

SELF-EMPLOYED COVID-19 SUPPORT SURVEY



John Healey, MP for Wentworth & Dearne

July 2020

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Introduction: John Healey MP

I launched this survey in June to hear from self-employed workers about the government's financial support available to them during the COVID-19 crisis and the difficulties they face as we begin to slowly come out of lockdown.

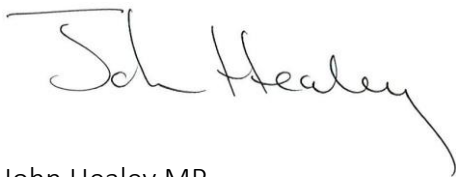
Sole traders and small business owners are the backbone of our local economies, with 28,000 self-employed workers registered in Rotherham and Barnsley alone. Their livelihoods are vital to their own families, as well as our country's economic recovery.

The findings of this survey confirm just how widely self-employed workers are spread across a variety of different industries and fields – from construction workers to beauticians, self-employed workers are at the heart of all our communities. I was concerned that the Government's financial support package throughout this crisis was leaving out hard-working self-employed workers in favour of supporting large firms and PAYE employed workers. And I want to make sure it's not just big business that survives Covid-19.

Over 300 responded to the survey – almost one quarter locally from South Yorkshire – and I want to thank each of them for making the time to do so. The information they have provided shines a harsh spotlight on how tough trading continues to be for self-employed workers and how flawed the Government's support scheme has been during this pandemic. I am also grateful to the Barnsley & Rotherham Chamber of Commerce and South Yorkshire Federation of Small Business (FSB) who have encouraged me in this survey, and to Chris Hague who has helped me prepare this report.

The survey asked whether self-employed workers have been able to access and receive support the Government's Self-employed Income Support Scheme (SEISS), Universal Credit and other financial support schemes, the wider challenges faced by self-employed workers since the start of lockdown, and what suggestions they may have to improve the support available for self-employed workers in our Wentworth and Dearne constituency, South Yorkshire and the UK as a whole.

The findings are stark. Those who are self-employed and still facing such pressures from the Covid crisis need more support. I will now present the hard findings of this survey to the Chancellor, I will discuss the conclusions with Labour's Shadow Chancellor and I will link-up with our local Chamber of Commerce and FSB to help give a stronger voice to sole traders and self-employed workers.



John Healey MP
July 2020

Self-Employed Income Support Scheme

The Chancellor announced on March 26th the introduction of the SEISS, a taxable grant worth 80% of a self-employed worker's average monthly trading profits up to £2,500. The grant would be available in June. On May 12th, the Chancellor announced that the scheme was to be extended for a second grant available in August but, with a lower cap on average monthly profits up to £2,190. Unlike the furlough scheme, those eligible for the SEISS can keep working whilst claiming the grant and it doesn't stop you from claiming Universal Credit (UC).

The grant is available for those who can prove their business has been "adversely affected" by coronavirus such as being unable to work due to falling ill with coronavirus, or having business scaled down due to disrupted supply chains or a drop-in customer demand.

However, the Government's eligibility criteria for the SEISS also includes:

- Average trading profits under £50,000 a year
- More than 50% of your total income supported by your self-employed work
- Tax returns filed for 2018/2019 and therefore you must have been self-employed prior to April 6th 2019
- You must not be a director of a limited company

The Chancellor has declared both the SEISS and the furlough scheme are some of the most "generous" financial support schemes in the world to assist workers through the financial difficulties faced by the coronavirus global pandemic. The Chancellor also promised, when announcing the SEISS on March 26th, not to leave self-employed workers behind and said that 95% of self-employed workers will benefit from the SEISS – a scheme the Chancellor proclaimed, "is fair [and] targeted at those who need it the most." He has also argued that those who fail to qualify for the SEISS can be supported through the range of other financial support schemes.

The findings of this survey fail to support these statements.

The findings are, however, backed by analysis conducted by Excluded UK and Martin Lewis, founder of Money Saving Expert. Both claim 3 million self-employed workers are ineligible for the SEISS and have fallen through the safety net, including newly self-employed workers, freelancers and limited company directors.

Key Findings

- 97% businesses reportedly experienced loss of income due to lockdown yet 80% of respondents have not received help from the SEISS
- Of the respondents who received help from the SEISS, 76% of respondents found that the grant was not enough to keep their business going during the lockdown period
- 13% of businesses had to close permanently due to lockdown. If this is reflected in Barnsley and Rotherham, 3,752 businesses will have closed in this area alone
- 66% of respondents, who have received the grant, believe that the amount they will receive from the second grant, due to the reduced cap on income, will not be enough to continue their business
- 50% of respondents believe that the end of the SEISS by the end of August will put their business at risk of closure
- Whilst only 19 respondents said they have both received the grant and currently have employees, 13 of them said they will need to consider ending their employment with them by the end of August when the SEISS comes to an end
- 60% of respondents believe that the way the Government has calculated the amount self-employed workers can receive is unfair or very unfair

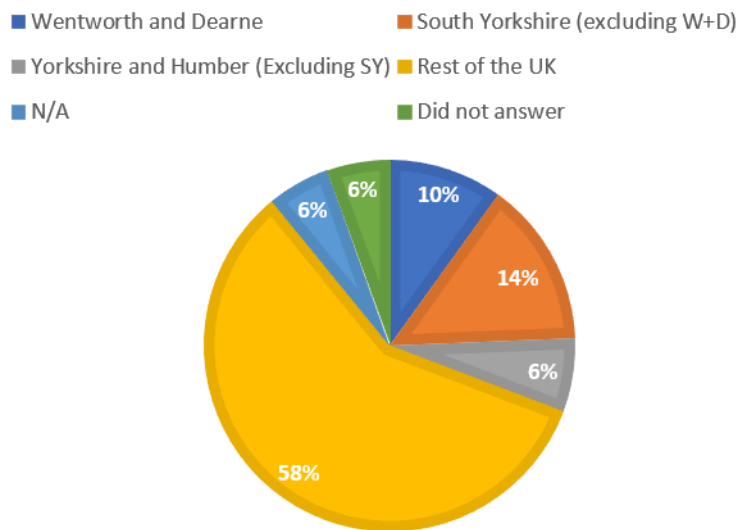
Key Conclusions

The economic crisis continues, especially in sectors or local areas where Government decisions prevent businesses from re-opening or reimpose lockdown closures. As businesses battle to trade and help pull the country through this pandemic period the survey findings show a clear-cut case for Government extending support for the self-employed past August and making this support more flexible. The experience and the prospects of the self-employed workers in this survey strongly make the case for the Government to:

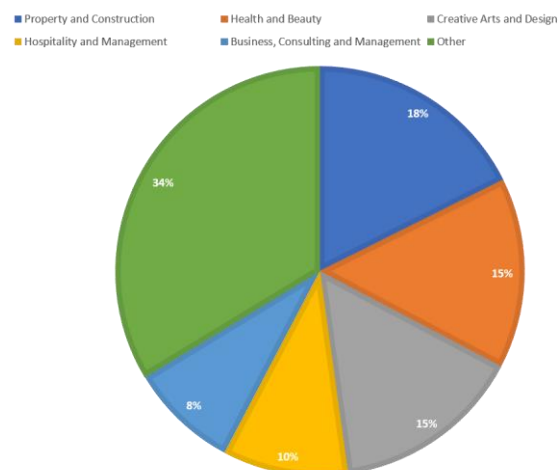
- Rethink the 'one-size-fits-all' approach to scaling back the SEISS, so it can operate past August for certain sectors in step with public health measures the Government itself is imposing
- Revise the scheme to recognise the fact that self-employed people often build up savings to pay their tax bills or invest in their business, so the £16,000 savings bar is inappropriate for the self-employed workers needing to claim Universal Credit
- Take into account tax records held by HMRC since 2019 where people may have been employed before becoming self-employed or in supplementing their self-employed income
- Design specific and ongoing support for freelancers working in sectors or areas that are prevented from working by Government public health rules

Survey Results, Analysis and Commentary

The self-employed survey ran from June 9th until July 1st, 2020 and was publicised by John on his website and social media accounts. The survey was also picked up on several local media outlets such as the Rotherham Advertiser and Rotherham Business News and John appeared BBC Radio Sheffield to also promote the survey. The survey was accessible through the survey application *Survey Planet* which allowed for both closed multiple choice questions and open ended-questions – supplying the report with both quantitative and qualitative data. The survey received 312 responses from across the UK with 31 respondents from Wentworth and Dearne, 76 from South Yorkshire (including Wentworth and Dearne), and 96 from Yorkshire and Humber (including all South Yorkshire) (see appendix 1). Despite the local publicity the survey generated, the survey also received 182 responses (58%) from self-employed workers from the rest of the UK.



This survey uncovers the extent of the impact lockdown has had on self-employed workers in Wentworth and Dearne, South Yorkshire and across the country. The self-employed workers who responded to this survey are spread across a wide variety of different sectors, industries

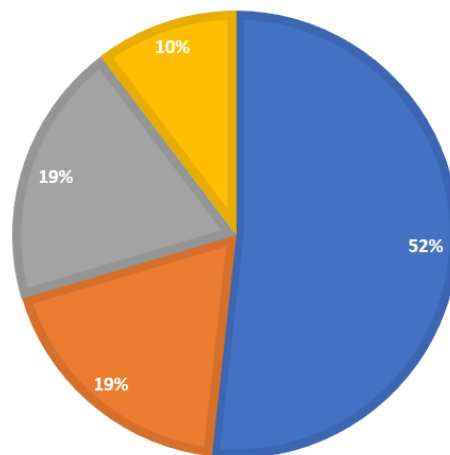


and professions. These professions and industries have been affected in different ways and to different degrees, this survey has found.

91% of respondents claim that their self-employed work is their only form of employment, and 97% reported that they have experienced a loss of income because of lockdown, highlighting just how important financial assistance from the government was to our self-employed workers.

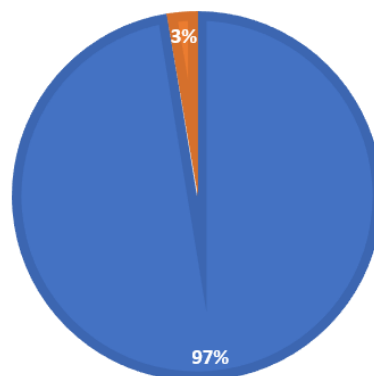
The majority (52%) have been self-employed for more than five years and therefore run well-established businesses at the heart of our local economies and communities.

■ Have been self-employed for more than 5 years ■ Have been self-employed between 2-5 years
■ Have been self-employed between 1-2 years ■ Have been self-employed for less than a year

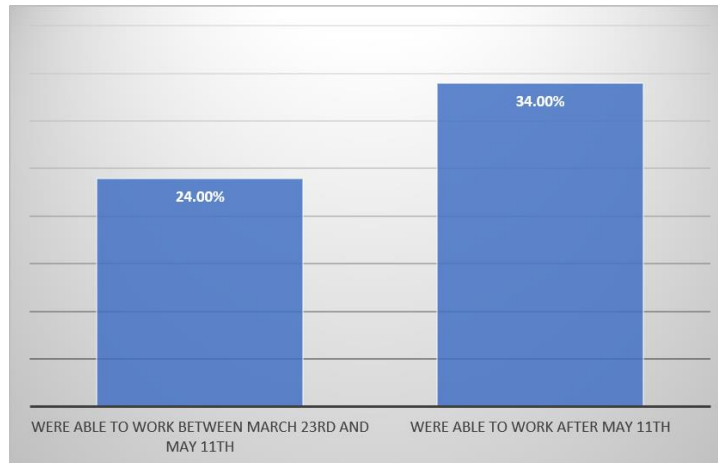


The public health measures put in place by the Government in order to contain the virus have had serious knock-on effects on our self-employed workers. 13% of businesses had to close permanently due to lockdown because they lacked financial support. Only 24% of respondents were able to do any of their self-employed work between March 23rd and May 11th.

■ Have experienced a loss of income because of lockdown
■ Have not experienced a loss of income because of lockdown



Whilst this number increased to 34% when asked if they were able to work after May 11th as lockdown restrictions were lifted – representing a 10% increase – it highlights the serious issues self-employed workers face as we begin as a country to come out of lockdown and restart our economy. Although the change to a 1m social distancing rule at work from July 4th should help more self-employed workers to also return to work, there are still many issues facing self-employed workers which prevent them from returning to work.



Moreover, this is causing a hit to employment as those self-employed workers who do have employees, just 34% have been able to keep them on during lockdown according to the findings of this survey.

Self-employed Income Support Scheme

The Government's SEISS, designed to assist self-employed workers during lockdown with grants covering 80% of a worker's average monthly trading profits until August in two separate grants, has not lived up to expectations.

Self-employed workers have responded that accessing the grant has been a major hurdle. 80% of respondents have not received help from the SEISS and 48% of respondents believe that the Govt have made it either difficult or very difficult to access information related to the SEISS.

The reasons for being denied the SEISS vary however they largely fall behind four different categories:

- Their income is above £50,000 a year
- They are a director of a limited company
- They are newly self-employed since start of the 2019-20 tax year
- At least 50% of their income is not supported by their self-employed business(es)

The requirement that at least 50% of workers' income is supported by self-employed work to access the SEISS is causing issues for pensioners and freelancers particularly. Several respondents claim they were refused access to the SEISS because their pension income is greater than their self-employed income or because they took a lump sum of their pension

within the past two years – causing their self-employed income percentage to fall below 50%. One respondent claims they were refused access to the grant because their self-employed work accounted for 49.6% of their income – a fraction under the threshold – in 2018-2019.

There have also been some claims of unfair exclusions based upon the eligibility criteria set out by the Government. One respondent to this survey claims they were excluded from the SEISS due to being off work in 2017 for 12 weeks due to an operation which resulted in a loss of income from their self-employed work. Another respondent claims they were excluded due to a six-month drop in income in 2019 because they had cancer. These claims call into question the flexibility of the SEISS to adapt to the circumstances of self-employed workers and ensure people are not unfairly excluded because they have taken extended leave from their self-employed work due to illness in previous years.

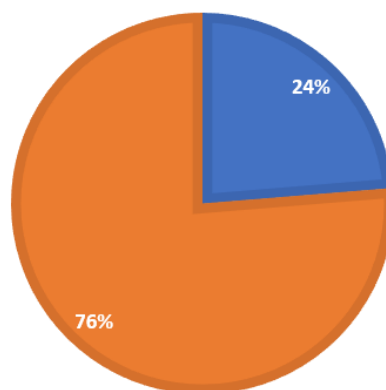
There has been a great deal of confusion as to why newly self-employed workers have been excluded from the SEISS in the responses to this survey, given their self-employed work is to most, their only source of income – something which has taken a considerable hit during lockdown.

Additionally, limited company directors are also excluded and are forced to instead furlough themselves on their PAYE income, which does not take into account their income in dividends. Moreover, furloughing themselves would prevent them from working, something the SEISS would not.

Self-employed workers earning over £50,000 a year are also not sure why they are excluded from accessing the SEISS financial assistance – with claims that the limit is “unreasonable” and “outrageous” given the furlough scheme has no such limit to receive support. Whilst some survey respondents say they have accessed the Government’s Bounce Back Loans, there are serious concerns that this will lead them into a cycle of debt that they cannot escape from once lockdown is eased.

These gaps have meant that 60% of self-employed workers who responded to this survey believe that the way the Government has calculated the amount self-employed workers can receive is unfair or very unfair. Only 25% believe it is fair or very fair.

- The grant was enough to keep their business going during lockdown
- The grant was not enough to keep their business going during lockdown



Of those able to access the grants provided by the SEISS, just 24% of respondents believed that the grant was enough to keep their business going during lockdown. This has meant several self-employed workers have reportedly struggled to pay their bills during lockdown.

Yet despite this, the Government has lowered the second grant's cap to £6,570. Just over half (51%) of respondents, who have received the grant, believe that the second grant's lower cap will mean they receive less money than the first grant. Even more worrying is that this survey found that 66% of respondents, who have received the grant, believe that the amount they will receive from the second grant will not be enough to continue their business.

The end of the Self-employed Income Support Scheme

The Government's decision not to continue the SEISS beyond August is causing considerable anxiety to those able to claim the SEISS. 50% of respondents believe that the end of the SEISS by the end of August will also put their business at risk of closure.

Additionally, whilst only 19 respondents said they currently have employees, and receive the grant, 13 said they will need to consider ending their employment with them by the end of August when the SEISS comes to an end.

The inflexibility of the SEISS is also further highlighted by its wind-up date of August as specific industries such as entertainment, arts and tourism will continue to face considerable challenges coming out of lockdown – having a serious negative impact on their income. Some self-employed workers are also worried that once they can re-open, they will struggle to survive as much of their usual clientele are elderly and therefore will be unlikely to return before a vaccine is found.

The lack of a clear roadmap, moreover, brings self-employed workers across many industries considerable anxiety as they still do not know when they will be able to reopen yet are told they will stop receiving financial support from the SEISS in August.

Universal Credit and other financial support schemes for the Self-employed

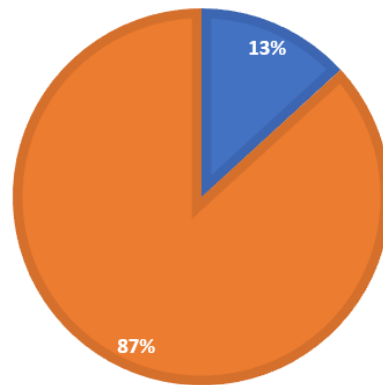
43% of respondents to this survey claim they have applied and been awarded UC. However, several respondents who selected 'other' also claimed they had applied for UC but were rejected. Just 4% of respondents claim they were awarded Employment Support Allowance (ESA). Of those who tried accessing either UC or ESA, 59% said they have had issues accessing the schemes or receiving money.

Issues in access to Universal Credit (UC) are varied for self-employed workers but are largely summarised into three categories:

- Having savings above £16,000
- Having a partner still working full time so unable to claim UC
- Rejected for having income from another property

The under £16,000 in savings requirement to access UC has forced some self-employed workers to dig into their savings for retirement or mortgages in order to pay for their bills and essentials – therefore punishing older self-employed workers and those trying to get on the housing ladder.

- The money received from UC or ESA was enough to cover living costs
- The money received from UC or ESA was not enough to cover living costs



Applying for and accessing UC has also caused considerable strain as this survey's results demonstrate. Overwhelmingly, respondents to this survey claim that the process to claim UC is slow, bureaucratic and overly complicated. Long phone queues were commonly reported. This has resulted in numerous reports of delayed payments; sometimes resulting in a 4-5 week wait, leaving some to rely on food banks and credit lenders. One respondent claimed that the Department for Work and Pensions (DWP) needed their partner's settlement status, which delayed payment. Another respondent claims they were required by the DWP to submit frequent proof that they were still shielding via post despite the fact they cannot leave the house for their own safety.

Those who managed to access and receive support from UC or ESA found that the payments were not enough. 87% of respondents who accessed either UC or ESA found that the payments were not enough to cover their living costs. One respondent to this survey claims they are living on just £800 per month from UC to look after a family of five after they were denied access to the SEISS for being a limited company director.

Self-employed workers who responded to this survey have had several suggestions to improve the financial support schemes available to self-employed workers:

- Allow newly self-employed workers to access the SEISS
- Remove the £50,000 income cap
- Scrap or at least make the 50% eligibility criteria to access the SEISS more flexible – not counting pension income in the calculation for example
- Supply greater financial protections for pensioners who use their self-employed work income to top up their pension.
- Include PAYE income when calculating eligibility for SEISS in order to prevent freelance workers from being excluded
- Temporarily remove the £16,000 savings cap for claiming UC
- Rent support for small businesses still unable to re-open due to lockdown restrictions

- Financial support to self-employed workers who are shielding and therefore cannot work

Related Surveys and Reports

A Treasury Committee report published in June 2020 found that 225,000 people fail to qualify for the SEISS due to their income being above £50,000. The report also found that freelancers, who combine their self-employed work with temporary contracts for employers, were ineligible for both furlough and the SEISS. Paul Johnson, director for the IFS told the committee that the Treasury's "very broad-brush approach.... [has] resulted in some pretty rough justice." However, the Committee called on the Government to now address some of the gaps in the SEISS for the second grant payment available in August. The Committee argues that limited company directors for example should not be excluded and the Government should counteract worries about potential fraud with enhanced vetting measures.

In addition, the London School of Economics' (LSE) Centre for Economic Performance published a survey in June 2020 conducted with a sample size of 1,500 self-employed workers to assess the impact the coronavirus pandemic has had on their livelihoods. The survey found the self-employed had been hit incredibly hard by the coronavirus pandemic. Self-employed workers saw a drop in work in April from an average of 31-40 hours per week to just 11-20, according to the survey. The number of self-employed workers found to be earning less than £1,000 in April (60%) was more than double that in April 2019. According to the survey, this has resulted in a third of self-employed workers reportedly struggling to pay for essentials. These findings from the LSE Centre for Economic Performance therefore support this survey's discovery that 97% of self-employed workers have experienced a loss in income since lockdown.

The LSE survey also found that older self-employed workers were the least likely to claim the SEISS. This finding can be explained further by the results of this survey as it found that several respondents were unable to claim the SEISS as a portion of their income came from their pension in lump sums, which meant their self-employed income failed to reach the 50% income threshold required to claim the SEISS.

Additionally, the Federation for Small Businesses (FSB) believe nearly two-thirds of small businesses are "facing significant failures in making commercial rent." This survey's findings support this argument as 50% of respondents who received funds from the SEISS believe that the end of the grant by the end of August will put their business at risk of closure.

However, it is important to note that some sectors are much more deeply affected than others throughout this crisis. The LSE survey warns that lockdown has had a significantly stronger negative impact on some sectors than others for self-employed businesses – arts, media and entertainment are highlighted as some of the worse affected. Self-employed workers who can still work largely from home such as those in office and administration the least affected, the LSE study found. These findings are also consistent with this survey's results as sectors such as arts, entertainment, music and tourism were cited by some

respondents as the most impacted by lockdown. Mike Clancy, general secretary for the Prospect union has also argued that the Chancellor has failed to recognise that “some sectors need extra support” as some industries are much more deeply affected by coronavirus and lockdown than others.

More worryingly, the Government Minister for Business and Industry has confirmed that “there are no plans to change the scope or extend any of the schemes currently in place” if local lockdowns are enforced and small businesses are required to close as part of public health measures to control the spread of the virus. Small businesses therefore who have reported in this survey that they risk closure if the SEISS comes to an end (50% of those who received the grant), will be put in further financial peril if a local lockdown is enforced in their local area.

Mike Clancy, has also argued that in the Chancellor’s ‘mini-budget’ on the 8th of July 2020, there was “nothing...for the millions of forgotten freelancers and others who have been left with no hope or support for months.” Andy Chamberlain, of the Association of Independent Professionals and the Self-Employed, also noted that the measures to help the “self-employed were noticeable by their absence” in the Chancellor’s statement.

Appendix 1

Respondent location information

Wentworth and Dearne	31
South Yorkshire (excluding W+D)	76 (45)
Yorkshire and Humber (Excluding SY)	96 (20)
Rest of the UK	182
N/A	17
Did not answer	17
Total no. of individual respondents	312

Appendix 2

Q1. In what sector/industry/field are you self-employed?

- Accountancy, banking and finance
- Business, consulting and management
- Creative arts and design
- Engineering and manufacturing
- Healthcare and beauty
- Hospitality and beauty
- Hospitality and events management
- IT
- Law
- Leisure, sport and tourism
- Media, marketing, advertising and PR
- Property and construction
- Retail
- Sales
- Social care
- Transport and logistics
- Other

Q2. Is your self-employed work your only form of employment?

- Yes
- No

Q3. For how many years have you been self-employed?

- Less than a year
- Between 1 and 2 years
- Between 2 and 5 years
- More than 5 years

Q4. Were you able to do any of your self-employed work between 23 March when the lock down began and when working restrictions were eased on 11 May?

- Yes
- No

Q5. Have you been able to do any of your self-employed work since May 11 when the Government encouraged those who could safely return to work to do so?

- Yes
- No

Q6. Has your business seen a loss of income because of the lock down?

- Yes
- No

Q7. If you have any employees, have you been able to keep them all on during the lock down period?

- Yes
- No
- Not applicable

Q8. Have you had to close your business permanently because of the lock down?

- Yes
- No

Q9. What other ways have you and your business been affected by the lock down?

Q10. Do you think the way the Government has chosen to calculate the amount self-employed workers can receive is fair?

- Very unfair
- Unfair
- Neither
- Fair
- Very fair

Q11. Have you applied for and received a grant through the Self-employment Income Support Scheme?

- Yes
- No

Q12. If so, did the grant payment arrive on time?

- Yes
- No
- Not applicable

Q13. Has the Government made it easy to access information you need about the Self-employment Income Support Scheme? (1 = Very Difficult , 5 = Very Easy)

- 1 – Very easy
- 2 – Easy
- 3 – Neither
- 4 – Difficult
- 5 – Very difficult

Q14. Was the amount you received from the Self-employment Income Support Scheme enough to keep your business going during the lock down period?

- Yes
- No
- Not applicable

Q15. Will the decision to cap the total amount you can receive at £6,570 in the second grant, mean you will receive less money than you were awarded in the first grant?

- Yes
- No
- Not applicable

Q16. Will this reduced amount be enough to continue your business?

- Yes
- No
- Not applicable

Q17. Will the end of the grant scheme in August put your business at risk of closure?

- Yes
- No

Q18. If you have any employees, will the end of the scheme in August mean you may have to consider ending their employment with you?

- Yes
- No
- Not applicable

Q19. Do you have any other comments or details of your experience with the Government's Self-employment Income Support scheme?

Q20. Have you applied for and been awarded any of the following? Please click all that apply

- Universal Credit
- Employment Support Allowance
- Other (Please specify)

Q21. Did you have any issues accessing these schemes or receiving the money?

- Yes
- No
- Not applicable

Q22. If you answered Yes to the previous question, please provide details of the issues you experienced:

Q23. Was the money you may have received from any of these schemes enough to cover your living costs?

- Yes
- No
- Not applicable

Q24. Is there anything the Government could have done better to support self-employed workers like you during Covid-19? Please write your suggestions

Q25. Have you had any other issues as a self-employed worker during the lock down period that you think the Government needs to sort out?

Q26. Thank you for taking part in this survey. To finish, I have some questions about you:

Date	Title	First Name	Last Name	Home address and postcode	Email address	Retype email address