Addressing Inequality with ECESS

February 2021
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REFUSED TO INFUSED
Addressing Inequality with the Enhanced Coronavirus Employee Support Scheme (ECESS)

In response to Gaps in Covid-19 support
(Preliminary Draft Copy)

A Report By

Michelle Ogbonna, Head of Policy & Strategy
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February 2021
Report Vol. 01, no.1
THE REFUSED FOUNDATION SUPPORT GROUP

The Refused Foundation Support Group offers a support mechanism to UK PAYE workers. We are in the process of facilitating access to legal services for all registered members who require support in employment and equality law.

We ensure employees thrive and reach their full potential by developing their technical skills through our in-work training guides in development across various cutting edge technology tools.

We believe all ambitious PAYE employees should have access to employability skills and training at a higher level that can impact an employee’s potential for promotion or job retention. Access to success must not be hindered by gender, race, religion, age or disability.

We attest that all employees are equal no matter their contract type, this includes PAYE part-time workers, PAYE freelance workers, PAYE limb workers, PAYE zero hour contract workers, PAYE short term contract workers, PAYE Agency workers, and PAYE permanent employees.

As we roll out our strategy, the organisation will continue to support employees in an equitable way by addressing all aspects of their work life.

The Refused Foundation Support Group is a not-for-profit organisation.

“Equality is the soul of liberty; there is, in fact, no liberty without it.”

Frances Wright
ACKNOWLEDGEMENTS

The Refused Foundation Support Group would like to thank research providers whose data we have referred in order to prepare part of this report.

We would like to thank Clint Cockcroft, Principal Consultant at Equifax UK for his essential income impact assessments and credit profiling data.

We also thank the University of Cambridge, Faculty of Economics and the Institute for New Economics Thinking team; Abi Adams-Prassl (University of Oxford), Teodora Boneva (University of Zurich), Marta Golin (University of Oxford) and Christopher Rauh (University of Cambridge) for their invaluable insight, robust studies and critical analysis on inequality impacts for all those employees impacted during the Covid-19 pandemic over the period which this study covers in both the UK and the USA.

We thank all UK media outlets, broadcasters and journalists who have tirelessly supported the various excluded groups impacted by Covid-19 in the UK due to lack of Government support for almost 12 months. These include but are not limited to LBC, including LBC presenters Eddie Mair, Iain Dale, Nick Ferrari, Andrew Castle, Shelagh Fogarty, James O’Brien, Clive Bull, Darren Adam, David Lammy MP, the BBC especially Andy Verity, The Independent, The Guardian, Forbes, The Yorkshire Post especially Greg Wright, ITV including the Good Morning Britain team broadcasters Piers Morgan, Susanna Reid, Ben Shephard and GMB producer Anne Alexander, Sky News, Channel 5, BBC Radio, Talk Radio, The Mirror, The Daily Express, Huffington Post, the Financial Times especially Claer Barrett, The Telegraph, The Observer, The Times, and Martin Lewis.

We extend our special thanks to graphic designer Nital Shah.
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EXECUTIVE SUMMARY

This report presents initial findings carried out by the Refused Foundation Support Group in relation to analysis of in-depth interviews from which qualitative research data was gathered. Open-ended questions were posed to those employees economically impacted due to loss of income, unemployment or a reduction in their income. We address the existence of this disparity despite the introduction of Government support schemes including the Coronavirus Job Retention Scheme (CJRS) in the UK that was unable to address the unwillingness of some employers to process the employee taxpayer grant and welfare forms (referred to as furlough payments) on behalf of their employees during the Covid-19 pandemic, in order to save jobs and livelihoods. We also make cross-country comparisons with a focus on the USA that has deployed more generous schemes but has been faced with excluded workers who have been left in peril despite the introduction of the Pandemic Unemployment Assistance Program under the CARES Act that was introduced to extend coverage to all workers.

To maintain the maximum level of data accuracy, we have used impact assessment real time surveys that were carried out at the earliest stages of the pandemic between March and April 2020. Data geographic concentration covers the UK, the USA and some comparative notes for Germany. For consistency and to ensure best practice across all regions we have referred to the same data source (the University of Cambridge Faculty of Economics, Institute for New Economic Thinking that has deployed the Qualtrics data collection mechanism throughout for the collective total sample of 20,910 respondents.

1 All participants were part of the company’s online panel and participated in the survey online. The survey was scripted in the online survey software Qualtrics. Participants received modest incentives for completing the survey. Ethics approval was obtained from the Central University Research Ethics Committee (CUREC) of the University of Oxford. For the USA and the UK, the Standard Occupations Classification 2018 major groups were used for occupation grouping and the Standard Industry Classification for industry grouping. For Germany, the main categories from the ISCO-08 classification for the occupation grouping were used.

The Faculty of Economics at the University of Cambridge and the Institute for New Economics Thinking team managed all employee-related surveys for Chapter 2 independent from research data carried out and compiled by the Refused Foundation Support Group for Chapter 2, Chapter 3 and Chapter 4 covering the UK and the CARES Act in the USA. All research data from surveys in Germany referred to in this paper derive from the University of Cambridge, Institute for New Economics Thinking team. Further insights for Germany relating to STW (Short Term Working) mechanics have been cited clearly as sourced from the Centre Think Tank.

The report includes data sets from various demographics who all share unifying experiences including but not limited to severe impact to income and/or loss of employment status despite the introduction of Government forbearance schemes such as the Coronavirus Job Retention Scheme (to be referred to moving forward as the CJRS or furlough scheme) in the UK and the Pandemic Unemployment Assistance Program introduced under the CARES Act in the USA.

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2. Cambridge Working Papers in Economics: 2032
The study identifies affected employees who were impacted through job losses that should have been mitigated when the CJRS was introduced. Job losses are deemed to have been avoidable as UK employers were tasked by Government to enable the distribution of the furlough grants to eligible employees to safeguard both jobs and incomes. For this reason, any employee who is eligible for the CJRS but has not received the grants is deemed to have been refused furlough support by employers who wilfully ignored the Government safety net and policy to protect jobs and incomes. We explore in this paper why this refusal is deemed to be lacking in merit and is subject to legal challenges under the grounds of discrimination, breach of human rights, breach of duty of care and the International Declaration of Human Rights Act 1948 Article 23- “I have the right to work, it is my human right to work and anybody who stops my human right would need to resign.”

We have highlighted employee groups who were either dismissed, made redundant or placed on unlawful unpaid leave without proper consultation. The lack of consideration of proper employment law procedures and processes before these decisions were taken highlights the disparity and injustice that has impacted the individuals the Refused Foundation Support Group represents.

Within these refused groups, infringements of UK employment law principles during the Covid-19 pandemic have been identified as follows;

**FIGURE 1** Employment Law Infringements of Refused Furlough Groups

<table>
<thead>
<tr>
<th>DIRECT DISCRIMINATION</th>
<th>INDIRECT DISCRIMINATION</th>
<th>WHISTLE BLOWING SANCTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>On the basis of age, gender, disability, ethnicity and sexual orientation</td>
<td>Lack of employee consultation of Gov. policy led to maladministration and furlough refusals</td>
<td>Employer sanctions followed concerns raised over health and safety at work</td>
</tr>
<tr>
<td>EMPLOYMENT LAW INFRINGEMENT OVERVIEW</td>
<td>Lack of consultation disadvantaged employees with protective characteristics</td>
<td>Employer sanctions followed concerns raised over fraudulent furlough claims</td>
</tr>
</tbody>
</table>

Further insights are highlighted in Appendix 1 and Appendix 2.
Throughout the Covid-19 pandemic from 28th February 2020 to date, all eligible employees to the furlough scheme enjoy the following rights;

Employee Rights Summary

Employees still have the same rights at work, including:
- Statutory Sick Pay
- Holiday Pay
- Maternity and other parental rights
- Rights against unfair dismissal
- Redundancy payments

Agreeing to furlough employees

Employers should discuss with their staff and make any changes to the employment contract by agreement. When employers are making decisions in relation to the process, including deciding who to offer furlough to, equality and discrimination laws will apply in the usual way.

PAYE employee eligibility type for the Coronavirus Job Retention scheme is summarized as follows;

TABLE 1a- EMPLOYEES COVERED BY UK FURLOUGH SCHEME

<table>
<thead>
<tr>
<th>TYPE OF WORKER/ EMPLOYMENT</th>
<th>CONTRACT TYPE</th>
<th>FURLOUGH ELIGIBILITY DATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public sector engaged contractors within IR35 scope</td>
<td>Fixed term, short term PAYE, part time or full time hours</td>
<td>28/02/2020 and/or 18/03/2020</td>
</tr>
<tr>
<td>Agency workers and freelancers (working on behalf of client companies whereby the recruitment agency or umbrella company acts as the official employer)</td>
<td>Short term PAYE, with many employees working with more than one Agency or umbrella company simultaneously. Part time or full time hours apply</td>
<td>28/02/2020 and/or 18/03/2020</td>
</tr>
<tr>
<td>Limb workers/ zero hour contract workers/ casual workers</td>
<td>These PAYE workers may in many cases work for one employer who despite the terms of the contract, the employer serves as their main source of income. Although specified as zero hours, it is likely that the employee still completes full weekly 30-40 hour slots on a continuous basis or regular 7-hour day slots for casual Saturday/ weekend jobs.</td>
<td>28/02/2020 and/or 18/03/2020</td>
</tr>
</tbody>
</table>

**TABLE 1b- EMPLOYEES COVERED BY UK FURLOUGH SCHEME**

<table>
<thead>
<tr>
<th>TYPE OF WORKER/EMPLOYMENT</th>
<th>CONTRACT TYPE</th>
<th>FURLOUGH ELIGIBILITY DATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent workers</td>
<td>Fixed term PAYE, part time or full time hours, employees are directly engaged by employer and are likely to enjoy other benefits including training, company car, expenses allowance, enhanced sick pay, healthcare and bonuses.</td>
<td>28/02/2020 and/or 18/03/2020</td>
</tr>
<tr>
<td>Salaried members of Limited Liability Partnerships (LLPs)</td>
<td>Fixed term PAYE employees with full time or part time hours. Such appointments are more likely to be of a permanent nature.</td>
<td>28/02/2020 and/or 18/03/2020</td>
</tr>
<tr>
<td>Company Directors</td>
<td>Company Directors fall into two categories; micro business employees with less than five employees and a turnover of less than £1m and whose PAYE salaries are minimal due to funding shortfalls. PAYE company Directors of large companies enjoy high salaries to sustain themselves via PAYE alone.</td>
<td>28/02/2020 and/or 18/03/2020</td>
</tr>
</tbody>
</table>

The employee eligibility criteria for furlough payments referred to in official Government guidelines were published in April 2020. Further updates to the guidelines have been published throughout 2020, however the defining PAYE employee eligibility has remained the same.

This report places particular emphasis on eligible employees who since March 2020 were unable to access the furlough scheme and/or were failed by their employer some months later despite their eligibility status and various extensions to the furlough scheme that were put in place in order to protect incomes.

The Whitepaper intends to assess why and how failings materialised that led to up to 61.5 million employees unable to access the financial support they were entitled to up to July 2020. It will also summarize the data of segmented groups and findings, giving specific recommendations that can be deployed to repair the damage and lack of trust suffered by employees due to the action or inaction of their employers.

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“800, 000 UK employees refused furlough by their employers by May 2020, or was that 1.5 million employees? Have 1.3 million PAYE foreign-born nationals working in the UK really been refused furlough?

Can a male UK employer refuse furlough to a female co-worker as a personal vendetta? Who pays furlough to employees in the USA, the employer, the boss, the corporation or the state? Are UK company directors self-employed?”
1. INTRODUCTION

This report sets out initial findings from a sample of 20,910 respondents whose salaries were impacted during the Covid-19 pandemic, either through reduced incomes, reduced working hours or job losses in the UK and the USA. Some data sets are included for the German job market, however the bulk of this study focuses on Anglophone regions with similar population densities, work culture, and a similar political landscape at the start of the pandemic, hence the primary focal points are the UK and US job markets.

Although we estimate the total number of those refused furlough in the UK to be in the region of 1.5 million employees by July 2020, for the purpose of this paper, we will focus only on those affected during the first four months of the pandemic, when the furlough scheme was first introduced. During this timeframe our assessment identifies up to 800,000 affected employees. The coverage of the employee groups affected whose jobs should have been protected from redundancies relates to the period of 23rd March 2020 to 23rd July 2020 inclusive with each employee registered as eligible for furlough payments based on RTI submission dates of either 28th February 2020 or the extended date of 19th March 2020.

The study explores how these eligible employees were unable to access the taxpayer’s scheme due to the unfortunate decisions of their employers who in most cases, failed to follow employment law principles in relation to adopting robust consultation processes when decisions were made to furlough employees. We will further explore the propensity of inequalities that derived from the decisions entrusted to employers and corporations and compare how these inequalities resulted in similar negative impacts felt by workforces who have been disempowered in both the UK and the USA.

This study offers possible solutions that will enable said employees to access the scheme through a backdated direct payment mechanism. For the US market we explore how political decisions negatively impacted US employees and we equally highlight and give cross-country comparisons as to which employee groups in the UK were also negatively impacted by political decisions.

Chapter 1

1.1 RESEARCH METHODOLOGY

When defining furlough entitlement, measurements are based on unemployment figures, whether these are redundancies or dismissals. For those individuals returning from maternity leave but who due to childcare commitments were not able to access the furlough scheme, these constructive dismissals are included in our data considerations as refused furlough employees as the option to furlough parents under Government guidelines covered this employee group. Paternity leave is also considered.

All PAYE employees refused furlough fall under one of two categories;

(i) CATEGORY 1- Employees who were no longer working for their employer once furlough was refused between March 23rd 2020 and July 23rd 2020.

(ii) CATEGORY 2- Employees refused furlough during the above timeframe March 23rd 2020 and July 23rd 2020 but who remained on their employer’s payroll and were instead placed on (unlawful and unauthorized) unpaid leave.

Analysis and input variables have been garnered from three key territories; the UK, Germany and the USA. Additional territories (Australia and Canada) have been included briefly in the study for living cost benchmarking purposes across economies that implemented similar Coronavirus Job Retention schemes with assessments holistically carried out in order to put forward robust recommendations for the UK.

Data for both the UK and US markets were gathered accordingly based on a tightly defined sample eligibility checklist.

1.11 RESEARCH LIMITATIONS

The interview samples for Chapter 1 were selected to reflect the impact of employees refused furlough during the early introduction of the Coronavirus Job Retention Scheme. The furlough scheme was expected to end initially by 31st July 2020.

Although the furlough scheme was extended on four subsequent occasions; to October 2020, then to November 2020, followed by March 2021 and April 2021, any employees who were denied access to furlough schemes by their employers during these periods have not been included in the interview sample. We have made recommendations for parity and access to financial support that can still incorporate these additional timeframes and excluded groups.

The interview samples were selected to take into consideration all sectors, occupations, ethnicities and genders, however the data findings highlight some protective groups who were more impacted than others which explains why some experiences and demographics may be more represented in the study.

Case studies were taken from Refused Foundation Support Group research as well as third party sources clearly indicated covering March 2020 to January 2021.
Chapter 1

STRUCTURE OF REPORT

This report is structured as follows:

Chapter 2

‘Employee Inequality Impact Assessment: USA versus the UK’ presents an assessment of how the Covid-19 pandemic affected employees and other workers in both the UK and the USA. Access to Covid-19 relief financial support was denied to up to six million UK taxpayers, 3 million of which were refused furlough grants by employers. This figure includes 1.3 million foreign-born PAYE workers whose employers also refused to process the necessary paperwork so they could receive their furlough salaries. We examine in detail the hardship and impact that resulted from a UK policy decision that entrusted corporations with the authority to administer the vital taxpayer’s funds during a global pandemic while employees in the US were able to claim furlough directly from the federal state.

We assess the impacts of discrimination from UK employers, especially towards women, that reveals many disparities including the fact that men received a higher uplift in furlough salary to 100% when compared to their female co-workers who disproportionately received only the 80% state allowance.

We turn to the USA and discuss in detail the provisions under the CARES Act and its comparative simplicity, with corporations not authorized to participate in any way whatsoever in the decision making process as to whom to award a furlough salary. Furlough payments in the US were direct and largely fair with top ups of an additional $600 per week given equitably to all those on furlough whilst furloughed workers in the UK received £0 top up. Those on welfare benefits in the USA also received an additional top up fitting of a developed economy of $600 per week, whilst UK legacy benefit recipients and those on Universal Credit only received a top up of £20 per week, even though living costs in the US and the UK are similar.

Chapter 3

The most revealing of all chapters, digs deep into ‘The Politics of Covid-19: The Social Justice Key,’ and examines to what extent UK government policies for economic relief during the pandemic have similarities to those of former President Donald Trump whose policies prioritized the interests of corporations. As a result of policy decisions, many in the UK were excluded from COVID-19 relief financial support despite having valid tax records and remain so as this Whitepaper is published. These forgotten taxpayers include both PAYE employees and self-employed workers.

The report shows how many women were denied support on their return to work after maternity leave. Similarly, workers lost their jobs for questioning health and safety at work while many of those with underlying health conditions were given statutory sick pay of £90 a week and were denied full access to the furlough grant by their employers for which they were fully entitled to by law.
Furthermore, we assess what is deemed amongst political circles when making comparisons between G7 countries including Canada, the USA (whose weekly uplift to benefits was eighteen times higher than that of the UK at $600 weekly) and Australia, the deplorable uplift of £20 in weekly benefits in the UK. We dissect the rationale behind this £20 uplift when compared to big businesses including supermarkets that received immediate relief in the tens of thousands even when they did not need it.

We further assess the extent to which many employees refused furlough could not even claim the Universal Credit benefit of just £400 a month if their partners worked or if they had savings, whilst US benefit claimants received on average four times more regardless of the working status of their partners of circa $1,600 a month for benefit claims and then an additional $2,200 monthly Covid-19 relief top up.

We examine the 13 keys as highlighted by Professor of History Allan Lichtman, a specialist in American History and quantitative methods at the American University and author of “The Keys To The White House.” We explain why we attribute the loss of the 2020 US Presidential election by the Trump administration to the loss of the social justice key, one of the most poignant of all 13 keys. We examine to what extent the UK Government has equally consistently neglected the social justice key during the Covid-19 pandemic.

Chapter 4
During chapter 4, with all inequality issues considered, we put forward a number of recommendations to mitigate the negative effect of the policy of outsourcing employee wellbeing and grants to corporations in the UK; an act that has left so many considerably disadvantaged and has caused despair, anxiety and hardship.

Our recommendations include deploying the existing payment model used for tax underpayments, the P800 Simple Assessment Tax Calculation Model to issue immediate backdated payments to 110% for all those refused furlough for almost 12 months, as well as enforcement of employment law, employee protection at work, employee training, improved employee benefits, a tax free hardship fund top-up, and a dignity grant top up as part of the ECESS scheme. We like many others also join the call for a complete ban of zero hour contracts within 6-12 months and a review of the £20 Covid-19 weekly top up payment so that it is in line with other developed economies, and to make the slogan ‘Global Britain’ a reality.
## Chapter 2

<table>
<thead>
<tr>
<th>EMPLOYEE</th>
<th>INEQUALITY IMPACT ASSESSMENT</th>
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“During the COVID-19 pandemic, US furloughed employees and existing benefit claimants receive benefit top up of $600 per week whilst UK furloughed employees receive £0 state top up and existing benefits claimants receive just £20 state top up per week.”
2. EMPLOYEE INEQUALITY IMPACT ASSESSMENT UK VERSUS USA

The deployment of support packages for employees during Covid-19 has been met with similar challenges both in the UK and the USA. The dynamic nature of the UK workforce has led to discrepancies regarding access to financial support despite the introduction of the Coronavirus Job Retention Scheme (CJRS) the aim of which was to protect jobs and livelihoods. The specific employee groups that should have been fully protected via the CJRS have been deemed as follows according to Government guidelines:

“You can be on any type of employment contract, including full-time, part-time, agency, flexible or zero-hour contracts. You can be furloughed if you’re a foreign national and meet the eligibility criteria.”

“All employers with a UK, Isle of Man or Channel Island bank account and a UK PAYE scheme can claim the grant.”

“Employers can furlough employees for any amount of time and with any working pattern, and can still claim the grant for hours not worked.”

Previous guidelines also stated;

“You may be eligible to be furloughed, and receive a grant of 80% of your regular wages up to a monthly cap of £2,500, if you are paid via PAYE and are in one of the following categories.”

- You are an agency worker
- You are a company director
- You are a contractor with public sector engagements in scope of IR35 off-payroll working rules (IR35)
- You are a salaried member of a Limited Liability Partnership
- You are a Limb (b) worker
- You are an office holder

This paper fully explores the extent to which these employee groups were protected and the efficacy of the CJRS in reaching its objectives.

Taken from guidelines initially published on 26th March 2020
Chapter 2

According to research from Centre Think Tank, only 15% of those eligible for furlough payments actually received it. At the height of the scheme in June 2020 only 12% of those eligible actually accessed their furlough salary via their employers.

“The government has so far released statistics for each month of CJRS payments. The mean average take-up between June and October 2020 was 15%.”

<table>
<thead>
<tr>
<th>Annex 1:</th>
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</thead>
<tbody>
<tr>
<td>CJRS claims by employer size – employment level:</td>
</tr>
<tr>
<td>30th June</td>
</tr>
<tr>
<td>31st July</td>
</tr>
<tr>
<td>31st August</td>
</tr>
<tr>
<td>30th September</td>
</tr>
<tr>
<td>31st October</td>
</tr>
</tbody>
</table>

To work out the mean average adding together all of the statistics results in 75% divided by 5 (the number of numbers) equals an average of 15% take-up.

Therefore up to 70% of the eligible workforce was severely impacted due to the non-compliance of their employers to distribute the CJRS welfare state aid to them accordingly.

12. https://centrethinktank.co.uk/expanding-furlough-2
Taken from Wilkins T., “Expanding Furlough”: Centre Think Tank, 7 (2021) pp. 1-37
Based on the CJRS Government guidelines, we explore in detail how each employee group differs from one another in the UK even though tax is deducted at source (from an employer direct) via the 13PAYE (Pay as You Earn) tax deduction system for each employee no matter the terms of the contract with each individual employer.

How is the workforce segmented in the UK?

The UK workforce is dynamic with differing segments that can all be grouped together as one. Any PAYE taxpayer is classified as an employee14 under HMRC terms of reference. This one binding factor should have enabled all employees no matter their contract type to access the CJRS in the same way and under the same terms.

The UK PAYE workforce consists of fixed term contract workers, PAYE freelancers, permanent workers, limb workers, casual workers, part time workers, full time workers, Agency workers, workers on short-term contracts, zero hour contract workers and company directors15 who pay income tax via PAYE but also use dividend payments to supplement their incomes and compensate for any additional input they have outlaid with respect to operational business expenditure including Director loans and personal guarantees.

All workers are classified as employees if they pay their taxes via the PAYE tax system and they should therefore all have the same rights to employment law protection including statutory sick pay and holiday pay. PAYE tax codes enable income tax to be deducted automatically, plus pension contributions as well as national insurance contributions. The employee then receives their payslip net with all taxes deducted already.

PAYE EMPLOYEE TYPES IN THE UK

PAYE Fixed term contract workers- these employees work for a company for a set period, such as one month, three months, or twelve months.

PAYE freelancers- these employees normally work in professional capacities such as in TV, film, and production. They have specialist skills and are normally highly paid. They often work in the creative sector such as fashion, media, event planning (especially for the music, corporate hospitality and wedding industries), theatre, and music venues such as in orchestras. Due to the nature of the creative industry that operates on short-term projects, event cycles and seasonal performance calendars, PAYE freelancers can work in up to twenty different companies per annum on short term assignments that can last from one day to one month for example.

PAYE Permanent workers- these employees have the highest level of employee benefits and protection when compared with other employee groups. They are more likely to have private healthcare plans, a car allowance or company car as part of their remuneration package. They are also more likely to have sickness pay and maternity pay leave cover at a high level of pay over and above the statutory maternity pay whereby their job may also be safeguarded for up to 12 months or longer. Paternity pay is also more likely to be available as well as company share options, redundancy pay eligibility and the possibility of paid or unpaid sabbaticals.

13. https://www.gov.uk/paye-online PAYE is the system employers and pension providers use to take Income Tax and National Insurance contributions before they pay wages or pensions to employees and pensioners. PAYE enables employers to send payroll reports direct to HMRC, view balances of what is owed, access tax codes and notices.
PAYE Limb workers- These employees provide a service for a company as a contractor but they are still taxed at source and pay income tax by the PAYE tax system. Their job types can be varied from taxi drivers who work mainly for one employer even though they often have to pay for the maintenance of their own cars, to security guards or nightclub bouncers. There is often a misconception that these individuals are self employed because they may work more flexibly when compared to other employees, however the fact that they are paid via a company payroll and they do not submit self employment tax returns for the work they carry out on behalf of these employers makes them an employee as defined by HMRC.

The lack of understanding as to what differentiates an employee from a self-employed worker can be easily clarified. Employers hire employees by way of a job interview, issue employment contracts and control the hours the employee works thus indicating the start of the employer/employee relationship. The employment contract specifies the employment conditions (including the level of remuneration set by the employment terms and the employer and not the employee), rights, responsibilities and duties. These are referred to as the ‘terms’ of the contract.

PAYE casual workers- These employees may work every Saturday, or sometimes if for example they are students they may not be able to work every Saturday. One month they may work every Saturday, the next month if they are studying they may take a break and then not work for a couple of months. Then after their exams they may return back to their place of work during the holidays with the same employer. They will have flexible arrangements with their employer as to when they work according to the individual’s schedule. Casual workers may also include single Mothers, or Mothers who cannot work full time because they are juggling childcare responsibilities. These workers may also be defined as seasonal workers who work in “Employment which fluctuates or is restricted according to the season or time of the year.”

PAYE Part time workers- These employees may be permanent or on fixed term contracts.

PAYE Full time workers- These employees often work between 35-40 hours per week on a fixed term basis.

PAYE Agency workers-These employees work via a recruitment agency and the agency gives the worker assignments with a client. The employer is officially the Agency even though the employee will be working on each assignment by attending the offices of a client (the company where the work takes place). The Agency pays the worker and then the client pays the Agency for the service of finding the worker and completing the administrative tasks relating to the recruitment process together with an inclusive commission payment that is added to the recruitment agency’s invoice.

PAYE Umbrella workers- these employees work with an umbrella company that gives the worker assignments with a client. Workers choose to work this way if they are highly paid, have specialist skills such as Marketing and project management and if they seek tax efficiency. Umbrella companies also work with private micro companies so workers can decide whether they want to be paid via a Limited company (LLC USA equivalent) or as an individual whereby they are taxed via PAYE but have some allowance to offset some expenses against any income tax due such as travel or hotel expenses incurred whilst carrying out their assignments.

Chapter 2

The umbrella company acts as the official employer even though the employee will be working on each assignment by attending the offices of a client (the company where the work takes place). The umbrella company pays the worker and then the client pays the umbrella company for the service as well as a commission recruitment search and recruitment fee to cover administrative costs. Umbrella company workers have all their income tax deducted at source before they are paid their net salary in the same way as Agency workers.

Umbrella companies are very similar to recruitment agencies however the main difference is workers using this method for their tax payments are mostly more highly paid and skilled than those who work with standard recruitment agencies. These workers are more likely to also have specialist skills such as Marketing, communications, event planning, Information Technology, and web development skills. They also may be juggling more than one contract at a time.

A high number of umbrella workers often work as an employee for various companies and they may also run a small micro business part time under an (LLC US equivalent) or Limited company (UK) and they will use the services of an umbrella company to work out their taxes for both types of PAYE employment simultaneously.

PAYE Workers on short-term contracts- These employees may work for more than 20 different companies in a given year. They could work for example Monday to Friday, week one for client 1 and then not work during week two. Week three they could work with the same company as week one or a different company and then work maybe two days, on a Monday and a Friday for example. Their work pattern is sporadic, random and precarious.

PAYE Zero hour contract workers- these employees have no fixed hours. They are classified as employees and work mostly for recruitment agencies in jobs such as office work, administration, reception, as a caretaker or cleaner. Often, zero hour contract workers carry out these jobs to cover permanent staff who are on annual leave or they rely on these jobs to fill gaps in their primary jobs so they have enough to cover monthly bills. The Agency finds workers ad hoc work but workers do not know for definite from one week to the next where they will work nor what hours they will complete. That notwithstanding it is more than likely that even for zero hour contract workers, assignments are likely to be at least three days per week and then increasing to at least two weeks for most assignments. Some roles are “ongoing.”

These “ongoing” roles are almost semi permanent. The client does not offer a permanent contract to the Agency worker but the role continues as if it was permanent, but without the benefits of a permanent contract given to the worker who does not enjoy the security of knowing there will definitely be work week to week. These roles are often defined under UK employment law as a rolling employment contract that may or may not be carried out by the employee over a defined period. Although some fixed term contracts may materialise from an assignment by way of a 12-month rolling contract, implying that the contract length can be renewed every 12 months, some rolling contracts do not include a defined length of time and rolling contracts do not offer the same protection to workers that fixed term contracts do.

The expansion of zero hour contracts into high tech firms

The expansion of zero hour contracts into high tech firms has legitimized the practice of insecure work under the premise of offering flexibility to workers who may not always be available to fulfil full time hours due to other commitments and can therefore only dip in and out of “gigs.” Gig workers are independent contractors and work in a temporary capacity however technology companies determine the contract terms upon which they are employed. For this reason the status of these independent workers under UK employment law is in dispute.

The steady increase of zero hour contracts provoked Parliamentary intervention in 2015, resulting in section 27A of the Employment Rights Act of 1996 (‘ERA 1996’) to be triggered. The law stipulates that:

1. In this section “zero hours contract” means a contract of employment or other worker’s contract under which—
   (a) the undertaking to do or perform work or services is an undertaking to do so conditionally on the employer making work or services available to the worker, and
   (b) there is no certainty that any such work or services will be made available to the worker.
2. For this purpose, an employer makes work or services available to a worker if the employer requests or requires the worker to do the work or perform the services.

The re-packaging and re-branding of the zero hour contracts term to music group performances has cleverly elevated insecure work to great heights and attracted new workers such as students, and those looking to supplement their income from time to time by taking on flexible work. Gig workers normally work direct with the company (direct employer) rather than via a recruitment agency with workflows downloaded via Smartphone applications.

The gig economy has been met with much criticism as it has failed to protect its workforce or take responsibility for the fact that independent contractors are not defined as such under UK law if assignments, working conditions and working hours are determined by the company. Equally a performed gig does not guarantee the minimum wage in the same way a regular zero hour contract worker would have an hourly minimum wage assigned to a working day. 25% of gig economy workers earn below the minimum wage in the UK.

The confusion over definitions of independent contracts may derive from the US definition of independent contractors. The gig economy began in the US before being transposed into other economies including the UK and even to this day there is no clarity in the US as to whether gig economy workers fit into the employee category or not. Depending on the gig, a worker in the US could fit into one of the following three categories; a temporary employee, a contingent worker or even a temporary worker.

“The U.S. Supreme Court has on a number of occasions indicated that there is no single rule or test for determining whether an individual is an independent contractor or an employee for purposes of the FLSA (Fair Labor Standards Act). The Court has held that it is the total activity or situation which controls a number of factors.”

This would indicate that even in the USA the employee rights of workers applied to certain gig economy roles is likely to be upheld even with the defining characteristics of each work type somewhat unclear.

For the UK the definition of employee versus self-employed is much clearer. Any worker who pays income tax via PAYE is deemed an employee and so with this being the case the rights to access the furlough scheme if a worker is eligible on the basis of RTI^28 cut off dates as was the case for many refused furlough employees cannot be in any doubt.

The disparity between zero hour contract workers and permanent workers persists even though the furlough scheme was introduced to compensate these workers against loss of income in the same way. However as the welfare system was outsourced to corporations, accessing furlough during the pandemic was not guaranteed for all eligible workers as decisions to furlough were made by corporations according to company “discretion.”^29 The application of discretion in the instance of emergency income replacement was one of the major flaws of the furlough scheme in the UK. Of course many corporations took advantage of the CJRS and employed a duty of care ensuring their workers received the grants, but for those who refused furlough to their employees there was no penalty put in place, nor was furlough mandatory although it was made clear in guidelines that employment, discrimination and equality laws applied when taking the decision to furlough an employee. ^30This part of the guidelines does mandate the issuing of furlough payments because to not do so would infer that the employee could not be furloughed due to extreme circumstances such as misconduct.

The inequality of financial aid distribution that existed between workers and their employers was apparent well before the Covid-19 pandemic with this inequality exacerbated during the outbreak. Temporary contractors, freelancers and zero hour contract workers in particular were more harshly affected than any other employee segment as there was no way for them to access the welfare state furlough payment directly from HMRC. Company directors and those who paid their taxes annually via PAYE RTI, were also impacted as the furlough scheme was set up in the initial months only for those businesses whose employees were prohibited from working whilst on furlough. ^31

Company directors of micro businesses were unable to access the UK furlough scheme even though they were the decision makers because they feared the risks posed by neglecting their business. As they did not have the staffing capacity of larger companies to deploy other office holders to keep the business going whilst they took advantage of the furlough scheme that required them not work or even check emails throughout the pandemic, they lost out on the grant even though they were impacted and would have suffered income and company revenue reduction.

RTI refers to Real Time Information employers transmit to HMRC by way of income tax and other deductions on the pay slips of each employee the employer has on the payroll
The Coronavirus Job Retention Scheme has been extended until 30 April 2021. You can claim 80% of an employee’s usual salary for hours not worked, up to a maximum of £2,500 per month.
EMPLOYEE TYPES IN THE USA

How is the workforce segmented in the USA?

Next we move onto the USA and assess in more detail whether US workers as defined under US law were more easily able to access the equivalent COVID-19 support relief schemes based on their eligibility criteria, and whether the support schemes were more equitable compared to those offered in the UK. We note from initial investigations that the level of employee access inequality levels in relation to Covid-19 relief funds in the US was of a lesser extent when compared with the UK.

The greater probability of accessing support in the US is in despite of the somewhat vague definitions of employee/ self employed work groups, determined according to whether these definitions derive from the IRS (internal Revenue Service) or the FLSA (Fair Labor Standards Act) or whether an employee or contractor self identifies himself/ herself as an employee according to a given role in a given company during a specific timeframe. The clarity of the PAYE system in the UK did not enable many eligible employees to claim the furlough they were entitled to unlike the US system that was more open, flexible and accessible to as many workers as possible.

There are three key reasons for this disparity between the UK and US furlough schemes. First the legal parameters for worker definition in the USA give more grounds for legal challenges and for those workers not clearly defined as employees to put their case across. Second, the initial Covid-19 relief support in the USA was more targeted, more generous, and more immediate with direct payments and grants distributed to individuals no matter their work status. Third, simultaneous financial aid packages were distributed to all workers; both to those who were on furlough and those who were on welfare due to redundancy as well as those who were on welfare prior to the Covid-19 outbreak.

There is a colossal discrepancy between the financial aid package offered to workers in the UK compared with individual US workers, especially for those job seekers claiming welfare even before the start of the pandemic.

To understand how US workers were more comprehensively included in the various support schemes, we will first outline the US segment worker groups.

The IRS uses a 3220-point classification system to classify employees based on behaviour, finance, and type of relationship. On the other hand, the FLSA uses a 6-point list of conditions similar to the IRS’s system for classifying workers.

The U.S. 33Department of Labor (DOL) and the IRS’s definitions of workers divide employment types into two broad categories: “employees” and “contingent workers.” These categories have further subcategories (e.g., full and part-time for employees and independent contractors or freelancers for contingent workers).

Chapter 2

Types of Employees:

**Full-Time Employees:** work a 30 to 40-hour week or 130 hours in a calendar month by IRS standards.

**Part-Time Employees:** work less than 30 hours a week. Part-time employees typically do not qualify for benefits. However, many employers offer them benefits to attract and retain talent.

**Temporary Employees:** usually hired for a set length of time or for a specific task or project. Employers that hire and pay them directly are required to withhold taxes from their wages or they are penalized.

**Seasonal Employees:** hired during peak seasons, such as holidays or summer months. This subcategory includes non-immigrant, H-2B visa holders. Employers make sure they meet all DOL requirements when requesting visas for workers.

**Types of Contingent Workers:** Freelancers, creative contingent workers, such as artists, writers and photographers, who use “freelance” to describe their work.

**Temporary workers:** Casual or temporary workers, which refers to a non-permanent relationship with an employer.

**Consultants:** identify client’s needs and give then expert advice, but don’t perform the work.

With an ever increasing contingent workforce, the question of disputes regarding the employment of contingent workers is becoming a topic of debate. There is no enhanced protection for workers who do not have permanent employment (such as freelancers, actors, theatre workers etcetera). However, the United States Supreme Court has decided that where a statute lacks a specific definition of employment relationships, courts should apply the common law of “agency” and “master-servant” to determine whether a worker is an “employee” and if so the identity of the employer.

The 34 Federal Insurance Contributions Act (FICA) and the Federal Unemployment Compensation Act (FUTA) require employers to contribute to the Federal Social Security and Federal Unemployment Insurance systems on behalf of their “employees.” 35 The federal-state unemployment insurance system (UI) helps many people who have lost their jobs by temporarily replacing part of their wages while they look for work. Created in 1935, it is a form of social insurance in which taxes collected from employers are paid into the system on behalf of working people to provide them with income support if they lose their jobs. The system also helps sustain consumer demand during economic downturns by providing a continuing stream of dollars for families to spend.”

36 The Equal Employment Opportunity Commission (EEOC) is the agency charged with administering and enforcing the federal anti-discrimination laws. The EEOC’s “Enforcement Guidance on the Application of EEO Laws to Contingent Workers Placed by Temporary Employment Agencies and Other Staffing Firms” illustrates how non-discrimination statutes should be applied to temporary, contract and other contingent workers.

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34. https://s27147.pcdn.co/wp-content/uploads/2015/03/LegalLandscapeUS.pdf
Furthermore, the following US laws cover contingent workers for legal protection:

- The Fair Labor Standards Act (FLSA)
- The Family and Medical Leave Act (FMLA)
- The Workers’ Compensation Law
- Intellectual Property Law

Further clarification on the financial aid packages provided by the US Treasury indicates the extent to which a large number of eligible workers were holistically protected during the pandemic from the outset. This protection ensured that a high number of workers were able to access support. Equally, benefit uplifts in the US were generous and took into account the current and future loss of income as well as the associated living costs of a developed economy. US workers were compensated equally, with equality laws taken into consideration by the Trump administration.

Unfortunately, the UK policy for Covid-19 relief support included a number of obstacles and criteria that did not make it easy or possible for eligible taxpayers to access the furlough scheme and many others could not access the alternative option of Universal credit either. The UK unemployment benefit system (Universal credit) did not offer parity as not only did it not give access to everyone but the monthly payment was up to five times less than what was on offer with furlough. On the whole, the woefully inadequate alternative (increased) sum on offer from the UK central Government of the equivalent of less than $600 a month (note, compare this with the US weekly top up of $600 a week plus benefits of an additional circa no less than an average of $400 a week) would not even cover half the cost of one month’s rent in the UK let alone anything else.

The standard allowance for benefits in the UK increased on 6 April 2020. As an example, for a single Universal Credit claimant (aged 25 and over) they were set to receive an increase from £317.82 to £409.89 a month. This uplift in benefits was therefore capped at circa £20 per week or circa $27.

Contrast this £20 uplift with the USA whose welfare claimants enjoyed an average uplift of circa £450 per week ($600), that is around 18 times more than their UK counterparts who suffered from and continue to suffer from severe hardship, with 67% of the 11,000 Peabody Housing Association Universal Credit tenants in arrears of at least £1,200 as of 29th January 2021. This level of continuous hardship does not include those who did not even receive any furlough at all and have not to date since March 2020.

The uplift in welfare payments in the USA when compared with the UK was colossal. Note other contrasting uplifts of the developed world that also far exceeded the UK offering. With Australian and US workers bearing similar living costs and often higher salaries than UK workers, the incomes of workers in these developed countries were better protected by domestic Covid-19 policies.

Chapter 2

COMPARATIVE LIVING COSTS IN DEVELOPED ECONOMIES

AVERAGE COST OF LIVING IN THE UK AND USA

The average costs for running a UK household varies according to region, however annual spend in the capital 42London over the past few years is around £30,898. Other regions with a lower cost of living such as the West Midlands have recorded a cost of living of £22,666. The national average cost of living on the UK was £25,766 as at 2017.

This would mean that in order to also have a reasonable disposable income, the average household would need to be earning well over £40,000 so as to not fall into poverty.

As of 2020, the average cost of living in the UK has risen even further without the corresponding salaries and compensatory benefits costs including Universal Credit increasing to the same level. ‘The price of renting a one-bedroom apartment in the capital takes up half of the average salary, which is 36,000 GBP (47,000 USD) a year. In Greater London the average monthly rent is around 1,700 GBP (2,200 USD), much higher than the national average of about 1,000 GBP (USD 1,300 USD).’ 43

To break down these costs further Inter Nations reports the following comparative figures between the UK and the US. They are almost exacting living costs, yet despite this, salaries are lower in the UK and the uplift to Universal Credit during the pandemic did not reflect these elevated costs of living in the UK.

Average Rent Prices & Utility Costs in the UK and USA

- Monthly rent per 85 m2 (900 sq ft)—furnished—in an expensive area
  - UK £1,785, USA $2330
- Monthly rent per 85 m2 (900 sq ft)—furnished—in an average area
  - UK £1,415, USA $1,850
- Utility costs 1 month (heating, electricity, gas) for 2 people in 85 m2 flat
  - UK £120, USA $157
- **Family of four estimated monthly costs in the UK and USA:**
  - UK £4,700 GBP, USA $5,900
- **Single person estimated monthly costs:**
  - UK £2,900, USA $3,785

Wage Comparison USA

It’s common for white collar jobs in the USA to offer an annual salary based on a consistent 40-hour work week. On the other hand, blue collar jobs offer an hourly wage and are assigned a certain amount of hours or shifts per week. 44Workers aged 25 and over without a high school degree had median annual earnings of USD 31,668 over the first quarter of 2020 compared to USD 39,936 for high school graduates without a college degree. College graduates with at least a bachelor’s degree earned a median salary of USD 72,020 annually.

42. https://abcfinance.co.uk/blog/the-true-cost-of-living-in-uk-cities/
44. https://www.thebalancecareers.com/average-salary-information-for-us-workers-2060808
Chapter 2

AVERAGE COST OF LIVING IN AUSTRALIA

The average weekly expenditure in Australia is around USD 2,200 per household. This estimate includes home loans or rent at an average USD 600 a week, followed by food and eating out at USD 400, and insurance and other financial services at USD 200. For a small 85 square meter apartment the monthly utilities of water, electricity, and gas cost around USD 220 per month. These numbers mean it costs an average household around USD 100,000 per year to live in Australia.

Wage Comparison

Australia’s blue collar labour force has overtaken their white collar counterparts in wages. According to the Suncorp Bank Wages Report, an analysis of income data indicates blue collar workers earn AUD 1,229 a week, on average, compared with a white collar average salary of AUD 1,085. This trend has been ongoing from 2012 to date.

AVERAGE COST OF LIVING IN CANADA

On average, an adult will spend CAD 280 monthly for food, CAD 33-CAD 45 for a mobile phone/cellphone plan, CAD 30- CAD 113 for Internet, and anywhere from CAD 800- CAD 1000 for rent. Basic monthly utilities such as electricity, heating, cooling, water, and rubbish disposal are around CAD 110 for a 915-square-foot apartment. In general, Canada has somewhat higher taxes than the United States. The harmonized sales tax in Ontario (the most-populated province in Canada) is 13%.

Wage Comparison

According to Statistics Canada, the average wage for Canadian employees is currently CAD 952 per week – or just under CAD 50,000 a year. Most of the jobs on the high-paying list earn at least three times that much (and the lowest paying occupations pay less than half the average).

COVID-19 RELIEF EMPLOYEE SUPPORT- USA COMPARATIVE NOTES

The Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 were passed in the US to provide economic assistance for American workers and preserve jobs for American industries. Not all jobs were saved, but payments orchestrated by the Trump administration were prompt, direct, and very generous indeed.

The CARES Act offered direct aid to families and extended employment benefits. According to the Act, workers whose income was below $75,000 were to receive a one-time payment of $1,200 and married couples were to receive $2,400, with an additional $500 for every child aged 16 or under. Note under the UK benefits system, those affected by the pandemic cannot claim any Universal Credit at all if a couple’s joint savings or capital are over £16,000 or if earnings between two people are just £541 per month. This UK policy denied individuals access to grants or benefits pertaining to their individual lost earnings due to enforced Government closures of businesses.

47. https://sunsetmoving.com/cost-of-living-canada/
51. https://www.express.co.uk/finance/personalfinance/1351059/Universal-Credit-couple-how-does-Universal-Credit-work-for-couples-evg
These workers were not only refused access to furlough but also even the back up Universal Credit system that in any event only paid out one fifth of the full furlough salary entitlement. This policy also meant that those with savings of just £16,000 that were to be used for emergencies by nature of the individual and not by nature of a Government decision, had to forgo their right to have emergency savings. Unless these individuals went down to £0, lost all their possessions and savings, they could not even claim £541 a month between two people in the middle of a global pandemic.

The US Covid-19 relief programme doubled the benefits for couples, whilst the UK system penalised and used an antiquated ideal that assumes the man is the breadwinner. One Universal Credit payment is made for any couple able to access the benefit, into one bank account as opposed to two separate bank accounts for the two individuals in question causing tension between couples especially women who often operate and manage a separate bank account from their husbands or partners.

These observations were taken from the IPR report published in June 2020 entitled ‘Summary Entitled Territory: Universal Credit, Couples and Money,’ from the University of Bath, written by Dr Rita Griffiths, a Research Fellow Institute for Policy Research at the University of Bath, Marsha Wood a Research Assistant in the Institute for Policy Research at the University of Bath, Fran Bennett a Senior Research and Teaching Fellow in the Department of Social Policy and Intervention, University of Oxford and Jane Millar a Professor of Social Policy in the Institute for Policy Research at the University of Bath.

In the US however, workers who lost their jobs due to the COVID-19 crisis, including self-employed and part-time employees, were to receive $600 per week apart from any amount they were eligible for under state law for a period of four months.

The $600 weekly supplement benefit payment under FPUC expired at the end of July 2020. Although the new bill revived FPUC it reduced the supplemental weekly benefit by half. As a result, individuals who are unemployed and receiving any unemployment benefits can now claim an additional $300 in benefits for each week of unemployment between December 26, 2020 and March 14, 2021.

After 39 weeks, if the pandemic continues, as do restrictions that impact businesses and livelihoods, further support is in place under the CARES Act, covering unemployment benefits that have now been extended to freelancers.

Given the current circumstances of government shutdowns and the expiration of many of the relief programmes included in the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) that was enacted in March 2020, Congress passed a $900 billion pandemic relief package as part of a broader $1.4 trillion government funding bill on 21st December 2020. The new legislation now includes additional funding for unemployment benefit programmes that had previously been funded in the CARES Act.

53. https://www.spi.ox.ac.uk/article/design-flaws-in-universal-credit-for-couples-revealed-as-claims-soar
Chapter 2

As with other benefits, the bill extends PUA benefits (the programme for self-employed workers such as freelancers) until March 14, 2021. After this date, new claimants will no longer be allowed to apply for PUA benefits, but eligible individuals who had been receiving PUA benefits until then will continue to receive benefits until 5th April 2021. Similarly, the duration of PUA benefits for eligible individuals has also been extended from 39 weeks (under the CARES Act) to a total of up to 50 weeks.

Based on this CARES Act calculation, in order to achieve parity a UK worker should receive the equivalent of £450 per week top up as well as their furlough salary. Based on an equitable back payment for those refused furlough and unable to access neither the furlough grant nor the many other support grants offered to the self employed over and above Universal Credit (note many members of the Refused Foundation Support Group could not even access welfare benefits either) the total parity cost per employee for a twelve month period would be £21,600, not including the backdated furlough from March 2020 to date which is a separate cost. As the paper concludes with recommendations, we will outline how this figure of £21,600 can be broken down as a parity compensation figure for UK employees refused furlough.

57 The largest emergency response bill in US history allocated around $2 trillion in emergency funding to provide relief to households, small and large businesses, states and municipalities, and healthcare providers. As the payments continue to be paid, US taxpayers are expected to receive direct payments worth $290 billion.

Payment timeframes as highlighted previously were instrumental in providing aid that had an immediate positive impact on family households in the US. The first CARES payment typically takes between three and four weeks after the application is made to arrive to applicants.

Bank Details: 59 Who qualifies for the CARES aid is determined by the adjusted gross income on a person’s most recently filed tax return, either 2019 or 2018. If a person or couple did not file a tax return, they are required to show their 2019 Social Security statement, which displays their income as reported to the IRS by their employer. Note that a Social Security statement is very similar to the UK Government Gateway system whereby all tax owed and paid is readily available to view digitally in real time.

CARES Aid Terms: It is Tax free and the recipient does not even have to include it as part of their taxable income on their 2020 return.

It is clear that from the beginning of the crisis, the US Government already put a system in place for alternative eligibility processing arrangements for the self employed who may not have had all documents required in the ideal format. In the UK however the submission system was not flexible enough to take into account any anomalies or varying situations such as tax returns not yet completed on specified dates. Tax returns were only considered valid for a three-year period in the UK, whereas in the US one year was accepted. There was no other processing centre or team in place to verify alternative proof for tax return submissions in the UK, either past or present. For these reasons, many UK self-employed individuals complained they were unable to access the SEISS (Self Employment Income Support Scheme) and did not receive the essential lifeline of Covid-19 relief by way of financial assistance.

In the USA, the alternative set up for SEISS access points works as follows; 

Recipient Fills In Form: No action is required for most people in order to receive the payment. However, some taxpayers who typically do not file returns are required to submit a simple tax return to receive the economic impact payment almost immediately.

Once again, the flexibility of the US system meant more self-employed workers including contingent workers, freelancers, artists and those who work in the creative, music and live events industry on short-term contracts could access the emergency Covid-19 relief funds. There were additional access points immediately available for various scenarios. Even for those self employed individuals and freelancers who did not even file tax returns historically and therefore the IRS would not have had all their historic records, US workers were still able to access support more easily than their counterparts in the UK, many of whom actually had tax returns from previous years but still received no support at all based on the historic years and records HMRC already had on the Government Gateway Personal Tax Account record system.

The CARES Act as the official economic relief fund for the Covid-19 crisis in the USA raised the amount of weekly benefits. However this extra incredibly generous weekly cash grant, of $600 a week, ended after 31st July 2020 to a lesser amount of $300 per week. Some states planned to end it a week earlier, on 25th July 2020 while the UK so far has only committed to support funds continuing up to 31st April 2021 of just £20 (or $27) a week.

The Pandemic Unemployment Assistance Program under the CARES Act also extends coverage to workers who are self-employed, looking for part-time employment (if permitted under state law), do not have sufficient work history, or otherwise would not qualify for regular unemployment under state or federal law and are unemployed or are unable to find work due to Covid-19. This provision is aimed to cover independent contractors.

For those US workers who were furloughed under the Federal Pandemic Unemployment Compensation (FPUC) provision of the CARES Act, anyone who qualified for unemployment benefits will receive an additional $600 weekly benefit for all weeks of unemployment between 5th April 2020, and 31st July 2020. This amount of $600 is in addition to the unemployment benefits amount the individual otherwise would receive under state law. This amount has to be paid for any week in which an individual receives unemployment benefits under individual state programmes. The supplementary $600 weekly payment requires no calculation in terms of the level of earning and it is also taxable like all unemployment compensations.

- The payment frequency of US furlough is weekly.
- The federal state pays furlough direct to all US employees.

The original salary of the claimant does not determine the benefit received (unlike in the UK where furlough calculations are complicated affairs and are given based on the taxpayer’s average income during a set period). A non-discriminatory system from the outset treated all US employees equally, so they all received the same amount, the weekly benefit per week (the exact amount differs per state) as well as the $600 per week top up as stipulated under the CARES Act. To summarize, we now move on to discuss how the furlough payments are calculated in the US.

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Under the CARES Act here follows a summary of the two COVID-19 relief support programmes:

Federal Pandemic Unemployment Compensation (FPUC) is for any individual eligible under Florida law for Reemployment Assistance for example or the federal unemployment programme. This programme of support provides an additional $600 per week apart from the unemployment benefits by the state that the individual qualifies for.

Pandemic Unemployment Assistance (PUA) is for those individuals not ordinarily eligible for Reemployment Assistance or whose employment has been either lost or interrupted as a direct result of Covid-19. This programme provides up to $275 in weekly benefits in addition to the FPUC funding of an additional $600 in the state of Florida for example.

**Furlough Inequality in the UK and US extends to foreign-born workers**

Despite being big, timely, and direct, the US economic relief in response to the Covid-19 crisis has its own shortcomings although it has to be stated that due to the flexibility of the schemes and the clear, direct access points, more US workers are not only eligible but are also able to more easily access the support when compared with the UK system that has a more rigid solo access point via a third party (and often unwilling) private corporation in respect of the administration and management of furlough payments.

The US support schemes went to the highest levels possible to reach as many workers in need, however, many low-income or otherwise vulnerable households may still struggle to obtain a payment, which especially includes people who may not have filed a 2018 or 2019 return. Similarly, workers who earn less than the standard deduction and people who earn cash income but do not report it might remain excluded from this benefit. While the dependents over the age of 17, such as cared-for parents and disabled children, are not eligible for the direct payment, their caretakers will not receive a $500 benefit for them either. The Act also excludes tax filers without Social Security numbers (SSNs). The restriction to give payments only to households with SSNs leaves out ‘Dreamers’ and families of filers with only Individual Taxpayer Identification Numbers.

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66. https://www.brookings.edu/blog/up-front/2020/03/27/careful-or-careless-perspectives-on-the-cares-act/
Below we explain in more detail the difference between an SSN and an ITIN, what the requirements are to receive an SSN and the difference between tax contributions that would make those without SSNs ineligible for Covid-19 relief support in the USA.

The Social Security Number (SSN) and Individual Taxpayer Identification Number (ITIN) more or less serve the same purpose except for the Covid-19 relief packages where the deliberate policy of exclusion of ITIN holders by the Trump Administration left this group of workers in peril even though by state law they have to pay taxes.

<table>
<thead>
<tr>
<th>SSN</th>
<th>ITIN</th>
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<tbody>
<tr>
<td>SSNs are issued by the Social Security Administration, the (SSA).</td>
<td>ITINs are issued by the IRS</td>
</tr>
<tr>
<td>The SSN is like a personal ID for Americans who were either born in the United States or are authorized to work in the US.</td>
<td>The ITIN is used for tax filing purposes and issued to those who are not allowed to have an SSN for any reason but have to pay their taxes. This includes residents with foreign status or undocumented immigrants.</td>
</tr>
<tr>
<td>While it is mainly a national ID number for taxation, it is also used to track individuals for various additional services offered by the US government and its associates.</td>
<td>The ITIN helps the IRS to identify workers as a taxpayer which also then helps them to file their taxes.</td>
</tr>
</tbody>
</table>

The US Covid-19 relief system differentiates between those with SSNs and those who only have ITINs (Individual Taxpayer Identification Numbers), but the UK system uses only one identifying number for PAYE recipients of furlough salary, that of a National Insurance Number. Therefore under the US tax system all those with the equivalent SSN (a National Insurance number) would have received furlough via a suitable access point. Similarly foreign workers with PAYE records and a National insurance number (who unlike in the case of some of the US Dreamers) were not employed as undocumented migrants and neither did they earn their income via undeclared cash payments but rather via the PAYE system so they would have qualified. For this reason foreign–born PAYE employees in the UK should have also received furlough payments as per the guidelines.

According to original UK Government guidelines pertaining to furlough criteria;

70 “Foreign nationals are eligible to be furloughed.”

71 “Grants under the scheme are not counted as ‘access to public funds’, and you can furlough employees on all categories of visa.”

68. https://www.stilt.com/blog/2020/03/ssn-itin/  
69. https://www.gov.uk/apply-national-insurance-number  
70. https://www.freemovement.org.uk/foreign-nationals-are-eligible-to-be-furloughed/  
Migrant workers should have felt completely protected by the UK Covid-19 relief Government support schemes especially as their status in their chosen host country was confirmed and for the most part their tax records were up to date, however once again the furlough system let them down severely leading to a massive exodus of over 1.3 million foreign workers who could not access the furlough scheme in the UK indirectly via their employers nor directly via another access point. Four FT reporters covered the story on 25th January 2021.

“An estimated 1.3m have gone home with hospitality and retail the sectors most heavily impacted”

© The Financial Times 2021 (Original story published on FT.com)

This disparity was reported as a case study example for an Italian worker by Financial Times journalists Alice Hancock, Jasmine Cameron-Chileshe and Peggy Hollinger with additional reporting by Jonathan Eley in an article entitled, “Foreign workers flee Britain as Pandemic and Brexit bite,” FT 25/01/2021.

“Lorenzo di Cretico a Manager at a central London restaurant and Club 100 Wardour Street, moved to the UK 10 years ago with high hope”

© The Financial Times 2021 (Original story published on FT.com)

Further examples of the exodus of foreign-born workers in the UK due to lack of financial support during the pandemic was widely reported, with Managers at the Coylumbridge Hotel in Aviemore, Scotland – owned by Britannia Hotels deciding to inhumanely evict workers at the height of the pandemic who depended on staff accommodation. These workers were summarily dismissed and became homeless overnight. Despite the loyalty this workforce had afforded their employer, the hotel refused to take advantage of the furlough scheme or allow them to stay in the only home they had known whilst in a foreign country

Further hardship was reported in relation to increased homelessness in the UK despite the introduction of the temporary ban on evictions legislation.
Chapter 2

How the US expanded Covid-19 relief support to freelancers

It seems there is no end to the extensive support the US has provided to its workforce including various categories of worker aside those who did not possess SSNs.

Program Title II of the CARES Act ensures unemployment benefits are available to independent contractors and sole proprietors with an extension to the duration of benefits from 26 weeks (available in most states) to 39 weeks.

After 39 weeks, if the pandemic continues, as do restrictions that impact businesses and livelihoods, support is in place under the CARES Act, covering unemployment benefits that have now been extended to freelancers.

Given the current outcomes of Government shutdowns and the expiration of many of the relief programmes included in the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) that was enacted in March 2020, Congress passed a $900 billion pandemic relief package as part of a broader $1.4 trillion government funding bill on 21st December 2020. The new legislation now includes additional funding for unemployment benefit programmes that had previously been funded in the CARES Act.

As with other benefits, the bill extends PUA benefits (the programme for self-employed such as freelancers) until 14th March 2021. After this date, new claimants will no longer be allowed to apply for PUA benefits, but eligible individuals who had been receiving PUA benefits until then will continue to receive benefits until 5th April 2021. Similarly, the duration of PUA benefits for eligible individuals has also been extended from 39 weeks (under the CARES Act) to a total of up to 50 weeks.

Freelancers can claim both furlough and unemployment benefit at the same time. This equates to $1,200 to adults and $500 per child, although this grant will be phased out for individuals who typically earn more than $75,000.

Program Title II enables self-employed individuals such as freelancers to defer paying 50% of the social security portion of their self-employment tax for the period of 27th March 2020 through to 31st December 2020.

Together with the above benefits, an employee claimant can thus in effect receive both PUA (Pandemic Unemployment Assistance) and PUC benefits simultaneously.

Note, in the UK, no such policy is in place. First, tax returns submitted by the self-employed are still generating 80 full payment demands from HMRC at the time this paper was published. Immediate payment demands are even going out for those self employed workers who have received zero income and zero Covid-19 relief support for over 10 months since the start of the lockdown on 23rd March 2020.
Chapter 2

Processing efficiency is at the heart of Program Title II of the CARES Act. Claimants can complete forms online and those individuals who are eligible need only provide a self-certification indicating that they are “able” and “available” to work, as per terms defined by state law, but are totally or partially unemployed or are unable to work due to the Covid-19 crisis.

To be eligible for the extra $600 in federal benefits, applicants must apply for state unemployment benefits first.

Weekly benefits in the US vary state by state. For example, the maximum weekly benefit payment in Connecticut is $631, while in Florida it is $275. The duration of benefits in Connecticut, New Jersey and New York is 26 weeks, while in Florida it is normally 12 weeks.

In January 2020, unemployed workers nationally were paid an average of $385 per week, and most benefits lasted 26 weeks, according to the Center on Budget and Policy Priorities.

Under the CARES Act, workers will be paid an additional $600 per week on top of what they would normally receive, up to 31st July 2020.

To summarize, under the CARES Act, there are two principle programmes:

- Federal Pandemic Unemployment Compensation (FPUC) for any individual eligible under state law (for example Florida state law) for Reemployment Assistance or federal unemployment programmes. This programme provides an additional $600 per week apart from the unemployment benefits by the state that the individual qualifies for.
- Pandemic Unemployment Assistance (PUA) is for those individuals who are not ordinarily eligible for Reemployment Assistance or whose employment has been either lost or interrupted as a direct result of COVID-19. This programme provides up to $275 in weekly benefits (in the state of Florida, note, benefits in other US states vary and are normally higher), in addition to the FPUC funding of $600 weekly.

Chapter 2

How Furlough exacerbated inequality and generated the Unprotected Workforce

With robust schemes put into practice in the US, and the UK also stepping up to support workers, Covid-19 only exacerbated inequalities that already existed prior to the pandemic. We have touched upon the precariousness of the job market especially amongst those on zero hour contracts, gig workers, the Dreamers in the US and foreign-born nationals in the UK. Next we will explore how inequalities especially in the UK continued to persist throughout the pandemic as identified in The Fiscal Studies Report, vol 41 no.3, pp 591-622 (2020) 0143-5671 © 2020 The Authors, published on behalf of the Institute for Fiscal Studies.

The study carried out by Abi Adams-Prassl and Marta Golin of the University of Oxford, Teodora Boneva of the University of Zurich and Christopher Rauh of Trinity College Cambridge, University of Cambridge, highlighted the impact of the furlough scheme in the UK on various sectors and job types. The study also indicated that despite Government guidelines, there was a clear incidence of “expanded terms” that employers created in their decision making when selecting which employees were to access the furlough scheme; a task contracted out to third party employers by the UK Government.

Note in the US, under the CARES Act, there were no variables, odd conditions, or expanded terms imposed on affected furlough claimants. First, the US state managed the funds and second, interrupted and lost work was the key criteria for access to furlough payments. The UK deployed a somewhat complicated, obstructive process whereby even loss of income, a reduction in income, loss of a job and/or interrupted income or working hours were not even enough of a reason for those affected PAYE taxpayers to access the furlough funds due to them in the middle of a global pandemic, with immediate and unplanned Government imposed closures of all non emergency businesses in place nationwide and globally.

Employers were entrusted by the UK central Government to act as the primary and unilateral gate keepers to UK taxpayer’s money during a global health crisis and the CEOs of these corporations were thus the key distribution decision makers of these funds even though calculations for furlough were to be made based on actual tax records, taxpayers’ individual contributions and work history up to and including the lock down that was triggered in the UK on 23rd March 2020.

UK employers were given 84“discretion” to place eligible workers on the furlough scheme that has led to questions raised as to how decisions were made. Unlike in the US, UK employees could not claim direct from the state during the crisis and there was no appeal process put in place or alternative mechanism for eligible employees to claim the furlough salary direct from Government when employers refused furlough to their employees.

The set up of furlough in the UK via a corporation was intended to bring employers and employees closer and retain jobs however it sometimes had the opposite effect as employers did not always make decisions based on equality laws and consultation. The CJRS also did not prevent employers from making redundancies even though the option to pay a furlough salary was possible. Discretion was a vague term that opened the door to employers to make job cuts and claim 85discretion (not employment law principles) as their primary reason for making one employee redundant over another.

84. https://petition.parliament.uk/petitions/312611 The “Remove firms discretion and obligate firms to furlough employees where eligible” closed on 17th October 2020.
Equally, the compensatory furlough amount should have been based on the Government shut down policy and not on whether a corporation wanted to retain an employee or not. By allowing employers to decide who to furlough, the employee's bargaining power was not only weakened but was taken away as employees were forced to follow any employer request in fear that their furlough salary would be refused if they did not.

It is also concerning under UK equality law legislation that furlough calculations were based on an individual taxpayer's previous or average salary when the benefit was universally available to all eligible PAYE employees. The welfare state should not discriminate which is why even the Universal Credit benefit payment is one set amount and does not alternate according to the previous salary of one individual over another. We also make this assertion because the enforced shut down of businesses during the pandemic affected everyone equally, so why would a Universal Basic Income not be introduced in the same way as that set up in the US and elsewhere that determined no matter what the claimant’s salary level was at the time of the lockdown, everyone should be compensated equally?

The furlough scheme or Coronavirus Job Retention Scheme (CJRS) was introduced for the first time in the UK on 20th April 2020 with the ability of employers to backdate claims for their employees to 1st March 2020, however other countries such as Germany already had similar schemes in place that they were quick to enhance at the start of the pandemic. The German model of (STW) short-term working enabled workers to return to work and be partially subsidized for unworked time via the Kuzarbeit scheme’s reduction of hours over a period announced as 12 months that was then later extended to 24 months, with the Government paying 60% of earnings.

Initially the furlough scheme in the UK was meant to run from the (backdated date of) 1st March 2020 until 30th June 2020. When the pandemic did not improve the scheme was extended initially until 31st July 2020. However this support was only planned for four months, whilst other countries including Germany announced a much longer period of support of two years that enabled employers to better plan and minimise job losses.

The report further indicates the furlough scheme’s adoption rate with just 25% of all UK employees included. A total of over 9 million claims totalling £20 billion up to and including 14th June 2020 were processed. However with this confirmed adoption rate, one must question why the 75% of the remaining UK workforce did not benefit from the scheme and how many eligible employees who did not retain their jobs simply fell through the cracks even though they too were in need of the support and did not have any other means of accessing the scheme when their employers refused them access.

UNPROTECTED EMPLOYEES IN THE UK

Gender Inequality impact Assessment

From the University of Cambridge-INET Institute (Institute for New Economic Thinking), Dr. Christopher Rauh, a Cambridge University economics lecturer and one of the report’s authors, reported that female layoffs in the UK were high due to their greater childcare and home schooling responsibilities and the greater likelihood that they would occupy more personal care and face-to-face jobs than men.

Data sets from March to April 2020 add more insight into and examine in detail how those refused furlough were impacted, the degree of inequality generated and which political decisions led to this outcome especially in the UK. Next, we refer to surveys as highlighted in the Cambridge-INET Working Paper Series No: 2020/18, Cambridge Working Papers in Economics: 2032, INEQUALITY IN THE IMPACT OF THE CORONAVIRUS SHOCK-EVIDENCE FROM REAL TIME SURVEYS. The surveys highlight the grave level of inequality that transpired during the pandemic following the introduction of key Government policies.

With increased number of women more likely to be furloughed than men even when both genders carried out the same job or were on the same salary and seniority, the unforeseen inequality of the scheme persisted with the prohibition of working whilst furloughed most likely ignored by men more so than women and women less likely to have their salary topped up to 100% by their employers beyond the 80% provided by the state allowance when compared with their male colleagues. In fact, 87% of men compared with 77% of women continued to work whilst their employers claimed the furlough grant and 69% of men compared with just 52% of women had their salary topped up to 100% with men more willing to break the law in order to receive the top up.

With childcare responsibilities including home schooling skewed towards female employees thought to be one of the main reasons behind this disparity, it is clear that despite the requirement that the furlough scheme be deployed taking into consideration all equality and discrimination laws, "not all workers are furloughed equally." UK employers created their own terms for furlough outside official Government guidelines and employment law parameters covering equality and discrimination. Amongst furloughed workers who could complete at least 50% of their work from home, only 17% declared that they did not carry out any work at all with the remaining who answered the study confirming they continued to work with a reduction in workload of only 25% compared with the February 2020 period prior to the lockdown." This disparity is highlighted in Figure 2 on the next page.

89. https://www.personneltoday.com/hr/two-thirds-continued-to-work-while-on-furlough/

Notes: Data from wave 2 of the surveys. The thin black bars represent the 95% confidence intervals. The figure shows average number of hours that men and women reported spending on childcare and homeschooling. We restrict the sample to individuals with children who report working from home, and whose answers to the time use questions combined do not exceed 24 hours.

Job and industry type inequalities

At its very early inception, the Cambridge Working Papers in Economics: 2032 INEQUALITY IN THE IMPACT OF THE CORONAVIRUS SHOCK: EVIDENCE FROM REAL TIME SURVEYS report identified the potential risk of inequality due to the design of the furlough scheme in the UK that has given employers the right to administer taxpayer’s funds. A potential flaw of the system will be examined in greater detail especially in light of failures of the existing UK labour market decision makers to adhere to equality and discrimination practices as defined in employment law. Even though Government guidelines were later updated to indicate that when making decisions to furlough employees “equality and discrimination laws would apply in the usual way” the usage and regular reference to the word “discretion” gave employers the green light to make excuses to not take into consideration all aspects of employment law when deciding which employees to furlough.

The report’s data findings have been referred to in this paper as the timeframes for data collection correspond with the Refused Foundation Support Group data set case study timeframe notes and affected members who were refused furlough during the first cycle of the furlough scheme from 1st March to 31st July 2020. The report identified an online panel of geographically representative participants surveyed in two waves for the UK. Each wave enjoyed new panels.


![Diagram showing two waves with participant details](image)

Research took place before the introduction of 94 flexible furloughing that allowed those on the scheme to also work part time with their lost income topped up by Government. The below sets out further the sampling criteria for the UK.


<table>
<thead>
<tr>
<th>EMPLOYEE STATUS</th>
<th>AGE GROUP</th>
<th>WORK STATUS</th>
<th>RTI ELIGIBILITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK residents</td>
<td>18+</td>
<td>Those surveyed were in paid work during the previous 12 months</td>
<td>Those surveyed were on the RTI payroll on or before 28/02/2020</td>
</tr>
</tbody>
</table>

Further demographic characteristics are highlighted in Figure 5 and Figure 6 indicating those employees furloughed by occupation and industry with the arts, retail and hospitality the most affected industries.

Chapter 2


The FISCAL STUDIES report further identifies the following inequalities:

- Discretionary top up payments were made by employers predominantly to men
- Discretionary payment top ups were made predominantly to higher earners
- Discretionary top up payments were made to those most likely to break the law and go against the spirit of the scheme and work some hours whilst on furlough

Furlough inequalities generate an unprotected workforce

To summarize the FISCAL STUDIES report further highlights where the greatest propensity of job losses occurred with key inequality impacts throughout the workforce identified as follows;

Female workers who dominated in the personal care and retail industries enjoyed less protection and were severely impacted during the pandemic.

In many cases their jobs could not be carried out from home so this group suffered immediate job loss. Face to face jobs were deeply affected with the immediate closure of events, venues, and wedding celebrations as reported by the UK campaign group ‘What About Weddings?’ whose members have been left with little or no Covid-19 financial support whilst weddings are cancelled, and live music sessions, bars and nightclubs where social or mass gatherings typically took place are also suspended.

Access to the UK furlough scheme was so restricted that many legitimate taxpayers were unable to receive the support they needed. The lack of employment law compliance was also a factor that had a huge impact on this group and many other segments with protective characteristics such as those with underlying health conditions and the clinically vulnerable who were required to shield during the pandemic and may have been refused furlough unlawfully by their employer.

Inequality in the workplace

Data from the FISCAL STUDIES report also shows employers protected permanent workers more than those on temporary or flexible hourly contracts and especially on the condition that they continue to work whilst on furlough even though this was against the rules of the scheme.

Real time survey evidence shows that once again similarities existed between Anglophone countries with German workers more protected by their employers than those in the UK and the USA.

Figure 7 indicates how the data sets were managed across both Germany and the USA even though the results and outcomes experienced by workers in these countries varied greatly.

95. https://whataboutweddings.co.uk/the-times-article-halo-wedding-venues/
97. https://www.personneltoday.com/hr/two-thirds-continued-to-work-while-on-furlough/
From the data sets it is clear that despite the seamless adjustment of the workforce to the crisis in Germany thanks to its very established short time work scheme, this scheme did not translate as easily to other countries such as the UK and the USA (although it has to be stated that the USA performed far better than the UK in terms of financially supporting as many workers as possible). The results of this challenge speak for themselves.

Across the three territories, within the first two months of the pandemic, the Cambridge Working Papers in Economics: 2032, INEQUALITY IN THE IMPACT OF THE CORONAVIRUS SHOCK: EVIDENCE FROM REAL TIME SURVEYS report reveals that job losses were far greater (three times higher) in both the USA and the UK when compared with respondents in Germany.  

98. Short-time work in Germany dates back to 1910 when it was first used in the mining industry.

<table>
<thead>
<tr>
<th>RESPONDENT JOB LOSSES</th>
<th>USA</th>
<th>UK</th>
<th>GERMANY</th>
</tr>
</thead>
<tbody>
<tr>
<td>April-May 2020</td>
<td>18%</td>
<td>15%</td>
<td>5%</td>
</tr>
</tbody>
</table>

How furlough expanded class inequalities

UK Impacts on job losses and access or lack of access to furlough during the pandemic were highly dependent on work and job characteristics.

The Cambridge-INET Working Paper Series No: 2020/18, Cambridge Working Papers in Economics: 2032, INEQUALITY IN THE IMPACT OF THE CORONAVIRUS SHOCK: EVIDENCE FROM REAL TIME SURVEYS indicate that job loss probabilities increase according to employment classification with those employed in different arrangements such as short term contracts, zero hour contracts and freelancers more severely impacted.

Data from both the USA and the UK reveal not only an uncomfortable gender gap but also a class gap with workers without a University degree much more likely to have lost their job during the pandemic. These gender and educational gap disparities were not prevalent in Germany. Anglophone countries such as the UK and the USA whose employees have predominantly less ties with employers, reported the highest level of job losses.

How furlough expanded income inequalities

Research data shows a high propensity of those questioned fear being unable to pay their bills and meet household expenses. The data sets indicated that workers were concerned about their ability to meet their household expenses with the UK and US households more concerned than their counterparts in Germany.


<table>
<thead>
<tr>
<th>RESPONDENT JOB LOSSES</th>
<th>USA</th>
<th>UK</th>
<th>GERMANY</th>
</tr>
</thead>
<tbody>
<tr>
<td>April-May 2020</td>
<td>46%</td>
<td>38%</td>
<td>32%</td>
</tr>
</tbody>
</table>
Chapter 2

For this reason, bearing in mind that those refused furlough not only did not receive the funds they needed in a timely fashion, our recommendation includes hardship grant funds being made available over and above any backdated furlough payments. Furthermore it is noted, despite the robust support and planning put in place, to support workers, much disparity persisted especially with low-income families.

As the common theme of severe hardship of the workforce continued across the Atlantic, US President Biden was forced to make this statement on 8th January 2021 during his speech, 'Biden Introduces Nominees for his Economic Team.' There are millions of people out of work, unable to pay the rent or their mortgage. They're waiting in line for hours to get food from a food bank. Think of this. The United States of America, people are lined up for miles in their automobiles waiting to get a meal to put on the table to feed their family. And they're left staring at the ceiling, so many, unable to sleep, worried. Will they have their health insurance? Wondering if they'll be okay?"

The pandemic has hit everyone across all sectors and income levels terribly in the US despite the enormous economic packages of support. Lower income households were hit the hardest. Nearly half of adults who report that they lost a job due to the pandemic crisis in the USA are still unemployed. One-in-four adults have had trouble paying their bills since the Covid-19 outbreak started, a third have dipped into savings or retirement accounts to be able to provide for their daily necessities, and about one-in-six have borrowed money from friends or family or gotten food from a food bank.

This pattern of despair and hardship is replicated much more so in the UK than in Germany and the US due to large pockets of gaps in support from even those who were eligible for support but could not access it when they were refused furlough by the corporations that employed them.

Furlough inequalities will continue to impact household credit profiles

Equifax tested the impact furlough had on consumer credit accounts and the changes to forbearance measures that modified these indices up and down the country. Inadequate Government measures of support in the UK, indicate that UK households will be met with the same challenges as those in the US.

The report ‘Equifax: Evaluating the Current and Future Impacts of Covid-19 on Consumer Credit Profiles within the Telecommunications sector’ concludes that the impact the pandemic had on unemployment and redundancy figures within the first few months despite the introduction of the furlough scheme are significant with at least 739,000 workers immediately without support up to and including August 2020 and unable to access the furlough scheme.

Furthermore, the labour market report by the ONS for July 2020 suggests that “the number of employees in the UK on the RTI payroll fell by at least 730,000 when compared to March 2020” following the implementation of the lockdown. This decrease is highlighted in Figure 11.

99. NBC News: Biden Introduces Nominees for His Economic Team, 8th January 2021 https://www.youtube.com/watch?v=tGCAQcrKC1o
Figure 11 highlights how these redundancies spread to the wider workforce with redundancy figures increasing for the first few months of the pandemic.

**FIGURE 11** UK Unemployment Rate, Source: ONS, March-July 2020

The impact of the exclusion of large groups of the UK workforce at the early stages of the pandemic especially those in insecure work such as zero hour contractors and short term contractors are highlighted in Figure 11. Note that the fact that the scheme was supposed to have included these groups as per Government guidelines does not in any way explain the continuous exclusion of them bearing in mind that access to support for the vast majority of this segment of the workforce was unavailable with alternative schemes such as Universal credit either not available to most excluded groups or wholly inadequate based on their eligibility for the furlough scheme that would have paid them 80% of their salary if their employers had processed the furlough paperwork.

Figure 12 indicates the extent to which the furlough scheme was not used despite its availability, and the extent to which employees were therefore denied their essential rights to financial support during a global pandemic.

**FIGURE 12** UK confirmed redundancies by corporation by end July 2020

Source: Clint Cockcroft, Equifax UK-Evaluating the current and future Impacts of Covid-19 on consumer credit profiles within the Telecommunications Sector

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103. UK Redundancy Rate- ONS
https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/redundancies/timeseries/beir/lms
Chapter 2

Consumer index modeling by Equifax has identified that on the whole, consumer profiles are most likely to be negatively impacted. Reports suggest that 56% of credit consumers would suffer from lower credit scores making it more difficult to access credit once payment freezes and other forbearance measures have come to an end.

The Refused Foundation Support Group members were unable to access many of the Government schemes that were mostly targeted to businesses such as the CBILS (Coronavirus Business Interruption Loan Scheme) and the bounce back loans. Those schemes targeted to consumers including mortgage repayment freezes only delayed repayments some of which resulted in higher interest rates levied upon unsuspecting homeowners.

It is also most likely that consumer credit scores will be negatively impacted due to the elongated Covid-19 restrictions imposed on businesses, causing mass closures that will hamper confidence, disposable income and employment opportunities in 2021.

We therefore would determine that more redundancies announced with large firms will continue together with forecasted unemployment rates exceeding those of 2008 with a potential rise to 8.5%, leading to continued pressure on consumer incomes as arrears and debt collection activities recommence at the end of credit payment freezes and other forbearance measures that so far have not been renewed. Leading economists do not expect significant improvements to the UK economy until 2023.

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108. https://www.ft.com/content/5c51299a-fd9f-4e14-9576-a42a6317c324 "UK economy set to be one of the last to recover from pandemic," Daphne Strauss and Valentina Romei, 3rd January 2021
109. https://www.ft.com/content/21abda0-b3b6-4cf9-93f2-007fc1b1b1c8 "UK economists' survey: recovery will be slower than in peer countries" Daphne Strauss and Valentina Romei, 3rd January 2023
The social justice key opens the door to the White House

“The Build Back Better Agenda is a vision for an inclusive recovery that lifts up those who have been left behind. It is a vision for a national effort to provide training, skills and wraparound support, to get Americans back to work.”

Governor Raimondo,
Biden Administration, 08/01/2021

“Working people have been struggling for a long time under the erosion of their rights in the deep inequalities of race, gender, and class. For the last four years, they’ve been under assaults, attacks on their rights, their livelihoods, and the unions that built the middle class.”

Marty Walsh
Mayor of Boston and Labor Secretary,
Biden Administration, 08/01/2021
Chapter 3

THE POLITICS OF COVID-19- THE SOCIAL JUSTICE KEY

Next we move onto the political landscape and examine the similarities between the UK and the USA prior to the inauguration of President Joe Biden, the 46th and current President of the USA as of 20th January 2021. We examine the challenges faced by both Administrations in terms of employment law and policies during Covid-19 that have already impacted the Presidential election results in the USA and would we believe impact any future election result moving forward in the UK. With the expectation of a Trump win before the outbreak of Covid-19 and a strong US economy, we assess how this projected result was overturned, not just because of Covid-19 but rather the response to it and the underlying factors that led to the exclusion of so many despite the efforts to sustain livelihoods and incomes that went far beyond those implemented in the UK whose citizens continue to suffer great hardship.

The United States put a furlough scheme in place just as the United Kingdom did, however the scope of the US programme and the available access points were far more equitable to all workers. The Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law on March 27, 2020. As summarized previously, the CARES Act includes provisions to expand unemployment benefits to include those furloughed, including gig workers and freelancers, with unemployment benefits increased by $600 per week for a period of four months, as well as direct payments to families of $1,200 per adult and $500 per child for households earning up to $75,000.

Support schemes in the US were more equitable, realistic in terms of reflecting living costs standards in a developed economy and much more generous than those offered in the UK. Under the CARES Act, US claimants received a generous top up of $600 a week whilst UK claimants only received a top up of £20 (or just $27) a week on top of their standard benefits of just £400 Universal credit per month. In the US on the other hand, the maximum weekly benefit payment in Connecticut is $631, while in Florida it’s $275. The duration of benefits in Connecticut, New Jersey and New York is 26 weeks, while in Florida it’s 12 weeks. In January 2020, unemployed workers nationally were paid an average of $385 per week, and most benefits lasted 26 weeks, according to the Center on Budget and Policy Priorities. In the UK, average Universal Credit benefits given to the unemployed in a similarly developed economy with living costs just as high as those in the US is at least four times less.

Some US states also operate short-time compensation (STC) schemes. STC programmes are implemented at the state level and there are differences between each state programme. Employees who experience a reduction in hours during an economic downturn receive a percentage of their unemployment compensation (UC) benefits to replace a portion of their lost wages. STCs are currently established in law in the following 27 states as follows; Arizona, Arkansas, California, Colorado, Connecticut, Florida, Iowa, Kansas, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Hampshire, New Jersey, New York, Ohio, Oregon, Pennsylvania, Rhode Island, Texas, Vermont, Washington, and Wisconsin.

Furthermore, “Section 2108 of the CARES Act provides federal funding for 100% of the STC paid by states with programs already in place. In addition, Section 2109 provides federal funding for 50% of the STC paid by states that currently do not have formal programs but implement arrangements, and Section 2110 provides grants for implementing and improving STC programs.”

As we enter 2021, almost a year following the start of the pandemic, the financial impact of the Covid-19 crisis on working families in the USA persists. Despite the enormous support packages on offer that went way beyond anything per capita that the UK offered its own citizens, the impact on excluded communities was also enormous and highly visible by those who were concerned by the sight of the struggles of working families in such a highly developed world economy.

This lack of support of excluded communities and low-income families' tragic circumstances were only exacerbated by the pandemic and immediate lay offs as they witnessed their totally unprotected jobs and incomes vanish overnight. Their plight was so visible to so many in the US, even those who were not so severely impacted and this factor in particular- that of social injustice- had a direct result on the 2020 Presidential election results for the Trump administration.

**THE IMPORTANCE OF THE 13 KEYS**

The importance of the 13 keys overall is also thought to have been a defining factor that explains the loss of the 2020 Presidential election of Trump and certainly the keys is a principle can be applied to UK politics in terms of how the pandemic has been managed and the perception of the population with regards to impact assessments on excluded groups.

Professor of History Allan Lichtman, a specialist in American History and quantitative methods at the American University is author of “The Keys To The White House.”

Professor Lichtman uses a prediction system and has done so since 1984. He has previously been predicting successfully the number of popular votes but now he only focuses on the actual Presidential election win. Lichtman bases his predictions on 13 Keys that he developed in collaboration with Vladimir Keilis-Borok, a Russian expert on earthquakes. Their 13 keys have accurately predicted every US presidential race since 1984.

From 2016 Lichtman stopped predicting election winners based on the popular vote and started to predict based on overall winner only. Each US election for 2016 and 2020 he made correct predictions using this model.

The principle of the 13 keys model measures according to Allan Lichtman who discussed during an interview with LBC radio presenter Darren Adam, factors that are not dependent on “polls, pundits or campaigns and day-to-day ups and downs of a campaign,” but rather the model reflects "big picture, incumbent party strength, performance, and governance." Interestingly, one of the defining factors of the keys are ‘mid term election results’ (in the UK these are local elections normally held in May), third party challenges (the key question to answer here is whether there is a credible alternative to the current administration that is gaining ground and increasing in popularity exponentially compared to their performance in the past 12 months), long/ short term economy efficacy, policy change, social unrest, scandal, foreign policy, success and failures of the administration on all other areas of policy and governance are all the primary matters of consideration."

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113. [https://about.saverlife.org/covid19-data](https://about.saverlife.org/covid19-data)
115. Taken from LBC radio presenter Darren Adam interview with the Distinguished Professor of History, Allan Lichtman of the American University, Washington DC Thursday 22nd January 2021. [https://www.globalplayer.com/catchup/lbc/uk/b8fPhUb/](https://www.globalplayer.com/catchup/lbc/uk/b8fPhUb/)
Chapter 3

According to the 13 keys model, only 2 keys relate to candidates, therefore if there are significant failings in any of these keys a Presidential election can be won by an opposing party. The model determines that to win an election the current administration cannot loose more than six out of the thirteen keys.

In the case of former US President Trump, at the outset of the pandemic, he was loosing some ground with four keys lost. The pandemic increased his loss of keys due to policy decisions and changes that impacted working families, causing social unrest (Black Lives Matter protests), scandals, (support of big corporations and some legal challenges) and other failures during the pandemic that could not have been foreseen at the end of 2019 when Trump had only lost four keys.

According to the 13 keys modelling and professor Lichtman’s assessment, Trump had lost seven keys at the time of the 2020 US Presidential election and at the height of the pandemic. These included;

1. Cries for justice against Government institutions- in this case US law enforcement (policing)- resulting in social unrest (Black Lives Matter)
2. (Health crisis handling) Covid-19 pandemic
3. Short term economic planning and vision failings
4. Long term economic planning disparities
5. Social injustice (impacts of Covid-19) on working families especially those on low incomes due to policy decisions of exclusion
6. Scandals
7. Foreign policy

Note the power of the social injustice key that can be closely associated with up to four other keys including long term economic planning, short term economic planning as well as foreign policy and even scandals and this was the weakness of the Trump administration and explains where the loss of keys came from.

Most of these keys were thought to have been ignored by Trump, therefore he lost 2-3 more keys at the height of the 2020 Presidential election campaign that resulted directly from his handling of the pandemic (not just the impacts of the health crisis and over 400,000 deaths recorded but also the social injustice that resulted from it that he failed to address through his Covid-19 support policies).

This 13 key modelling, shows that it is not possible for the incumbent to retain leadership with a loss of six or more keys, as was the case for Trump. One major event can make all the difference with associated keys amassing to reach the dizzying heights of the loss of three keys all at once.

The safe zone for keys lost is four and the application of the 13 keys modelling technique can be applied to almost any developed economy including the UK.

Figure 13 gives more insight into the principles of the 119 thirteen keys.

The 120 ‘Keys to the White House,’ is a checklist of thirteen true/false statements that pertain to the circumstances surrounding a US presidential election and are detailed as follows:

FIGURE 13

1. Midterm gains: After the midterm elections, the incumbent party holds more seats in the U.S. House of Representatives than after the previous midterm elections.
2. No primary contest: There is no serious contest for the incumbent party nomination.
3. Incumbent seeking re-election: The incumbent party candidate is the sitting president.
4. No third party: There is no significant third party or independent campaign.
5. Strong short-term economy: The economy is not in recession during the election campaign.
6. Strong long-term economy: Real per capita economic growth during the term equals or exceeds mean growth during the previous two terms.
7. Major policy change: The incumbent administration effects major changes in national policy.
8. No social unrest: There is no sustained social unrest during the term.
9. No scandal: The incumbent administration is untainted by major scandal.
10. No foreign/military failure: The incumbent administration suffers no major failure in foreign or military affairs.
11. Major foreign/military success: The incumbent administration achieves a major success in foreign or military affairs.
12. Charismatic incumbent: The incumbent party candidate is charismatic or a national hero.
13. Uncharismatic challenger: The challenging party candidate is not charismatic or a national hero.

The new Biden administration has pledged to address many of the concerns of the US electorate that are highlighted in the 13 keys modelling. In his inaugural speech made on 8/01/2021- “Biden Introduces Nominees For His Economic Team,” and “President-elect Biden and Vice President-elect Harris Introduce Nominees for Economic and Jobs Team,” President Biden began to address the concerns of the US electorate surrounding the social justice key:

121 “We’re going to be proposing an entire package, and part of that package is of equal consequence to people. Unemployment insurance, being able to continue with rent forbearance, a whole range of issues. And so that’s number one. We think that they all have to be dealt with. The price tag will be high. But as I said, made scant reference to in my opening comments, the overwhelming consensus among the leading economists left, right and center, is that in order to keep the economy from collapsing this year and getting much, much worse, we should be investing significant amounts of money right now to grow the economy. And that’s a pretty wide consensus.”

120. https://en.wikipedia.org/wiki/The_Keys_to_the_White_House
President Biden further went on to declare:

122 “So it is necessary to spend the money now. The answer is yes. It will be in the trillions of dollars, the entire package. I'll be here next Thursday laying out in detail, how that package is going to go. But the basic story is simple, that if we don’t act now things are going to get much worse and harder to get out of the hole later. So we have to invest now. Secondly, we're going to have to meet the emergency needs of the American people. I mean literally, I know you know this Ken, that people are having trouble just putting food on the table. Just having to stay, keep the payment of their car, being able to turn the lights on. There's a dire, dire need to act now, purely out of what is a humanitarian need here at home.”

The continuous focus on the social justice key is reflected by President Biden's decision to ask the 123 USDA (US Department of Agriculture) to consider issuing new guidance that will increase 124 P-EBT benefits by approximately 15% to make it easier for households to claim benefits. This action could provide a family with three children with more than $100 of additional support every two months.

The Pandemic Electronic Benefits Transfer (P-EBT) was established to increase access to nutritious food for low-income families with children by issuing food dollars equivalent to the value of any school meals missed due to COVID-related school closures.

Alternatively, in the UK, the Government was embroiled in a social media dispute with a well-known sports star Marcus Rashford who was forced to carry out his own high profile publicity campaign in order to convince the UK Government to offer 125 free school meals to 1.3 million vulnerable children in poverty in the midst of the global pandemic. The requirement for those children in poverty was just £15 per week over the six-week summer break of 2020 at the height of the global pandemic. The influence of this 23-year old footballer was so great that various local communities 126 including local cafés and restaurants gathered round his campaign to support local poverty initiatives by creating their own food parcels in their quest to ‘feed children during the summer holidays.’ The UK Government did not offer the support willingly but finally 127 buckled after much outrage, pressure and negative media coverage. The Marcus Rashford 128 ‘No child should go hungry’ petition to support children in poverty with free school meals generated 1 million signatures.

The Boston Mayor Marty Walsh has always worked tirelessly to rebuild the middle class, and has emphasized the creation of a more resilient economy. He has fought for workers in his hometown, which includes 129 fighting for a $15 an hour minimum wage and paid family leave. Having worked among the masses and being closely aware of the difficulties faced by the middle class, Marty Walsh has made the following statement in order to shed light on the impetus of his political struggles and his future focal points. He made an impassioned speech on 8th January 2021 as follows;

“Working people have been struggling for a long time under the erosion of their rights in the deep inequalities of race, gender, and class. For the last four years, they’ve been under assaults, attacks on their rights, their livelihoods, and the unions that built the middle class.”

122. https://www.youtube.com/watch?v=9nv82wuKcWs
Marty Walsh’s short and long-term economic plans are an important part of the 13 keys as they address both the economic challenge the US faces as well as the additional key surrounding social justice.

Respect for all humanity and the support of the workforce that deserve protection at all times has been encouraged by Mayor of Boston and Labor Secretary Marty Walsh and such protections exist in law for both US citizens born in the US and those foreign born nationals who should have been economically protected throughout the pandemic. Some of these protections are highlighted in the following laws.

130. The Trafficking Victims Protection Reauthorization Act (TVPRA) of 2005
131. The Employee Free Choice Act of 2009
132. The Migrant and Seasonal Agricultural Worker Protection Act (MSPA) of 1983
133. The Domestic Workers Bill of Rights

The Domestic Workers Bill of Rights has been amended since 2019, and each year thereafter. In 2019, the Bill determined that domestic workers should work a maximum of 9.5 hours per day or 55 hours per week. From 1st January 2020, the Bill was amended to 9 hours per day or 50 hours per week. The latest amendment beginning 1st January 2021 offers domestic workers even more protection, enabling them to work a maximum of 8.5 hours per day or 45 hours per week. Moving forward to 1st January 2022, the expectation is that domestic workers should work a maximum of 8 hours per day or 40 hours per week, and be eligible for double time pay after 12 hours in a day’s shift.

Some adoption of the 13 keys strategy can already be seen in the UK during the onslaught of the pandemic. Greater Manchester Mayor Andy Burnham dubbed 134 ‘The King of the North,’ has, similarly to Mayor of Boston and Labor Secretary Marty Walsh tirelessly worked to drive forward equality and social justice in the workplace. During the pandemic he has fought for the rights for all those employees refused furlough and who remain without any access to financial support through no fault of their own.

Greater Manchester Mayor Andy Burnham has also campaigned for other excluded groups during the Covid-19 pandemic including the self employed, PAYE freelancers and small businesses as well as pushing for the right to a living wage and fair remuneration for all PAYE workers. He has also fought for the right for full, equitable compensation during Covid-19 lock downs that after almost a year are still ongoing in the UK with many not even able to claim compensation for self-isolation or when they attempt to, 134 over 70% cannot access the compensation, and just like the furlough scheme they are refused it, hence the reason why many are thought to not risk taking Covid-19 tests because if they are forced to isolate they will not be compensated by default.

130. https://www.dol.gov/agencies/ilab/about/laws
132. https://www.dol.gov/agencies/whd/agriculture/mspa
133. https://www.dir.ca.gov/dlse/DomesticWorkerBillOfRights-FAQ.html
In an article in the Financial Times, 27/01/2021 entitled “Manchester employers agree to ban zero hour contracts,” by journalist Andy Bounds, it was reported that:

“The Thanks to the Greater Manchester Investment Fund led by Andy Burnham, employers in the city region signed the ‘Good Business Charter’ to improve flexible working, improved treatment of workers, ban zero hour contracts and pay above the minimum wage.”

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Focusing on the key for long term economic considerations, we can compare how the short and long term economic keys also linked to the major event key (Covid-19) was dealt with differently by Trump and Biden from the below example when addressing the impact of the crisis on ordinary people (not corporations).

136 President Trump had proposed between $530 billion and $870 billion of additional spending and tax relief to address the current public health and economic crisis, with a central estimate of $650 billion in support of the Covid-19 crisis and unemployment insurance to help those who are out of work. On the other hand, 137 President Biden has proposed between $2.0 trillion and $4.2 trillion of additional measures to address the crisis and expand worker protections, with a central estimate of $3.1 trillion.

According to Yahoo Money, 138 at least 46 states have paid out all benefits available under the Lost Wages Assistance (LWA) Program, and the remaining funds would have only covered the weeks up to 5th September 2020. The Trump administration created the original programme with an 8th August 2020 executive memo.

139 President Biden, during his election campaign offered a competing vision of economic nationalism that President Trump has trumpeted in recent years with his economic agenda, named “Build Back Better”. And while Biden’s economic plans have always been focused on immediate relief for families, small businesses and communities struggling amid the coronavirus pandemic, the proposal he offered against Trump's former policies centred around manufacturing and innovation.

The importance of people over corporations is a belief held close by Governor Raimondo who stated on 8th January 2021 “We need to bring together workers and businesses in a common cause. Now (in Rhode Island), we did that (created a record number of jobs in a state with the highest unemployment in the nation) by bringing together our workers and businesses, working together, coming together in a common cause. We invested in our people, in their skills, their opportunities and their dreams.”

In this particular quote Governor Raimondo explains how bridging the gap between workers and businesses as well as by investing in people can create greater job opportunities.

For the UK, the impact of the 3 million plus refused furlough plus some additional millions of self employed unable to access meaningful economic support and compensation during a global pandemic has the tendency to reflect the remarkable attitude of the Trump administration whose team failed to convince the electorate that people came first ahead of large corporations.

Donald Trump promised his supporters he would be the greatest job-producing president in U.S. history. During his 2016 election campaign, he pledged to create 25 million jobs in the coming decade. However, much to do with the Covid-19 pandemic and in part due to some of Trump’s policies, there were 4.6 million fewer jobs in September 2020 when compared to January 2017 when Trump first took office.

Once again this example illustrates the powerful impact of the 13 keys one of which is the attainment of long term economic goals that can only be achieved by adopting the right policies. By not adopting these two strategies, this resulted in the loss of two keys.

The impact of the 13 keys can include some highly influential sub categories. These sub categories can highlight some intertwined failures by Government within a key. An example of this is the social justice key. By not addressing the lack of support of those individuals who did not have SSNs, thus ensuring that they too had a humanitarian, financial package in place showed the discrepancy between financial support given to corporations over and above the people of the United States. This one key is equipped with not less than seven powerful sub categories. The impact of the social justice key in this context and therefore its loss is almost as seismic as the loss of three additional keys. An example of this is shown in Figure 14 and can be explained as follows;

During the former President Donald Trump’s time in office, he has been known for systematically promoting the interests of corporate executives and shareholders over those of working people. His administration has been accused of neglecting worker protections, proposing budgets that slashed funding for agencies that safeguard workers’ rights, wages, and safety, and has throughout attacked workers’ ability to organize and collectively bargain.

The Trump administration has repeatedly reversed long-standing NLRB’s precedent that has weakened workers’ rights like they have never been before. His policies have also given more power to employers instead of employees.

Note the similarities in the UK; with increased power given to employers during the Covid-19 pandemic over and above the welfare of employees. A complete lack of collective bargaining placed eligible employees of the UK furlough scheme in grave peril. UK Government took the unfortunate decision to abandon the essential key of social justice that led to great harm and distrust of employees of their employers together with poverty and despair for almost twelve months, when said employees refused furlough were unable to access their taxpayer’s grants through direct means and/or collective bargaining. The injustice continues at the time this paper is published.

There is no immediate redress on offer for those UK employees refused furlough except the possibility of an Employment Tribunal application to make a claim against an employer with no guarantee that the claim would be heard and settled in a timely or cost efficient manner.

144. https://www.epi.org/blog/president-trump-has-attacked-workers-safety-wages-and-rights-since-day-one/
145. https://www.nlrb.gov/ The National Labor Relations Board is an independent federal Agency that protects the rights of private sector employees
Court case claims in regards to an employer’s refusal to furlough an employee can include breach of contract, lack of duty of care, direct or indirect discrimination and lack of consultation. However the somewhat lengthy and expensive process of legal action is considered undemocratic as all eligible employees should have simply been able to acquire the financial support through an alternative direct access point that the Government should have made available by way of direct payments when employers failed to do the right thing.

The act of outsourcing taxpayer’s money to corporations was a policy decision by the UK Government, and so in this example, it is clear that there is an immediate loss of one of the most fundamental of the 13 keys. The impact of the failure of UK Government to address the social justice key has also resulted in the appearance of various sub categories within this key as this social injustice has a negative impact on not just the individual refused furlough but also the employee’s individual household and the overall income of that household, as well as the harm this brings to their immediate and extended family as a whole through mental strain and financial pressures.

Further anxiety is measured by the impact on families and friends (from whom neglected workers may have had to acquire loans to survive) causing further stress to those family members. This impact then also extends to the welfare of any children within the household. In this example of the policy there has not only be the loss of two keys but also the loss of four powerful sub category influencing factors within the social justice key consisting of; workplace (employment), incomes, family, and children.

Figure 14 indicates how a powerful key such as the social justice key can be expanded into seven highly influential sub categories by a major event such as Covid-19 and the negative, harmful effects of a policy decision such as outsourcing taxpayer’s grants to corporations, whose leaders created a bespoke discriminatory jurisdiction that falls outside employment law practices and humanitarian considerations. The policy decision has also created side effects and these side effects are illustrated by offshoots of a further three keys. In total, this one policy decision has eroded so much trust that it results in the loss of four keys as well as creating an inner circle set of sub categories that weaken any positive intention of the policy maker. The policy results in harming the intended target (the employee) as well as their external environment and stakeholders (families, friends and children).

146. https://www.personneltoday.com/hr/top-10-covid-tribunal-claims/
147. https://www.express.co.uk/finance/personalfinance/1348833/furlough-warning-employment-tribunals-legal-fees
Claims for 148 unfair dismissal in the UK begin to mount up as the Employment Tribunal catches up on case loads. Equally the US has been met with 149 lawsuits against employers relating to discrimination and accusations of unfair dismissal during the Covid-19 pandemic.

On the other hand, US Vice President Kamala Harris’s statement shows that the new administration is resilient in its resolve to mitigate the shortcomings of the last government’s policies regarding workers’ rights with the help of better policies for paid leave, safe and healthy workplaces and stronger unions. She is quoted as declaring, 150 “We need to protect and expand worker’s rights, paid leave, safe and healthy workplaces and stronger unions.”

Governor Roimondo’s quote goes on to explain how the Build Back Better Agenda can help people acquire the right skills and training to improve their employment opportunities.

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148. https://www.personneltoday.com/hr/firm-alleged-to-have-abused-furlough-faces-tribunal-claim/
150. https://www.youtube.com/watch?v=tGCAQcrKC1o

Biden Introduces nominees for His New Economic Team, NBC News 08/01/2021
“The Build Back Better Agenda is a vision for an inclusive recovery that lifts up those who have been left behind. It is a vision for a national effort to provide training, skills and wraparound support to get Americans back to work.”

Governor Rosimondo made this claim because while Trump’s first 36 months in office brought 6.6 million jobs, in contrast to this, the 36-month period at the end of Obama’s tenure, employers added 8.1 million jobs, or 23% more than what has been added since Trump took office.

Equally, Vice President Kamala Harris has, throughout her election campaign raised questions upon the former President’s inability to honour the dignity of work. Once again this plays into the sheer power and might of the social justice key and its potency to create sub categories within that reach the conscience of more voters.

Vice President Kamala Harris declared that the Trump leadership has cost excessive lives and livelihoods during the Covid-19 pandemic. She herself believes that every human being is of infinite worth and deserves compassion, dignity and respect. Above all one of the fundamental values that she upholds is the dignity of work. Trump is accused of neglecting these duties during the pandemic in several ways in support of corporations over and above workers. This includes permits given to fifteen large poultry plants at the height of the pandemic in April 2020 to increase their line speeds even though many of these poultry sites were deemed to be unsafe as they suffered from Covid-19 outbreaks and workers were more adversely affected and exposed to these outbreaks.

The St Louis/ Southern Illinois Labor Tribune report identified up to ‘50 Examples of how Donald Trump has hurt Workers and their Families,’ on 19th October 2020. In contrast to this, Harris adopts the dignity of work approach and has accused Trump of neglecting his duties referring to Trump’s first 100 days where she states Trump revealed that his true priorities were to benefit corporations and the wealthiest few at the expense of workers and everyone else.

The Covid Relief Bill that offered direct stimulus cash payments of $2k to individual US households increased from the $600 initially suggested following intervention of Trump who insisted on the uplift. In the UK there has been no such scheme in place to ease pressure on households for individuals, even though some local authority discretionary business cash grants (although not even accessible to all eligible businesses) have been made available.

From this example as reported by CNBC on 28th December 2020, Trump at the very end of his Presidency, had finally begun to embrace and recognise one of the most powerful of the 13 keys; that of social justice.

£10 billion backdated financial support for 800,000 employees from March 2020 to 31st January 2021 inclusive at 110%
£3 billion quarterly ongoing support from February 2021
£2,500 tax free hardship grant
£500 tax free dignity grant to reflect the International Declaration of Human Rights Act 1948 Article 23- “I have the right to work, it is my human right to work and anybody who stops my human right would need to resign.”

“Covid-19 is reducing jobs and incomes in the UK. “
“Many households had less money coming in, and some people lost their jobs.”
“Jobs and incomes will be lower than they were before Covid-19 for some time. “

We need to increase worker power and the dignity of working men and women and all those who feel forgotten.”


Source: President Elect of the USA, Joe Biden- “Biden introduces Nominees for his Economic Team.” NBC News briefing, 15h30 EST, 08/01/2021

We must always remember the essence of the social justice key
Chapter 4

RECOMMENDATIONS

- The ECESS (Enhanced Coronavirus Employee Support Scheme) is a new annual £10 billion pro rata policy proposed by the Refused Foundation Support Group to offer continued protection to the lost incomes of 800,000 employees whilst the UK economy recovers from the Covid-19 pandemic.
- ECESS offers backdated support to all employees who were refused furlough by their employers. The scheme is expected to run for up to 18 months including the backdated period.
- ECESS also offers added value incentives including a Government backed income protection insurance plan (accessible once the employee recommences work) that can be piloted before a possible nationwide rollout, as well as advanced training and employability skills training in technology tools and applications.
- Our recommended £10 billion financial support package for an estimated 800,000 employees includes backdated support from March 2020 to 31st January 2021 inclusive. Any extension to furlough past February 2021 will affect the financial support package total that would require an uplift of circa £3 billion each quarter.
- According to the National Audit Office, 157 “As at 20th September 2020 the CJRS had supported 1.2 million employers and 9.6 million jobs, with claims totalling £39.3 billion.” Our estimated package support financials derive from this official data.
- Employees linked to ECESS will enjoy a set number of hours per annum to access complimentary legal advice as part of this government backed scheme.
- Their employers will also be able to access ECESS to obtain impartial legal advice and health and safety training.
- Access to ECESS is open to all employees; permanent, PAYE freelancers, part-time, casual, limb workers, contractors, and all those on short term contracts as long as they pay their taxes via an employer as a PAYE worker.
- Eligibility for the scheme includes those denied furlough who were registered as a PAYE worker on the RTI on 28th February 2020 and/or 19th March 2020.

The ECESS proposal is based on the 13 keys modelling principals with social justice at the heart of the policy. We support the policy of immediacy especially due to inaccessible support many within the excluded groups in question have been forced to bear. This ties in directly with the social justice quote from President Biden, made on 8th January 2021 during his inaugural presentation, ‘Biden Introduces Nominees for his Economic Team;’

“The bottom line is the job report shows we need to provide more immediate relief for working families and businesses now. Now. Not just to help them get to the other side of this painful crisis, but a larger purpose to avoid a broader economic cost that exists out there, that will happen due to long-term unemployment, hunger, homelessness, and business failings.”

It was reported in Business Insider that the unemployment rate in the UK 158 ‘hit its highest level on record for five years.’ As of 26TH January 2021, 159 ONS figures indicate the joblessness rate in the UK at 5%. The ECESS programme has been created to address the negative impact of Covid-19 on humanity and to ensure the future policy addresses employment retention more equitably.

ECESS proposal recommendations include training for highly skilled workers as well as the introduction of direct cash payments to refused furlough workers and a dignity grant. The dignity grant is specific to the Equality Act and would give the Government the recognition that public servants agree all employees are equal no matter their salary, job type or the industry/and/or sector within which they work.

The dignity grant also ensures that the UK Government is taking responsibility for signing and continuing to be part of the International Declaration of Human Rights Act 1948 Article 23- “I have the right to work, it is my human right to work and anybody who stops my human right would need to resign.”

Details pertaining to compensation for refused furlough employees include;

The implementation of the ECESS scheme will give refused furlough employees backdated furlough at 110% of their average salary plus a hardship grant fund of £2,500 and the separate dignity grant fund of £500.

This recommendation is made in order to assist Treasury manage funds in the most cost effective way possible. Note the Refused Foundation Support Group is not asking our support network to push for the full value of equitable uplift support highlighted in this report of £21,600 covering a twelve-month period as well as the backdated furlough payments. We are in essence asking Treasury to consider the direct cash payment of a much lesser value, one sixth of the true value of the cash grant payment in the hope that future policies will bear in mind the UK’s global standing and therefore the need for the UK to offer support to employees that is in on par with developed economies in the USA, Australia, Canada and New Zealand.

We believe that the total number of those eligible for furlough but refused it is much higher than 800,000 (circa 1.5 million) incorporating other groups such as Forgotten PAYE from March 2020 to January 2021 inclusive, plus 1.3 million foreign born PAYE workers in the hospitality, events and service industries who have been unable to access any support since March 2020.

“1.5m people (are) not majority self-employed. They make the majority of their income from other forms being employed so they are eligible to be furloughed.”

Source: Chancellor of the Exchequer, Rishi Sunak, ITV Good Morning Britain, GMB clip from 07:40 to 11:00, 07h59 GMT, 26/11/2020

https://www.youtube.com/watch?v=hk7QOEWRDTs

Due to the length of time it has taken for those refused furlough to access vital funds, we recommend backdated furlough to 110%.

The original furlough scheme gives employers the option to top up salaries to 100% whilst the state paid 80%, but as the Refused Foundation Support Group members have been failed by employers and in order to adhere to equality laws, we recommend the top up come from central government with direct payments made using PAYE records to the optimum level of 100%.

In many instances, employers were found to use the furlough scheme to top up to 100% only if the law was broken (i.e. employees agreed to work whilst on furlough). This action negatively impacted women who were less likely to agree to break the rules compared with men. Therefore to adhere to equality laws we suggest backdated furlough to 100%.

The additional 10% uplift on the base rate of 100% is to cover the 12-month delay in receiving the payment in the absence of interest charged and ongoing hardship.

Vulnerability score criteria is also likely to be deployed by creditors and lenders for the next 18 months making it even more difficult for those refused furlough to re-establish themselves quickly without the aid of the two hardship grants and the top up furlough payments to 110%.

This additional impact assessment takes into consideration income instability that may also present problems for the group to move forward as true credit profiles highlighted via simulated tests show perceived increased credit risks on the basis of consumers not receiving the temporary payment freezes. Lenders will use these models for 18 months as indicated in Figure 15.

**FIGURE 15** UK Modified Impact on Equifax Risk Score without Payment Freeze applied

![Equifax Risk Score Chart](image_url)

Source: Clint Cockcroft, Equifax UK-Evaluating the current and future Impacts of Covid-19 on consumer credit profiles within the Telecommunications Sector
As per the President Biden announcement on 8th January 2021, “We need more direct relief flowing to families, small businesses, including finishing the job of getting people that $2,000 in relief direct payment. $600 are simply not enough when you have to choose between paying rent, putting food on the table, keeping the lights on.”

Equity across International borders must be considered and prioritized with the challenges of working families in the UK just as poignant and those in the USA.

For this reason, together with the 110% recommended backdated furlough payment we recommend the continuation of the ECESS (Enhanced Coronavirus Employee Support Scheme), for as long as the original Coronavirus Job Retention Scheme (CJRS) is in place and accessible to other eligible employees.

ECESS should also offer added value incentives including automatic enrolment to a government backed insurance plan to last for 24 months that will cover any future loss in income. The enrolment should be triggered as soon as the ECESS recipient has returned to work as a PAYE employee. After 24 months, the employee can opt-in to have the insurance plan incorporated into their PAYE NIC deductions.

We must always remember the essence of the social justice key:

“We need to increase worker power and the dignity of working men and women and all those who feel forgotten.”

Source: President Elect of the USA, Joe Biden- “Biden introduces Nominees for his Economic Team.” NBC News briefing, 15h30 EST, 08/01/2021
Chapter 4

4.1 EMPLOYMENT LAW ENFORCEMENT

We call for a pro labour and employee enhancement programme that can better serve the needs of employees and improve their relationship with employers as highlighted by US Labor Secretary and Boston Mayor Marty Walsh.

“Working people have been struggling for a long time under the erosion of their rights in the deep inequalities of race, gender, and class. For the last four years, they’ve been under assaults, attacks on their rights, their livelihoods, and the unions that built the middle class.”

Due to the injustice of widespread furlough refusals, our recommendations go beyond simply enabling those refused furlough to access an enhanced backdated furlough salary.

We also recommend a tightening of employment law as well as committee hearing attendances of employers who took the decision to not furlough their staff when the option to do so was open to them.

We would also wish to explore the usage and interpretation of the word “discretion” as used in official Government guidelines that has lead to many employers creating their own bespoke schemes instead of following the letter of the law.

Following the continuation of discrepancies towards worker’s rights during the Covid-19 pandemic, it would be pertinent to highlight the review of the Taylor Report from July 2017 and ascertain whether there is even a need for the gig economy worker due to the regular exploitation of worker’s rights. Despite the recommendations followed from this report to class these workers as ‘dependent contractors’ who should have received more employment rights, these workers were still at a huge disadvantage during the pandemic when compared to other employees.

Employment rights are at risk when employers embrace zero hour contracts over and above secure work. The call for a ban on zero hour contracts has continued to expand within the UK, from the regional base of Greater Manchester Mayor Andy Burnham to Ireland where zero–hour contracts are now banned, in almost all circumstances. “Workers have the right to compensation from their employer if they turn up for a shift but are sent home without work. Workers are entitled to guaranteed hours of work that reflect their normal working week,” according to the Irish Unions. The call for a complete ban of zero hour contracts may help to facilitate more stable working conditions and provide access to equitable support and treatment that many did not receive during the pandemic.

Employers polled during a CIPD survey on 4th June 2018 also revealed that many understood the importance of new working arrangements that eradicate the worker’s rights and their security. That notwithstanding, studies have shown that zero hour contracts have been growing exponentially, and across all occupations and sectors. This dangerous precedent can only continue to ravage an already insecure working environment with worker’s rights continuously challenged.

Research shows that from April to June 2019 there were an estimated 890,000 workers employed on ZHCs as their main job. This represents 2.7% of those in employment in the UK.

164. The CIPD stands for the Chartered Institute of Personnel and Development https://www.peoplemanagement.co.uk/news/articles/zero-hours-workers-stable-contracts
165. https://commonslibrary.parliament.uk/zero-hours-contracts-rights-reviews-and-policyresponses/
The findings also indicate that, “This is up by more than 100,000 people from the same period last year, although it is lower than the peak of 907,000 workers in late 2016. “

There was a notable rise in the number of “young workers (aged 16-24) employed on ZHCs. These numbers are up by 43,000 from late 2018, meaning that 8.8% of workers in that age group were employed on ZHCs as of June 2019.”

The UK would need to follow the many countries and Mayors who have called for the ban on zero hour contracts and also assess the many countries around the developed world that have either called for a ban or do not allow this practice that benefits corporations and not the workers who are deprived of job security and certainty.

FIGURE 16 indicates European countries that have now began to ban zero hour contracts or that already do not allow them.

<table>
<thead>
<tr>
<th>ALLOWED</th>
<th>ALLOWED BUT HEAVILY REGULATED</th>
<th>NOT GENERALLY ALLOWED</th>
<th>NOT USED/ RARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cyprus</td>
<td>Germany</td>
<td>Austria</td>
<td>Bulgaria</td>
</tr>
<tr>
<td>Finland</td>
<td>Italy</td>
<td>Belgium</td>
<td>Croatia</td>
</tr>
<tr>
<td>Ireland - now banned</td>
<td>Netherlands</td>
<td>Czech Republic</td>
<td>Denmark</td>
</tr>
<tr>
<td>Malta</td>
<td>Slovakia</td>
<td>Estonia</td>
<td>Hungary</td>
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<tr>
<td>Norway</td>
<td>France</td>
<td>Lithuania</td>
<td>Romania</td>
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<td>Sweden</td>
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<td>Luxembourg</td>
<td>Slovenia</td>
</tr>
<tr>
<td>UK</td>
<td></td>
<td></td>
<td>Spain</td>
</tr>
</tbody>
</table>

Taken from: THE INTERNATIONAL LABOUR OFFICE GENEVA Report, “Zero-Hours Work in the United Kingdom: Conditions of Work and Employment Series No. 101” by Abi Adams (Associate Professor in the Department of Economics and Fellow of New College, UNIVERSITY OF OXFORD) and Jeremias Prass (Associate Professor in the Faculty of Law and Fellow of Magdalen College, UNIVERSITY OF OXFORD)

In the UK, the 166 TUC has also called for a ban of zero hour contracts. In response to ONS figures regarding their increased usage. TUC General Secretary Frances O’Grady said on 18th February 2020:

“We now have nearly a million workers on zero-hours contracts. For many people this means having shifts cancelled at the last minute, and not knowing whether they will have enough money for food, bills or rent. Ireland has shown the way by banning zero-hours contracts. Now the UK government must do the same.”

The Refused Foundation Support Group recommends the proposed ban of zero hour contracts in the UK is implemented in full within the next six to twelve months.

Note the European Union policy on zero-hour contracts is as follows;

167“In July 2019, the new EU Directive on transparent and predictable working conditions came into force. Among other things, the directive requires Member States to introduce a right for workers with unpredictable hours to be given certain information by their employer. This includes the hours during which they may be asked to work and the minimum notice they are entitled to before the start of an assignment. Member States must also require employers to pay compensation to workers if shifts are cancelled after a specified deadline.’

However, as the implementation deadline of the directive is August 2022, it is unlikely to form part of ‘retained EU law’ now that the UK has left the EU, unless of course the UK adopts this policy as a matter of urgency.

In summary, ‘Good Work: The Taylor Review of Modern Working Practices’ 168 published in July 2017 questioned the legitimacy of the gig economy and its propensity to create low-paid insecure work that infringe on the basic rights of workers under standard employment law legislation such as sick pay, holiday pay and the rights to the minimum wage.

The report did not recommend the outright ban of the gig economy and gig workers, but following the negative impact on gig economy workers during the pandemic and the continuous infringement of their rights, our report points to the ban on zero hour contracts as a possible way forward due to the existence already of many other flexible and fairer terms of work and the need always to ensure workers on any employee contract type especially those on a company payroll enjoy equal rights that are the same as other employees no matter the contract.

4.2 EMPLOYEE ENHANCED TRAINING AND EMPLOYABILITY SKILLS

The 169Build Back Better agenda to create an inclusive recovery under US President Joe Biden’s jobs and economic recovery plan for working families is in full force.

The Refused Foundation Support Group recommends the adoption of this philosophy in the UK by expanding the jobs creation policies already in place such as the 170Kickstart scheme. We encourage employee training and support that goes beyond the development of basic skills so that more experienced individuals over the age of 25 enjoy equitable opportunities to retrain. We support US Governor Roimondo’s aims and ambitions for the American people that should also be transposed into plans for a jobs recovery for all workers in the UK.

“The Build Back Better Agenda is a vision for an inclusive recovery that lifts up those who have been left behind. It is a vision for a national effort to provide training, skills and wraparound support to get Americans back to work.”

Governor Roimondo 08/01/2021

169. https://joebiden.com/build-back-better/
170. https://kickstart.campaign.gov.uk/
Chapter 4

4.3 EMPLOYEE BENEFITS—NIC EMPLOYEE INSURANCE PLAN ENROLMENT

The Federal Insurance Contributions Act (FICA) and the Federal Unemployment Compensation Act (FUTA) require employers to contribute to the Federal Social Security and federal unemployment insurance systems on behalf of their employees in the US.

“The federal-state unemployment insurance system (UI) helps those individuals who have lost their jobs by temporarily replacing part of their wages while they look for work. Created in 1935, it is a form of social insurance in which taxes collected from employers are paid into the system on behalf of working people to provide them with income support if they lose their jobs. The system also helps sustain consumer demand during economic downturns by providing a continuing stream of dollars for families to spend.”

The Refused Foundation Support Group believes all workers in the UK must have more protection and a robust insurance plan would aid in their recovery and ensure workers have the security they require. We encourage the Government to review how employee groups have been impacted separately during the Covid-19 crisis due to lack of accessible support and to ensure that future schemes will not generate such exclusions.

We highlight Government support skewed towards large corporations whilst not prioritizing other groups whose contributors wish to also strive and be at the forefront when the crisis comes to an end. We call for a clearer understanding of the diverse employee groups by Government stakeholders so that the correct support can be assigned whilst taking into consideration equality and humanitarian laws. For example, it was identified at an early stage of the pandemic that a 50/50 group of workers existed and these workers could not access support via any scheme. Prior to the pandemic, this group may have supported themselves partially through self-employment if they were setting up a business whilst also relying on PAYE income from an employer to top up their personal income.

Due to the 50/50 rule, during the pandemic, this group of individuals despite having current tax records were unable to access either the furlough scheme or SEISS in an equitable manner. For this group to be forced to choose one income over another would mean they are placed at an unfair disadvantage as any scheme they are eligible for would only enable them to access half of their total income. The 50/50 segment is an important group for the recovery as they are typically the go-getters, the entrepreneurs who have chosen to support themselves through part time PAYE work instead of taking out loans and for this ambition they have been penalised during the pandemic.

This 50/50 group whose petition reached over 9,000 signatures in the early stages of the campaign are also more likely to be supported by private angel investors and not institutional investors such as those entrepreneurs able to benefit from the Government backing and support of the Future Fund scheme.

173. https://petition.parliament.uk/petitions/311987
These Future Fund start ups are already backed by large investment funds and wealthy private equity investors and therefore the continued reference to all entrepreneurs being supported by this route is not entirely accurate when the vast majority of entrepreneurs fall into the 50/50 category and have seen no support at all via bounce back loans, the Future Fund or furlough. We recommend that the 17550/50 rule be reviewed. To be excluded from support when Government has enforced business closures under the guise of an individual only earning half their income through self-employment or enjoying profits of more than £50k, when furlough salaries of up to £2,500 did not have an earning threshold applied is not a policy that meets equality laws.

The 50/50 rule segment group of workers is considered one of the most contentious of all groups to have been excluded as these workers were not even afforded a suitable scheme of their own to take into account their earnings from various revenue streams. This exclusion has had a double affect on their lives as the lack of support affects their personal income via PAYE as well as the lack of income and resource to fund their start up business through self-employment.

For this reason, we consider that a Universal Basic Income would have been the only fair way to manage taxpayer’s funds during the crisis so that all those impacted, who lost jobs or suffered from reduced hours were able to access support direct from the welfare state and not employers. After all, any employer in a position to 176retain staff would do so and some industries such as 177supermarkets were not impacted and instead enjoyed record sales as well as receiving financial support they did not need at all.

The only way forward is an equitable mechanism of support for workers, made fully accessible by the state as was the case in the US. It is the state’s responsibility as the decision to shut down the economy resulting in the loss of livelihoods and incomes justifies full protection and thus compensation of all those taxpayers affected.

An overview of the many excluded groups including 178PAYE freelancers was summarized on 5th February 2021 by Anna Codrea-Rado of Lance Media, a community organisation dedicated to the needs of freelancers by way of a case study in Figure 17.

Once again, together with all those who were impacted by the pandemic including those refused furlough and the self employed, we call for an overhaul of the welfare state and 179furlough scheme so that it meets with the realities of daily life and high living costs in a developed economy such as the UK. We call for equitable support that reflects equality and discrimination laws with humanitarian considerations taken into account. We highlight our final case study in this report that summarizes the harsh reality of a UK welfare state that is harmful to those who pay into it.

176. https://www.spectator.co.uk/article/sunak-s-job-retention-bonus-is-a-catastrophe
Figure 17: Lance Media Case Study, How Universal Credit creates a nation of poverty.

180 “James Hurley, one of the 3 million taxpayers that have been left behind, is still waiting for answers. Because he’d drained his life savings, he’d become eligible for Universal Credit, at just over £400 a month. Currently, he’s applying for freelance contracts in waste management, his former professional field. Because he doesn’t qualify for housing assistance, he’s been living on a gutted narrow boat with no heating. I’ve always paid my taxes, no different to anybody else. I did my job: stayed home, protected the NHS, to save lives. And then I was told that I don’t fit the criteria.”

4.4 FINANCIALS- 110% BACKDATED FURLOUGH WITH HARDSHIP FUND TOP UP

As part of our proposed recommendations for ECESS, we have evaluated impact assessment reports to ascertain the likelihood and strength of future consumer spending trends. Initially the report by Equifax “Evaluating the current and future impacts of Covid-19 on consumer credit profiles within the telecommunications sector” was earmarked to assess how the Covid-19 pandemic might affect the disposable income of consumers and therefore their propensity to keep up with payments for essential services.

We examine the Consumer Affordability Index and Patterns that affect down payments required to cover incidental losses incurred whilst the pandemic was ongoing. Those eligible for furlough but refused it were not able to access credit facilities nor their furlough salaries. Incidental costs and losses could include, the loss of deposits for rented property, loss of tangible assets that would have had to be sold in order that refused furlough individuals sustain themselves. Items sold include but are not limited to furniture, cars, paintings, jewellery, family heirlooms, expensive professional equipment such as camera and music equipment, videography equipment, and private household consumer goods equipment including computers, printers and laptops. These items may have been sold in order to sustain essential payments and would eventually need to be replaced in order to move forward as the UK comes out of lockdown and employment opportunities return. The hardship fund would assist in this endeavour.

The telecommunications sector has been selected as a framework for consumer affordability analysis as it is the one sector that should have been less impacted by shortfalls in consumer disposable income due to the increased necessity to communicate following a reduction in face-to-face meetings following increased travel restrictions. Telecommunications is considered an essential service helping to keep the UK connected and entertained during lockdown. The data sets indicate that despite the essential nature of telecommunications, the sector still experienced pressure despite the essential nature of the service and Government schemes to protect the economy that has led to the expected rollout of 5G services and investment impacted with delays.

Source: Clint Cockcroft, Equifax UK-Evaluating the current and future Impacts of Covid-19 on consumer credit profiles within the Telecommunications Sector

The Equifax report has further assessed how forbearance measures introduced to cushion negative impacts on the economy and increased pressure on consumer finances such as extensions of credit facilities and mortgage payment freezes should have helped consumers however in depth analysis indicates that these measures may be short lived and not offer long term solutions due to changes in the furlough support scheme, projected increased unemployment, planned redundancies and shortfalls in incomes that can all impact a consumer’s ability to maintain their telecommunications payment plans when compared to their household outlay pre lock down.


The Bank of England asserted in its August 2020 Monetary Policy Financial Stability Report (most up to date data last retrieved 5th February 2020) that households have been severely impacted by the effects of Covid-19, due to job losses and greatly reduced incomes. Households in the UK have not received any direct cash payment, as is the case in the majority of the developed economies including the USA, New Zealand and Australia against which benchmarking principles must be applied.

“Covid-19 is reducing jobs and incomes in the UK. “

“Many households had less money coming in, and some people lost their jobs.”

“Jobs and incomes will be lower than they were before Covid-19 for some time. “

“That is why we have been taking action to support the UK economy.”


Note the above situational analysis indicates the direct impact of Covid-19 on households and pressures on disposable income. In August 2020, in response to the crisis and pressure on livelihoods, the Bank of England took no action to address this directly for UK households.

The Bank of England recommendation and action plan below in Figure 15 contradicts the societal impact assessment of this paper and the many excluded who have to date received £0 support and therefore will not be able to benefit from any direct aid that is continuously given to corporations and the banking system.
Access to bank loans or overdrafts as suggested by the Bank of England (which in any case represents a harmful increase in debt for those already negatively impacted), is an unbalanced support system that masks the true reality for those who had access to furlough and do not have to bear the negative impact of increased hardship and debt when compared to the many households impacted by job losses, no furlough and reduced incomes. Consumer index factors also indicate that the financial sector expects to be less able to supply the consumer market with credit based on their own assessments that differ from those made by the Bank of England.
FIGURE 21 Bank of England Summary of Credit Supply Chain for UK Households taken from Credit Conditions Survey 2020 Q2:

“Reduction in secured and unsecured lending to households.”

“Reduced lending to non-financial corporations, small businesses, and to non-bank financial firms.”

The report presents the results of the 2020 Q2 survey. It was conducted between 1 June and 19 June 2020

182. Note: “Lenders reported that the availability of secured credit to households in the three months to end-May 2020 (Q2) decreased. Lenders expected the availability of secured credit to decrease further over the next three months to end of August 2020 (Q3) (Chart 1)”

Although the Bank of England’s faith in banks and building societies to pass on the support they have received to households is high, data has shown that increased consumer demand for credit will be met with a decrease in availability in the supply chain, hence the need for a robust policy that includes more financial aid that should be directed at households and not a reliance on third party payments that may or may not arrive to those in need. The policy of direct cash payments to households has been adopted in the majority of developed economies on the world stage during the Covid-19 pandemic from April 2020 with the exception of the UK.
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Figure 22 indicates projected lower levels of credit availability from the banking system for secured consumer household credit.

FIGURE 22 Bank of England, Household Secured Credit Availability

Let us now discuss how to interpret the Bank of England Credit Conditions survey. The report presents the results of the 2020 Q2 survey. It was conducted between 1 June and 19 June 2020. The results are based on lenders’ own responses to the survey.

Factors from the Credit Conditions survey have been highlighted against consumers on the whole and have not taken into account those individuals who have faced even more hardship because they have not enjoyed furlough support since March 2020 to date and would have found it challenging to meet their regular expenses. They would have also been unlikely to access any unsecured loans due to job losses and/or decreased earnings.

The initial findings also do not take into account two subsequent lockdowns during November 2020 and then once again from mid December 2020 that is still ongoing with even harsher measures that will impact businesses, jobs and therefore household incomes as of February 2021.

183. Source: Bank of England Credit Conditions Survey- 2020 Q2
https://www.bankofengland.co.uk/credit-conditions-survey/2020/2020-q2
Note: “Lenders reported that the availability of unsecured credit to households decreased in Q2, and was expected to decrease further in Q3 2020” (Chart 2).”

184. Source: Bank of England Credit Conditions Survey- 2020 Q2
https://www.bankofengland.co.uk/credit-conditions-survey/2020/2020-q2
“THE SPECIAL RELATIONSHIP BETWEEN THE USA AND THE UK SHOULD GO BEYOND POLITICS AND ECONOMICS- WE MUST EXPAND THIS TO PEOPLE, WORKERS, THOSE WHO BUILD THE ECONOMY AND HELP SHAPE POLITICAL AGENDAS IN THE PURSUIT OF SOCIAL JUSTICE, EQUALITY AND PARITY FOR ALL.”

WE ARE ONE

The united voices of the co-founders of the Refused Foundation Support Group
Michelle Ogbonna, Head of Policy and Strategy and
John Franklin, Head of Partnerships

“The furlough scheme must become a SMART furlough scheme in line with other countries. There is no training element currently. We need to stamp out abuses within the furlough scheme. We have seen it been used to enable redundancies. That scheme was meant to be supporting employment. Some major companies have been keeping some workers on furlough and then deciding to fire and then re-hire them. That is not preserving employment. We have seen the furlough scheme used to pay out redundancies, reducing the impact on the employer and not preserving that employment.”

Shadow Chancellor of the Exchequer- Anneliese Dodds MP

Source: LBC Radio Broadcast on 5th February 2021, in an interview with Nick Ferrari, 08h50-09h00

185. https://www.globalplayer.com/catchup/lbc/uk/46vyD7z/
Chapter 4

SUPREME COURT JUDGEMENT- UBER VERSUS UK WORKERS, FULL JUDGEMENT NOTES
Released 19th February 2021, 09h55 GMT

FIGURE 26

186 UBER loses its final and fourth appeal at the UK Supreme Court.

187 UBER drivers should be classed as fully employed workers not just independent third party contractors, the minimum wage, holiday pay entitlement, and basic rights as an employee apply.

Supreme Court Judgement Ramifications for the Gig Economy

This judgement has severe implications for the whole of the gig economy now that the UK Supreme Court has made its final judgement against UBER indicating fair work and pay for workers must be upheld. This judgement has huge ramifications for the whole gig economy that used the word “gig” to supress the reality of employment that does not adhere to equality laws or employment law legislation in the UK. No longer will ride hailing apps be able to compete unfairly with other taxi firms that pay their drivers fairly and adhere to employment law principles. Technology does not make a ride hailing app merely a booking agent.

188 Yahoo! News also reported, “Leggatt added essentially, since Uber sets the fare, imposes the contract terms and exerts significant control over the service, it was acting as an employer. The court found that while drivers could choose when they worked, the rest of the process was within Uber’s control. That included, crucially, setting the price, and the ratings system that, should ride quality fall below a certain level, Uber could sanction drivers. The court was also satisfied that, since Uber withholds the details of the ride’s destination, drivers had less control than other taxi operators.”

“New ways of working organised through digital platforms pose pressing questions about the employment status of the people who do the work involved. The central question on this appeal is whether an employment tribunal was entitled to find that drivers whose work is arranged through Uber’s smartphone application ("the Uber app") and work for Uber under workers’ contracts qualify for the national minimum wage, paid annual leave and other workers' rights; or whether, as Uber contends, the drivers do not have these rights because they work for themselves as independent contractors.’

“The relative bargaining power of the parties must be taken into account. In an employment context the parties are frequently of very unequal bargaining power. But the same may also be true in other contexts and inequality of bargaining power is not generally treated as a reason for disapplying or disregarding ordinary principles of contract law, except in so far as Parliament has made the relative bargaining power of the parties a relevant factor under legislation such as the Unfair Contract Terms Act 1977.”

Lord Leggatt, UK Supreme Court
4.6 P800 & ECESS SIMPLE ASSESSMENT TAX CALCULATION MODEL

Although our recommendations emphasize the importance of backdated furlough with top up to 30%, it is also highly recommended that a hardship top up fund be considered to take into account the end of forbearance measures and increased hardship caused by a select number of employees unable to access the furlough scheme for in excess of eleven months. The uplift in furlough covers the maximum allowance that employers would have topped up furlough salaries with a 10% uplift to take into account the delay in its receipt.

The Refused Foundation Support Group suggests that support must take into account three considerations:

**The Triple Lock Backdated Furlough Support Plan**

First, the triple lock furlough support plan will take into consideration the maximum allowance of 100%. This will also ensure that UK equality laws are met whereby all employees receive the full salary they should have had no matter the gender, role type, salary level or industry. Impact assessments in the FISCAL STUDIES, vol. 41, no. 3, pp. 591–622 (2020) 0143-5671 Furloughing* report have shown the abundant nature of discriminatory practices carried out by some employers and this full 100% backdated furlough payment would ensure that there is true equity for all those affected. Some employers were found to have used discriminatory practices in order to choose who received the 100% top up and created their own terms, many of which were unlawful such as requiring those who received 100% topped up furlough to work whilst on furlough. In order to level up and highlight the importance of equality, the top up to 100% is highly recommended.

A furlough payment with an additional 10% top up to compensate recipients for the delay in receipt of their furlough is also highly recommended, taking the total backdated furlough payments to 110%.

Second, we recommend a one off tax free hardship grant payment of £2,500 to compensate recipients of the backdated furlough who have been confronted with difficulties for eleven months without access to loans and grants as offered to businesses.

Third- an additional allowance of £500 as a dignity grant in support of the Equality Act would give the Government the recognition that all employees are equal no matter their salary, job type or the industry sector within which they work. The dignity grant also ensures that the UK Government is taking responsibility for signing and continuing to be part of the International Declaration of Human Rights Act 1948 Article 23- “I have the right to work, it is my human right to work and anybody who stops my human right would need to resign.”

The payment of the 110% furlough salary should automatically trigger the tax free additional payments of £2,500 and £500 respectively to all ECESS claimants.

The Refused Foundation Support Group recommends backdated ECESS and monthly follow up furlough payments are made whilst restrictions continue by deploying an existing model that HMRC already uses. The P800 Simple Assessment Tax Calculation set up will enable easy access for registered taxpayers who are paid their salaries via PAYE.
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The current P800 calculation model is already set up to check overpayments and underpayments. The user journey for ECESS would identify furlough salaries for eligible individuals triggered automatically on the system. PAYE employees for the purpose of P800 system integration can be referred to as Furlough or ECESS underpayment individuals.

FIGURE 29 Current HMRC Dashboard for PAYE Income Tax notifications

Figure 29 indicates the current landing page users are able to access once logged into the Government Gateway dashboard.

FIGURE 30 Suggested adaptations to HMRC Dashboard for PAYE Income Tax notifications and the ECESS Simple Assessment Tool that eligible ECESS users will be able to access from an adapted Government Gateway dashboard.
The Benefits of the ECESS and P800 Simple Calculation Model

The ECESS underpayment is calculated by taking into account any PAYE work carried out for any number of employers by the RTI cut off dates of 28th February 2020 and 19th March 2020. These records will be visible on the taxpayer’s individual Government Gateway account. Each employer will have already issued an identifiable clock or payroll number assigned to each employee for enhanced verification and to achieve accurate calculations of the backdated ECESS payment.

Each furlough underpayment calculation ensures that in the case of PAYE freelancers and those who work for several companies throughout the year, their total earnings will be identified through the Government Gateway tax record integrated ECESS model.

The current P800 set up is as follows;

• Users may normally receive a P800 if they have:
  • Finished one job, started a new one and were paid by both in the same month
  • Started receiving a pension at work
  • Received Employment and Support Allowance or Jobseeker’s Allowance
  • The ECESS payment set up would enjoy the same payment mechanism, with all records on the user’s Government Gateway account. No matter whether the user had multiple jobs, received a pension, or was in receipt of employment and support allowance or jobseeker’s allowance (Universal credit), these factors should not affect the taxpayer’s right to access ECESS.
  • Any other legacy benefits such as working tax credits should also be unaffected and not be deducted from any ECESS backdated salary as the furlough grant covering the March 2020 to January 2021 period is a backdated correction payment.
  • Corrected payments can also be applied to those on maternity whose lesser salary was calculated on reduced maternity leave instead of the full 80% entitlement due.
  • For the new tax year from 5th April 2021, taxpayers should be notified in the usual way that working tax credits are only applicable for those who receive an income or correction furlough salary of less than the annual allowance and a maximum threshold level.
As the original P800 model is automated to correct tax calculations made each year by employers, the system can be re-set to calculate and correct underpayments based on the furlough salary due, plus 30% top up with the £2,500 tax free hardship grant and the £500 tax free dignity grant then applied as part of the ECESS underpayment calculation.

- The current P800 set up makes corrections on an annual basis. We suggest a monthly set up once the first backdated payment has been made.
- A newly created ECESS Simple Assessment Underpayment Calculation Model can in the first instance calculate the underpayment correction from 1st March 2020 up to and including 31st January 2021.
- If the first payment is made in February 2021, this will be calculated as the first backdated ECESS payment that will cover March 2020 to 31st January 2021 inclusive.
- Thereafter, ECESS payments will be paid one month in arrears, 5 days after the end of the month. Example, the next monthly payment in arrears covering the month of February 2021 will be paid on 5th March 2021 and so on.
- As the underpayment calculations are automatic, the only action registered Government Gateway tax payers will need to confirm is their bank details on the system.
- The current P800 Payment system is set up as follows;
  - **If your P800 says you can claim online**
    - Your P800 will tell you if you can claim your refund online. You'll be sent the money within 5 working days - it'll be in your UK account once your bank has processed the payment.
    - If you do not claim within 42 days, HM Revenue and Customs (HMRC) will send you a cheque. You'll get this within 60 days of the date on your P800.
    - Contact HMRC if you cannot claim your refund online.
### Chapter 4

#### APPENDIX 1 EMPLOYEE GROUPS REFUSED FURLOUGH

<table>
<thead>
<tr>
<th>AGENCY EMPLOYEES</th>
<th>PERMANENT EMPLOYEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees may work for multiple agencies at the same time and are taxed at source via PAYE. Agency employees may work full time or part time.</td>
<td>Covers permanent employees working full time or part time but were made redundant within three months of the lockdown. Some may have been furloughed for a short time before redundancy.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EMPLOYEES-Health conditions</th>
<th>EMPLOYEES-Whistleblowers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relates to employees asked to shield under Government guidelines due to their underlying health were automatically entitled for furlough.</td>
<td>Employees who raised concerns about their work environment if practices of their employer were unsafe were deemed to be troublesome and were dismissed. Agency employees may work full time or part time.</td>
</tr>
</tbody>
</table>

#### APPENDIX 2 EMPLOYEE GROUPS RATIONALE FOR FURLOUGH REFUSALS

<table>
<thead>
<tr>
<th>GENDER CONSIDERATIONS</th>
<th>START DATE IMPLICATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees in this segment group were female with parental responsibilities.</td>
<td>The employees in this category met within the RTI timeframe however the RTI relates to a previous employer before they commenced work on a later date with a new employer. In at the start of the lockdown.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ZERO HOUR/ LIMB/ CASUAL</th>
<th>PAYE Freelancers</th>
</tr>
</thead>
<tbody>
<tr>
<td>The employees in this segment group may have worked for various employers each week. Although their contracts are zero hour, they are regular PAYE workers.</td>
<td>These employees worked on fixed term contracts, long or short and are directly employed due to IR35 rules and industry challenges (photography, theatre, film, TV, music).</td>
</tr>
</tbody>
</table>
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   Updated 23rd April 2020

   Submitted August 2020

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4. GOV.UK ‘Guidance: Check if You Can Claim for your Employees’ Wages Through the Coronavirus Job Retention Scheme,’ Available at: https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme (Reference point access date, 10TH August 2020)


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