

Citizen Participation and Public Petitions Committee

6th Meeting, 2021 (Session 6), Wednesday 3
November 2021

PE1889: Financial Support for Self-Employed People in the Travel Industry

Note by the Clerk

Petitioner	Nikki Peachey
Petition summary	Calling on the Scottish Parliament to urge the Scottish Government to provide tailored financial support to self-employed individuals working in the travel industry, whose businesses have been affected by the Covid-19 pandemic.
Webpage	https://petitions.parliament.scot/petitions/PE1889

Introduction

1. This is a new petition that has been under consideration since 24 August 2021.
2. A SPICe briefing has been prepared to inform the Committee's consideration of the petition and can be found at **Annexe A**.
3. While not a formal requirement, petitioners have the option to collect signatures on their petition. On this occasion, the petitioner elected to collect this information. 183 signatures have been received.
4. The Committee seeks views from the Scottish Government on all new petitions before they are formally considered. A response has been received from the Scottish Government and is included at **Annexe B** of this paper.
5. A submission has been provided by the petitioner. This is included at **Annexe C**. The petitioner was invited to provide a further submission following receipt of the Scottish Government submission, but this has not yet been received.

Scottish Government submission

6. The Scottish Government submission outlines the various support measures that have already been offered to members of the travel sector throughout the pandemic.
7. The submission highlights that the Minister for Business, Trade, Tourism and Enterprise met with the Scottish Passenger Agents' Association and ABTA (The Travel Association and formerly known as the Association of British Travel Agents) to hear directly the sector's concerns and to consider further options.
8. The Scottish Government submission states that a UK wide approach to dealing with the issues that the travel sector is facing is required.
9. The Scottish Government has therefore written to the UK Minister for Business and Industry seeking a dialogue on this issue.

Petitioner submission

10. In her submission, the petitioner states that self-employed travel agents are commission-based workers who only get paid once travellers have actually travelled.
11. The petitioner explains that the COVID-19 pandemic has hit these workers hard as, not only have they not received commissions due to international travel being restricted, they have also incurred increased costs associated with booking and refunding travel for clients. In addition, they have not been able to furlough due to having to assist existing customers with their bookings.
12. The submission explains that many self-employed workers did not qualify for financial assistance via furlough, SEISS (Self-Employment Income Support Scheme) or travel agent grants.
13. The petitioner does confirm that loans have been offered through the UK Government backed Bounce Back Loans, but this has meant starting repayments whilst still not receiving any income.
14. The petitioner concludes that many in the industry report facing bankruptcy, losing their homes and their livelihoods. The petitioner calls on the Scottish Government to help.

Action

15. The Committee is invited to consider what action it wishes to take on this petition.

Clerk to the Committee

PE1889: FINANCIAL SUPPORT FOR SELF-EMPLOYED PEOPLE IN THE TRAVEL INDUSTRY

Petitioner

Nikki Peachey

Date Lodged

24 August 2021

Petition summary

Calling on the Scottish Parliament to urge the Scottish Government to provide tailored financial support to self-employed individuals working in the travel industry, whose businesses have been affected by the Covid-19 pandemic.

Previous action

I have contacted local councils and MSPs, including Alexander Burnett, to ask for guidance and clarification. Alexander Burnett advised that a petition would be beneficial in order to gauge how many people are being affected by these circumstances. He has also forwarded a letter I have written to Cabinet Secretary for Economy and Finance.

Background information

Many self-employed people working in the travel industry have been left out of financial schemes because they cannot furlough, don't have rateable premises, or are Ltd company directors. The Scottish Government should provide them with financial support.



Briefing for the Citizen Participation and Public Petitions Committee on petition [PE1889](#): Financial support for self-employed people in the travel industry, lodged by Nikki Peachey

Background

The travel industry has been significantly impacted by the COVID-19 pandemic, with restrictions both in the UK and worldwide preventing travel and tourism for large periods of time. Within the UK, [unnecessary travel was first discouraged on 16 March 2020](#), before a [nationwide lockdown was announced on 23 March 2020](#). Some restrictions were gradually relaxed over summer 2020. However, travel was again impacted by the second and third lockdowns in late 2020 and early 2021. Since April 2021 some travel restrictions have gradually eased. At the time of writing, 9 August 2021, the [Scottish Government state](#) that 'although the law on international travel to and from the rest of Scotland has been relaxed that does not mean it is advisable'.

The Scottish Government has introduced a risk assessment for international travel similar to the UK Government's existing 'traffic light' system. This entails the following requirements for both residents of Scotland on their return and overseas visitors:

- Arrivals from [red list countries](#) will be required to enter a managed isolation hotel and stay there for 10 days. Travel to such countries should only be for essential reasons.
- Arrivals from [amber list countries](#), which will be the majority of countries, should self-isolate at home [or if a visitor from another country, their accommodation on arrival] for 10 days, and take two PCR tests while they are isolating.
- Arrivals from [green list countries](#) will not be required to quarantine or isolate on arrival in Scotland, but will need to take a PCR test shortly after arrival.

Further information on this process, and [details of the countries on each list](#), is available in the Scottish Government's [international travel guidance](#).

Self-employed people (those taxed through self-assessment and not PAYE), were not eligible for furlough, but some were eligible for the Self-Employment Income Support Scheme grants or were able to claim benefits.

The [Self-Employed Income Support Scheme](#) (SEISS) is a UK Government scheme. It has had five grant phases with its fifth and final phase due to end in September 2021. It [was recognised that](#) some self-employed people fell outside the eligibility for the scheme. For example, if you weren't able to file a tax return for self-employed earnings in 2019-20, if you earned more than £50,000 a year, or if less than half of your income was from self-employment, then you wouldn't be eligible to apply.

Scottish Government Action

The Scottish Government delivered two separate rounds of the 'Newly Self-Employed Hardship Fund' designed to help alleviate financial hardship for those who were newly self-employed and not eligible for the UK Government's Self-employment Income Support Scheme. This [fund paid out](#) £11.3 million to 5,673 applicants in round one (spring/summer 2020) and £34.6 million to 8,657 applicants in round two (winter 2020/21).

The [Scottish Government stated](#) (March 2021) that:

“Limits on the amount of funding made available to the Scottish Government to provide financial support to businesses means that we are unable to contemplate further direct financial support for businesses or the self-employed without additional funding from the UK Government.”

Travel businesses were able to access the Strategic Framework Business Fund and the £5 million Travel Agent Fund. However, both funds were tied to having a business premises, which [according to the Scottish Government](#) reflects the higher overall costs facing premises-based businesses including rent and utilities. The [Scottish Government stated](#) (February 2021):

“While self-employed, homeworking travel agents are not eligible for these support schemes, they may be eligible for

other forms of support, including the UK Government Self Employed Income Support Scheme (SEISS). In order to help those who are not able to access SEISS, the Scottish Government have recently relaunched the Newly Self-Employed Hardship Scheme, which makes grants of up to £4,000 available to qualifying self-employed people.

We have also recently increased our Local Authority Discretionary Fund from £30 million to £120 million. Through this fund, councils can target additional support wherever they consider it most effective in the context of their local economy and business community. As such they have the option to provide direct support for self-employed or home working travel agents in their area if they consider it necessary.”

Scottish Parliament Action

A number of the Scottish Parliament’s Committees undertook inquiries on the impact of COVID-19 in the latter months of Session 5. For example, relevant to this petition would have been the following committees:

- Economy, Energy and Fair Work Committee had an [inquiry on the impact of COVID-19 on Scotland’s economy, including businesses and workers](#). The Committee took written and oral evidence from a variety of sectors on the impact of COVID-19 guidance and restrictions on businesses and self-employed.
- The Culture, Tourism, Europe and External Affairs Committee had had an inquiry on the [impact of COVID-19 on Scotland’s Culture and Tourism Sectors](#). Travel businesses featured in the tourism aspects of this scrutiny.

Alison O’Connor
Senior Analyst
[09/08/2021]

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Every effort is made to ensure that the information contained in petition briefings is correct at the time of publication. Readers should be aware however that these briefings are not necessarily updated or otherwise amended to reflect subsequent changes.

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Scottish Government submission of 7 October 2021

PE1889/B: Financial support for self-employed people in the travel industry

Wide-ranging measures have been put in place to help the sector. We are offering a comprehensive non-domestic rates relief in for retail, hospitality and aviation and this includes travel agents. This was extended to 100% non-domestic rates relief into 2021-22.

Eligible travel agents benefited from sectoral grants of up to £25,000 per premises this year in addition to other support including Strategic Framework Business Fund grants, Restart Grants, furlough payments for staff, and non-domestic rates relief for retail premises.

The Business Minister also met with the Scottish Passenger Agents' Association and ABTA (The Travel Association and formerly known as the Association of British Travel Agents) to hear directly the sector's concerns and consider options.

The financial challenges facing the travel agents' sector cannot be resolved by the Scottish Government alone: a UK-wide solution is necessary in order to mitigate the financial challenges. We have written to the UK Minister for Business and Industry seeking a dialogue on this issue.

Petitioner submission of 27 July 2021

PE1889/A

Self-employed travel agents come under a varied umbrella of people - including but not limited to franchisees, commission-based homeworkers and independent Ltd companies.

We work for household names like Hays, Travel Counsellors, Travel PA and The Travel Franchise, to name but a small few.

We are commission-based workers, who have had no, or very little, financial support since March 2020. These commissions aren't received by ourselves until clients have travelled, and with the ongoing travel restrictions, this obviously has not happened.

Whilst I understand the UK Government has put support in place with furlough and Self-Employed Income Support Scheme (SEISS), the majority of us did not qualify.

We don't have the option to furlough as we have had to continue to work tirelessly to assist existing customers with their bookings - changes, cancellations, refunds, re-bookings, constantly changing travel advice. Furloughed staff can sit at home (doing nothing and can take another job if they want to), getting 80% of their actual pay but have fewer expenses, ie no train fare, petrol, lunches out, work clothes etc, so on a £20k salary they would get £16k – so in some cases they are actually be better off being on furlough and not working...

As self-employed travel agents with Ltd companies and working from home - we had no rateable premises and therefore didn't get the [travel agent grants](#) from the Scottish Government.

SEISS is calculated on net profit after expenses are deducted. For an easy example let's say a self-employed travel agent got an average of £20k in commissions per year over last 3 years, and out of that they put in £8k of expenses each year. So, they're left with average of £12k/year net profit – out of which they still have essential expenses to pay (again!) such as phone bills, internet, company insurance, stationery, printing, postage etc so that we can keep working!

Then there's those who have been self-employed for less than 3 years.

Loans have been offered - for example the UK Government backed Bounce Back Loans, however we now need to start repaying these with ZERO INCOME.

Not only this, but we are consistently in a financial deficit due to credit card fees - we need to absorb the cost of these to make the bookings, and then again when they are subsequently cancelled. Some franchisees also have monthly fees to pay, and we are contracted to continue doing so.

AND THEN there's the worries of tax, VAT, corporation tax etc.

We have effectively been shut down, even though we've had to stay open.

Our mental health is being severely affected, with many, many people I've spoken to facing bankruptcy, losing their homes, their livelihoods. Consumer confidence is at an all-time low, and yet we are expected to remain positive and friendly when at times this is virtually impossible.

We need the Scottish Government to help us as we have been left out of other financial schemes.