MORE THAN A THIRD OF SELF-EMPLOYED LACK MONEY FOR BASICS
Four-in-five app workers say they fear their health is at risk

More than a third (34%) of self-employed workers say they have had trouble paying basic expenses such as rent, mortgage payments or essentials in the last month, according to a new survey out today.

The survey, published by the LSE’s Centre for Economic Performance (CEP), finds that the self-employed have been hit particularly hard by the Covid-19 crisis, with around three out of every four respondents reporting less work in April 2020 than usual, and 46 per cent of these people saying they had difficulty meeting essential costs in the last month.

And the new study – Self-employment in the Covid-19 crisis – finds that a third of self-employed workers feel that their health is at risk while working during the coronavirus crisis. This rises to nearly four out of every five (79%) “app workers”, those people who are contracted through digital platforms, many of whom are delivery drivers.

App workers report that the reason they continue working despite the risks is primarily due to the financial incentives and fear of losing work in the future. The study also reports that:

- In April, the self-employed worked an average of 11-20 hours per week, down from 31-40 hours in the previous year. More than 60% of workers earned less than £1,000 in April, more than double the figure earning below that amount in April 2019.

- Of the self-employed people whose work has been affected, one in five cannot 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 largest reductions in self-employment hours and income occur for those already earning lower incomes, for older individuals and for the solo self-employed (those without employees working for them).

- 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.

- 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. On average, they are prepared to sacrifice 10% of their regular income to be guaranteed similar support for future shocks. Solo self-employed individuals value income support in percentage terms by twice as much as those who are self-employed with employees.

The study finds 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.

Jack Blundell, co-author of the report, said: “The support that self-employed workers are receiving from the government cannot come too soon for many – almost half of affected self-employed workers are struggling to pay essential bills. And a third are continuing to work despite fearing for their health.

“But our analysis shows that there is substantial uncertainty about who is eligible for this support. We find that most self-employed workers value social insurance – and that many are prepared to tolerate paying more in tax in exchange for the guarantee of income support, if needed, in future.”

Stephen Machin, director of the Centre for Economic Performance, added: “The Covid-19 crisis is exacerbating inequality in our society. The self-employed have faced a precipitous drop in income and hours, but some have been hit far harder than others. Those on lower incomes, older workers, and solo self-employed workers are more heavily affected.

“For self-employed people who continue working, an alarmingly high proportion report feeling as though their health is at risk. This is particularly high among app workers who express a fear of losing future work, which once again raises questions about how much flexibility is really available to workers contracted through digital platforms.”

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.

The full report is available here: Self-employment in the Covid-19 crisis

Notes to editors

1. The Centre for Economic Performance (CEP) is an independent research centre based at the London School of Economics and Political Science. Its members are from the LSE and a wide range of universities within the UK and around the world.

3. About the authors
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