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The Rt Hon Jesse Norman MP
Financial Secretary to the Treasury
HM Treasury
1 Horse Guards Road
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23 February 2021

Dear Jesse,

Supreme Court ruling: Uber drivers, 19 February 2021

I write further to the 19 February ruling from the Supreme Court that Uber drivers must be treated as workers rather than as self-employed, and thus are entitled to the legal rights accorded by this status.

As you know, in April 2020 the Economic Affairs Finance Bill Sub-Committee published a report, *Off-payroll working: treating people fairly*, which took evidence on the subject of self-employment status in light of the growth of the 'gig economy'.

The Uber ruling underscores a point that the Committee has made on several occasions: the Government needs to act on the recommendations of the Taylor Review.

Among other findings, the report stated that:

- It is regrettable that, in some cases, the growth of self-employment has come at the expense of employment protections for workers (paragraph 15);
- It is concerning that the government has pressed ahead with the off-payroll working rules at a time when the Taylor Review, which it commissioned, recommended a more holistic solution than these rules can offer. Taylor's proposals are ones with which the government has said that it agrees, and on which it had launched a consultation. The lack of strategic co-ordination on this issue across government and between Departments is highly regrettable (paragraph 46);
- We recommend that the government carry forward its work on the Taylor Review, to develop the review's ideas into legislation which is responsive to the changing labour market and works across both tax and employment law (paragraph 47);
- The new off-payroll working rules make no changes to the IR35 test of employment status. This will leave businesses with significant challenges in determining the status of contractors (paragraph 86); and

- It is unfair that contractors within the rules are treated as employees for tax purposes but do not qualify for employment rights, thus creating a class of "zero-rights employees" (paragraph 130).

In our December 2020 report into the Social Security Contributions (Intermediaries) (Miscellaneous Amendments) Regulations 2020, we re-iterated the importance of the government considering the rise of self-employment in its wider context, and not just as a question of tax compliance.

The Supreme Court ruling clearly has serious potential implications for the employment status of contractors, and demonstrates the challenges in applying a test based on case law to modern labour market practices.

In this context, I would be grateful for your prompt response to the following questions:

1) What progress has been made on implementing the recommendations of the Taylor Review on employment status (for both tax and employment purposes) since April 2020?

2) What is the Government's assessment of the impact of the Supreme Court ruling and what action does it propose to take in response?

I look forward to your reply.

Yours ever

Michael.

The Rt Hon. the Lord Forsyth of Drumlean
Chairman of the Economic Affairs Committee