

Self-Employment Review

An independent report

by Julie Deane OBE

February 2016

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Foreword

Prime Minister,

I am honoured to have been chosen by you to conduct this review of self-employment in the UK. With record numbers (currently 4.6m) representing 15% of the UK workforce, I have been struck by the diversity of this group. Throughout the process I have been keen to engage with every part of this sector – not just tech start-ups but farmers, construction workers, taxi and cab drivers, hairdressers and artists.

As part of the research I have engaged directly with these individuals through an online survey as well as through holding extensive discussions with trade and professional organisations representing hundreds of thousands of members.

The results I feel are representative and my recommendations practical yet impactful. Whilst Government plays a vital role in acknowledging the contribution and importance of this sector and in supporting and maximising its growth, the private sector also has a key role to play.

The Labour market has changed and continues to change. The opportunity has never been greater.



Julie Deane OBE
CEO & Founder, The Cambridge Satchel Company

Executive summary

The report is written in a straightforward way so as to be practical and completely unambiguous. I would welcome feedback from the self-employed sector, with whom I feel a particular affinity. In this report I have tried to accurately portray the views and concerns that have been expressed to me. I hope I have done this in a way that does justice to the level of input I have received and that my recommendations make a real difference, as that has been my motivation in overseeing this project.

I would like to draw particular attention to the following themes which run consistently through my findings:

- **Importance / Significance** - The number of self-employed in the UK currently stands at 4.6m, an all-time high. Furthermore this number is growing and the trend seems set to continue. This group now represents 15% of the UK workforce making a considerable and positive contribution to the country's economy. Much of the growth seen over the last few years has been driven by this sector.
- **Motivation** - The majority of the self-employed have made a positive choice to be so and have no plans to return to employment. They have found a good balance with work/life commitments and are often happier.
- **Diversity** - The self-employed are not one homogenous group however the recommendations made as a result of this review aim to benefit all members of this group.
- **Evolution** - Technology has had a tremendous impact, particularly over the last ten years. The many factors within the self-employed landscape have changed, including age profile and, the methods and even the location of where they work.
- **Equality and Fairness** - choosing to be self-employed should not mean that people are disadvantaged in the support that they receive from Government. It is important that with the increased growth in self-employment, and the subsequent benefits that this group brings to the economy, that there are systems in place to support the self-employed in the same way as the employed. Government should consider extending support to the self-employed in areas where there is discrepancy between support for the self-employed and support for employees.

Recommendations

1. As has been previously identified by The Right Honourable The Lord Young of Graffham CH, PC, DL in his in his 'Enterprise For All'¹ review, there is a need for **education to better prepare our young people** for the role which self-employment might play in their future. During the review many self-employed talked about their concerns around a lack of knowledge regarding finance, cash flow, bookkeeping and taxation. These are skills that would benefit many adults regardless of their employment status and yet they are still lacking from our Curriculum.
2. It is important that the **advice and support available is as accessible as possible**. A central portal from which to navigate impartial support and services available to the self-employed is vital. Presently there is much confusion over the duplication on offer which is a significant detractor in recognising the usefulness of what Government bodies offer. Government should consider reviewing how well information on its official website "GOV.UK" signposts the self-employed to the resources already available.
3. As the number of self-employed continues to increase, the **need for more flexible financial solutions**, from mortgages and insurance to pensions, will become more imperative. The financial institutions that choose to address this need stand to benefit enormously. When such flexible financial instruments do begin to appear trade organisations will play a key role in signposting these so that their self-employed members can benefit from them.
4. There is a clear desire for **equal treatment and recognition** from the Government for the self-employed and discrepancies should be reviewed. The support provided by Government to those starting or extending a family should be consistent whether the beneficiary is employed or self-employed.
 - i. Government should consider enhancing the level of **Maternity Allowance** provided to the self-employed in the first 6 weeks – bringing Maternity Allowance in line with **Statutory Maternity Pay**. As is the case with Statutory Maternity Pay the remaining 33 weeks would be paid at the lower of the statutory flat rate or 90% of earnings (in the case of low earners).
 - ii. Government should consider introducing a **new 'Adoption Allowance'** for self-employed adopters. In line with Statutory Adoption Pay, this should also be enhanced to 90% of earnings in the first 6 weeks - bringing 'Adoption Allowance' in line with Statutory Adoption Pay and the above recommendations for Maternity Allowance. The remaining 33 weeks of 'Adoption Allowance' should be paid at the lower of the statutory flat rate or 90% of earnings (in the case of low earners).

¹ www.gov.uk/government/publications/enterprise-for-all-the-relevance-of-enterprise-in-education

5. The description of 'self-employed' applies to a wide variety of individuals and sectors and there is currently no clear understanding of the employment status within many of these groups. The **lack of a legal definition of self-employment is causing an issue**. Simplification and clarification with a single definition for tax and employment law is desired and should be considered.
6. Overly complicated legislation and administration is costly for the Government and burdensome to the growth of our businesses and needs addressing in a clear and common-sensical manner.
7. Currently an **Impact Assessment** is carried out to calculate the impact that new policies will have on different sectors. Self-employment is not one of these sectors and it should be.
8. Although outside the remit of this review, taxation was repeatedly raised by all of those interviewed – as an administrative burden, a barrier to growth, and an issue that could benefit from improved simplicity and better advice. Given the scale of concern I recommend that Government looks at this in more detail.
9. **Shared work spaces are becoming more important**. The location and availability of such spaces needs to be better communicated so as to increase awareness. Increased visibility of, and accessibility to, shared work spaces needs to be improved. Consideration should be given to incorporating such a space in local libraries and community centres bringing commercial activity and life to underutilised resources already in place.
10. **Technology has revolutionised the way we work** and offers great opportunities for the self-employed. Trade and professional organisations must take responsibility for keeping members up to date with technological advances. The self-employed, if wanting to grow their businesses, need to use whichever networks and forums they feel most comfortable with to keep their knowledge base current. I would advocate combining disparate age groups and underutilized existing community resources to facilitate this exchange.

Chapter 1: Shining a light on self-employment

In recent years the UK economy has proved remarkably resilient. In particular the labour market has beaten all expectations for growth. By the end of 2008 there were 29 and a half million people in employment whereas today there are over 31 million (source Labour Force Survey ONS).

A driving force of this dynamic labour market has been the self-employed. The self-employed population has now reached 4.6 million - a record level and an increase of 800,000 since 2008.

Trends in self-employed population, UK



Source: ONS Labour Force Survey, September to November quarters from 1992 to 2015

As the above chart shows during the 1990s self-employment remained flat or dipped slightly. However, since 2000 it has risen strongly year on year and now stands 1.4 million higher.

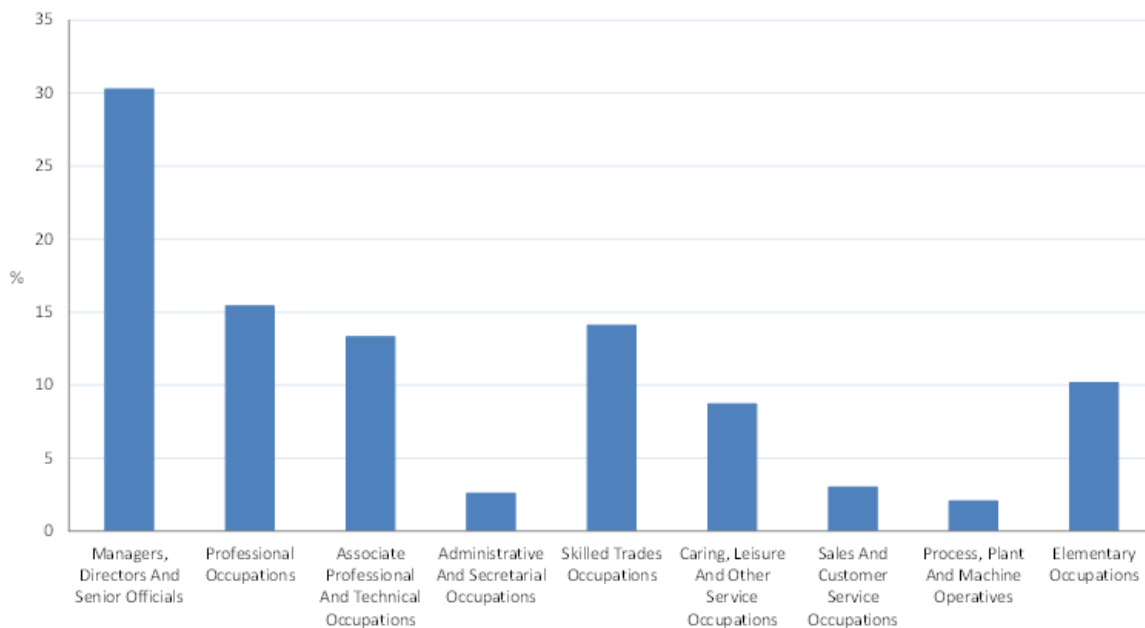
Indeed **despite making up 15% of the workforce, self-employment has accounted for nearly half of the increase in total employment since the recession.**

Who are the self-employed?

The self-employed are an incredibly diverse group, covering a wide range of occupations sectors and industries. Over a quarter of all people who are self-employed are in skilled trade occupations with construction, taxi and cab drivers, and carpentry and joinery being the most common job roles.

But nearly 60% of the rise in self-employment in the last five years has come in higher skilled managerial, professional and associate professional jobs.

Share of total amount of *change* in self-employment between 2009 and 2014 by type of occupation



Source: ONS, Self-employed workers in the UK, 2014; Published in August 2014

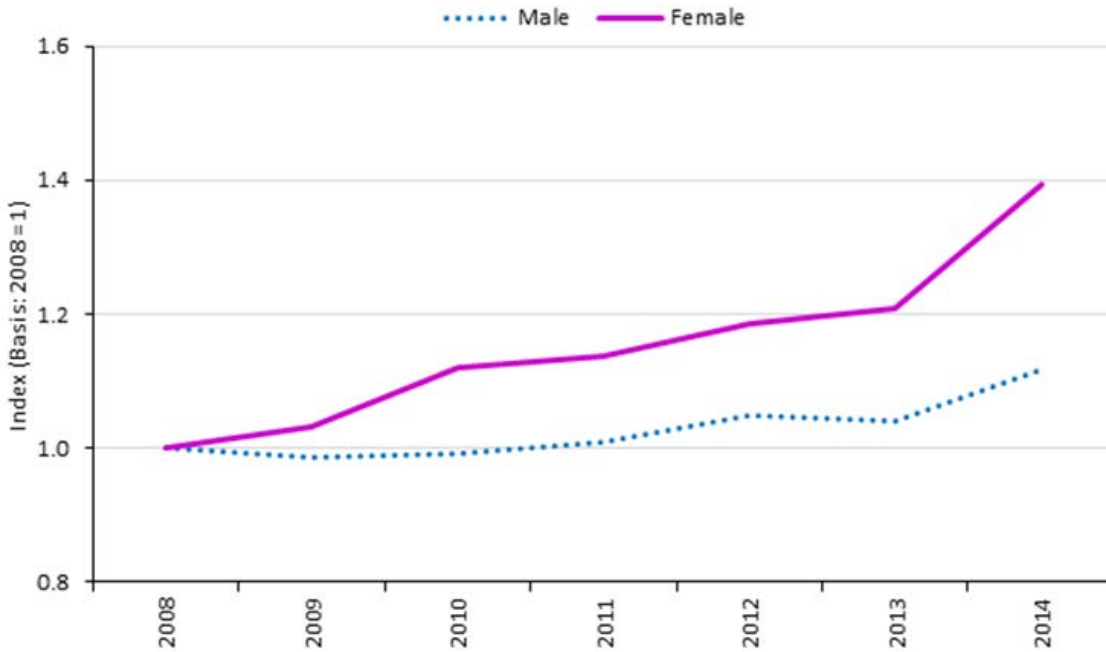
Recent trends

Within this overall growth of the self-employed there have been a number of notable trends. Those who have been self-employed for more than 5 years have increased most rapidly – up by more than 20 percent since 2008. In addition self-employment is becoming an increasingly attractive proposition for older people.

Nearly half (43%) of the self-employed are aged 50+ and just 11% under 30. This compares starkly with employees where the numbers above 50 and below 30 are the same at around a quarter each.

Women

Another striking trend of the self-employed population has been the transformation of the experiences of self employed women. There are currently 1.49 million self-employed women which is a third of the total self-employed population. Recently the number of self employed women has increased faster than men and since 2009 women have accounted for over half of the overall growth in self-employment.



Source: BIS ED analysis of ONS Labour Force Survey, March-May quarters

Chapter 2: Starting out in self-employment

Motivation

In light of the fact that the number of self-employed people is continuing to grow and is at a record high of 4.6m, I wanted to understand what was driving this trend and why more and more people were deciding to work for themselves. This is a question I asked people I met during the course of my review and through the call for evidence. I heard from a wealth of different people, providing a wide range of different services, skills and products and their motivations all varied. However, the overwhelming response I got was that people regarded their decision to become self-employed as a positive one. Of those who answered the consultation questions, 87% listed positive reasons as their motivation for becoming self-employed. Whilst their motivations were all personal to them, the common themes were: to earn more money, to meet a social need, to fulfil a personal ambition, for job satisfaction, as work after retirement, because they were unhappy in employment, for excitement, career development and health benefits, to work in an area of interest, or because self-employment was the only model of business suited to their particular skill. However, by far the most frequently mentioned reason that I heard from people was the freedom, flexibility and independence that being self-employed offered them compared to working for someone else.

In addition a range of independent research provides further consensus on the reasons why people choose self-employment – again flexibility, freedom and independence are the most commonly cited drivers².

In speaking to many self-employed, they have referred to themselves using a range of different titles and descriptions; from freelancer, business owner and contractor to CEO. Of those running a business, the Global Entrepreneurship Monitor³ suggests four-fifths are entrepreneurs for opportunity-driven reasons. Other research findings are similar – the most common circumstances for entering self-employment were people seeing a business opportunity and it being normal for the type of work they were conducting.

Recent research⁴ conducted by the Department for Business, Innovation and Skills shows the self-employed also appear to be more content with 86% stating they are better off in terms of job satisfaction and around the same proportion happier in life overall than being an employee doing something similar.

Unsurprisingly therefore the majority do not plan to leave anytime soon. Over 80% of the self-employed have no plans to leave within the next 3 years and of those that do intend to leave, most of them intend to retire.

² 'Just the Job or Working Compromise', Resolution Foundation 2014; 'Salvation in a Start-up', RSA 2014; 'Understanding Self-Employment', BIS (2016)

³ 'Global Entrepreneurship Monitor UK 2014 Report', GEM consortium

⁴ 'Understanding Self-Employment', BIS (2016)

The notion that self-employment is a secure long term choice is further established by evidence that employees are nearly twice as likely to be looking for a different or additional job than the self-employed.⁵

Information / Support / Advice

Given that self-employment can provide such a range of attractive benefits for people wanting more freedom and control over their career, I wanted to understand what advice and support was available to those thinking about starting out in self-employment, whether it was useful and if there was anything that was missing.

The most commonly cited avenues that the self-employed told me they went for advice were: business and trade associations, local authorities, Her Majesty's Revenue and Customs for advice on tax and accountants for financial advice. In addition, as an entrepreneurial set, they accessed advice themselves through the Internet or other guides, and went to family, friends and peers.

In carrying out my own research and meeting with stakeholders in this area, I have become aware that there is an abundance of information out there which is available to those who are thinking about becoming self-employed and seeking advice.

The self-employed are an independent, self-sufficient group who tend not to seek out support from external sources. BIS research⁶ found that less than half of the self-employed looked for support when setting up. The main reason being that they felt they already knew what they needed to. Of those that did seek support the vast majority (over 90%) felt the advice met their needs. I concur with these findings through my own experience.

This is supported by the results of my consultation which found that when asked what advice they thought was missing, almost a third (30%) of respondents who answered this question said "nothing was missing", by far the largest response.

Of those who thought more information was needed, advice on cash flow, book keeping and record keeping was the most popular, followed by advice on tax returns and tax matters, practical advice on how to run a business, and the pros and cons of being self-employed. These findings were mirrored in people's responses when asked what piece of advice was most useful or which they would recommend to those thinking about starting out - tax planning and understanding how to register as self-employed for tax, along with financial planning were the most important areas that respondents suggested.

I think that these subjects should be incorporated into the National Curriculum to better prepare our young people for a potential life in self-employment. Equally, these are life skills that would benefit those heading into a more conventional employed status. This view was also held by The Right Honourable The Lord Young of Graffham CH, PC, DL who drew attention to this matter in his in his in his 'Enterprise For All'⁷ report and also by

⁵ 'Self-Employment in the UK', BIS 2015

⁶ 'Understanding Self-Employment', BIS (2016)

⁷ www.gov.uk/government/publications/enterprise-for-all-the-relevance-of-enterprise-in-education

the businessman James Caan who has been an active supporter and advisor to those wishing to start businesses.

Recommendation: There is a need for education to better prepare our young people for the role which self-employment might play in their future. During the review many self-employed talked about their concerns around a lack of knowledge regarding finance, cash flow, bookkeeping and taxation. These are skills that would benefit many adults regardless of their employment status and yet they are still lacking from our Curriculum.

Through conversations with Her Majesty's Revenue and Customs (HMRC), The Association of Chartered Certified Accountants (ACCA) and The Institute of Chartered Accountants in England and Wales (ICAEW) I am aware that there are existing guides available on these issues.

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The ICAEW provides advice on its Business Advice Service website which has a range of useful support and guides for the self-employed on some of these issues. They offer ten free business guides on topics such as:

- Deciding whether to be a sole trader or limited company
- Practical issues to consider when starting up your business
- Writing a business plan
- First steps in business
- Basics of VAT
- Managing cash flow
- The sole trader and tax
- The limited company and tax
- Start-up finance
- The importance of keeping good accounting records.

HMRC also provides a lot of advice on helping to understand the tax system and completing self-assessment. Indeed, a CD-ROM supplied by the HMRC enabled me to carry out my own payment processing when I took on my first employee. Times have changed (in only 8 years since I first started The Cambridge Satchel Company!) and HMRC now provide a range of digital customer support products tailored for different self-

employed businesses to provide them with quick and easy guidance. Businesses can access these through a centralised page on [GOV.UK](https://www.gov.uk)⁸. Products include:

- Webinars - live presentations from experienced tax advisers, which give businesses the opportunity to ask questions and receive answers to gain additional certainty. These cover a range of issues such as getting started with self-employment or business expenses.
- [E-learning](#) – which provides step by step by step guidance on what customers need to know when they start their own business⁹.
- HMRC's YouTube channel – is also becoming increasingly popular as a location for self-employed businesses to receive support- it provides quick and easy answers to the most [common tax queries](#) such as [Your First Self-Assessment Tax Return](#) and guidance on expenses if you are self-employed¹⁰.

There is a wealth of good support available at a local level and nation level:

- **Growth Hubs and LEPs** - A Growth Hub is a local public/private sector partnership led by the Local Enterprise Partnership (LEP). Partners include Chambers of Commerce, the Federation of Small Businesses and other business bodies, Universities, business schools, other private sector bodies (including local partners delivering national programmes) and national government. They promote, co-ordinate and deliver business support including energy efficiency advice and are locally-driven and locally owned. Government has actively supported their development through funding to create the right environment for businesses to thrive. There are currently thirty three growth hubs in the UK¹¹ and [Government estimates](#) that around 88% of registered businesses in England are now able to access business support from a local growth hub.
- **Enterprise Nation** – Operating from hubs in London, Birmingham, Swindon and Yorkshire, Enterprise Nation provides a range of business support to over 66,000 businesses¹². Their typical member has started a business from home based on a passion, hobby, skill, or spotting a gap in the market. Enterprise Nation provides a range of advice through different methods, all accessible free of charge, including:
 - A daily blog with tips on everything from tax and Twitter to branding and sale
 - Weekly webinars with experts and entrepreneur
 - Events such as Start Up Saturday and international trade missions
 - An adviser marketplace - where small businesses can access a community of over 13,000 advisers

⁸ www.gov.uk/government/news/webinars-emails-and-videos-if-youre-self-employed

⁹ www.hmrc.gov.uk/courses/SYOB3/syob_3/html/syob_3_menu.html

¹⁰ www.youtube.com/playlist?list=PL8EcnheDt1ziQSjJNRITtCf7XD_ne-IQ

¹¹ www.lepnetwork.net/growth-hubs

¹² www.enterprisenation.com

- YouTube clips – a growing gallery of advice from experts which small businesses can search for the advice they need
 - Membership offers – from £30 per year people can get a higher level of business support in the form of consultation calls, links with peers, offers, eBooks and business templates
- **The Start Up Loans Company** – Created to deliver Government’s Start Up Loans scheme¹³ the aim of the programme is to provide loans and mentoring support for recipients who are looking to start their own business but are unable to borrow from the mainstream lenders. Anyone over 18 and living in the UK is eligible. Only one Start Up Loan can be granted per person, however multiple applicants in the same business may be able to apply for funds. Loans are offered on a 1-5 year term and currently set at an annual interest rate of 6%.
 - **National Enterprise Network** – A membership body representing the enterprise support sector across England. The Network comprises around 80, mainly not-for-profit, has approximately 80 organisations as members, who are traditionally, but not exclusively, not-for-profit enterprise support organisations providing independent and impartial advice, training and mentoring to the self-employed and to new and emerging businesses¹⁴. Their members are in contact with over 140,000 clients per year, approximately two thirds of which are interested in starting a business, with the remainder already running a business.
 - **Business and IP Centres** – These are physical hubs where those thinking of starting a business can come together to learn, network and access free and low-cost advice and support in protecting and commercialising a business idea. There are centres in The British Library in London and the central libraries in Birmingham, Leeds, Liverpool, Manchester, Newcastle and Sheffield¹⁵. These libraries have created a national network of advice by sponsoring satellite libraries in Exeter (Devon), Portsmouth, Norwich (Norfolk), Hull, Northampton and Wellingborough (Northamptonshire), Middlesbrough (Tees Valley), London Borough of Enfield, London Borough of Haringey and tri-borough Cultural Community Solution of Harrow, Ealing and Hounslow.
 - **The Prince’s Trust** – A UK charity which supports 13-30 year-olds who are unemployed and those struggling at school and at risk of exclusion. The Trust’s programmes give vulnerable young people the practical and financial support needed to stabilise their lives, helping develop self-esteem and skills for work. Each year they work with 58,000 young people, with three in four moving into work, education or training. For those interested in self-employment, they provide support and funding to help young people explore and test their ideas, write plans and start their own businesses¹⁶.

¹³ www.startuploans.co.uk

¹⁴ www.nationalenterprisenetwork.org

¹⁵ www.bl.uk/business-and-ip-centre

¹⁶ www.princes-trust.org.uk

An increasing number of large corporate firms are also starting to provide support to those thinking of becoming self-employed, examples include:

- **Virgin Start Ups** provides another way of distributing the government's finance alongside valuable mentoring
- **O2** has digital gurus based in stores across the UK who offer advice and tech tips to small businesses and self-employed¹⁷
- **Xero** provides free information on its blog and via small business guides to help small businesses manage their money and cash flow¹⁸
- **KPMG** offers mentorship support¹⁹
- **Microsoft** runs Microsoft Ventures²⁰ to invest in top talent and supports 'Go and Grow Online' campaign, delivering free advice to small businesses on how to get to grips with the latest technology

Google's free tools helped me to grow The Cambridge Satchel Company²¹ very quickly. Not just the search engine, of which everyone is already familiar, but other tools including:

- **YouTube** which showed me how to operate the packing machine that I had bought
- **Google Translate** which enabled me to take orders from Japanese customers during Paris Fashion Week and understand posts made to our social media pages or through email from foreign customers
- **Google Analytics** which we consult frequently throughout the day to see in real time our sales for the day, the location of visitors to our website, the channels driving them to our site, the products they are buying and our conversion rate
- Our first advertising was funded by a £50 free **Google Ad Words** voucher, since then we have built up a comprehensive pay per click series of campaigns

Additionally, the free resource of **Skype** means that when we're on the road in whichever part of the world we can stay in touch with colleagues and partners either by messaging channels or by video. These free tools and more enable small businesses to operate in a way previously unimaginable.

I am keen to see more private sector organisations start such initiatives, which I believe are mutually beneficial. Private sector corporations can reap the benefits from providing

¹⁷ <http://businessblog.o2.co.uk>

¹⁸ www.xero.com/small-business-guides/business-management/manage-cashflow/

¹⁹ www.xero.com/blog

²⁰ www.microsoftventures.com

²¹ www.cambridgesatchel.com

this advice and helping the self-employed who, if they become customers, can in turn benefit the larger corporation.

There is no doubt in my mind that there is so much information that you could create a full time job for yourself just reading and researching. People wishing to start a business should not allow this wealth of information to impede their progress. Motivation needs to be acted upon.

The range of private sector services and tools will only grow and this is an area that Government has no control over, nor should it. I do however think it is important that there is one central portal from which to navigate impartial support and services. Presently there is much confusion over the duplication on offer this is a significant detractor in recognising the usefulness of what is on offer by Government bodies.

The support that Government gives should be objective, without commercial bias. The importance of this should not be underestimated. This is why it is important that that advice and support is as accessible as possible. It is not the role of government to dictate how to start a business, nor how to run a business.

The self-employed are a resourceful group and part of being successful as a self-employed individual is the ability to find the best way to do what needs to be done. This will be different in every case. Self-employment is not the best option for everyone but the resources for education and support are plentiful.

Chapter 3: Security and Peace of Mind

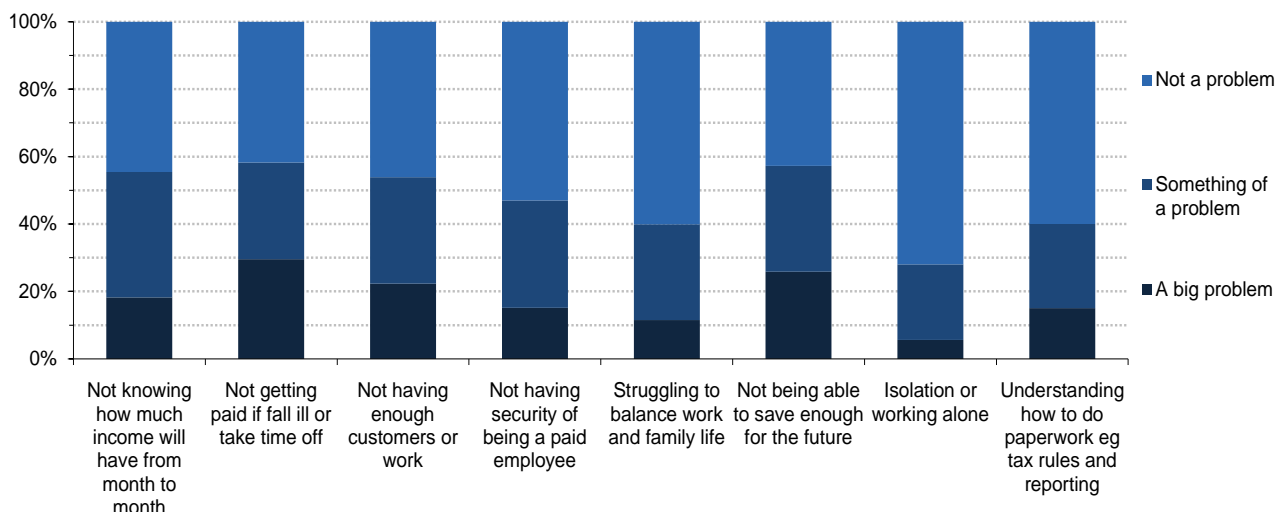
As a range of research and the responses to my consultation show, many people are choosing self-employment for positive reasons. There are many benefits associated with being self-employed when compared to being an employee, and many self-employed people find working for themselves more satisfying than working for someone else. Being self-employed comes with a great amount of freedom and you are in complete control of your business or career. That is not to say that the decision to become self-employed is without its own challenges and risks. Working for yourself should not be confused with an easy option. In many ways it can be more challenging than being an employee. Being self-employed means that responsibility for decision making, accountability and ultimately the success of your venture lies with you. I wanted to understand the main issues that caused self-employed people to worry the most, and to explore what more, if anything, could be done by Government, the private sector and the self-employed themselves, to try to reduce some of these concerns.

Self-Employed vs Employee

Although the majority of people whom I spoke to would not go back to employment, when asked what they missed about being an employee, the most popular responses were colleagues (25%); infrastructure (14%), regular income (12%), job security (10%) and benefits – including sick pay, holiday pay and an employee pension (9%).

Likewise BIS research²² asked about the problems of being self-employed with 30% citing not getting paid if they fall ill as a big problem. Additionally, 26% advised that not being able to save enough for the future was a problem for them.

Extent to which this is a problem of being self-employed



Some of these issues are an inherent part of the nature of being self-employed which people need to understand and accept when making the decision to work for themselves.

²² 'Understanding Self-Employment', BIS (2016)

Understanding that there is no one else to work with, that it can be a solitary and often lonely occupation is one of the issues that people need to recognize comes with the territory (although as we will see in a later chapter 5 there are ways in which the self-employed can choose to work alongside or to collaborate with other self-employed people). Likewise, the fact that all of the decisions about the nature of the business and the infrastructure, from the type of business model that you want to operate (be it freelance, a limited company, a sole trader) – to managing accounts, meeting tax obligations, invoicing and receiving payment are your responsibility. These are challenging issues and require a lot of time and consideration to get right, but as mentioned in the previous chapter there is advice and support available and it is important to make it as accessible as possible to allow an informed decision to be made.

Volatility of Income

One of the problems of working for yourself is insecurity and the uncertainty of income. Unlike employees receiving a regular salary, in general terms, the self-employed tend not to have a regular amount of money going into their bank account throughout the year, instead their income can fluctuate from month to month and year to year. Contractors and freelancers can work on many different jobs throughout the year and can be based at different locations. Periods of work can be followed by periods waiting for the next job, booking or commission. This creates a problem for the self-employed with which employees generally do not have to contend.

The question of how much the self-employed earn is an interesting and complicated one. As stated previously the main motivations from becoming self-employed include flexibility and independence. Financial gain does not appear to be a main driver. This could be interpreted to mean that the self-employed are likely to earn less than they would if employed. Indeed there is evidence that this is the case²³.

However, analysis of self-employed income data is complicated by a number of factors that are routinely misunderstood or not accounted for. These include whether total income or just income from self-employment is examined – the self-employed often have income from other sources. Other factors that can distort income analysis include whether it controls for hours worked or skills and qualifications.

The below chart highlights income of the employed and self-employed. It is clear that since the recession income levels of both groups have fallen. There also appears to be a sustained gap in levels with the earnings of the employed outstripping that of the self-employed.

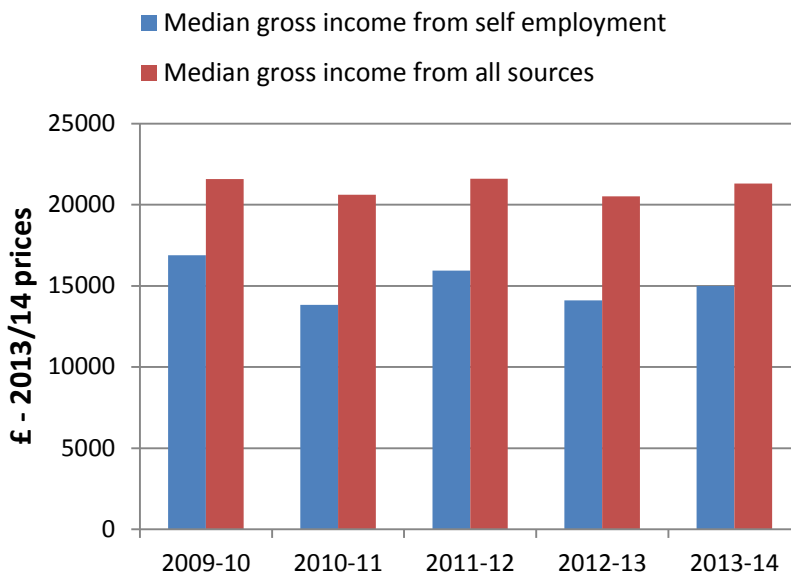
²³ 'Self-employed workers in the UK', ONS (2014)

Median gross annual earnings from self-employment and from employment



Further analysis by The Department of Business, Innovation and Skills enables a greater degree of understanding of this data. By following the income of the same self-employed individuals over time we observe some greater insights. As the chart below shows, including income from all sources makes a sizable difference to the self-employed. When looking at this measure, earnings have been stable in recent years, which is at odds with the above chart.

The explanation lies in the fact that the chart below is following the same people over time whereas the chart above is looking at the overall population. Thus the fall in income observed above is due to the changing composition of self-employment with those entering self-employment tending to have lower earnings.



Saving / Investment

From speaking to individuals and through our online survey, this volatility of income has had several effects. Not being able to predict income or outgoings causes problems in being able to save or invest money especially in ways that mean it might not be readily accessible if needed.

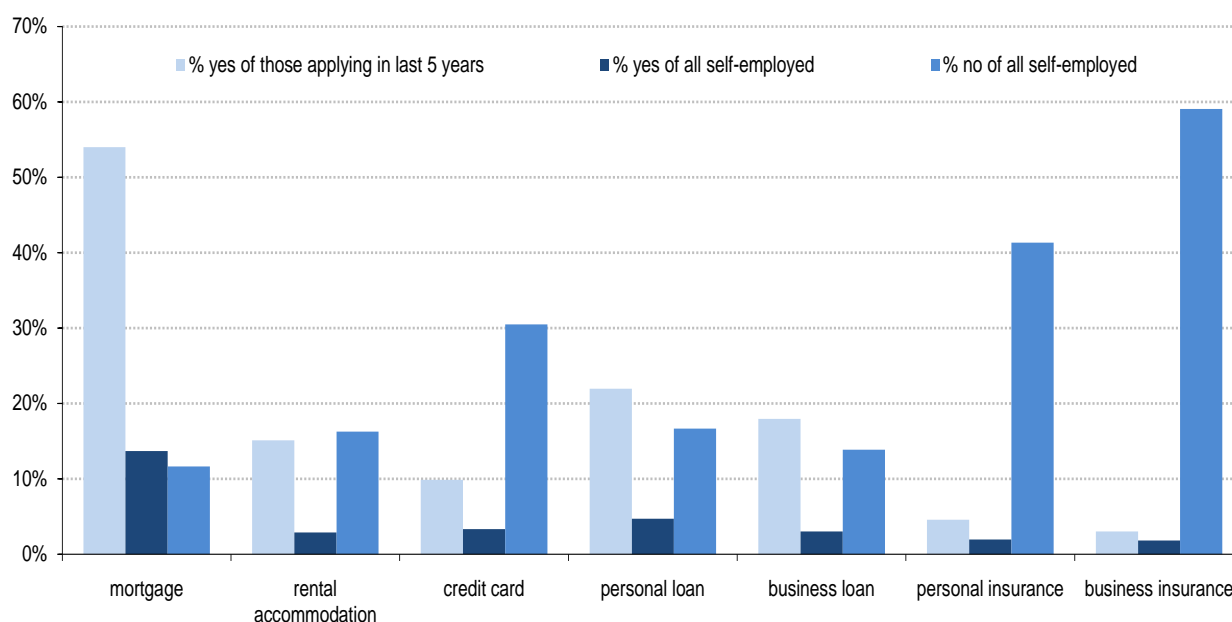
Volatility of income is certainly a concern but not sufficiently so as to dissuade people to become self-employed – it is part of the decision making process but not the deciding factor.

Specialist products are available in the private sector which can mitigate these concerns – these include income protection insurance which could be better publicised. This could be done through trade bodies as well as the private sector. The scope for online, independent review and assessment by users of such products would help purchasers make an informed decision.

Mortgages

BIS research²⁴ has also examined whether being self-employed caused issues in other aspects of life such as raising finance for accommodation. As the chart below shows, for most being self-employed did not present any significant difficulties when taking out business or personal insurance, however there was an issue, particularly in the last five years, when applying for a mortgage.

Applications made in last 5 years – respondents who thought being self-employed caused difficulties



In my consultation, a reluctance to commit to regular payments of a fixed amount, and the inability to access the money if needed were seen as barriers to getting a mortgage. In addition, an issue raised by a lot of respondents was that mortgage providers required proof of continuous earnings, in some instances for up to 5 years income. Whilst this is easier to provide for those with a regular salaried income, the self-employed, whose work patterns and income can vary over a long period, felt this posed a real barrier to overcome if they were to access a mortgage.

There is no easy solution to this problem. There are sensible reasons for mortgage lenders to conduct detailed checks to make sure that people are able to afford the financial commitments that they are taking on. Changes brought into effect by the Financial Conduct Authority's Mortgage Market Review in 2014, require all lenders to ensure all lending is responsible. As a result, all applications for mortgages must be checked to ensure that the borrower can afford the repayments both now and in the future. To do this the lender will conduct an affordability assessment which analyses both income and expenditure.

²⁴ 'Understanding Self-Employment', BIS (2016)

For the self-employed who cannot rely on payslips to verify their income, HMRC has been working with mortgage lenders to develop systems which allow people to get a copy of their tax year overview and the tax calculation online. The results of my survey suggest that more needs to be done by Government and mortgage lenders to raise awareness of this service with the self-employed.

The amounts that can be borrowed in relation to income are set by the Prudential Regulation Authority which limits the flexibility of the lender. Whilst many self-employed people have suggested that they would like more flexibility from mortgage providers in terms of payment holidays, interest only periods, or taking potential future earnings into account, the rules limit what a lender can do.

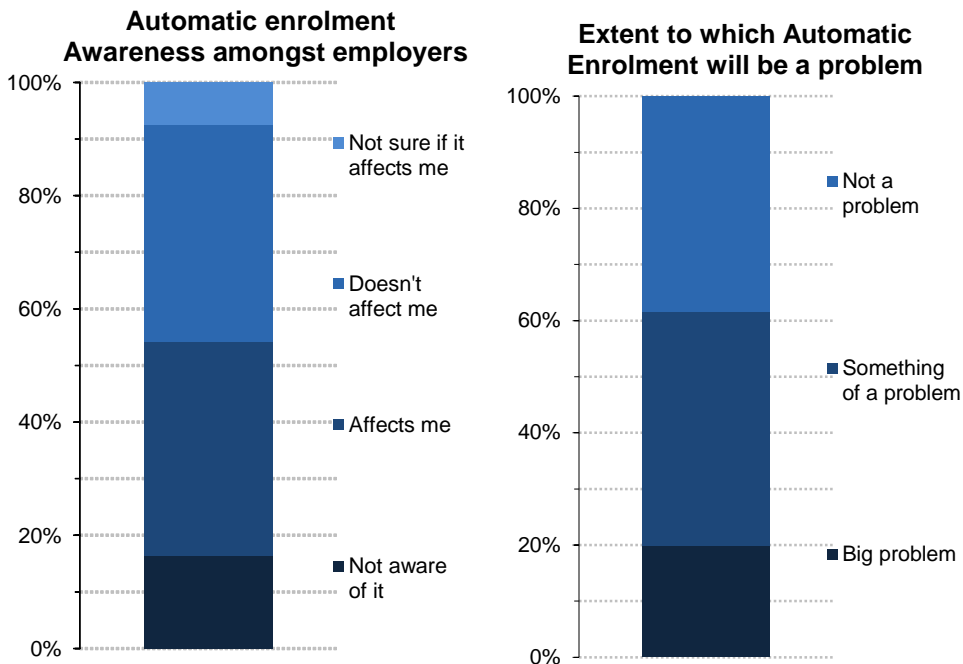
Buying a house is often the largest financial commitment people will make and it is in their own interest that they are able to afford the repayments. Having said that, it is worrying that a number of self-employed workers have expressed that they find it difficult to obtain a mortgage. There is a risk that this could become a more widespread problem in the future given the large number of self-employed individuals (4.6m) and the fact that this number is predicted to grow.

As the number of self-employed continues to increase, the need for a more flexible type of mortgage will become more obvious. The financial institutions that choose to address this need stand to benefit enormously. When such flexible financial instruments do begin to appear it will be the role of the trade organisations to signpost these so that their self-employed members can benefit from them.

Pension

There are two aspects to consider when looking at pensions. The first is for those who employ others in their business.

Pensions policy has recently been reformed with the introduction of auto-enrolment which affects those of the self-employed who have employees. Awareness of auto-enrolment is high amongst the self-employed with fewer than 20% being unaware. However, over 60% are expecting it to be something of a problem for them. With such a high percentage concerned, something needs to be done as a matter of urgency to allay these fears. The full implications of auto-enrolment need to be explained in a simple and concise way.



The second aspect pertaining to pensions is the arrangements made by the actual self-employed person for themselves. Around one in five self-employed people have no financial plans for retirement other than relying on the state pension²⁵. The range of options that the self-employed are relying on include; selling their business, relying on partner's income or pension and relying on income from property. Less than a third of the self-employed say they pay into a pension

Whilst many self-employed people are making an active choice not to save and to rely on the success of their business, whether through profit, or by selling it, to provide them with savings for their retirement, a hugely successful business will unfortunately not be a reality for everyone. It is also not an option available to those freelancers or contractors who rely on their individual skills or professional services.

²⁵ 'Understanding Self-Employment', BIS (2016)

With the growth in the numbers of self-employed, and the trend set to continue, the numbers of self-employed who are choosing not to save for retirement could be a concern in later life.

One of the reasons put forward by self-employed individuals for not starting a pension is that they cannot afford to or that they do not feel they can commit to a pension because of the volatility of income associated with being self-employed. Accessibility to the pension fund to cover periods of not earning would be highly desirable.

Many feel there is unfair treatment when compared to employees who benefit from an employer's contribution to their pension and the tax benefits associated with this.

All of these issues have implications on the number of people saving for retirement which in turn will have potential implications on Government spending in the future if the trend in upward growth of self-employment continues.

One suggestion put forward by several bodies including The Royal Society for the encouragement of Arts, Manufactures and Commerce (RSA), the Federation of Small Businesses (FSB), The Association of Independent Professionals and the Self Employed (IPSE) and the Citizens Advice Bureau (CAB) – is the idea of automatic enrolment for the self-employed, similar to the programme which is currently being rolled out across all employers.

This suggestion has not been well received by the self-employed that I have interviewed during the course of my review. A far more workable and less bureaucratic solution would be the evolution and development of pension products created specifically for the self-employed. These would take into account the fluctuations of income and cater for periods when a withdrawal of capital might be necessary. Again it seems that the financial services industry needs to be made aware of the need for more flexible products for the self-employed – a large and expanding market.

Equality of Treatment for Those Starting a Family (Adoption and Maternity Pay)

From conversations with representative bodies, charities and the self-employed directly through the online survey, the clear desire for equal treatment and recognition from the Government is one message that has shone through. The support provided by Government to those starting or extending a family should be consistent whether the beneficiary is employed or self-employed. Currently self-employed women on Maternity Allowance are at a significant disadvantage when it comes to maternity pay. Self-employed adopters are similarly disadvantaged as they do not receive the statutory entitlement or a universal benefit.

Two schemes in particular were cited for the way the self-employed are unfairly treated in this area:

1. **Statutory Maternity Pay and Maternity Allowance** – Both schemes are intended to compensate expectant mothers and new mothers in part for their loss of earnings whilst they are off work preparing for or recovering from birth. Statutory Maternity Pay is only available to employees who have 26 weeks continuous service at the end of the ‘qualifying week’²⁶ and who meet a minimum earnings test (currently they must earn at least £112 a week - in an eight week test period leading up to and including the qualifying week).

Self-employed individuals do not qualify for Statutory Maternity Pay but they may be eligible for Maternity Allowance – a benefit which is paid to self-employed and low paid mothers who do not meet the minimum earnings test.

Statutory Maternity Pay and Maternity Allowance are both available for up to 39 weeks. But in contrast to Statutory Maternity Pay, which is enhanced to 90% of the woman’s earnings (with no upper limit) in the first 6 weeks of pay and then paid at the lower of 90% of earnings or the statutory flat rate (currently £139.58) for the remaining 33 weeks, Maternity Allowance is paid at the lower of 90% of earnings or the statutory flat rate throughout.

2. **Statutory Adoption Pay** – Statutory Adoption Pay is only available to employees who have 26 weeks continuous service with the same employer at end of the ‘qualifying week’²⁷ and who meet a minimum earnings test (currently they must earn at least £112 a week - in an eight week test period leading up to and including the ‘qualifying week’).

Self-employed adopters do not qualify for Statutory Adoption Pay and there is currently no equivalent to Maternity Allowance for adopters²⁸.

In considering the evidence I have not been able to find a compelling explanation for this difference in treatment, and looked at objectively it seems that there is a fundamental principle that the self-employed should not be treated any less favourably than employees where they are planning to start or extend their family.

I believe that Government should make changes to the Maternity Allowance system for the self-employed to bring it in line with the level of support that employees who are entitled to Statutory Maternity Pay receive. Implementing these recommendations would send a clear statement that Government recognises the growing importance of the self-employed and the principles of equality and fairness.

²⁶ In the case of birth parents, the ‘qualifying week’ is the 15th week before the week the baby is due.

²⁷ In the case of adoptive parents, the ‘qualifying week’ is the week that that the adopter or joint adopters are notified of a match with a child.

²⁸ Statutory adoption guidance asks Local Authorities to consider making a payment equivalent to Maternity Allowance to adopters who do not qualify for Statutory Adoption Pay but this payment is discretionary and means-tested.

Recommendation: Government should enhance the level of Maternity Allowance provided to the self-employed in the first 6 weeks – bringing Maternity Allowance in line with Statutory Maternity Pay. As is the case with Statutory Maternity Pay the remaining 33 weeks would be paid at the lower of the statutory flat rate or 90% of earnings (in the case of low earners).

I also believe that Government should do more for self-employed adopters and that they should have a statutory entitlement to a minimum level of income if they are unable to work because they are adopting a child. The level of support provided to self-employed adopters should mirror the level of support provided to self-employed birth parents (i.e. there should be an equivalent to Maternity Allowance for adopters).

Recommendation: Government should introduce a new 'Adoption Allowance' for self-employed adopters. In line with Statutory Adoption Pay, I recommend that this should also be enhanced to 90% of earnings in the first 6 weeks - bringing 'Adoption Allowance' in line with Statutory Adoption Pay and my recommendations for Maternity Allowance. The remaining 33 weeks of 'Adoption Allowance' should be paid at the lower of the statutory flat rate or 90% of earnings (in the case of low earners).

Case Study: Charlotte, Blossom Executive Support, Charlotte Wibberley Ltd



Charlotte is a busy mother of two small children, lives in Chelmsford and is an Online Business Manager, Coach and Mentor and successful winner of Mumpreneur 100 Award 2015 and Virtual Assistant of the Year South East 2015.

She set up her business whilst on maternity leave from employment with her first child and had her second while running her own business. There is a big difference in the maternity pay received while employed and the maternity allowance for self-employed individuals. “I didn’t know what I was entitled to; I had to do a fair amount of digging

to find this out, and had to use my savings during this period. It was a relief to get access to maternity allowance but it should be fairer for all”.

Charlotte is able to juggle motherhood with a flexible lifestyle for her family. She strongly advocates that mums can do anything they put their mind to and being self-employed brings many rewards.

Employment Status

The description of ‘self-employed’ applies to farmers, taxi and cab drivers, those running their own businesses, freelancers and contractors. There is no clear understanding of the employment status within many of these groups.

Determining employment status is important for establishing eligibility for statutory employment protections. This can be important for the individual and the employer. For instance, if someone is considering a holiday, they will need to know their employment status to establish whether they are entitled paid leave. Likewise, for the employer, if they are looking to reduce the size of their workforce, they will need to establish whether protections such as redundancy pay apply to those they are letting go.

The lack of a formal definition of self-employment should not be an issue for individuals seeking to set up their own business. However, the results from the call for evidence were stark – 36% “strongly agreed” and 22% “agreed” that the lack of a legal definition of self-employment was an issue for them. To add to the confusion there is also a tax definition of whether or not someone is ‘employed’ or ‘self-employed’. For the purposes of tax this definition is important as it has a direct bearing on what tax and National Insurance liabilities exist. Whilst this is outside the scope of this review, it is clear that simplification and clarification of a single definition for tax and employment law is highly desirable.

Chapter 4: Reducing burdens on the self-employed

The decision to become self-employed is often motivated by the desire to create something wonderful or to achieve a better work life balance, even to do things differently and effectively. Whatever the motivation, the self-employed are making a sizeable and important contribution to the national economy and driving growth. This can only be applauded, encouraged and supported. It is not the role of Government to lay everything out on a plate, but where it is cost effective and achievable to support this effort then that is what should be done. For the good of the 4.6m choosing to support themselves and their families, creating jobs and paying taxes these are the opportunities that my review has identified.

Regulation

As we have seen, self-employment covers such a wide variety of people, sectors, occupations, services and professions. The regulations covering them all varies enormously, one size does not fit all.

Government has stated its wish to simplify the burden on small businesses to thrive and grow in scale. The message that I have received from the self-employed is that there is still more to be done in this area. Excessive regulation and red tape have consistently come up as issues affecting the self-employed. When asked in my online survey what Government could do to make working for yourself easier, 65% of people identified removing red tape as their main issue; with 39% listing red tape as the top priority to be addressed.

Overly complicated legislation and administration is costly for the Government and burdensome to the growth of our businesses and needs addressing in a clear and common-sensical manner.

One step towards achieving this would be to recognise this vision and to make it part of the current procedure by which new legislation, regulations and policies are drafted. Currently an Impact Assessment is carried out to calculate the impact the new policy will have on different sectors. Self-employment is not one of these sectors and it needs to be.

Procurement

Supplying goods or services to the public sector – central Government Departments, and local government including local authorities – is a huge potential market for the self-employed.

In his former role as adviser to the Prime Minister on Small Business and Enterprise, The Right Honourable The Lord Young of Graffham CH, PC, DL identified public procurement as a major opportunity for small firms to grow²⁹, as well as for Government to benefit from efficiency savings. His reports to the Prime Minister recommended that Government

²⁹ www.gov.uk/government/publications/report-on-small-firms-2010-to-2015-by-lord-young

introduce changes to make it easier for small firms to access the procurement, including simplifying Pre-Qualification Questionnaires. As a result Government has taken several steps to make it easier for small firms to bid for Government contracts, including the introduction of an online platform where small firms can find all contracts called Contracts Finder³⁰. I was keen to see if the self-employed were benefiting from these changes or if more still needed to be done.

Just over half (54%) of those who responded to the online consultation had supplied goods or services to Government. Whilst this is encouraging, given the opportunity that this provides, I would like this number to be higher. The public sector in England is estimated to spend £230bn per year on a wide variety of goods and services, and the self-employed should not rule themselves out of competing to deliver them, either on their own or in collaboration with others. As I know from my own experience, those in self-employment have the benefit of flexibility; their businesses are lean, agile and they are pro-active and determined and able to respond quickly – all qualities that can help them to compete for and win Government contracts.

When asked if being self-employed had caused them any problems in seeking to supply Government, one third (33%) said that they had experienced no problems at all, which is pleasing and testament to the work that has taken place in this area. Less encouraging was the fact that an identical number complained about the amount of “red tape” that they felt was involved in the process. This is a particular issue for self-employed because of the nature of their employment means that time spent complying with administration is time that they are not running their business. Unlike larger firms who have staff and in some cases Departments who are used to tendering for contracts, the self-employed have to do this themselves.

Late payment was another significant issue raised as problematic by respondents to the consultation. This is particularly worrying as Government is keen to make sure that private sector firms pay on time and should be setting an example in its own practices.

10% of respondents expressed a concern that they had to tender through a third party which added additional cost to the process, and some claimed that in order to supply Government they had been required to set up a company. Most perturbing of all were the 10% of respondents who felt that there was an active bias against them because of their employment status. Whilst bias or unfair treatment is difficult to substantiate, it is clearly unacceptable. Government has introduced an independent scheme called “Mystery Shopper”³¹ to investigate complaints about the procurement process and I would encourage anyone who feels that they have been discriminated against because they are self-employed to raise this issue with them to investigate anonymously.

I would ask Government to consider these findings and to see what more can be done to improve the process for the self-employed. If Government is to meet its manifesto commitment to make sure that 33% of the money it spends goes to small businesses, then it needs to ensure that the self-employed are treated on an equal footing with small, medium and large sized firms.

³⁰ www.gov.uk/contracts-finder

³¹ www.gov.uk/government/publications/mystery-shopper-scope-and-remit

A further concern is that many of the self-employed were unaware of this opportunity. Again, this is a signposting issue which should be addressed through the central information portal of GOV.UK.

Taxation

Although outside the remit of this review, taxation was repeatedly raised by all of those interviewed – as an administrative burden, a barrier to growth, and an issue that could benefit from improved simplicity and better advice. Given the scale of concern I recommend that Government looks at this in more detail.

Detailed notes were made throughout this review process and where these concern taxation issues, I have passed them on to HMRC, to the Office for Tax Simplification and to HM Treasury.

Chapter 5: Running and growing a business

Growing and Expanding

When asked if they were planning to grow or expand their business, the feedback from the self-employed who completed my survey was fairly even, with 48% saying they had no plans to grow, and 52% saying that they did.

Of those with growth ambitions, when it came to their planned timescale, around half did not know when they would do this, but most had a desire to grow in the short term, with 30% planning to grow their business over the course of next year, 18% in the next 5 years and 3% over the next ten years. Unsurprisingly, given the diversity in business types and methods of working, the ways in which people intended to grow were very varied. However, there were some broad themes – by far the most popular method (29%) was seeking to take on more work and clients, by developing existing partnerships and improving and increasing their reputation. 15% of people sought to grow by diversifying their existing goods and services; and 11% sought to grow through increased marketing and communication.

Of great concern to me was the fact that of those who were planning to expand and grow their business, only 7% planned to do so through innovation and new ideas, and even fewer (4%) highlighted exporting as a method they were considering using to grow their business. This seems shocking to me and is something that I think Government should look at in more detail. Two of the biggest contributors to increased productivity and growth are innovation and exporting. Businesses that export are, on average, 75% more innovative, undertake three times as much R&D and are 12.5% more resilient than businesses that do not³². This suggests the lateral effect of expanding abroad significantly benefits your organisational culture. The Government recently launched its Productivity Plan and ensuring the self-employed who have expressed a desire and ambition to grow are able to do so should be a top priority and warrants further exploration.

From personal experience, I have been surprised and encouraged by the export help available through UKTI and the GREAT campaign. Having worked extensively with UKTI over the last year, I know that the work has been done but the message is not getting out. This is yet another area, part of a recurring theme, where a central portal would help to direct those looking to start and scale their businesses. There is currently confusion over where to go. Clear signposting and a central hub at Gov.uk would make a substantial difference to the usefulness and accessibility of materials that have already been developed and worked upon. This recommendation is particularly exciting because it could be done quickly and in a cost effective way.

Further, it has been expressed and understood that for many self-employed they are happy with the size and scale of their business, they have made a lifestyle choice and are contributing to the economy in a positive and beneficial way. In fact, less than a quarter of

³² www.fedex.com/gb/small-business/growth.html

the self-employed have an employee. Given the size of this population it is incredibly important that these are not be overlooked, dismissed or in any way excluded from future policy making and planning.

Case study: Shaun Pulfrey, Tangle Teezer

Shaun adopted an innovative and very cost-effective approach to exporting from Day one. With the emergence of social media and the growth in e-commerce, Shaun decided that rather than launching into global markets in a traditional fashion - using formal market research reports, market visits and trade shows - he would do it differently. He researched markets using e-commerce and built brand awareness globally through social media, so that distributors found Tangle Teezer rather than the other way around. It's an approach he feels offers huge potential to UK entrepreneurs and businesses thinking of exporting.



'We posted different products across global e-commerce platforms as a way of testing the reaction to colours and pricing levels, and used social media to spread the word about Tangle Teezer. It meant that when distributors from around the world contacted us, we knew they were motivated, we knew there was an awareness of Tangle Teezer and we knew the market was ready for launch. It enabled us to build a global presence in over 70 countries quickly and cost-effectively'. The results speak for themselves, with over 85% of Tangle Teezer's revenue now derived from global markets, and a Queens Award for Enterprise in International Trade.

Employment and Networks

In Chapter 3 it was identified that being self-employed can be a solitary and often lonely occupation with 25% of respondents to our online survey stating the thing they missed most about being an employee was their colleagues. This becomes less of an issue for those who decide to take on an employee but less than a fifth of say they plan to take on more or any employees in the next year.

The most commonly cited reasons for not having any employees are that there is not enough business or work (25%) and they've never thought about it or its not relevant (49%)³³. Other research highlights the perception gap that many self-employed non-employers have over taking on staff. According to BIS research non-employers typically perceive growth to be more difficult than employers with non-employers much less likely to view the process to be very easy (22% compared to 51% of employers). Non-employers

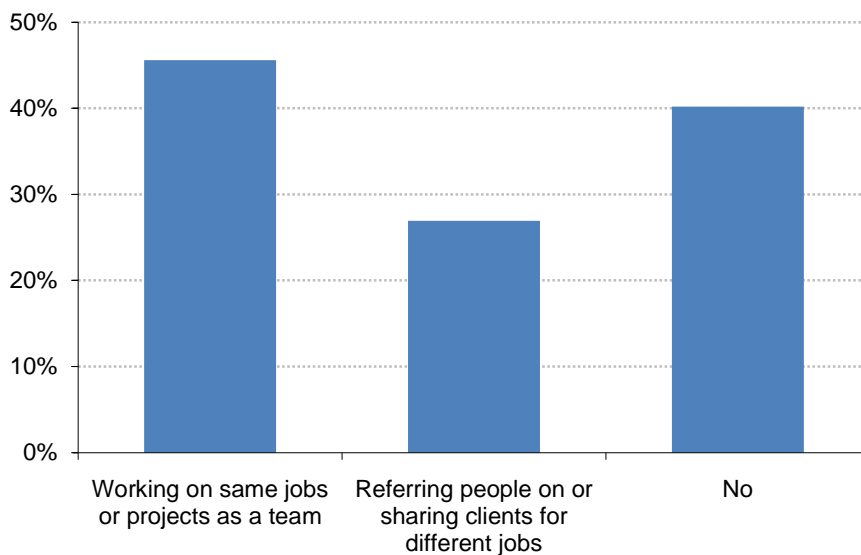
³³ 'Understanding Self-Employment', BIS (2016)

also judged non-wage recruitment costs to be much more expensive (£17,000 versus £7,000).

Taking on a permanent member of staff is not the only option for those seeking extra resource. Flexible working and engaging with other self-employed individuals as freelancers or contractors is a positive and flexible way of gaining additional resource.

According to BIS research³⁴, 46% of people said that they had worked with other self-employed people on the same job or project as part of team whilst 64% of people had referred people on or shared clients for different jobs.

Ever work or co-operate with other self-employed people or businesses (all that apply)



This is indicative of the changing labour landscape. Never before has there been more flexibility in working arrangements, be they informal networks or hubs. Often the fastest growing businesses are those which are most inventive in this area.

Work hubs have been created to facilitate and encourage this type of flexible working however over half (55%) of the people who answered my online survey had not heard of them, or had not used them. A quarter of people (25%) said that they would be encouraged to use a work hub if they were available in a location that was more accessible to them and the third that had used them found it to be a positive experience. There are many such spaces available, a new organisation, Spacehop, encourages work hubs within people's houses and Google's Campuses offer spaces for this type of entrepreneurial working. Visibility of and accessibility to this new and evolving way of working needs to be improved. Consideration should also be given to incorporating such a space in local libraries and community centres bringing commercial activity and life to underutilised resources already in place.

³⁴ 'Understanding growth in microbusinesses', BIS (2013)

Internet

All I needed when I started out was a computer and access to the Internet. With those resources I could do anything; source the leather to make my bags, find a manufacturer to create samples, find a location for my first factory and raise awareness of my bags everywhere from Taiwan to the USA. I use social media to engage directly with my customers all over the world – they are my eyes and ears on the ground. The Internet has made a huge difference in the way that the self-employed can set up businesses and find work.

There has been much discussion about the success of tech businesses in the UK:

- The UK's Digital Tech Industries are growing 32% faster than the rest of the UK economy (in turnover)
- The estimated turnover of UK digital tech industries reached £161bn in 2014
- The Digital Tech Industries are creating employment opportunities and accounting for 1.56M jobs across the UK³⁵

Of the self-employed who responded to my online survey, the overwhelming majority (97%) said that they used the Internet for their business, unsurprising as this was an online survey but still significant. A surprisingly small percentage of people - only 78 out of the 697 who answered the question (11%) – said they used it for marketing activity. This indicates a lack of awareness of the commercial opportunities afforded by social media which is a fantastically low cost and effective way to communicate with customers outside the immediate locality.

³⁵ Tech Nation 2016: www.techcityuk.com/technation

Case study: Tricia Cusden

Launched Look Fabulous Forever, a range of make up providing product and advice for the over 50s. Not wanting to retire she decided to set up her own business and looked used the latest digital marketing techniques to raise awareness of her brand. She placed some video tutorials on YouTube as an experiment. What happened next astonished Tricia. “The videos have had a phenomenal impact and turned us into an international Internet business,” she says.



The Look Fabulous Forever YouTube channel instantly became Tricia’s main promotional vehicle and, in its first year of trading, the company more than doubled its sales targets. To date, the 12 videos on Look Fabulous Forever’s YouTube channel have had a phenomenal 911,000 views. Asked if she can pinpoint the reason for the company’s runaway YouTube success, Tricia says “all of our videos have the phrase ‘makeup for older women’ in the title, the second most searched for term by our demographic. We’re also one of very few companies meeting a real demand. The big players are only now waking up to the opportunity we knew existed.” Between December 2014 and January 2015, 10,500 people from 24 different countries visited the Look Fabulous Forever website, an increase of around 1,000% compared to the same period in the previous year.

There is a tremendous opportunity for a hook up of two disparate age groups; the younger, more tech savvy generation with digital and social media skills and the 55+ age group who we have identified as being a key part of the self-employed population³⁶. For those who are wanting to expand their online presence, there are numerous programmes available, all of which should be signposted by GOV.UK. Examples include:

- **Google’s** digital garage initiative offers businesses a digital ‘health check’ and free digital masterclasses and aims to reach 200,000 small businesses by the end of next year
- **Vodafone** is running a series of workshops to help smaller businesses be more competitive in the global marketplace
- **Enterprise Nation** is running a programme of digital skills events around the country
- **Barclays’** Digital Eagles provides practical advice on online activities
- Sage provides mentors to help businesses adapt and learn new digital skills and hosts digital skills events throughout the year

³⁶ Nearly half (43%)

- **eBay's** Global Shipping Programme helps small businesses to sell across borders
- **Lloyds Bank** produces the UK Digital Business Index every year and is working with **Go ON UK** on a small business focused programme in London

Problems with limited broadband connection and poor Internet speed were also raised (9%). It is important that the UK has the latest and most up to date digital infrastructure in order to be competitive in the new global market place. This should be available throughout the UK, regardless of geographic location. The self-employed often work from home or in rural areas and it is important that this does not place them at a disadvantage when compared to people in big cities when it comes to access to quick, reliable and superfast broadband and digital capability. The Government's £1.7bn rural broadband programme aims to address this by ensuring that superfast broadband is available to 95% of UK premises by the end of 2017. The Government is also due to consult shortly on the introduction of a broadband Universal Service Obligation, with the ambition to give people the legal right to request a connection to broadband with speeds of 10 Mbps.

There can be no question that technology has revolutionised the way we work and offers great opportunity for the self-employed. To capitalise on this, trade and professional organisations must take responsibility for keeping their members up to date with technological advances and the self-employed, if wanting to grow their businesses, need to use whichever networks and forums they feel most comfortable with to keep their knowledge base current. I would advocate combining disparate age groups and underutilized existing community resources to facilitate this exchange.

Chapter 6: Conclusion

This report has been written following consultation with as many people as possible in self-employment, those thinking about starting out on their own; people running a business; entrepreneurs; those using social media platforms; organisations that provide support, funding and advice and trade bodies that represent a range of sectors and diverse groups of self-employed people.

I look forward to the Government response to my report over the coming months.

Appendix

I have met or spoken with a range of self-employed people during the course of this review. Had discussions and corresponded with organisations that raised issues on behalf of their members. I also put in place an open call for evidence, hosted on the BIS website. Almost 900 people have responded and given their views, which have fed into this report.

I have engaged with a wide audience including:

- Policy officials across Government Departments
- David Rutley MP
- David Morris MP
- Baroness Karren Brady CBE
- Baroness Martha Lane-Fox of Soho, CBE
- Baron Young of Graffham CH, PC, DL
- Trade bodies : FSB, IoD, ICAEW, ACCA, BCC
- Representative bodies: IPSE, FCS, RSA
- Growth Hub
- Membership bodies
- Enterprise Nation
- National Entrepreneur Network
- Self-employed businesses
- Online freelancing platforms: Mumsnet
- Online selling platforms: Etsy
- Guardian Small Business Network
- Start-Up Loan Company
- Prince's Trust
- James Caan CBE
- Tangle Teezer
- Google UK
- Rob Love, Chairman, Crowdfunder
- Virgin Start Ups
- British Library
- Drapers
- Richard Reed (Co-founder of Innocent Drinks)
- QEST, (Queen Elizabeth Scholarship Trust)
- British Fashion Council
- Index Ventures

Finally I am proud of this report and of this review-it has taken over six months and many people have worked incredibly hard behind the scenes. One person needs special mention – Nicola Hamilton, borrowed from my team at The Cambridge Satchel Company has been my right hand, I am very much in her debt.

Biography

Julie Deane, OBE
CEO & Founder, The Cambridge Satchel Company



An unlikely fashion entrepreneur, Julie Deane OBE graduated from Cambridge University in 1987, and worked as a chartered accountant before returning to the University, where she was the Fellow for Development for her college – the first female to be appointed to this role in the 650-year history of the college. At the end of 2007 Deane wanted to raise the money to move her eight-year-old daughter from a school where she was being bullied into a school where she would thrive and be happy, and came up with the idea to make traditional leather satchels for the schoolchildren of Cambridge.



Deane invested just £600 of her own money to get the idea off the ground. Over several months she worked to set up the business with her mother, Freda, from her kitchen table in Cambridge; learning to code so she could create a website, sourcing a manufacturer who could make the first samples and learning about the world of bloggers and social media, so she could promote her bags.

The company is now a handmade-in-Britain worldwide phenomenon employing more than 140 people and selling to over 120 countries. In December 2014, Julie was appointed an Officer of the Order of the British Empire receiving an OBE for Services to Entrepreneurship.

Since taking investment in 2014 from Index Ventures, who has backed the likes of Net-a-Porter, Skype and ASOS, the company has been able to invest in establishing its brand to secure long-term growth. Julie has worked with her team to design a wider product range, open UK stores and build a global exporting business through an improved global website and international partners.

Despite enormous pressure to satisfy demand with an overseas production model, Deane is committed to preserving British manufacturing and set up her own workshop in Leicester so all the bags are made in the UK. Julie is an ambassador for QEST, the Queen Elizabeth Scholarship Trust, reflecting her ongoing commitment to British manufacturing and craftsmanship.

Collaborations with prestigious designers and retailers including Vivienne Westwood, Comme des Garçons and Christopher Shannon have seen The Cambridge Satchel Company grace catwalks from London to New York. The bags have appeared in shows including *Girls*, *The Good Wife* and *Gossip Girl* and on the arms of celebrities such as Alexa Chung, Taylor Swift and Suki Waterhouse.

You can see Julie's story in the Google Chrome ad campaign here:

www.youtube.com/watch?v=dK-dItBgfM

The Cambridge Satchel Company's success has been recognized through a number of awards including:

- Mainstream Brand of the Year – Drapers Awards 2015
- Manufacturer of the Year – Insider Made in the UK Awards 2014
- Ranked #7 in the Sunday Times Fast Track 100 in 2013 (and awarded Fast Track Outstanding Achievement Award in May 2014)
- Queen's Award for Enterprise in International Trade – 2013
- RSM International Entrepreneur Of The Year - European Business Awards 2013 (Julie Deane was the first female to have ever been awarded this honour)
- Accessories Brand of the Year – Drapers Footwear & Accessories Awards 2013
- Footwear & Accessories Design Team – WGSN Global Fashion Awards 2012
- Fashion & Retail Personnel Smaller Retailer of the Year – Drapers Awards 2012



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