

IPSE's response to the Make Work Pay: Employment Rights Bill Inquiry

About IPSE

IPSE (The Self-Employment Association) is the only organisation dedicated solely to the UK's 4.3 million self-employed, including sole traders, freelancers and contractors. The solo self-employed add an estimated £366bn in value to the UK economy, operating across a range of industries from construction and agriculture to textiles, food preparation and accounting, as well as lawyers, doctors, writers, managers and many more.¹

IPSE plays an important role in representing the concerns of all self-employed workers in the supply chain.

We welcome the opportunity to respond to this inquiry and would be happy to help the Committee with its work on the Employment Rights Bill and the scope of the Fair Work Agency.

The Fair Work Agency (Single Enforcement Body):

We are pleased that this government has committed to introduce a Fair Work Agency that will bring together the existing enforcement bodies into one singular body. We are, however, concerned that this body will not be immediately enforcing umbrella company workers' rights and overseeing non-compliance in these supply chains.

There have been some high-profile examples of a few umbrella companies profiting from their holiday pay arrangements, whereby any umbrella company worker who forgets to claim or isn't aware they're owed holiday pay loses it.

Whilst government has announced that action to tackle non-compliance in the market will be introduced from April 2026, we believe that the Fair Work Agency must urgently be given the remit to tackle these instances of non-compliance.

IPSE is particularly interested in freelancers and contractors who have reluctantly accepted employment via an umbrella due to the impact of IR35 reforms on hiring. Our concern is that these individuals do not want to be there to begin with. But once there, they face an added layer of jeopardy in having to avoid promoters of tax avoidance disguised as umbrellas.

Discrepancies in Maternity Pay:

Presently, employed mothers can claim 90 per cent of their average weekly earnings (before tax) for the first six weeks. Self-employed mothers, however, are unable to benefit from this initial payment.

The Employment Rights Bill rightly focuses on strengthening maternity protections and rights, but overlooks one key area: self-employed mothers. If this government truly wants to strengthen protections for mothers, it must redress the current discrepancies between Maternity Pay and Maternity Allowance that results in self-employed mothers receiving less than their employee counterparts.

¹ IPSE, The Self-Employed Landscape 2024, 2024

For the 554,000 mothers currently operating as self-employed in the UK², a payment equivalent to 90 per cent of one and a half months pay can represent a significant amount. This bill must also remove the additional financial penalty for being a self-employed mother and ensuring maternity pay parity in the first six weeks.

We know from previous IPSE research that women choose to enter self-employment for overwhelmingly positive reasons.³ Among the most significant are greater control over working hours (63%), choice of where to work (56%) and better work-life balance (55%) – all features that are particularly appealing to new mothers.

Instead of actively encouraging self-employment as a viable back-to-work option for mothers, the penalisation of choosing to work in this way is now putting mothers off from returning to the labour market altogether.

² IPSE, The Self-Employed Landscape 2024, 2024

³ Women in Self-Employment 2022, 2022