



House of Commons  
Committee of Public Accounts

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**BBC and personal  
service companies**

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**Ninetieth Report of Session 2017–19**

*Report, together with formal minutes relating  
to the report*

*Ordered by the House of Commons  
to be printed 20 March 2019*

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## Summary

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The BBC's mishandling of its use of personal service companies has caused misery and hardship for those affected and has risked bringing the BBC into disrepute. Its approach has been muddled and chaotic, and its communication with those affected has been unacceptably poor. The BBC has apologised to people affected by its policy changes and its approach to implementing government reforms and is now trying to reach a settlement with HM Revenue & Customs for outstanding tax claims, but this is taking longer than expected. We cautiously welcome the BBC's commitment to helping those affected, but admitting responsibility after the event is not sufficient without taking effective steps to resolve the situation. The BBC needs to get a better grip of its management of its freelancer workforce if it is to repair its relationship with TV and radio presenters and restore its reputation.

## Introduction

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In 2017–18, around 60,000 freelancers worked for the BBC, including presenters, actors, entertainers and off-air workers. It hired some of these through personal service companies (PSCs), limited companies that usually have a sole director, who owns most or all of the company's shares, and who provide that individual's personal services through a contract between the client, in this case the BBC, and the PSC. During the course of the inquiry we received evidence from some presenters which showed that, despite already being on a staff contract, they had been forced to set up PSCs to retain their jobs. In 2017–18, the BBC had contracts in place with 5,145 PSCs, on which it spent £84 million. We previously examined the BBC's use of PSCs in 2012 as part of our inquiry into off-payroll working in the public sector. In the late 1990s, the government was concerned that some people were using, or were being encouraged to use, intermediaries, such as PSCs, to avoid paying the correct amount of tax. In response, the government introduced legislation in the Finance Act 2000, commonly known as IR35, that aims to ensure that people who do the same job in the same way pay similar amounts of income tax and national insurance, whether they are employed directly or working through a PSC.

Individuals working through a PSC can be treated as employed or self-employed for tax purposes, depending on the nature of their work, and therefore pay different amounts of tax. Prior to April 2017, the PSC was responsible for assessing the employment status of the individual concerned. HMRC told us that between 2000 and 2017 there was a very high rate of non-compliance with PSCs not paying the correct amount of tax. Therefore, in April 2017, the government reformed the system so that public bodies, such as the BBC, became responsible for determining the employment status for tax purposes of the people they hired through PSCs. This meant that the BBC then became responsible for deducting income tax and national insurance from payments from those it engaged through PSCs if it deemed they were employed for tax purposes. Between August 2017 and June 2018, the BBC deemed 92% of its on-air freelancers as employed for tax purposes. HMRC introduced the Check Employment Status for Tax (CEST) tool to help organisations determine the employment status of the PSCs they hire. The BBC criticised the time it had been given to prepare for the changes in its responsibilities and to implement the tool, which was less than the private sector has subsequently been given.



## Conclusions and recommendations

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1. **The BBC's approach to hiring freelancers has been fractured, chaotic and muddled.** Since 2000, the BBC has made various changes to its policy towards, and contractual methods used for, hiring freelancers. From 2008, it introduced a policy of only hiring freelance presenters in longer-term or higher value roles through PSCs. HMRC told us that it "had concerns about the tax treatment of some BBC presenters for some considerable time" going back to around 2004. In response to our inquiry into off-payroll working in the public sector in 2012, in November 2013 the BBC adopted a new policy for freelance television and radio news presenters under which it offered those it assessed as employed for tax purposes a new type of on-air talent employment contract. In contrast, its policy for other freelance radio presenters remained unchanged. The implementation of these policy changes has often rested with local managers, resulting in differences in how freelancers are treated. We heard of cases of people working in the same job but hired through different contract structures and consequently paying different amounts of tax and national insurance. There may be justifiable reasons for these differences, but we found no sense of transparency or clarity about the sorts of contracts the BBC put people on. The BBC intends to simplify arrangements by eventually replacing on-air talent contracts with standard staff contracts.

**Recommendation:** *The BBC should write to us by June 2019 with clear plans for making the arrangements in this area simpler, clearer and more consistent.*

2. **We are shocked that the BBC is unable to confirm whether its early PSC policy was discussed at an appropriately senior level.** As part of our previous inquiry into off-payroll arrangements in the public sector in 2012, we were concerned that the use of PSCs within government was not subject to sufficient levels of challenge. We are seriously concerned that the BBC cannot provide us with sufficient assurance that its policy changes relating to its historic use of PSCs, affecting a key and operationally important part of the BBC's workforce, were adequately discussed at a senior management level. The BBC was able to find minutes of executive meetings but there is no evidence that policies and issues relating to PSCs were discussed. The BBC told us that, since the abolition of the BBC Trust in April 2017, the Executive Board and Unitary Board have extensively dealt with PSC policies.

**Recommendation:** *The BBC should write to us by June 2019 to set out how it intends to ensure that it will exercise proper governance over key operational changes in the future.*

3. **We find it unacceptable that the BBC did not fully explain to individuals the impact its PSCs policy would have them.** Before 2013, the BBC only hired freelance presenters in longer-term or higher paid roles through a PSC in order to transfer the tax risk, and potential associated costs, from itself to the PSC. This policy required individuals to set up a PSC if they did not already have one. The BBC told affected individuals to seek independent financial advice, but it failed to spell out to them their PSC's tax responsibilities or the risks they were facing from HMRC if they got their tax payments wrong. There was wide variation in the quality of the conversations held by BBC line managers with those affected and the information that they were provided as a result. From April 2017, the BBC began to do more

to explain the impact of the government's changes to responsibilities for assessing an individual's employment status, communicating with agents' groups, running seminars and undertaking presentations. The BBC has admitted some conversations between local line managers and individuals in 2017 were still not good enough, partly due to the unexpected numbers of individuals it had to deal with. Since April 2017, the BBC has used HMRC's new Check Employment Status for Tax (CEST) tool to assess the status of its freelancers. The BBC and other public sector bodies had significantly less time than the private sector has subsequently been given to prepare for the changes to responsibilities for assessing an individual's employment status. The BBC told us that results from CEST impacted an unexpected number of people, with 92% of 663 on-air freelancers between August 2017 and June 2018 assessed as 'employed for tax purposes'. This was in stark contrast to the BBC's previous assessment in which most on-air freelancers had been deemed as self-employed. It also told us that it had taken steps to improve communications with the individuals concerned, but it could provide no assurance on how successful its actions had been.

**Recommendation:** *The BBC should write to us by June 2019 setting out how it will gain assurance that its efforts to improve its communication with affected individuals have been successful.*

**Recommendation:** *In the same letter, the BBC should also outline how it is monitoring the numbers of people assessed with a particular tax status.*

4. **The BBC has a long way still to go to repair its relationship with those badly affected by its mismanagement of the changes in responsibility for assessing the tax status of those it hired through PSCs introduced in April 2017.** The impact of changes in 2017 in determining the tax status of those hired through PSCs has caused some individuals, who have been loyal to the corporation for many years, great stress and financial hardship. This is partly because the BBC began in August 2017 to deduct on-going income tax and national insurance from the amount they paid individuals, while simultaneously also deducting the amount of tax previously paid in advance by the BBC on their behalf for April to July 2017. Some people are also concerned that they are now more likely to be investigated by HMRC because since April 2017 the BBC has started to treat them as employed for tax purposes when they were treated before this as self-employed. The BBC estimated in May 2018 that 300 individuals hired through PSCs warranted further investigation because their tax status was at risk of being challenged by HMRC. The BBC has recently started to provide some low level financial assistance to individuals paid less than £45,000 a year and has set up a mediation process to handle individual cases. The BBC has paused this process while it seeks to agree, by the end of March 2019, a settlement with HMRC for outstanding tax claims. The BBC has not yet set out how it intends to address the issue of the potential loss of employment benefits in cases where people on staff contracts were forced to become freelancers and set up a PSC.

**Recommendation:** *The BBC should write to us as soon as it has reached a settlement with HMRC, providing details of this settlement, or, if such a settlement has not proved possible, details of its plans for resolving individual's cases. This should also include an update on the status of the mediation process.*

***The BBC should write to us, by June 2019, outlining how it plans to assess the potential loss of employment benefits to individuals, and the progress made so far in the number of people assessed.***

# 1 The BBC's use of personal service companies

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1. On the basis of a report by the Comptroller and Auditor General, we took evidence from the BBC about the nature of, and issues surrounding, the BBC's approach to hiring freelance individuals through personal service companies (PSCs).<sup>1</sup>

2. In the late 1990s, the government had concerns that some people were using intermediaries, such as PSCs, to avoid paying the correct amount of tax. In response, the government introduced legislation in the Finance Act 2000. This legislation, commonly known as IR35, aims to make sure that people who do the same job in the same way pay similar amounts of income tax and national insurance, whether they are employed directly or work through a PSC. However, it is often complex to determine whether an individual is employed for tax purposes.<sup>2</sup>

3. In 2017–18, around 60,000 freelancers worked for the BBC. This included presenters, actors, entertainers and off-air workers, such as camera operators. Hiring freelancers is standard practice in the media industry as it provides broadcasters with the flexibility to be responsive to programming and audience needs. Some freelancers are hired through PSCs, which are limited companies that usually have a sole director, who owns most or all of the company's shares. The PSC provides that individual's personal services through a contract between the client, the BBC in this instance, and the PSC.<sup>3</sup> During the course of the inquiry we received evidence from some presenters which showed that, despite already being on a staff contract, they had been forced to set up PSCs to retain their jobs.

4. In 2017–18, the BBC had contracts in place with 5,145 PSCs, on which it spent £84 million. This was a decrease from 2014–15, when the BBC had 6,502 contracts in place with PSCs, on which it spent £135 million. If an individual is working through a PSC they can be treated as employed or self-employed for tax purposes, depending on the nature of their work - as a result they therefore pay different amounts of tax.<sup>4</sup> We previously examined the BBC's use of PSCs in 2012 as part of our inquiry into off-payroll arrangements in the public sector. During our inquiry, the BBC accepted that many of its contracts with presenters who were paid through PSCs could share the same features as typical PAYE employment contracts.<sup>5</sup>

## The BBC's approach to hiring freelancers

5. Since 2000, the BBC has made various changes to its policy and contractual methods used for hiring freelancers. Between 2000 and 2004, the BBC used HMRC's media-specific guidance to determine the employment status for tax purposes of freelancers. As the BBC considered the risk of misclassification to be low, it did not have a policy on whether to hire freelance individuals directly as sole-traders or indirectly via PSCs. After HMRC queried the employment status of BBC news presenters in 2004, the BBC offered these

1 C&AG's Report, [Investigation into the BBC's engagement with personal service companies](#), Session 2017–19, HC 1677, 15 November 2018

2 C&AG's Report, paras 2 and 1.6

3 Qq 7 and 9; C&AG's Report, paras 1 and 2.2

4 C&AG's Report, para 1.5, Figure 7

5 House of Commons Committee of Public Accounts, [Off-payroll arrangements in the public sector](#), Twelfth Report of Session 2012–13, HC 532, 5 October 2012

people a choice: move onto a staff contract or remain freelance and be hired through a PSC. Then, after an HMRC review in 2007 of the commercial radio industry, from 2008 the BBC introduced a policy of only hiring freelance television and radio presenters in longer-term or higher paid roles through PSCs.<sup>6</sup> HMRC told us that it “had concerns about the tax treatment of some BBC presenters for some considerable time” going back to around 2004.<sup>7</sup>

6. In our 2012 report, we expressed concerns that the BBC had no means of ensuring that its freelancers were paying the right amount of tax. The BBC told us that it would be carrying out a detailed review of its off-payroll arrangements, and we recommended that the review should set out how it would gain assurance that these individuals paid the right level of income tax and national insurance on their income. The BBC commissioned Deloitte, and its internal auditors, to carry out this review, which was published in October 2012.<sup>8</sup> From November 2013, the BBC applied a new policy for freelance television and radio news presenters using its own employment status test, developed with Deloitte and in liaison with HMRC.<sup>9</sup> Under this policy it offered those it assessed as employed for tax purposes, using the test it had developed, a new type of on-air talent staff contract.<sup>10</sup> The BBC’s policy for other freelance radio presenters remained unchanged.<sup>11</sup>

7. The BBC accepted that the implementation and communication of its policy changes often rested with its local managers, and that this resulted in differences in how freelancers were treated. We heard of cases of people working in the same job but hired through different contract structures and consequently paying different amounts of tax and national insurance. This was supported by Deloitte’s review, which also found that some freelancers appeared to have the characteristics of staff and might therefore be expected to be hired as employees.<sup>12</sup> We were concerned that the NAO Report highlighted that there was no sense of transparency and clarity about the sorts of contracts the BBC put people on, with different messages being sent out to different people at different times, from various parts of the corporation.<sup>13</sup> We were also concerned that the plethora of policy changes has ultimately led to the BBC’s approach to hiring freelancers being chaotic and muddled, which had adversely impacted a wide range of individuals. The BBC told us that it intended to simplify arrangements by replacing on-air talent contracts with standard staff contracts and transitioning all staff to the same contracts.<sup>14</sup>

## The governance of the BBC’s approach to PSCs

8. As part of our inquiry into off-payroll arrangements in the public sector in 2012, we were concerned that the use of PSCs within government was not subject to sufficient levels of challenge. We found that some public sector organisations paid too little attention to the need for public officials to uphold the highest standards in public life, and that

6 Qq 12, 16 and 20; C&AG’s Report, paras 2.3 to 2.6

7 Oral evidence, [HMRC: Progress Review](#), HC 1969, Monday 4 March 2019, Q 4

8 Qq 7–8, 42 and 44; C&AG’s Report, para 2.8; House of Commons Committee of Public Accounts, [Off-payroll arrangements in the public sector](#), Twelfth Report of Session 2012–13, HC 532, 5 October 2012, Conclusion and Recommendation 4, pp. 5–6

9 Qq 32, 43 and 44; C&AG’s Report, para 2.10

10 Qq 8, 11 and 44; C&AG’s Report, para 6; House of Commons Committee of Public Accounts, [Off-payroll arrangements in the public sector](#), Twelfth Report of Session 2012–13, HC 532, 5 October 2012

11 Qq 11, 27 and 32–33; C&AG’s Report, para 2.10

12 Qq 22, 45–51; C&AG’s Report, para 2.6 and 2.9

13 Qq 10, 152 and 153

14 Qq 21, 24, 114, 137–138

government departments had failed to adequately challenge or control the use of PSCs for senior appointments.<sup>15</sup> We were therefore seriously concerned that the BBC was unable to confirm to us, both in the evidence session and in subsequent follow-up, whether its early PSC policy was discussed at an appropriately senior level. It asserted that it had searched extensively for the relevant records and while it was able to find minutes of executive meetings, it admitted that there was no evidence that policies and issues relating to PSCs were “debated and discussed” at these meetings.<sup>16</sup>

9. The BBC explained that HMRC requires the BBC, like other organisations, to retain personal records going back six years but this does not cover board minutes and papers. We were concerned that such a major change was not properly discussed and recorded by senior management. At our request, the BBC had another look through its records, including the records of its advisers and internal audits, but could find no reference to such a policy decision being discussed at Executive Board or Committee level prior to the 2012 Deloitte Review.<sup>17</sup> It told us that since the abolition of the BBC Trust in April 2017 the Executive Board and Unitary Board have extensively dealt with PSC policies.<sup>18</sup>

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15 House of Commons Committee of Public Accounts, [Off-payroll arrangements in the public sector](#), Twelfth Report of Session 2012–13, HC 532, 5 October 2012

16 Qq 104–108, 148, 149, 151 and 161

17 [Supplementary evidence provided to the Committee by the BBC on 28 February 2019](#)

18 Qq 108, 150, 159–161; C&AG’s Report, para 2.11

## 2 The BBC's communication of policy changes and wider developments

### The BBC's communication of PSC policy changes

10. Between 2004 and 2013, the BBC developed policies for what contracting method could be used when hiring freelancers in on-air roles. These policies required individuals in longer-term or higher paid roles to set up a PSC if they did not already have one. It did this in order to protect the financial position of the BBC by transferring the tax risk, and potential associated costs, from itself to the PSC, as, until April 2017, the PSC was responsible for assessing the tax status of the individual employed through it.<sup>19</sup> We were concerned that some individuals who transferred to being hired through a PSC felt they had no choice but to do so. Lord Hall acknowledged that the individuals affected had not been given a choice whether or not to be hired through a PSC if they wanted to continue their careers at the BBC.<sup>20</sup> The BBC told us that some individuals were content with its policy to only hire certain roles through PSCs, but admitted that others had subsequently made it clear that they were not.<sup>21</sup>

11. The BBC's policy only to hire individuals in longer-term, higher paid roles via a PSC affected a wide range of individuals working on a freelance basis. The BBC told those affected to seek independent financial advice. We asked the BBC how it had ensured that advice was properly shared and communicated to those affected. The BBC admitted that it did not know "what advice people were given or what decisions they took". It told us that conversations with individuals about its policy changes took place with their local line managers, such as station managers, producers or editors, and with the BBC's business affairs team. It confirmed that individuals would not have discussed their move to a PSC with the BBC's tax team, which was responsible for, and understood the subtleties of, assessing an individual's employment status for tax purposes.<sup>22</sup> The BBC admitted that a lack of expertise about business affairs on the ground placed a substantial burden on local managers and that, as a result, in some parts of the BBC, "bad or inappropriate conversations, which were not properly dealt with, could have happened".<sup>23</sup> We were concerned to hear of examples from individuals of different messages being sent to different people at different times.<sup>24</sup>

12. HMRC told us that between 2000 and 2017 there was a very high rate of non-compliance with PSCs not paying the correct amount of tax.<sup>25</sup> Therefore, in April 2017, the Government introduced reforms that meant public bodies, such as the BBC, became responsible for determining the employment status for tax purposes of individuals they hired through PSCs.<sup>26</sup> The BBC then became responsible for deducting income tax and national insurance from payments it made to those it hired through PSCs if it deemed they were employed for tax purposes.<sup>27</sup> The BBC told us that, in 2017, it began to do more

19 Qq 12, 13, 20, 23–24, and 100–101; C&AG's Report, paras 2.3 to 2.6

20 Qq 13, 64

21 Qq 12–14, 17–20, 23, 30, 44, 70–72, 162

22 Qq 12, 24, 44–47

23 Qq 45, 50, 51, and 152

24 Q 152; C&AG's Report, paras 2.14–2.15

25 Oral evidence, [HMRC: Progress Review](#), HC 1969, Monday 4 March 2019, Q 12

26 Oral evidence, [HMRC: Progress Review](#), HC 1969, Monday 4 March 2019, Qq 1, 7–10

27 Q 30–34, 39, 83, 91; C&AG's Report, Figure 13, paras 2.10, 2.11, 3.4 and 3.10



to explain the impact of the government's changes to responsibilities for assessing an individual's employment status. This included communicating with agents' groups in January 2017 to warn them that it expected its policy to change, and, running seminars and delivering a series of presentations in May and June 2017.<sup>28</sup> Nevertheless, the BBC admitted that some conversations between local line managers and individuals in 2017 were still not good enough. It similarly admitted that its one-on-one communications with people had not been good enough, resulting in a lack of clarity and understanding. The BBC told us that it had communicated with individuals before deducting tax from their payments, but accepted that its communication "had not been personal enough to take into account this complex transition period".<sup>29</sup>

13. The BBC partly attributed difficulties it had in this transition period to the unexpected numbers of individuals it had to deal with, particularly in radio. Since April 2017, the BBC has used HMRC's new Check Employment Status for Tax (CEST) tool to determine the employment status of its freelancers. The BBC told us that results from CEST impacted an unexpected number of people, with 92% of 663 on-air freelancers between August 2017 and June 2018 assessed as 'employed for tax purposes'. This contrasted with the situation before April 2017 where the BBC had assessed the majority of those on-air freelancers requiring assessment as self-employed.<sup>30</sup> The BBC told us that it had worked closely with HMRC to understand the new test and ensure it implemented it as HMRC expected, and that early versions of the test gave very similar results to how the BBC had previously assessed individuals' tax status. But the BBC criticised HMRC's CEST for being too general, emphasising that the tool's multi-sector approach meant that it was not well suited to media and broadcasting roles. The BBC told us that the test was difficult to apply and that it had asked for the test to be delayed for six months while it tried to work through what it considered to be some of the inadequacies of the test.<sup>31</sup> The BBC and other public sector bodies had significantly less time than the private sector has since been given to prepare for the changes to responsibilities for assessing an individual's employment status as the "government listened to representations from the private sector about the complexity of the task facing it".<sup>32</sup> HMRC told us it had to balance public sector bodies' desire to have a longer timeframe with the loss to the Exchequer of about £700 million a year to non-compliance with IR35. HMRC did, however, emphasise how it had been engaging with public sector bodies for some time about changes in IR35 responsibilities and the introduction of CEST.<sup>33</sup> HMRC also told us that "there was extensive engagement between HMRC and the BBC over a number of years to provide guidance, including specific guidance for the media industry".<sup>34</sup>

### The BBC's relationship with affected individuals

14. The impact of the BBC's implementation of the government's changes to responsibilities for determining an individuals' employment status for tax purposes has been that some individuals have been caused significant stress and financial hardship. Between April and September 2017 the BBC paid £8.3 million worth of tax on account

28 Qq 41–42

29 Qq 50, 93 and 123

30 Qq 40, 43, 53, 83; C&AG's report, paras 3.2 and 3.11

31 Qq 43, 76, 84, 89; C&AG's Report, para 3.12

32 Oral evidence, [HMRC: Progress Review](#), HC 1969, Monday 4 March 2019, Q 2

33 Oral evidence, [HMRC: Progress Review](#), HC 1969, Monday 4 March 2019, Q 3

34 Oral evidence, [HMRC: Progress Review](#), HC 1969, Monday 4 March 2019, Q 20



to HMRC. These payments were for freelancers operating as either sole traders or PSCs that the BBC had initially assessed as employed for tax purposes or unable to determine. It did this to avoid interest and penalty charges for not paying tax that was potentially due.<sup>35</sup> Once the BBC had sufficient confidence in CEST, from August 2017, it began to deduct both on-going income tax and national insurance from payments to those it had assessed as employed for tax purposes, as well as amounts to recoup the tax and national insurance it had previously paid in advance on their behalf for April to July 2017. The BBC admitted that the period from August to October 2017 where it was making these recoupments was “very difficult and very chaotic for some people”. It accepted that some people were put under financial strain by paying double tax and that it had not been quick enough in dealing with this. The NAO reported that the BBC paused the recoupments after complaints from the individuals affected. The BBC told us that it has now “spent much more time talking to people and working out what to do” and it would deal with the remaining balance in due course.<sup>36</sup>

15. The BBC accepted that some individuals are concerned that they are being investigated by HMRC<sup>37</sup> because the BBC has started to treat them as employed for tax purposes from April 2017, when they were previously treated as self-employed. The BBC estimated in May 2018 that there were around 800 people previously considered as ‘self-employed’ but whose employment status had shifted to ‘employed for tax purposes’ when it applied the CEST and were therefore at risk of being challenged by HMRC. Of these 800 people, around 300 individuals were hired through PSCs.<sup>38</sup> The BBC told us that it had provided some low level financial assistance to some individuals. In June 2018, the BBC announced a payment of up to £500 to people earning less than £45,000 a year, to contribute to any additional book-keeping costs individuals have incurred following the April 2017 changes. By August 2018, it had paid out almost £12,000 on 33 claims. It told us that it had also agreed a process to deal with expense claims during 2017–18, when some individuals were potentially paying tax but were not able to claim expenses from the BBC.<sup>39</sup>

16. The BBC has set-up a mediation process to handle individual cases. However, it has paused this process as it is seeking to agree, by the end of March 2019, a settlement with HMRC for outstanding tax claims. It told us that the settlement was very difficult and complicated and agreeing it was taking much longer than it anticipated. It recognised that it was not fair that two individuals who relied on the same rules found themselves in very different positions in terms of their tax liabilities and that this was very time consuming, stressful and difficult for all involved. It told us it was trying to achieve a settlement that provided certainty for individuals that HMRC will not retrospectively investigate those individual’s tax affairs, including national insurance payments.<sup>40</sup> HMRC told us that it is “open to reaching a settlement” and that it would be more convenient in administrative terms, but that it was essential that any settlement complies with its policy that requires the correct amount of tax to be paid in that settlement. Due to reasons of confidentiality, HMRC was unable to provide us with any details of the progress of its settlement discussion with the BBC.<sup>41</sup>

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35 Qq 1, 122, 127; C&AG’s Report, para 4.6

36 Qq 93 and 122; C&AG’s Report, para 4.7

37 Qq 25

38 Qq 25–27; C&AG’s Report, paras 3.11, 4.11

39 Qq 125–126; C&AG’s Report, para 4.8

40 Qq 27, 119–121, 143–145; C&AG’s Report paras 4.10–4.12

41 Oral evidence, [HMRC: Progress Review](#), HC 1969, Monday 4 March 2019, Qq 17–19

17. We were concerned that even if the BBC were to agree this settlement, there are continuing issues that remain unresolved and may have financial implications for the BBC. The BBC admitted that it would have to deal on an individual basis with any tax issues which subsequently arose which were not covered by the settlement. We asked the BBC how it intended to address the issue of the potential loss of employment benefits, such as pension payments or sick pay, in cases where people on staff contracts were forced to become freelancers and set up a PSC. The BBC cautioned that calculating the potential loss would not be straightforward and that some of these cases, if they occurred, would have been the result of the individuals concerned choosing to move across into a presenting role, a role which traditionally had been filled by freelancers, but accepted that each case would have to be “looked at role by role, individual by individual”. The BBC also emphasised that it would be challenging to identify the potential financial impact of loss of employment benefits in these individual cases as “you would normally expect freelance rates to be higher than staff rates, because people are responsible for their own benefits”.<sup>42</sup>

# Formal minutes

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**Wednesday 20 March 2019**

Members present:

Meg Hillier, in the Chair

Sir Geoffrey Clifton-Brown	Bridget Phillipson
Caroline Flint	Lee Rowley
Stephen Morgan	Gareth Snell
Anne Marie Morris	

Draft Report (*BBC and personal service companies*), proposed by the Chair, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 17 read and agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

Summary agreed to.

*Resolved*, That the Report be the Ninetieth of the Committee to the House.

*Ordered*, That the Chair make the Report to the House.

*Ordered*, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Monday 25 March at 3:30pm]

## Witnesses

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The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

### Wednesday 30 January 2019

**Lord Hall**, Director General, **Anne Bulford**, Deputy Director-General, and **Jennifer Henderson**, Group Tax Director, BBC

[Q1-162](#)

## List of Reports from the Committee during the current Parliaments

All publications from the Committee are available on the [publications page](#) of the Committee's website. The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

### Session 2017–19

First Report	Tackling online VAT fraud and error	HC 312 (Cm 9549)
Second Report	Brexit and the future of Customs	HC 401 (Cm 9565)
Third Report	Hinkley Point C	HC 393 (Cm 9565)
Fourth Report	Clinical correspondence handling at NHS Shared Business Services	HC 396 (Cm 9575)
Fifth Report	Managing the costs of clinical negligence in hospital trusts	HC 397 (Cm 9575)
Sixth Report	The growing threat of online fraud	HC 399 (Cm 9575)
Seventh Report	Brexit and the UK border	HC 558 (Cm 9575)
Eighth Report	Mental health in prisons	HC 400 (Cm 9575) (Cm 9596)
Ninth Report	Sheffield to Rotherham tram-trains	HC 453 (Cm 9575)
Tenth Report	High Speed 2 Annual Report and Accounts	HC 454 (Cm 9575)
Eleventh Report	Homeless households	HC 462 (Cm 9575) (Cm 9618)
Twelfth Report	HMRC's Performance in 2016–17	HC 456 (Cm 9596)
Thirteenth Report	NHS continuing healthcare funding	HC 455 (Cm 9596)
Fourteenth Report	Delivering Carrier Strike	HC 394 (Cm 9596)
Fifteenth Report	Offender-monitoring tags	HC 458 (Cm 9596)
Sixteenth Report	Government borrowing and the Whole of Government Accounts	HC 463 (Cm 9596)
Seventeenth Report	Retaining and developing the teaching workforce	HC 460 (Cm 9596)
Eighteenth Report	Exiting the European Union	HC 467 (Cm 9596)

Nineteenth Report	Excess Votes 2016–17	HC 806 (Cm 9596)
Twentieth Report	Update on the Thameslink Programme	HC 466 (Cm 9618)
Twenty-First Report	The Nuclear Decommissioning Authority's Magnox	HC 461 (Cm 9618)
Twenty-Second Report	The monitoring, inspection and funding of Learndirect Ltd.	HC 875 (Cm 9618)
Twenty-Third Report	Alternative Higher Education Providers	HC 736 (Cm 9618)
Twenty-Fourth Report	Care Quality Commission: regulating health and social care	HC 468 (Cm 9618)
Twenty-Fifth Report	The sale of the Green Investment Bank	HC 468 (Cm 9618)
Twenty-Sixth Report	Governance and departmental oversight of the Greater Cambridge Greater Peterborough Local Enterprise Partnership	HC 896 (Cm 9618)
Twenty-Seventh Report	Government contracts for Community Rehabilitation Companies	HC 897 (Cm 9618)
Twenty-Eighth Report	Ministry of Defence: Acquisition and support of defence equipment	HC 724 (Cm 9618)
Twenty-Ninth Report	Sustainability and transformation in the NHS	HC 793 (Cm 9618)
Thirtieth Report	Academy schools' finances	HC 760 (Cm 9618)
Thirty-First Report	The future of the National Lottery	HC 898 (Cm 9643)
Thirty-Second Report	Cyber-attack on the NHS	HC 787 (Cm 9643)
Thirty-Third Report	Research and Development funding across government	HC 668 (Cm 9643)
Thirty-Fourth Report	Exiting the European Union: The Department for Business, Energy and Industrial Strategy	HC 687 (Cm 9643)
Thirty-Fifth Report	Rail franchising in the UK	HC 689 (Cm 9643)
Thirty-Sixth Report	Reducing modern slavery	HC 886 (Cm 9643)
Thirty-Seventh Report	Exiting the European Union: The Department for Environment, Food & Rural Affairs and the Department for International Trade	HC 699 (Cm 9643)
Thirty-Eighth Report	The adult social care workforce in England	HC 690 (Cm 9667)
Thirty-Ninth Report	The Defence Equipment Plan 2017–2027	HC 880 (Cm 9667)
Fortieth Report	Renewable Heat Incentive in Great Britain	HC 696 (Cm 9667)

Forty-First Report	Government risk assessments relating to Carillion	HC 1045 (Cm 9667)
Forty-Second Report	Modernising the Disclosure and Barring Service	HC 695 (Cm 9667)
Forty-Third Report	Clinical correspondence handling in the NHS	HC 929  (Cm 9702)
Forty-Fourth Report	Reducing emergency admissions	HC 795 (Cm 9702)
Forty-Fifth Report	The higher education market	HC 693 (Cm 9702)
Forty-Sixth Report	Private Finance Initiatives	HC 894  (Cm 9702)
Forty-Seventh Report	Delivering STEM skills for the economy	HC 691 (Cm 9702)
Forty-Eighth Report	Exiting the EU: The financial settlement	HC 973 (Cm 9702)
Forty-Ninth Report	Progress in tackling online VAT fraud	HC 1304 (Cm 9702)
Fiftieth Report	Financial sustainability of local authorities	HC 970 (Cm 9702)
Fifty-First Report	BBC commercial activities	HC 670 (Cm 9702)
Fifty-Second Report	Converting schools to academies	HC 697 (CCm 9702)
Fifty-Third Report	Ministry of Defence's contract with Annington Property Limited	HC 974 (Cm 9702)
Fifty-Fourth Report	Visit to Washington DC	HC 1404 (Cm 9702)
Fifty-Fifth Report	Employment and Support Allowance	HC 975 (Cm 9702)
Fifty-Sixth Report	Transforming courts and tribunals	HC 976 (Cm 9702)
Fifty-Seventh Report	Supporting Primary Care Services: NHS England's contract with Capita	HC 698 (Cm 9702)
Fifty-Eighth Report	Strategic Suppliers	HC 1031 (Cm 9702)
Fifty-Ninth Report	Skill shortages in the Armed Forces	HC 1027 (9740)
Sixtieth Report	Ofsted's inspection of schools	HC1029 (Cm 9740)
Sixty-First Report	Ministry of Defence nuclear programme	HC 1028 (Cm 9740)

Sixty-Second Report	Price increases for generic medications	HC 1184 (Cm 9740)
Sixty-Third Report	Interface between health and social care	HC 1376 (Cm 9740)
Sixty-Fourth Report	Universal Credit	HC 1375 (Cp 18)
Sixty-Fifth Report	Nuclear Decommissioning Authority	HC 1375 (Cp 18)
Sixty-Sixth Report	HMRC's performance in 2017–18	HC 1526 (Cp 18)
Sixty-Seventh Report	Financial Sustainability of police forces in England and Wales	HC 1513 (Cp 18)
Sixty-Eighth Report	Defra's progress towards Brexit	HC 1514 (CP 18)
Sixty-Ninth Report	Sale of student loans	HC 1527 (Cp 56)
Seventieth Report	Department for Transport's implementation of Brexit	HC 1657 (Cp 56)
Seventy-First Report	Department for Health and Social Care accounts	HC 1515 (Cp 56)
Seventy-Second Report	Mental health services for children and young people	HC 1593
Seventy-Third Report	Academy accounts and performance	HC 1597
Seventy-Fourth Report	Whole of Government accounts	HC 464
Seventy-Fifth Report	Pre-appointment hearing: preferred candidate for Comptroller and Auditor General	HC 1883
Seventy-Sixth Report	Local Government Spending	HC 1775
Seventy-Seventh Report	Defence Equipment Plan 2018–28	HC 1519
Seventy-Eighth Report	Improving Government planning and spending	HC 1596
Seventy-Ninth Report	Excess Votes 2017–18	HC 1931
Eightieth Report	Capita's contracts with the Ministry of Defence	HC 1736
Eighty-First Report	Rail management and timetabling	HC 1793
Eighty-Second Report	Windrush generation and the Home Office	HC 1518
Eighty-Third Report	Clinical Commissioning Groups	HC 1740
Eighty-Fourth Report	Bank of England's central services	HC 1739



Eighty-Fifth Report	Auditing local government	HC 1738
Eighty-Sixth Report	Brexit and the UK border: further progress review	HC 1942
Eighty-Seventh Report	Renewing the EastEnders set	HC 1737
Eighty-Eighth Report	Transforming children's services	HC 1741
Eighty-Ninth Report	Public cost of decommissioning oil and gas infrastructure	HC 1742
First Special Report	Chair of the Public Accounts Committee's Second Annual Report	HC 347
Second Special Report	Third Annual Report of the Chair of the Committee of Public Accounts	HC 1399