



# **Challenges and Impacts of Exclusions from UK Government Covid-19 Financial Support Schemes**

**— 3 million UK taxpayers are still  
excluded from any meaningful  
Government support**

**07.07.2020**

## **ExcludedUK Report**

**WWW.EXCLUDEDUK.ORG**



an inclusive alliance for the excluded

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## About us

# What is ExcludedUK?

**ExcludedUK is a grassroots non-profit NGO and serves as a collective platform for those entirely or largely excluded from UK Government's Covid-19 financial support schemes. ExcludedUK was established on the founding of inclusivity, resilience and empowerment.**

ExcludedUK was formed in May 2020 and registered as a Community Interest Company with three founding directors, Sonali Joshi, Anneka Hicks and Aron Padley. Rachel Flower also joined the team as a director. All four directors are small business owners affected adversely by lack of meaningful Government Covid-19 financial support and were all too aware that the issues they face are part of a far broader and starker picture.

*To mark 100 days of no meaningful support, we asked members of our Facebook group to provide a short story about their situation, or a quote or a brief summary of their feelings. 400 responses were received in a matter of hours. Over 230 were published.*

## 100 DAYS – 100s of STORIES

**Suzanne Duce**

**Ltd Co. Design Consultant. No Work or money  
since 20th March. Contracts cut, confidence  
gone. No help from government whatsoever.  
Closed by the end of July.**

**EXCLUDED**

#excludedUK Story 39 of 100s

“

**100 days of seeing Dad worry.  
100 days of hugging Mum  
when she cries. 100 days of  
not understanding why us.”**

**Naomi Vance and David MacCormack,  
Glasgow**

## **Aims and Objectives**

- ◆ to be an inclusive platform and support mechanism for all those entirely or largely excluded from Government support schemes
- ◆ to help enable the changes that are needed for those excluded by engaging with Government
- ◆ to lobby for support from MPs, relevant Parliamentary and industry bodies
- ◆ work collaboratively and amplify the voices of all those calling for parity in support and not to be left behind at this critical time
- ◆ to raise awareness through national and regional press and media by presenting the broad yet complex issues facing those excluded
- ◆ to help build resilience and propel affected individuals and businesses forward in the face of adversity resulting from being excluded from Government support
- ◆ to signpost community members towards resources

# The Context

**When the reality of Covid-19 set in along with the ensuing lockdown, with the most unforeseen challenges presented to individuals and businesses across the UK, Government support packages provided much needed relief for many.**

However, it soon became apparent that there were a series of exclusions and gaping holes within these measures, with some 3 million taxpayers entirely or largely excluded from these schemes. 10% of the UK workforce found themselves left out and left behind through no fault of their own.

From people furthering their careers by starting a new job, to those who took the plunge to set up a new business, those with entrepreneurial spirit serving their communities and beyond as small business owners, freelancers, those working a combination of PAYE and self-employment, those whose parental leave fell at a certain time, people caught out by pensions, bereavement payments, redundancy, shielding and more – these gaps are unfair, unjust and discriminatory.

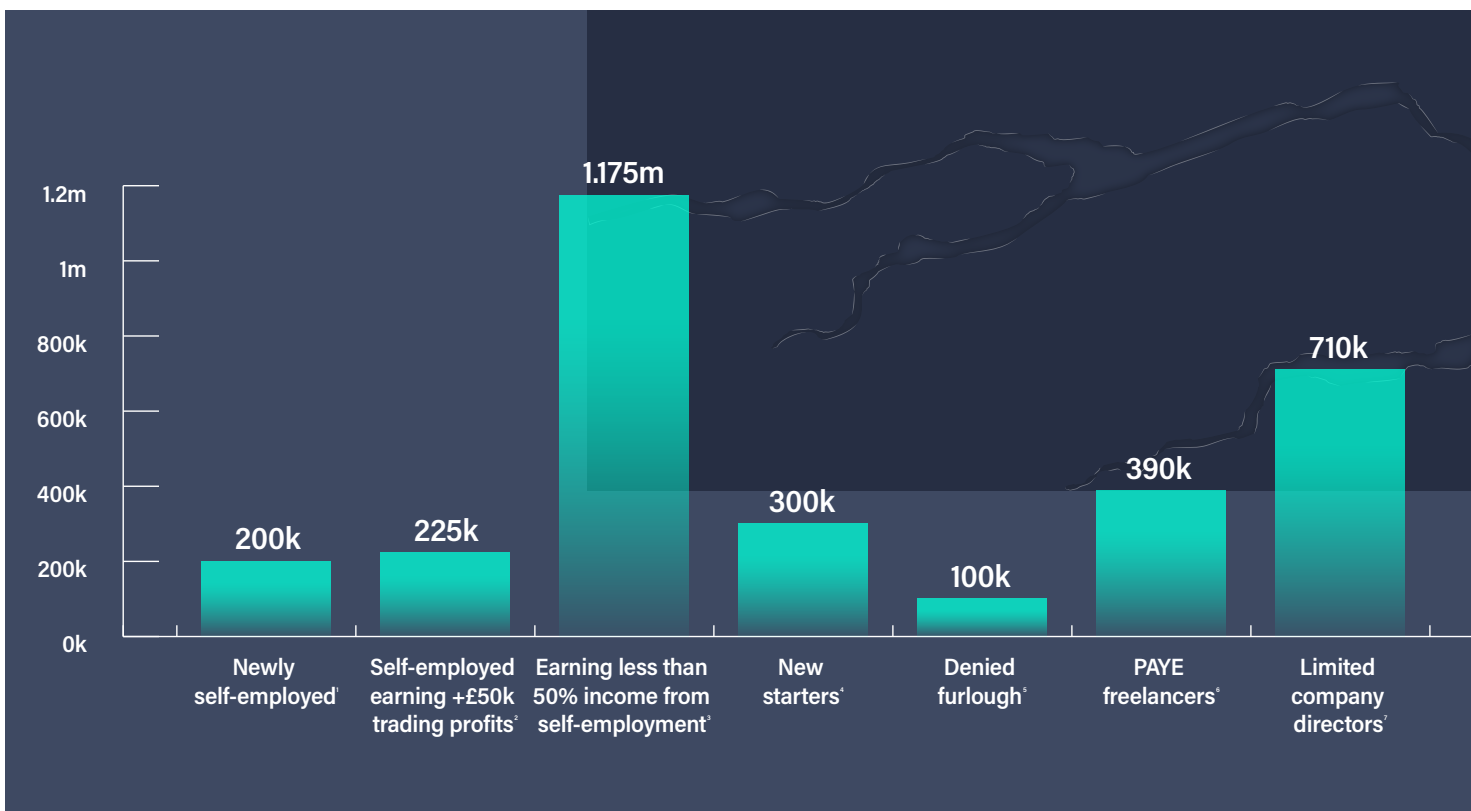
These are people from every walk of life and diverse socio-economic backgrounds: from beauticians, to dog groomers, charity workers, construction workers, nurses, drama/music/dance teachers, arts and media professionals, lawyers, dentists, vets, among many more.

ExcludedUK fully appreciated the implications of the health crisis, and the consequent need for physical/social distancing and curtailment of civil liberties. However, through conversations and interactions with many individuals, it the wider ramifications of being excluded became clear: the increasing severity of mental health and well-being issues, their knock-on effects on children, education, single parents, families, those having to shield, the elderly and beyond.

With more than 100 days having passed since the introduction of the Government support schemes, there is a growing and pressing need for change. Many are now questioning how long they are expected to live on little to no income.

# Who are the 3 MILLION?

**These are people from every walk of life, across all employment statuses, professions and industries**



1. ONS (2019) / TSC report (Jun 2020).  
2. IFS (Apr 2020) / TSC report (Jun 2020).  
3. ONS (Jun 2020) / HMRC (Jun 2020).

4. ONS (2019) / TSC report (Jun 2020).  
5. HMRC RTI figures (Mar-May 2020).  
6. ONS (2019) / TSC report (Jun 2020).

7. TSC report (Jun 2020) / IPSE.

# We Are Excluded

## Employment Status

- ◆ the newly self-employed
- ◆ those combining PAYE and self-employment with less than 50% income from self-employment
- ◆ the self-employed with +£50k trading profits
- ◆ PAYE freelancers
- ◆ those in between jobs and those denied furlough from previous employers
- ◆ those who cannot be furloughed due to working in the public sector
- ◆ limited company directors paid PAYE annually and therefore cannot qualify due to the 19 March cut-off date for payroll
- ◆ directors paid PAYE and dividends
- ◆ directors of companies not in profit, and therefore payments drawn that would otherwise be dividends are in fact repayments to a director's loan
- ◆ new businesses
- ◆ businesses ineligible for grants due to the nature of premises

## Other Circumstances

- ◆ those receiving pension payments
- ◆ those receiving bereavement payments
- ◆ those who have received redundancy pay
- ◆ those shielding
- ◆ and more



ESTIMATED

**3m**  
TAXPAYERS

**FALLING  
THROUGH  
THE GAPS**

# The Government's Claims in Relation to Support Schemes and Those Excluded

**Following the announcements of CJRS and SEISS, the Chancellor stated that 95% of the workforce were being helped. According to in-depth analysis of statistics available from ONS, BEIS and HMRC, ExcludedUK have calculated that 3 million have been excluded, equating to 10% of the workforce, as opposed to 5% implied by the Chancellor.**

More recently, the Government has repeatedly claimed that everyone has been helped in some way - this is simply not the case.

**ExcludedUK asserts that being excluded means not having received meaningful support:**

- ◆ £400-£575/month on furlough for a small limited company director unable to keep their company going is not meaningful
- ◆ £342/month Universal Credit for a single person, or worse still, £409/month for a couple is not meaningful
- ◆ deferring VAT or taking out a loan in the face of such uncertainty for many in the months to come and not knowing how to repay is not meaningful
- ◆ the reality is that those excluded are being overwhelmed by debt

“

**shielding  
...isolated and abandoned financially”**

**David Temple**



# 28%



of respondents **said** that if there are no changes to existing support schemes, **they would not** be able to **survive financially** for the next three months.

## The solutions are not complex

ExcludedUK maintains that there is no rationale on the Government's part for these exclusions. The Government's repeated justification regarding these exclusions of 'the need to avoid complexity', 'having to implement at pace', 'the need to combat fraud' are simply not acceptable to 3 million UK taxpayers facing financial hardship through no fault of their own. Some people can receive help from multiple schemes (and continue working) whereas others can be excluded from all of them.

- ◆ some people can receive help from multiple schemes (and keep working) whereas others can be excluded from ALL of them
- ◆ from our survey of +2,200: 39% said pre-Covid-19 income was under £25k; 47% between £25k-£50k; 13% between £50k-£100k
- ◆ 72% stated that now on less than 20% of pre-Covid-19 income with a further 14% stating now on 21%-40% of their pre-Covid-19 income
- ◆ 60% stated they currently had no income or work and none on the horizon
- ◆ only 4% who hoped to access SEISS were successful; 77% were ineligible for SEISS
- ◆ 39% of limited company directors could not furlough themselves in order for their businesses to survive
- ◆ 80% have not been able to access either scheme and have been excluded entirely
- ◆ 61% stated they were not eligible for Universal Credit, only 20% had managed to access it

# ExcludedUK Statement on Treasury Committee Interim Report (15 June 2020)

**ExcludedUK welcomed the Treasury Committee's report on the first part of its inquiry into the economic impacts of coronavirus, which recognises the many gaps in the financial support measures implemented by the Treasury and the financial hardship being faced by those who fall into these groups: new starters, self-employed above trading profits threshold, limited company directors, freelancers and short-term contractors, newly self-employed and those with PAYE Tronc payments.**

This report identified that over 1 million people have fallen through gaps on the support schemes. Based on its analysis of statistics available from the Office for National Statistics Business Population Estimates, the Department of Business, Energy and Industrial Strategy and HMRC, ExcludedUK has estimated this figure to be closer to 3 million which equates to 10% of the UK workforce. This figure of 3 million was also quoted by Martin Lewis (Founder, Money Saving Expert).

ExcludedUK calls on the Treasury, in consultation with the various groups and campaigns representing the different categories of those who have been excluded, using the Treasury Committee's report as a starting point, to implement further measures to fill these gaps for the many UK taxpayers who have received no meaningful Government Covid-19 support. As the Treasury Committee has stated, "hundreds of thousands of individuals are suffering financial hardship through no fault of their own".

ExcludedUK reiterates its appreciation to the Treasury Committee and its members from across the political spectrum for bringing this urgent and pressing issue to the fore and we call on the Treasury to act now with so many livelihoods and businesses at stake.

Of those  
limited company  
directors surveyed

**39%**  
**CAN**  
**NOT**  
**FURLOUGH**

in order for their  
businesses to  
survive

# Short and Long-term Impact

**Now well over 100 days on, there is increasing urgency to address an ever-growing crisis on multiple levels.**

It is not just the excluded 3 million UK taxpayers that are affected. These exclusions extend to their families, and for small businesses, their employees, freelancers and sub-contractors.

The various support schemes do not interlock to provide an overall safety net. They operate in isolation of each other, creating significant disparities within these schemes.

ExcludedUK has received hundreds of stories from those affected over many weeks that are testament to the devastating impacts of these gaps in support. Livelihoods and businesses are at stake, with many on the brink - both financially and in terms of mental health and well-being of individuals affected.

“Betrayed, devastated, desperate, isolated, abandoned, disgusted, let down, left behind, angry, broken, penalised, punished, insulted, anxious, ignored, unfair, unjust, discrimination, unacceptable, inequality, hung out to dry, soul-destroying, tough, bleak” – these are the collective voices of the 3 million across the UK, who for over 100 days, remain entirely or largely excluded from support.

**While the Government’s emphasis is on ‘bouncing back’ and ‘looking forward’, this is simply not feasible for those affected:**

- ◆ mental health is a growing serious concern
- ◆ unemployment and failed businesses are becoming a reality
- ◆ individuals and businesses are overloaded with debt
- ◆ for many industries there is a long recovery process ahead
- ◆ with future tax rises likely, what will this mean for the excluded?

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**Soul destroying, from £1700 a month employed to £5.52 universal credit :( ”**

**Matthew, Cornwall**

# ExcludedUK Survey - Key Findings

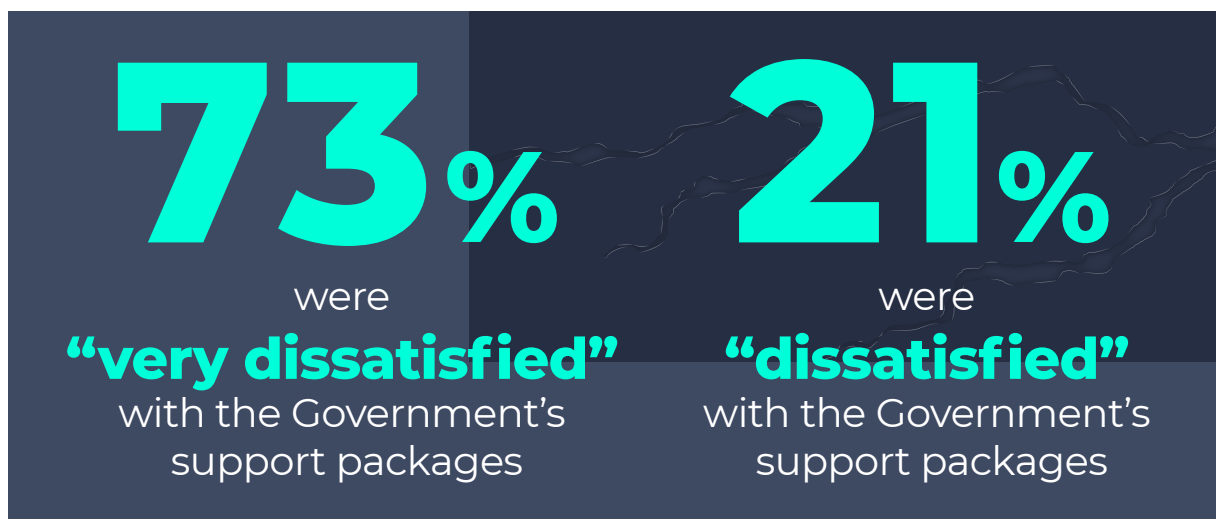
**ExcludedUK conducted a survey which revealed the following key findings from 2,237 responses on 4 July 2020:**

## Employment Status:

- ◆ the largest grouping of those affected are the self-employed at 54%
- ◆ 39% are limited companies
- ◆ there are clearly many who straddle more than one employment status, a further contributing factor for those who fall into these gaps in provision
- ◆ small businesses (self-employed or limited companies) account for 63%

## Income:

- ◆ 39% said their pre-Covid-19 income was under £25k; 47% between £25k-£50k; 13% between £50k-£100k
- ◆ 72% stated that they were now on less than 20% of their pre-Covid-19 income with a further 14% stating they were now on between 21%-40% of their pre-Covid-19 income
- ◆ 60% stated that they currently had no income or work and none on the horizon



### **Covid-19 Support Schemes:**

- ◆ only 4% of respondents who hoped to access SEISS were successful; 77% were ineligible for SEISS
- ◆ 39% of limited company directors could not furlough themselves in order for their businesses to survive
- ◆ 80% have not been able to access either scheme and have been excluded entirely
- ◆ 80% stated that they worked in manner such that they were not eligible for a business grant in relation to premises and rateable value > home/non-fixed/vehicle

### **If there are no changes to Government support schemes in the next 3 months:**

- ◆ 46% stated they will need to find another job
- ◆ 44% stated they will need to live off savings
- ◆ 38% stated they will consider changing industry/sector to find employment
- ◆ 33% stated they would take on debt to stay afloat
- ◆ 29% stated they may be able to survive financially for 3 months but no longer
- ◆ 28% stated they would not be able to survive financially for the next 3 months
- ◆ 12% stated they would file for bankruptcy/insolvency

### **Welfare:**

- ◆ 61% also stated they were not eligible for Universal Credit, only 20% had managed to access it

### **Impact:**

- ◆ 73% stated that they were “very dissatisfied” with the Government’s support packages, while a further 21% were “dissatisfied”

### Tax:

- ◆ 79% stated that they paid income tax, while 34% stated they pay corporation tax (39% of total respondents being limited companies), breaking down the assumption that some of those who fall into excluded categories are not taxpayers in line with those on PAYE

### Industries & Sectors:

- ◆ the largest sectors represented in this survey were: creative and media industries at 33%, followed by construction at 12%. However, many diverse industries and sectors were represented in this survey

These survey results present a stark picture for those excluded from support. Standard Life Foundation also commissioned a survey “How Effective and the Coronavirus safety Nets?” (conducted by YouGov) of ~6,500 respondents, albeit a broader cross-section of the workforce. What is striking about their findings is that their survey revealed even larger proportions of the workforce were overlooked, with 11% defined as “the Unprotected” and the a further 16% defined as “the Partially Protected”.

The Resolution Foundation’s report on challenges presented by coronavirus to the labour market, “The Full Monty”, also points to the fact that the economy will not recover on its own, with the normal measure of unemployment yet to show effects, a highly sector-specific crisis, and the low-paid having been hit hard, which concurs with our findings that the majority of those excluded appear to be on incomes under £50k, and a large proportion on under £25k, while policies must be implemented now to help prevent widescale unemployment in the hardest hit sectors.





# ExcludedUK All Party Parliamentary Group

On the initiative of Jamie Stone MP, the ExcludedUK APPG was formed, with its inaugural meeting taking place on Tue 7 July. 150 MPs from across the political spectrum attended this meeting, with 192 MPs to date signed up as members of the group.

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**Chair:** Jamie Stone MP (Liberal Democrats)

**Co-Chair:** William Wragg MP (Conservative)

**Co-Chair:** Tracy Brabin MP (Labour)

**Co-Chair:** Alison Thewliss MP (SNP)

**Co-Chair:** Jeffery Donaldson MP (DUP)

**Co-Chair:** Caroline Lucas MP (Green)

## What we are calling for

### ExcludedUK calls on the Government to urgently:

- ◆ respond to the Treasury Committee Interim Report of 15 June
- ◆ address the disparities in Covid-19 support schemes
- ◆ remove all exclusions for the 3 million currently excluded
- ◆ backdate payments for those currently excluded in line with the existing support schemes

# Conclusion

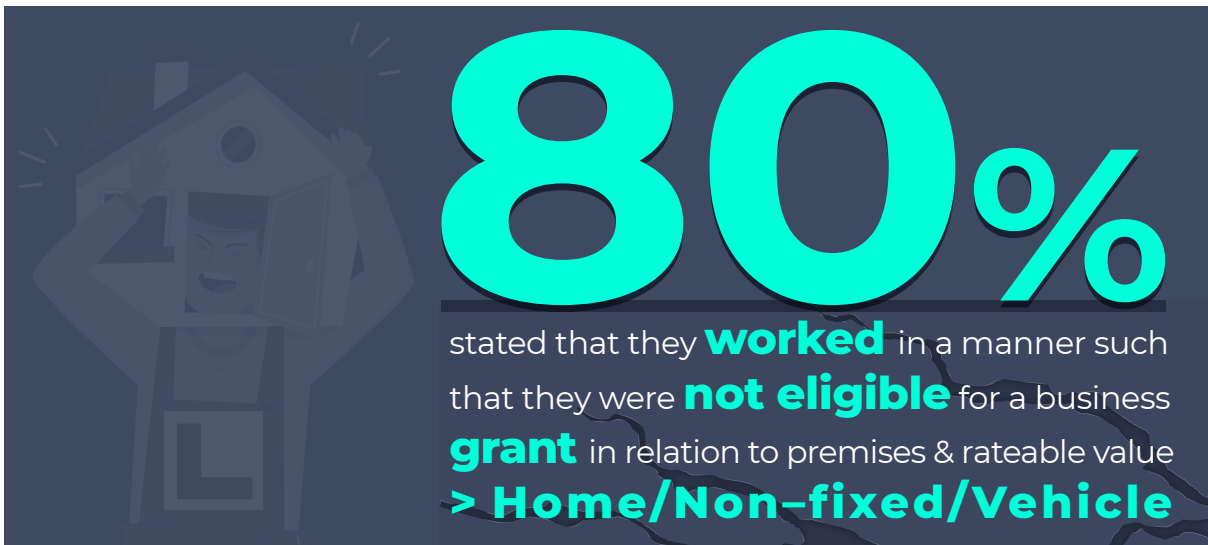
**As we approach 4 months since the Government's Covid-19 financial support packages were announced, and with the Chancellor's focus on the future and the economic recovery, the many failings in these measures have had a devastating impact on many individuals and businesses.**

ExcludedUK has identified a vast array of exclusions, while it has significant anecdotal evidence from hundreds of members of the ExcludedUK community illustrating many complex situations that affected individuals and businesses face as outlined above. These case studies point to the fact that many scenarios were simply not considered when the Treasury designed these support schemes and in the weeks since, there has been a continued refusal on the part of the Treasury to revisit these packages and a continued dismissal of the extent to which people's livelihoods and businesses are being decimated.

ExcludedUK also recognises the fact that many of these issues are interconnected – employees and freelancers who rely on businesses for employment and work, and vice versa. In our conversations with individuals, the issue of unemployment recurs – if businesses do not know what the future holds, unable to access the support they need for operational purposes, will their employees have jobs to return to? Freelancers work in a constant mode of precarity – similarly if their clients have no work for their freelancers, what does the future hold with such uncertainty? With unemployment figures projected to rise, this will no doubt become a matter of serious concern. In order to further mitigate the damaging effects of the pandemic on the workforce, small businesses and the economy, we urge the Chancellor to revisit the support packages as a matter of urgency, extend existing schemes and backdate them in line with CJRS and SEISS.

We also recognise the confusion over what constitutes self-employment status – many refer to limited company directors as self-employed when technically they are employees of their own companies. Nevertheless, the manner in which they operate is completely akin to being self-employed. PAYE freelancers, work as if they were self-employed but are in fact paid through PAYE despite the often very short nature of these contracts. This confusion needs to be addressed.

We all want to play our role in helping the economy recover. However, in order to so, we all need support to reach the other side, as individuals and as businesses, and to have the opportunity to be able to recover and thrive.



Our anecdotal observations have also illustrated disparity between the two schemes. For example, for limited company directors, apart from the issues of total income not being taken into account for CJRS or rather SEISS being applicable, not being able to work while furloughed is an added blow to the minimal furlough receives based only on PAYE income. This is completely at odds with the need to repair the economy. Another issue that has been pointed out is the fact that for CJRS, ones' pension payments and savings are not taken into account, yet they are for SEISS. .

Covid-19 has unleashed many previously unknown or unconsidered implications with new challenges presented to all of us with a health crisis and financial crisis, alongside the necessary curtailment on our civil liberties. However, with many incomes slashed and an income support system that simply does not act as safety net for all, we are in the midst of a deepening crisis with significant long-term impacts.

Finally, one of the most concerning issues of all is the impact of severe financial hardship on people's mental health, and ExcludedUK has received some harrowing stories of despair and helplessness and has sought to create a support system with the help of dedicated mental health and well-being professionals to offer much needed support to some in its community.

We urge the Chancellor to recognise the devastation being caused to people's lives and to revisit the Government's Covid-19 packages as a matter of urgency, so as to compensate for the gaping holes that currently exist in provision and which necessitate immediate redress.

# ExcludedUK Report

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