



Susan Hall AM

Chairman of the Economy Committee

Sent via email

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11 January 2019

Mayor Sadiq Khan

Dear Mayor Khan,

Self-Employed Londoners - Managing Finances Under Universal Credit

In November 2018, the Economy Committee met with the Department for Work and Pensions, Citizens Advice, the Association of Independent Professionals and the Self-employed (IPSE), Policy in Practice and Fair Finance to discuss the roll-out of Universal Credit in London and its impact on self-employed Londoners.

As you know, London has a high share of low paid self-employed people.¹ We discussed how the way in which Universal Credit is administered can have significant implications for self-employed Londoners and those in non-traditional jobs.

At our meeting we examined a number of challenges that self-employed people face when claiming Universal Credit, such as reaching the monthly minimum income floor, which assumes that recipients earn at least £274.05 per week; doing their accounting on a monthly period; or claiming Universal Credit online because of a lack of digital skills or online access. Also, some self-employed people can receive a smaller amount of benefit payments under Universal Credit each year compared to an employee earning exactly the same amount, because Universal Credit is assessed monthly and many self-employed people have volatile incomes. Finally, we heard that the 12 months exemption period from the minimum income floor for newly self-employed people is too short as it takes businesses two or three years to settle down.

In October 2017 and in May 2018, you said that you would undertake work to establish which groups in London are most at risk from Universal Credit reforms in order to advocate better on their behalf and that you would “actively explore opportunities to work with boroughs and

¹ See for instance studies by [SMF](#) and [Policy in Practice](#).

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civil society organisations to ensure the effects of this policy's shortcomings are fully evidenced.”²

Citizens Advice, IPSE, Policy in Practice and Fair Finance are strong civil society organisations that have been looking into the impact of Universal Credit; and have been either working with, or supporting, self-employed people affected by the benefit system.

With the continued roll-out of Universal Credit and the growing number of self-employed people in London, it is crucial that this analysis exists so that support can be better tailored to meet their needs.

We would therefore like to receive an update on the work that you have committed to do and to hear what progress you have made.

We would be grateful to receive your response to this letter by 13 February 2019. Please also send your response by email to the committee’s clerk, Clare.Bryant@london.gov.uk.

Yours Sincerely,

Susan Hall

A handwritten signature in black ink that reads "Susan Hall". The signature is written in a cursive style with a large initial 'S' and a distinct 'H'.

Chairman, Economy Committee

² [Mayor's Question Time](#), question number 2018/1162, Andrew Dismore, May 2018; and question number 2017/4096, Fiona Twycross, October 2017.