particularly over this vital period where these businesses have had a hit on their earnings in what should have been their busiest trading period, we need to know for certain what we are going to be facing over Christmas and new year.

Q297 **Judith Cummins:** As a Bradford MP, that call for stability is a much needed one, because we have been in local restrictions since the end of July. I know exactly what you mean.

Turning to Mike Cherry from the Federation of Small Businesses, how did the previous approach to tiered restrictions impact on our small businesses? What element of business support will need to be retained, as we return to a tiered approach to restrictions, to avoid the closure of small businesses across the UK? I am thinking of small businesses such as those in the hair, beauty and wellbeing sector here, with the British Beauty Council recently launching a report that said that 41% of hair and beauty salon owners will not know if their businesses will be able to survive past Christmas. That is a sector that employs 370,000 people, mainly women. Specifically, do you think the Chancellor should extend the VAT cut to 5%, which hospitality currently enjoys, to hair and beauty, spas and gyms as well as wellbeing businesses? I would appreciate an answer to that specific question.

Mike Cherry: If we take hair, beauty and wellbeing in the right context, many of those are self-employed, as we know, and a lot of those have not been able to even access universal credit, for instance. There are some issues around that fundamental support in the first place. What is generally recognised, though, is that small businesses have gone out of their way. They have spent thousands to make sure that they are safe places for their employees and indeed for their customers and clients. A lot of people have expressed to me the disappointment that hair and beauty have had to shut, although they can understand some of the reasoning behind it.

Again, coming back to an earlier point, small businesses—retail, hospitality and others—are safe places. That is not where the cause of this increase in the virus is actually happening and, therefore, there is some real concern that they have just been lumped in with a whole group of other small businesses. You have florists that are shut whereas supermarkets are open selling flowers. You have garden centres open as essential. Quite frankly, people cannot understand that.

The problem you have is, where people cannot understand it, they try to disengage, because it just does not seem right for them and they are faced with an absolute cliff-edge where, if they do not have some trade soon, they are going to go out of business. As we know, coming up to Christmas and new year, particularly for hair and beauty, it is one of their key times of the year when they get their earnings coming in. They work long hours in any case, and the Government need to look at a wider definition of where the tier 3 support is given, extending back into tier 2s and the tier 1s, as I said, because there are many other businesses behind those that are forced to shut down, which also either shut down or are on a 70% or 80% reduction in turnover and which need some support to get through this. That is being missed at the moment and that needs looking at as a matter of urgency, alongside the very welcome extension of the furlough scheme. As you have also heard, the job retention bonus has also now been scrapped.

There are some real difficulties here. There seems to be a lack of forward planning. It is unhelpful to see media speculation that we may even have a tier 4 in England now. We do not know what that is going to be. In terms of how we can plan through all of this, we need to be able to look further ahead; we need to be able to look forward to the end of March and indeed into next summer, because even now there is no guarantee that the vaccines will be able to be given to all those who need it in that sort of timescale.

Judith Cummins: I think we have agreement right across all sectors that a week from today there will need to be some clarity about any local restrictions and tiered systems.

Q298 **Chair:** I am conscious that there have been lots of good suggestions today, whether it has been about tweaks to the curfew policy in the hospitality sector, the definition between essential and non-essential retail, the solutions that are needed to deal with the rent build-up or the inequality of the business rates support scheme across the sector. Very briefly, I am keen to hear from our trade body reps about whether you are actively being invited in by Ministers and civil servants to talk about these, to try to build in the lessons that are being learned. Helen, are you actively in with Ministers and civil servants discussing these things?

Helen Dickinson: Yes, to a degree. Many of these issues have been on the table for a period of time. Access and conversations are one thing; decisions and clarity are a different thing. It is on the latter—decisions and clarity—that there is more homework required.

Q299 **Chair:** Kate, do you agree with that answer?

Kate Nicholls: Yes. In hospitality, we spread across three Departments. We work with Defra on food issues, with BEIS on high-street hospitality, and with DCMS on tourism. We have had regular conversation with all three of those Departments on all of the issues you have touched on. I would echo what Helen has just said: we have been discussing them since March and we also keep discussing the fresh ones that that come up. The biggest one of those is the absence of the coronavirus job retention bonus and the immediate impact that has on cash flow.

Q300 **Chair:** Mike from the FSB, have you been invited in as well?

Mike Cherry: The FSB continues to have very regular engagement with Ministers at senior levels as well as the Government Departments. Of course, our members are right across all sectors and all sizes of businesses. The engagement is good. Coming back to Helen’s point, the decision making and the notification of decisions is not as robust as it could be. We still need some clarity over whether we are going into a tier system, whether we are going into a third lockdown and what commensurate support is going to be there to support businesses through that.

Chair: Thank you to Helen Dickinson, Mike Cherry, Kate Nicholls, Ralph Findlay and Humphrey Cobbold for your time this morning on our first panel.

Examination of witnesses

Witnesses: Dr Sonali Joshi, Paul Fleming, Tony Dale, Mike Brewer and Henry Chango Lopez.

Q301 **Chair:** We are now moving swiftly on to our second panel, where we are going to focus our questions on the impact on workers. We are delighted to welcome Dr Sonali Joshi, who is the founder and director of communications at ExcludedUK; Paul Fleming, who is the general secretary of the Equity Union; Tony Dale, who is the head of research at the Union of Shop, Distributive and Allied Workers, or USDAW; Mike Brewer, who is the deputy COO and chief economist at the Resolution Foundation thinktank; and, lastly, Henry Lopez, who is the general secretary of the Independent Workers' Union of Great Britain. Welcome to all of you.

My opening question is going to be to USDAW and to Equity. It is the same question I asked colleagues in the first panel, which is about what you are seeing in terms of the cumulative impact of the second lockdown in terms of redundancies in your sector and also any redundancy practice issues, if there have been any bad issues that have come up around redundancy situations that you wanted to note.

Tony Dale: We are seeing more jobs being lost. They are not just being furloughed but are being permanently lost. A majority of our members work in retail so I would echo but will not repeat the various things that Helen Dickinson said in the earlier session. We are anticipating that there may be about 250,000 jobs lost in retail during this year. We are looking at 20,000 shops closing. That is the scale of the problem.

One particular problem that we had was the late announcement of the extension of the job retention scheme. It actually came too late to save some jobs. Businesses had already taken decisions on the basis of what sort of support mechanism they were going to have. Obviously we welcome the extension but that extension came too late; decisions had already been taken about job losses.

Another aspect of this is that workers in this lockdown are financially losing out to a greater extent. In the first lockdown, back when the crisis started, many employers were using the 80% support from Government and they were making up the difference to make sure that people kept their full normal pay. We are now seeing more businesses deciding to cut furloughed workers' pay back down to 80%. That is particularly an issue for low-paid workers. If you are a low-paid worker, you are more likely to receive the 80% pay as opposed to the full pay. Those are the two main aspects: we are seeing more jobs lost and we are seeing workers who are being furloughed being financially worse off.

Q302 **Chair:** On that point about redundancy processes, are you finding that most of your organised workplaces are following processes properly and fairly around redundancy, or do you see people in situations of distress maybe not following the rules that they ought to?

Tony Dale: Mostly, people are following the processes. There are always some businesses, especially businesses that are going insolvent, where the rules are, effectively, being ignored. The problem we have in this country is that in the UK the mechanism for making people redundant is actually very weak. It can actually be done very quickly, with very little notice and very little compensation for the worker. That is one problem. The second problem is that, where businesses are going insolvent, obligations on consultation and notice periods appear to go out of the window. If there is compensation due, the bill will be picked up by the taxpayer. The problem for workers is more the statutory framework of redundancies.

Q303 **Chair:** Paul, from an Equity perspective, how is the cumulative impact of the second lockdown on the members that you represent looking? Is it any different to the first lockdown?

Paul Fleming: Members in theatre and variety would say, "We are still on the first lockdown", because the vast majority of them never went back to work. The nature of the question itself almost begs the answer. How many redundancies have we had? Barely any, because our members are entirely freelance. They do not have that recourse. They were not retained on the furlough scheme. Some 40% of our 48,000 members have not received a single penny from either furlough or the self-employment income support scheme since March. For them, there was really no second lockdown; there was just the first.

Even when you look at the limited lifting of restrictions, there has been a complete lack of understanding from the Government about the economics of reopening our members' workplaces. You are not going to be able to reopen a theatre based on the marketised model that the Government have set up through their funding structure, and indeed successive Governments have set up through their funding structures, unless you allow people to open very small bars, unless you allow them to have very full houses, and unless you have audiences who are disproportionately older and in the shielding groups.

Indeed, if you look at the understanding of how the industry closed in the first place, we are looking at major West End shows, which are very commercial and profitable. There is one in particular that I can think of. It was the Thursday before the theatre lockdown, which was a week before national lockdown. It took £2,000 that day; it normally takes £60,000 a day, so there has been a complete lack of understanding from the

Government about the level of investment that is required to ramp up the industry back to a level of anything that looks like normality.

You have the Government's £1.57 billion that is not just for us but is for heritage and cultural institutions across the board—museums, galleries, historic sites and so on—and £250 million of that is unspent because organisations were hinted at, in many instances, to not use that money on making provisions for reopening. Those that did make provisions to reopen had the carpet ripped out from under them, with very short notice about closure. That is not just nationally; let us also talk about those regional lockdowns that had a massive effect on our members' workplaces and producers who had engaged in good faith with making their venues Covid-secure. There was then the consequent impact of that.

I cannot really answer in terms of redundancies because, in short, 20% of self-employed people in this country are working in the creative industries. Although our union agreements provide severance payments and levels of protection for the majority of people who are working on them, the conventional redundancy situation does not apply and the self-employment income support scheme has been woefully inadequate since its inception.

Q304 **Chair:** Henry Lopez, your union represents lots of gig economy workers. How have they fared during this second lockdown?

Henry Chango Lopez: We are a trade union that represents some of the most precarious workers who have been the most affected by this pandemic, not just because they are at greatest risk of getting the virus due to the nature of their jobs but because of the failure of the Government to protect their income and their health and safety at work. Some of the low-paid cleaners, for instance, and couriers, private-hire drivers and foster carers have not been able to get sick pay and not been given the health and safety protections that they need in order to carry out their jobs.

We have had many devastating consequences. Companies have been picking and choosing who they put on furlough. Workers have decided to work sick because they cannot afford to get £95 a week. In some cases, they are not getting any money because they cannot get into the system to access the allowance. We have couriers who also have not been able to do their jobs properly because they do not have proper health and safety protections. In some cases, companies have been telling them they have to get their own protections. In cases where they have bought these protections, they have not been reimbursed this money.

In terms of foster carers, they have been told that they have to meet other families from the child of birth without any protection.

We have had couriers who are being terminated days in advance, which has created a massive impact for them. That means that in some cases, where they have had to resort to Government help, this has also not been helpful in terms of the income protection that they should be getting. In some of the cases, for instance, there has been economic support that they should get but they did not get this support because it took three months for some of them to get self-employment income support, for instance. This has been a very difficult situation for them.

We have private-hire drivers who have not been allowed to put up a screen to protect their lives. This needs enforcement from the Government because this has created such a big problem for these workers.

There are a lot of problems with workers, such as cleaners, not being paid their wages. It has taken some of them months to get their money. We, as a union, have been working really hard in order to support all these workers, not just campaigning but also putting pressure on employers. Employers should not have to be forced to pay workers' wages. They should not have to be forced to put people on furlough when there is the furlough available, but it is something that has been happening through this pandemic.

Now we are going into the second lockdown, the situation is exacerbated because companies are refusing to put people on furlough. Companies are continuing to dismiss workers, making them redundant, in some cases when they do not even have to do so. This is a real problem for all of these workers who, apart from being already in a difficult situation because they are low paid and unprotected by the Government, have to go through this. Also recently we challenged on the Government on health and safety protections—

Chair: Sorry to cut in, Henry. We will not be referring to the court case today, just because of the potential for it to go to the Court of Appeal, but we note it and I know it has been reported on. Thank you for that.

Q305 **Mark Jenkinson:** I have a question for Dr Sonali Joshi of ExcludedUK. ExcludedUK has identified 3 million people left out of various Government schemes. They fall broadly into two categories: those left out of the self-employment income support scheme due to either them being fairly new to self-employment or the percentage of their income not being significant enough—i.e. over 50%—to meet the criteria; and the other cohort of limited company directors without premises. What proportion of your 3 million fall into either of those two categories?

In my extensive discussions with Treasury around the exclusions, particularly the limited company director exclusions, having some knowledge of that sector from before I came here, my understanding is that there is a lack of ability to be able to distinguish between dividend income from a sole limited company director and those with larger investment portfolios. Do you have an answer to that conundrum?

Dr Joshi: If I can first address your first question regarding who is excluded, it is actually far more complex than that. There are many different exclusions that we have identified, the majority of which were also identified by the Treasury Select Committee and reported on extensively in their report of 15 June. If it is helpful, I can very briefly run through those because it is more extensive than what you have referred to there. Broadly speaking, the largest category of those who are excluded are those who fall under self-employment. Just to run through self-employment, there is the newly self-employed, those whose trading profits are above the £50,000 cap and those who are earning less than 50% of their income from self-employment but who are combining PAYE employment with self-employment.

There is a lot of confusion of the status of limited company directors. They have frequently been referred to as the self-employed. Technically, they are not; limited company directors are employees of their own companies. They form a category of their own and I will come on to the dividends point shortly. You also have PAYE freelancers, who, through a technicality with HMRC, are taxed at source but are freelancers so are typically on very short contracts. They fall completely between the two schemes and are completely excluded.

Then, with regards to employees, there are the new starters who missed out because of the RTI date. There are those who were denied furlough and then there are also a number of sub-categories predominately relating to people’s circumstances. Probably the most significant in terms of numbers is maternity—people who are affected by maternity issues and parental leave, having taken that leave at a certain period in time that has affected their eligibility. That goes for both the furlough and the self-employment income support scheme.

Across all of those categories we have identified, we have estimated that around 3 million people have been excluded. This has been backed up by various other research, most significantly by the National Audit Office. Its report of 23 October identified 2.9 million. I can tell you briefly how it broke that down. 1.6 million self-employed are ineligible; we concur with that figure, according to HMRC data. It identified 1.1 million as being ineligible for the furlough scheme. We also have the situation of limited company directors, as I mentioned, who are, in effect, a category of their own, with confusion around their particular status.

With regards to limited company directors and the dividends issue, we all fill in tax returns. All our data is readily available through HMRC. There have been many calls for this issue to be resolved and for workable solutions. Workable solutions have been presented to the Treasury, such as a clawback system whereby it would be expected that there would be a very high level of compliance, therefore counteracting fraud.

I would also say, within the category of limited company directors, that there are other issues as well. There are new businesses, and this also goes for the newly self-employed, which will typically have very high overheads in the early stages of their businesses and therefore would not even qualify for the self-employment income support scheme if they were considered as self-employed. There are those who are paid annually PAYE and missed out because of the RTI cut-off date.

We certainly feel that, with regards to your question about limited company directors and dividends, this is just one issue of many across those excluded, but workable solutions have been presented to the Treasury, both from industry bodies and from individual MPs. We certainly feel that that is workable but, across the board, the 3 million represent such a diverse range of individuals and business owners across many different professions and industries, with different socioeconomic statuses, all across the UK and all employment statuses.

Q306 **Judith Cummins:** My question is to USDAW and Equity. I will start off with USDAW and Tony. First, I want to place on record my thanks to your members in keeping us fed throughout this pandemic. I know that it is national Respect for Shopworkers Week. I just wanted to get both of those things on record. In terms of Government support measures for your sector, how adequate do you think they have been?

Tony Dale: There are major problems with the support for this sector. There is the whole issue about the moratorium on evictions for shop rent arrears but, as the previous session highlighted, those rents are still going to become due at the end of the moratorium. There is a major problem that is stacking up, which will actually lead to job losses unless it is adequately dealt with. That is the issue about shop rents. There is the business rates holiday, which is an important area of relief and support for the retail sector. That has had an important impact.

Looking at non-essential retail, that was closed initially, then it was reopened and it has then been closed again. It is a major crisis happening on the high street. Combined with that, we are now seeing the growth of online retail; online retail now is a third bigger than it was 12 months ago. They are taking shoppers off the high street.

There are two crises here being faced by the retail sector. One is the immediate pandemic crisis, which is well documented; there is also a longer-term one, in the sense of whether the high streets still survive with the growth of online retail. There has always been an attitude towards retail that retail will take care of itself, that the Government just need to leave it and it will recover and so on. That is no longer the case. We are now looking at a situation where the high streets in many towns could become ghost towns. We could end up seeing shops lying empty, boarded up, and we really need a Government strategy to help the high street retail sector. If we do not have that Government intervention, there is going to be a longer-term crisis, which is going to really badly impact on many communities. That is the business-wide support that is needed.

There is need for more support for workers in the sector. As I indicated in my first answer, there are a lot of workers who are getting paid less than

£10 an hour, are being furloughed and are not getting their full pay. That is a major problem. We also have a test-and-trace strategy that is not ensuring that, if workers have to isolate, they are going to get full pay. In actual fact, they are going to face statutory sick pay of less than £96 a week. If we really want test and trace to succeed, we really need those workers getting their normal weekly pay, or else people will not self-isolate when we need them to do so. There are also 2 million workers who do not even qualify for statutory sick pay. There are a number of fault lines in the Government's support for both the retail sector and for workers in the retail sector that need addressing.

Q307 **Judith Cummins:** In terms of the long term, you talk about the high street and the decline of the high street, which is not inevitable. How can the Government reform those business rates to help with the retail recovery?

Tony Dale: Retail, which accounts for about 11% of the economy, pays 25% of the total business rates bill, yet a lot of online retail does not have those same business rates or shop rent finances to cover. The time has come for us to seriously think about what an online sales tax would look like. An online sales tax of 1% would raise £1.5 billion, which could help the Government cut the business rates bill that is paid for by the retail sector. Longer term, in terms of a retail strategy in order to support high street retail, we now need to seriously look at introducing an online sales tax. As we have seen the massive growth of online retail over the last 12 months, now would seem the right time to do that.

Q308 **Judith Cummins:** That was really helpful. If I can now turn to Paul from Equity, how adequate are the Government support measures for your sector and also for your members?

Paul Fleming: If it was not a tragedy, it would be a comedy. If it was a play, I would not give it a five-star review; let us put it like that. They have given us £1.57 billion as a sector support fund, lumped in with museums, art galleries, heritage institutions and so on, of which £250 million has not been spent. That compares to giving EasyJet a loan—straight to the bosses, not to the workers, it should be noted—of £600 million, so a third of what our industry, which creates an equivalent of banking for the British economy, was given to one airline alone. By anybody's measure, it is inadequate. Some 40% of Equity members are not covered by the self-employment income support scheme. That is grossly inadequate.

If we then look at what their objectives have been in that support, it has principally been about protecting buildings and bosses. It has been money to essentially mothball our industry. Tony's members have been absolute key workers getting us through this crisis and making sure that we have been able to feed and clothe ourselves and look after our families. It has been our members' work, on television, on film and in the audiobooks that people have listened to, that has got people through in terms of their mental health and in terms of bringing people together. It is that work that people want to go back to see when life returns to a relative level of normality.

Have the Government been putting money in to allow smaller regional theatres or independent theatres to introduce proper recording mechanisms, for instance, or adequate ways to exploit their content online? No, they have not. Have the Government been having conversations to create support for independent artists? This is money to work, not money to live. We have a situation where the vast majority of money has gone to the crown-jewel institutions. Even they have received inadequate levels of funding. If you are an independent dance artist, a Father Christmas, a children's entertainer, a burlesque artist or somebody who is very connected to your community and an intrinsic part of the local economy's working, you have not received a penny. That is the scale of that inadequacy.

There is not a strategy either. Our industry is a stimulus for so much. If you want people, for public health reasons and local economy reasons, to be shopping near them, we could have a Christmas season that is packed full of live entertainment, in a safe, socially distanced way, in town centres, bringing people in over that period. There is no money available to do that. Cash-strapped councils and regional government do not have the cash either. For our members who have been subject to a local lockdown, there is not a single penny of additional targeted support because of the slightly wild way that there is an inequity in how the arts is governed. The centralisation of arts funding in this country has meant that areas, in particular in the midlands and the north-west, have really lost out from any sort of strategy on the part of the Government. The honest answer is that it has been grossly inadequate.

The effect that it is having is that it is going to see very talented artists leaving the industry. It is going to leave us in a less strong position to come back. That has an impact not only on the quality of art that you see in the theatre but also on our ability to use the arts to deal with mental health and our ability to put arts into schools and support children's education. Britain's image around the world is affected more by "Downton Abbey" than it is by the nuclear bomb. In reality, we are depriving a diverse, representative group of artists of the chance to work in those mediums by cutting them off at the knees now. We are a British economic success story that the Government, for reasons best known to themselves, have simply turned their back on, in particular on the workforce.

Q309 **Judith Cummins:** Turning to the 40% of your members of that workforce who have not been able to access support since March, what impact is the inability to access that financial support having on their wellbeing? How successful have they been in finding alternative work? We all remember the adverts. I would like your views on that, please, Paul.

Paul Fleming: That is a really good point. One of the things that has been said that is a myth is that our members have not been working.

They might not have been working in the professions that they have trained for but, of course, they have very often been working in retail or in caring professions or indeed in the home. They have had as tough a lockdown as anybody else. They have not been sat there twiddling their thumbs.

It is important to say that, although there are 40% of our members who have not received a penny, that figure grows substantially—probably to over 70%—if we are talking about people who have received less than a couple of hundred pounds in each round. The vast majority have not received anything that is adequate.

The answer is that the toll it has taken on their mental health has been extreme. The toll that it is taking, in terms of their simple household economy, is that they are leaving the industry. They are departing from the thing that we, as taxpayers, have supported them into. We have paid for that education, we have paid for that training and they are going out the other side because they do not see a prospect of live performance, by which I mean both theatre and variety, returning in a meaningful sense until the middle of next year at the very earliest. We are currently working on the basis of spring for an initial start-up but, for the industry to return to any level of normality, it is much later.

People cannot wait that long to earn and they cannot wait that long depending on precarious employment. As has been said by the other witnesses, the sorts of things our members get their ancillary incomes from—hospitality, retail and so on—are areas that are disproportionally badly hit as well. As workers, they are getting clobbered at every corner.

It is really important to recognise that this is not only about performers, stage management, directors and designers now; this is about every parent watching their child in a nativity show this Christmas asking, "Does my child have the right to be a professional performer, a professional director, a professional member of stage management, or are they going to get completely ignored and shafted if they seek to enter this profession? Is this profession only open to those who are independently wealthy or not?" That is really the existential crisis or question that is being posed to our members by the Government's approach.

Q310 **Paul Howell:** If I could come to Dr Joshi first and then maybe to Paul and Tony. How would you like to see the support measures that are there changed? Can we just try to keep it quite focused? We have had some quite long answers so far. We need to try to keep this focused; otherwise we just will not get all the questions in that we really would like to hear answers from you on.

Dr Joshi: Our call right from the beginning has been for parity and support. That has been echoed across the community of people who have been excluded, from many different industry bodies, unions and other campaign groups. It is the disparities in support that have so profoundly affected people who have been excluded from meaningful support. Given that the furlough scheme and the self-employment income support scheme have now been extended up to March, this will represent one full year for people who have been excluded from support because, at every step of the way, they have not been factored in to any of the measures that have been brought in to play, most recently with the Chancellor's last announcement in extending these schemes.

The Treasury has had ample opportunity to revisit these issues and include these people. One year without support, with the compounding effect of that, month by month, means that financial hardship is only increasing. It is not going to go away.

Q311 **Paul Howell:** Sorry to interrupt, Dr Joshi, but I understand that. I have had lots of representations, as a lot of us have, but, if there were one or two changes that the Chancellor could make tomorrow that you would want to see, what would they be?

Dr Joshi: It would be to include all of those who have not been included in the support schemes, through no fault of their own, and for them to be given parity of support with those who have had support on the two schemes, that being 80% of their income, capped at £2,500.

Q312 **Paul Howell:** Moving on to Tony, I just wanted to also support the earlier comment: shopworkers have been extraordinary during this crisis and I really appreciate everything they have been doing.

Tony Dale: Thanks very much for that comment. I will try to keep this short and snappy. I think that was the order. On furlough pay, if you are low paid and earning less than £10 an hour, you are more likely to have your pay reduced; if you are earning a higher salary, you are more likely to keep your full salary. That is a problem that we need to look at. There should be a floor on furloughed pay to ensure that people do not drop below the national minimum wage of £8.72 for any workers who are furloughed. We are seeing workers who are being paid less than £10 an hour being furloughed and therefore only getting 80% of that, and that is dropping them below the minimum wage for their normal hours. That is one area that needs to be addressed.

If we are asking people to self-isolate because they have symptoms or have come across someone with symptoms, we should be guaranteeing people their normal working wage for that. It is only by ensuring that people are not financially penalised for self-isolating that we will ensure that everybody who should be self-isolating will self-isolate. Those are two very important areas that would impact significantly.

We also need to look at the issue of key workers in this country. We have now found out key workers in this country are far more likely to be earning less than £10 an hour, in retail, the social care sector and so on. We need look at what we are going to do to increase significantly the pay of key workers to ensure that they get a living wage.

Paul Fleming: If you want some very specific things that could be done, we could introduce a floor to the self-employment income support scheme below which nobody could fall. We could say that people take the best three years of their past five tax years and allow people who do not have five tax years of records to choose less than those three years. We could remove the requirement to prove that you earn the majority of your income from being self-employed. As a consequence, that would mean that our members who have ancillary jobs from which they cannot be furloughed can received that money. At the other end, we should remove the cap that means that, if you earn over £50,000, you are excluded from support entirely and introduce a proportionate cap, as they do with the furlough scheme.

Straightforwardly, with the industry itself, that £250 million that is left over should be spent on a safe opening stimulus in a targeted way, in conversation with other areas of the economy, so that our industry is supporting other businesses and organisations to get up and get to work. They should look seriously at the introduction of a comprehensive insurance system for the theatre sector, as the Government have done, to their credit, with success, in TV and film, but ensuring that it is comprehensive in terms of covering older workers and disabled workers.

Finally, we should seriously look at the creation of what we call a national portfolio of artists, instead of just funding organisations. Particularly in parts of England like the north-east, where we have an awful lot of people who are working as variety artists—people in pubs and clubs, children's entertainers and so on—this would mean that they are eligible to apply for public funding for their work and that that work is not just open to big institutions that have those normal tie-ins with Government. Those are some very simple, very practical and very cheap things the Government could do to include more people and stimulate our industry.

Q313 **Paul Howell:** I will move across to Mike on a slightly different subject. Paul touched on it there in referring to the north-east. In terms of the way that things have affected things regionally, I sit on the APPG for "Left Behind" Neighbourhoods, and we talked about communities being hit more in the areas where there has not been community support, but it seems as though some of the stuff that you are putting out is saying that London has been hurt particularly badly and the deprived communities have been hit particularly badly. I would have proposed, before getting into that thought process, that the people who would have been particularly badly hit would have been not necessarily the deprived, who may be on benefits that have not changed, but those that are in the bottom end of the working sector, who have had the biggest change to them. I wonder if you could comment on the regional and sectorial impacts in terms of your research, Mike.

Mike Brewer: Yes, of course. Because this crisis comes from certain sectors of the economy that are geographically widespread, by and large the impact on employment and incomes has also been geographically widespread. Now, we saw at the beginning, in the first stage of hard lockdown, particularly tough effects on those places that rely on people visiting them for their business. Those are tourist areas and London. When we reopened in the summer, we saw that tourist areas did better, but London is still suffering. It is suffering because London relies on people visiting it, whether they be commuters, tourists or international travellers. That remains.

You are almost certainly right that, if you were to go down to a smaller level of geography, you would find that it is the most deprived areas where people are struggling the most and that have the least resilience to bounce back afterwards. That is a bit too small a detail to come out of our research, but I am sure you are right.

Across the income distribution, yes, we had a report out yesterday that showed that the biggest effect on incomes is not in the bottom fifth of distribution; it is in the second fifth of the distribution. That is because in the bottom fifth of the distribution you tend to find people who were not working before the crisis, so they have not been made any worse off and, indeed, have benefitted from that £20 a week extra in universal credit and other benefits. You are right: it is the second-poorest fifth of society that is most likely to have seen their incomes fall because of this crisis.

Q314 **Paul Howell:** Do you see any particular widening of gaps that we should be particularly cognisant of?

Mike Brewer: Yes, absolutely. What is peculiar about this crisis is that not only is it hitting people's incomes but it is also preventing some of us from spending money. That is basically because you cannot go out and spend money in the ways that you normally used to. If you line up both that hit to income and the way that spending changes, you see this inequality-increasing impact. Simplifying and generalising slightly—the numbers are in our report from yesterday—if you are a high-income family, you are more likely to have seen your income unchanged but your spending to have fallen. That is great; you are saving more and your household finances are actually improving as a result of this crisis. If you are a low-income household, it is much more likely that your income has fallen and you are struggling now; you are actually spending down your savings or borrowing more.

The income hit hides some of it, but it is when you probe more deeply and look at how income, spending and saving are changing that you see this strain at the bottom while, if anything, getting better at the top of the distribution.

Q315 **Mark Pawsey:** I would like to keep with Mike to look at the work that the Resolution Foundation has done. You referred to a report that came out yesterday but I think you did something last month. You evaluated the effects of the crisis on different groups within the labour market. Can you tell us a little bit about that work? We heard from UKHospitality about the impacts on younger people of the restrictions on the hospitality sector; they have been disproportionately affected. What other groups have been most affected?

Mike Brewer: Because the crisis is rooted in certain sectors, obviously it is going to affect mostly the workers that tend to be working in those sectors. Young people tend to work disproportionately in hospitality, retail and leisure, so they have been more affected than older workers. We also find, unsurprisingly, that those workers on insecure contracts before the crisis hit were more likely to lose their jobs than those on regular contracts. We have also talked about London. It is not that young people have been hit and are more likely to lose their jobs. We also found that young people are less likely than other people who lost their jobs to find new work. Only one-third of those young people who lost their jobs in this crisis, according to our survey, are in a new job, back even in September. That is much higher for older workers who seem to find it easier to get new work and move into new areas.

Q316 **Mark Pawsey:** You have moved on to those looking for work who may have lost their jobs. Are the groups that are most affected by the pandemic the ones who are struggling most to find employment? What are the prospects of people finding some new work if they have been in hospitality and have not been furloughed?

Mike Brewer: I should have said that the facts I am coming out with have mostly come from a report where we surveyed 6,000 people in September, so it relates to what was going on in September. Yes, amongst those people who have lost their job, we found that it was young people who were the least likely to move back into work. People who were in the hardest-hit sectors are the least likely to find new work. Of those in hospitality, retail or leisure who lost their jobs, fewer than a third who have found new jobs.

One clue is given when we ask people where they are looking for new work. Quite depressingly when we take the people who lost their jobs from hospitality, leisure and non-food retail and we ask them, "Where are you looking for work?" the top four sectors were hospitality, non-food retail, leisure and administration. We have not done enough yet to widen people's horizons. In fact, in September, amongst those who were looking for work, more people said they were looking for work in the leisure sector than were looking for work in social care, but over the summer there were 5,000 vacancies posted in the leisure sector and there were over 100,000 vacancies posted in social care. There is a job to be done. I suppose it is either about broadening people's horizons or it is about making them realise what the state of the economy is right now.

Q317 **Mark Pawsey:** Can I ask you what your research told us about pay and the numbers of hours worked? What is happening to both of those levels?

Mike Brewer: When we looked in September, the situation was better than it was when we looked in May, which was in hard lockdown. In May, about 22% of those people who were working before the crisis had seen some sort of hit to their hours or had lost their job. That had improved to 17% by September, but that is still a huge effect. That is still one in six of those who were working before the crisis. What had happened is that throughout the summer, as we know, many people moved off furlough and into work, which is good for their earnings, but some people moved off furlough and into unemployment. We saw a shrinking of the negative effect of the crisis on employment and earnings but, for those who were still affected, it is a deepening and intensifying, more likely to have no work at all.

Q318 **Mark Pawsey:** Tony and Henry, what have been the recent experiences of your members? To what extent have there been redundancies? What has happened to the number of hours worked? What has happened to wage levels?

Tony Dale: In the non-essential retail sector, we have seen quite significant job losses.

Q319 **Mark Pawsey:** Do you have a handle on numbers at all, Tony?

Tony Dale: I have seen a survey that estimates that it is about 236,000 jobs that are going to be lost this year in retail.

Q320 **Mark Pawsey:** Is that going to be lost or that have already been lost?

Tony Dale: Most of those have already been lost but the estimate is, if it carries on for the rest of the year, it will come up to 236,000. That is from the Centre for Retail Research.

Q321 **Mark Pawsey:** What about hours worked and levels of pay?

Tony Dale: There is a varying picture on hours worked. There are some businesses in retail that are having problems and other ones, such as supermarkets, where there is availability of hours. The major issue we have seen in retail is probably not around the number of hours but around longstanding companies, such as Clarks, Edinburgh Woollen Mill and so on, that are now looking at large-scale redundancies.

Q322 **Mark Pawsey:** Henry, what about the workers that you represent?

Henry Chango Lopez: We have had many workers that have been made redundant.

Q323 **Mark Pawsey:** Do you have a handle on numbers at all?

Henry Chango Lopez: I do not have the numbers but it is a lot of people, including cleaners, couriers and private-hire drivers who are losing their jobs, some of them because they are terminated, like couriers and private-hire drivers, and cleaners who have been not put on furlough and are basically made redundant by the Government income support scheme coming into play.

Q324 **Mark Pawsey:** Can you tell us the number of hours that those who have remained in work are working and whether there has been any impact on rates of pay?

Henry Chango Lopez: Yes, there has definitely been an impact, because many of these members' hours are being cut because some of the employers do not want to put them on furlough. Private-hire drivers and couriers as well have fewer jobs because of restaurants being closed but also because their contracts are being terminated, without any prior warning in some cases.

Q325 **Zarah Sultana:** I want to ask a question to Paul, Tony and Henry about the increase that we have seen in trade union membership over the course of the pandemic. Do you see this increase in membership reflected in an increase in conversations with the Government and an increase in influence in conversations with the Government?

Paul Fleming: We, like most of the unions, experienced a surge in membership at the beginning. We were a very highly unionised sector as it started. The West End is a really good example where all work has ceased. We had 75% membership of performers on the West End on 16 March when the theatres closed. We had 85% membership by 16 May, a couple of months after the event. Identity is hard to calculate because so few of our members are actually at work at the minute, which is the thing, just to go back to the previous question, about how many redundancies. Again, all of our members have been out of work for that period.

Has it been reflected in terms of Government engagement? It singularly and fundamentally has not. I would give full credit to the Government for their level of conversations with us in the first two or three weeks of the theatre shutdown. There was a genuine willingness from the Department for Culture and the Treasury to actively engage with anybody and really listen and try to understand. In that moment of heightened panic, they were really prepared.

What has happened is the Government's position has hardened and solidified. In the face of people saying that our industry is becoming less representative and that the arts and entertainment that people are going to be able to access and see are becoming less representative, the Government's response has been, essentially, a shrug. The hardened position over the self-employment income support scheme, and indeed even the boldness of the Government to present an extension of the period of time of the scheme as some solution to the issue that it never covered enough people, frankly, felt deeply offensive.

Has density has gone up in our sectors? The evidence would suggest that, yes, it has. Any decrease in our membership will be as a result of people leaving the profession rather than them not being union members in workplaces. Again, I will go back to the Government's four-star response in television and film, where we have a had a Government-backed insurance scheme. Work is going back there and full credit to them, but the conversations are not happening in theatre and variety.

Tony Dale: On trade union membership, we have seen a more fluctuating situation. As I highlighted earlier in some of the answers to other questions, we have seen job losses of quite a significant number, so that is obviously trade union members as well who are losing their jobs. Trade union recruitment depends a lot on access to the workplace and this has been more problematic in these Covid times. On the other hand, we have seen significant numbers of people joining a trade union and many workers have quite clearly seen the importance of joining a trade union. It has never been more important to be a member of a trade union than at the current time in workplaces, during the pandemic.

In conversation with Government, in the early months of the pandemic crisis, we found we had a good dialogue with Government. We had a very good working relationship with the British Retail Consortium in order to draw up guidelines about what social distancing might look like in the retail shops. We had discussions with Government about how that could work. After a few months of the pandemic, we found ourselves, alongside the rest of the trade union movement, slightly being side-lined by the Government; the Government no longer wanted to listen to what we were saying and what was needed. The dialogue today is not as good as it should be. It is obviously not up to the level that it was at in the early days of the pandemic, which is a shame.

Q326 **Zarah Sultana:** Henry, do the Government listen to the IWGB outside of the courtroom? Have you been having any good conversations?

Henry Chango Lopez: I do not think we have had a conversation with Government. For us, we have to fight for ourselves. With regard to increasing our membership, yes, we have increased. Our membership has increased a lot. That is due to a lack of enforcement and protection from the Government towards these workers who have basically been abandoned. They have had no choice but to organise themselves in order to get themselves put on furlough, to get protection at work in terms of health and safety and in terms of having a collective voice in order to improve their conditions, because, unfortunately, we have even had to challenge the Government in courts in order to extend protections for the workers who were not given protections.

Everybody should be given those protections, especially in this time of the pandemic. It is shameful that these workers have to go to those lengths in order to get protections. Every worker should be protected, regardless of their status of work, and every worker should get income, especially those workers who are exploited and are also more vulnerable in terms of not having job security. We have not been helped by the Government. We have had to organise ourselves and that has meant an increase in the membership due to, as I said, the lack of enforcement from the Government.

Q327 **Zarah Sultana:** As a follow-up to that, Henry, what do you think is the impact of last Friday’s ruling in the High Court in terms of the experience of gig workers? If you could recommend some suggestions to the

Government that they should implement ASAP, what would they be for people on zero-hours contracts, those who are employed through agency work and those who are generally precarious?

Henry Chango Lopez: The ruling means a lot, because if workers feel their life is in danger when they are doing a certain job they know they can stop working without reprimand from their employers. We need to see the self-employment income support restarted and it needs to be improved. We need no delays in pay each month. As I said, some of these workers have had to wait three months to get any pay, which has put them in an even worse situation. The pay-out should be aligned with income and not profits made, but also the Government can introduce a grant for private-hire drivers, for instance, administered by local authorities who have driving licence information.

It is also important that there should be a consistent Government decision in terms of what is best for these workers in terms of health and safety. As I said, it is so important at the moment for many of these workers. There should be Government involvement, especially in terms of health and safety.

Q328 **Zarah Sultana:** I have one final question to Mike. We know that after financial crises those consequences stay within the economy for a long time and disproportionality affect young workers. I was around 15 years old when the global financial crisis happened and I was definitely affected by it on entering the workforce many years later. I want to get your thoughts on the concept of, for example, a jobs guarantee at the living wage and those sorts of solutions for how we can address the issues that are yet to come with the economy.

Mike Brewer: You are absolutely right that we can see the impact amongst those people who left education during the financial crisis now, more than 10 years later. They have permanently lower earnings. They are less likely to own their own home. They are more likely to be living with their parents than people from different generations.

We need to act now to make sure that long-term unemployment does not build up strongly amongst this group. Kickstart is a good start to that but I do not think Kickstart alone is going to be sufficient for the scale of the unemployment that we see amongst young people right now. We probably need expansion of the scheme or something similar just to try to prevent the scourge of long-term unemployment affecting this group. Even if we do bounce back quickly with a vaccine next year, it is likely that people who are leaving education into the labour market right now are going to suffer a permanent hit to their earnings for the next few years.

Chair: Thank you to our panel, Dr Sonali Joshi, Paul Fleming, Tony Dale, Mike Brewer and Henry Lopez, for your time. We got through lots in that session so we are very grateful to you. Thank you to my colleagues on the Committee as always.