

The Self-Employed During the COVID-19 Pandemic

Briefing from the London School of Economics, 26th May 2020

Overview

- New research from LSE finds **that the self-employed – including delivery drivers, builders and hairdressers - have been particularly heavily-hit by the COVID-19 pandemic.**
- Focusing on the challenges relating to health, finances, work patterns and the need for support, **the evidence finds many self-employed people are having trouble paying basic expenses, are worried about their health as they deliver often key services via the gig economy, and are unclear what official support they are entitled to.**
- The important new analysis, from Professor Stephen Machin and Jack Blundell at LSE's Centre for Economic Performance (CEP), adds to the evidence base that will help ensure the challenges facing the vulnerable are understood and acted upon during, and after, the crisis. The research team are looking at further data from this cohort to track experiences of self-employed as the UK enters the next phase of dealing with the repercussions of pandemic.

The Finances of the Self-Employed

- The research finds that **more than a third of those surveyed (34%) say they have had trouble paying basic expenses such as rent, mortgage payments or essentials in the last month.**
- Around three out of every four respondents reported having less work in April 2020 than usual, and 46% of these people noted they had difficulty meeting essential costs in the last month.
- In April, the self-employed worked an average of 11-20 hours per week, down from 31-40 hours the previous year. **More than 60% of workers earned less than £1,000 in April, more than double the number earning below £1,000 in April 2019.** The largest reductions in self-employment hours and income are among lower-income, older individuals without employees.
- There are no gender-related differences overall, but this is due to self-employed women being more likely to be able to work from home. Comparing men and women who can work from home, women appear to be more negatively affected than men.
- Of the self-employed people whose work has been affected, one in five could not afford an emergency £500 expense, saying that they would not be able to meet it or would be forced to sell something to do so.

The Health of the Self-Employed

- **A third of self-employed workers stated that their health is at risk while working during the coronavirus crisis.**
- **This rises to nearly four out of every five (79%) of “app workers”:** those contracted through digital platforms, many of whom are delivery drivers.
- Despite their fears, these people report that they continue working despite the risks primarily because of the financial incentives and fear of losing future work

Fears for the Future, and Claiming Support

- On average, the self-employed expect their work to return to normal in September 2020, though around one in five expect to have to wait until 2021 and around one in 20 fear that things will never return to normal.
- On average, higher-income workers are more likely to apply for the Self-employment Income Support Scheme, with **more than 40% of those who had not applied being unsure of whether they are eligible.**
- The self-employed significantly value income support and **on average, they are prepared to sacrifice 10% of their regular income to be guaranteed similar support for future economic shocks.** Solo self-employed individuals value income support twice as much as those who are self-employed with employees.
- The study finds overall high rates of claiming from the Government’s Coronavirus Self-employment Income Support Scheme, which provides a grant of up to £7,500 to those who report losing some business due to the crisis.
- Out of those surveyed on the day of the Scheme’s opening, 34% of respondents had claimed. After two days of the Scheme being open, that had increased to 43%. **But of those who had not claimed, 41% were not sure whether they were eligible or not,** indicating additional effort may be needed to help communicate to those who can benefit from the scheme.

The Survey and Background

- The LSE-CEP Survey of Self-employment May 2020 was carried out between **12-16 May**. The results are based on 1,500 self-employed workers’ responses from an internet panel. The respondents are roughly representative of the UK’s self-employed population.