

Making a Difference

Coronavirus (COVID-19): Developing more support for the self-employed

Professor Julia Rouse, Manchester Metropolitan University



The Problem

Despite the Government's welcome provisions to help the self-employed during the Coronavirus (COVID-19) pandemic, in the form of the Self-Employment Income Support Scheme (SEISS), research conducted by Professor Julia Rouse from the Decent Work and Productivity Research Centre, with colleagues from the Enterprise Research Centre, outlined how many workers would fail to benefit from the support.

The study showed that more than 750,000 self-employed people in the UK would miss out and highlighted concerns that traders who had recently started up their businesses were most vulnerable to a total loss of income.

The research looked at the support available to four categories of self-employed workers under UK COVID-19 policy:

- The established self-employed for whom self-employment is a main job
- Newer self-employed people for whom self-employment is a main job but who didn't submit a Self-Assessment tax return in 2019-20
- The self-employed as a second job, and;
- The established self-employed who grew their businesses so self-employment became their main job in 2019-20.

What we discovered

Using data from the Business Population Estimates 2019 produced by BEIS along with data from the Labour Force Survey (LFS), we found that while 3.65 million self-employed people for whom self-employment is their main job did qualify for the Government's SEISS, 756,200 self-employed people who fell into the other three categories did not, accounting for nearly one in five self-employed workers (18%).

The report warned this could leave many self-employed people and their families suffering serious hardship, pointing out that those with small savings or a working partner would receive little or nothing from the Universal Credit (UC) system, conditions that do not stop being claiming the SEISS. This is problematic because it means the 'social contract' around 'being in it together' during Covid19 is highly unequal. Employment and Support Allowance (ESA) that is available during COVID-19 illness is set at just £73 per week and cumbersome to access.

The UK had a self-employment led recovery in terms of job creation from the 2008 recession. We forecast a decrease in self-employment in this recession as businesses fail and people perceive being newly self-employed as more risky due to SEISS exclusions. The implications of policy failure are significant for the UK economy and communities, as well as individual families, therefore.

Recommendations

A series of policy fixes were recommended in order to expand the proportion of self-employed people eligible for support.

These included:

- Allowing the self-employed without a 2018-19 Self-Assessment tax submission to make a 2019-20 submission before May 5, which would have made them eligible for a SEISS payment in June.
- Relaxing the savings taper and threshold in Universal Credit to create access to basic social protection for all during a national emergency, to avoid the danger that the coronavirus crisis would unfairly erode the chance of future home ownership, business recovery investment and comfortable retirement of the most vulnerable self-employed.
- Extending grant payments to home-based self-employed businesses to help absorb losses, manage cashflow and support self-employed people to 'pivot' into trading digitally or in different goods and services.
- Ensuring that a 'mortgage holiday' was available to all self-employed workers and that deferred payments could be added to the mortgage term rather than increasing monthly payments after the initial three-month hiatus.

Professor Rouse's research has contributed to policy discussion in Whitehall and Parliament, informed lobbying stakeholder groups and collective action among the self-employed themselves via social media (@profjuliarouse's Twitterfeed). Sadly, however, these policy recommendations have been ignored. Martin Lewis of Money Saving Expert

described how the gaps in COVID-19 policy have become fissures that will create long-term social divides. This is an issue that Prof Rouse is now researching further through analysis of who is excluded from the SEISS (e.g. are women and people of BAME background more excluded?) and via proposed research to directly inform policy in new projects.

Prof Rouse has also been campaigning for more gender aware support for the self-employed under COVID-19.

Further information

Professor Julia Rouse is Professor of Entrepreneurship within the Decent Work and Productivity University Centre for Research and Knowledge Exchange at the Manchester Metropolitan University. She is Co-Chair of the Women's Enterprise Policy Group which represents leading experts from business support and academia.

The full study, *Covid19: Critique and Proposals to Develop More Comprehensive and Inclusive Support for the Self-Employed*, is available from the Enterprise Research Centre.

Julia Rouse, Ashwin Kumar and Rebecca Weicht: *Coronavirus: Protecting the vulnerable self-employed* Analysis of the UK Government's deal for the self-employed.

Julia Rouse, Ashwin Kumar and Rebecca Weicht: *Coronavirus: Why Germany and Denmark are doing better for the self-employed* An assessment of the scale and nature of support for the self-employed in Europe.

Julia Rouse: *(Coronavirus) COVID-19 and the effect on self-employed women*.

Contact the author:
j.rouse@mmu.ac.uk

 [@mmu_business](https://twitter.com/mmu_business)
 [@mcrmetribl](https://twitter.com/mcrmetribl)

mmu.ac.uk/business-school/research