

The fight to save freelance workers

Although freelancers make up more than four million people, a massive part of the British economy, they have long been undervalued and overlooked. Being self-employed can offer flexibility and autonomy in a number of varied sectors. However, significant stigma and snobbery around self-employment remains.

It's time that the government and employers started recognising the value of self-employment to the economy. We all need to work harder to support and save freelance workers by cultivating a welcoming environment.

There is a lingering mistrust around self-employment, and a perception that it is exploitative. We need to understand that 'self-employment' is not a dirty term. When applied correctly, and with strict compliance, self-employment encourages flexibility and productivity and can generate wealth.

However, the flexibility self-employment offers is under serious threat. Recent ONS data shows that the number of freelancers in the UK is falling dramatically. There were more than 5 million freelancers in the UK in 2019, but that number has fallen to just 4.2 million and is below pre-pandemic levels.

Whilst the pandemic has played a major role in this

fall, a less discussed cause is the change to tax legislation earlier this year.

Changes were made to IR35 which meant that any self-employed person could no longer define their employment status themselves. Instead, the decision falls to businesses and employers. Many employers have been worried about falling foul of HMRC and are using fewer self-employed workers. Freelancers are unsure whether they still qualify as self-employed.

Being self-employed may leave workers without the protections that come with permanent employment. However, it does potentially reduce your tax bill and leaves you with more money in your pocket. For many, it has historically been an attractive option.

Despite freelancers making up a big chunk of Britain's workforce, there's still a lack of understanding around employment law and compliance. This is crucial going forward as small and medium sized businesses are at greater risk of intervention from HMRC.

If you're looking to benefit from engaging from freelancers you must seek good advice on payment, regulation, compliance and the law.

The lack of reliable guidance around self-employment is one of the main reasons I launched Guild Freelancing, a service which provides employers with key information and compliance protection. I am a passionate believer in the benefits of self-employment for everyone and have been supporting it for over twenty years with my business The Guild.

The success of Guild Freelancing, which acts as a bridge between HMRC and the client, shows the need for employment solutions for businesses who do not have the in-house expertise to manage freelancers.

Companies who are bold enough to use freelancers can benefit from attracting more talent – because their workers stand to be paid more and are able to work more flexibly.

Haulage is the crisis of the moment, with a chronic shortage of drivers which is affecting the supply chain. Helping to attract more freelancer drivers back into the sector and back on to the roads will help to alleviate that problem.

Without reform and resolution other industries will be affected by the same issues. A third of the entire workforce in the creative industries is self-employed, and that number remains high in engineering, hairdressing, and haulage.

The crucial next step is to generate courage around the IR35 changes, show businesses that compliance is achievable and that contracting can thrive at the same time as being compliant with all tax laws and employment law. Freelancers are crucial to the UK economy and when implemented correctly, can be a win for everybody.

It boils down to businesses seeking advice and support to ensure freelance workers are seen as a solution, rather than a second choice.

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