SEISS Interim Evaluation

Contents

Acknowledgements

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Glossary

Term	Definition
SEISS	The Self-Employment Income Support Scheme was a scheme set up by the government to provide financial support to self-employed individuals (including members of partnerships) in response to the COVID-19 pandemic.
Self-employed	A person is self-employed if they run their business for themselves and take responsibility for its success or failure. Self-employed workers are not paid through PAYE, and they do not have the rights and responsibilities of an employee. Someone can be both employed and self-employed at the same time, for example if they work for an employer during the day and run their own business in the evenings.
Income Tax Self Assessment (ITSA)	Self Assessment is a system HM Revenue and Customs (HMRC) use to collect Income Tax from those who do not have tax deducted automatically from wages, pensions and savings. People and businesses with other income (including COVID-19 grants and support payments) must report it in a tax return for the year the income was received.
Eligible population	Self-employed individuals who were assessed for the SEISS and deemed potentially eligible according to the policy criteria. To be eligible to claim, their business must have been adversely affected by the COVID-19 pandemic and they must have intended to continue to trade.
Assessed as ineligible population	Individuals who were assessed for eligibility for the first, second and third grants but were deemed ineligible on the grounds of either earning more than £50,000 in trading profits, earning £0 or less in trading profits, or having non-trading income as a larger proportion of total income than trading income. It does not include individuals who did not complete a self-employed schedule on their tax return by 23 April 2020, such as those paid through PAYE, company owner managers or directors of limited companies.
E&F	Error and fraud. Error is non-deliberate over- or under-payment, typically due to mistake, misunderstanding or misapplication of rules. Fraud is an act of deception carried out for personal gain or to cause a loss to another party.
PAYE	Pay As You Earn is the system for deducting and collecting Income Tax and National Insurance contributions from employment income.
Agent	Someone who acts on behalf of a self-employed person to help them meet their tax obligations, including accountants, tax agents or other professionals.
RBT	Reasonable Belief Test. Claimants were asked to declare that as a result of the reduced activity, capacity or demand suffered, they reasonably believed there would be a

	significant reduction in their trading profits in the relevant period compared to what they would have expected absent the pandemic. This applied from the third SEISS grant.
FID	Financial Impact Declaration (often referred to as a ‘turnover’ test). The Financial Impact Declaration (FID) was introduced for the fifth SEISS grant to determine the value of the grant for those who had become self-employed or a member of a partnership before the 2019 to 2020 tax year. The FID required a comparison of turnover in the ‘pandemic year’ with an earlier representative period. Where turnover fell by 30% or more a higher rate grant was paid. Other eligible claimants received the lower rate grant.
Tax gap	The tax gap is the difference between the amount of tax that should, in theory, be paid to HMRC, and the amount that is actually paid.
CJRS	The Coronavirus Job Retention Scheme. The scheme was launched in April 2020 and aimed to protect jobs affected by the coronavirus (COVID-19) pandemic. The scheme initially offered employers the opportunity to apply for a grant to fund the wages of their employees who were on furlough, equivalent to 80% of usual wages up to £2500 per month.

Executive summary

Introduction

The Self-Employment Income Support Scheme (SEISS) was announced by the Chancellor of the Exchequer on 26 March 2020 as part of the government's economic response to the COVID-19 pandemic. This followed an earlier announcement that the Coronavirus Job Retention Scheme (CJRS) would be introduced. The two schemes were developed using similar concepts and rules where possible.

The key objective of the SEISS was to:

- support self-employed individuals (including members of partnerships) whose self-employment activities had been adversely affected by COVID-19 restrictions

The scheme also sought to quickly support individuals most reliant on their self-employment income who would otherwise have lost out financially due to the COVID-19 pandemic; enable self-employed people to remain in business; minimise the risk of error and fraud (E&F); and provide support broadly equivalent to the CJRS.

The SEISS aimed to support self-employed individuals whose businesses had been adversely affected by COVID-19 restrictions. In order to ensure that economic activity continued where pandemic restrictions allowed, claimants were able to continue to work, start a new trade, or take up other employment, including voluntary work, provided they intended to continue trading as a self-employed individual and met all other eligibility criteria.

From May 2020 to September 2021, a total of 2.9 million eligible self-employed individuals claimed SEISS grants, totalling £28.1 billion. HM Treasury (HMT) and HM Revenue and Customs (HMRC) are jointly undertaking this interim evaluation to assess how well the scheme was delivered, its impact, and to learn lessons for future policy measures and interventions.

Key findings

1. The SEISS provided financial support to millions of self-employed individuals during the pandemic. Delivery of the SEISS was implemented swiftly, from the policy design through to payment of grants to individuals

HMT and HMRC worked together at pace to design and implement the SEISS, at the same time that the CJRS was being delivered. Payments were made extremely quickly upon the initial launch: individuals were invited to apply from 13 May 2020, and by 25 May 2020, 88% of claims for the first SEISS grant had been paid. Across all grants, 99.4% of SEISS claims were paid within the government's target of six working days from application.

Over time, additional SEISS grants were provided as the pandemic continued to adversely affect self-employed individuals' livelihoods. The SEISS was adapted to ensure support continued to be targeted at self-employed individuals most affected by the pandemic.

2. Using data from filed Self Assessment tax returns allowed support to be provided quickly to individuals and minimised the risk of error and fraud

When designing the SEISS, the Government's priority was to get support to the greatest possible number of self-employed people who needed it, as quickly as possible, whilst seeking to minimise the risk of E&F. This balance was particularly important, given the historically high levels of E&F within the Self Assessment population. (Over the last five years, there has been an average tax gap of around 20% in the Self Assessment population compared to around 5% across all taxpayers).

The SEISS ultimately comprised five separate lump-sum grants paid from May 2020 to September 2021. Claimants had to apply and certify their eligibility separately for each grant. HMRC used data from Self Assessment tax returns to establish eligibility for the scheme and to calculate grants. More details of the key features of the five grants are outlined in section 2.2.

While Self Assessment data provided the best available evidence to assess eligibility for the SEISS, it is significantly less timely than the PAYE data that was used for the CJRS. Self Assessment tax returns are filed annually, with trading profits reported with a time lag. To protect against fraud risks, such as organised crime and opportunistic fraud, for the first, second and third SEISS grants, only those who traded in the tax year 2018 to 2019, and submitted their Self Assessment tax return on or before 23 April 2020 for that year, were eligible to apply. The targeting of the SEISS was improved over time, with the Reasonable Belief Test (RBT) introduced from the third grant. For the fifth grant, the Government introduced two levels of grant, with the amount determined by the claimant's assessment of the extent to which the pandemic had reduced their trading profits; this was known as the Financial Impact Declaration (FID). The FID could not be introduced before the fifth grant because it required a comparison of 'pandemic year' turnover to turnover from an earlier year included in a filed tax return. The pandemic year ran from April 2020 to April 2021, so claimants will not have been able to determine turnover for that period until after that date.

HMRC analysis reported that for the first three grants combined (the 2020 to 2021 tax year), the most likely estimate of E&F is 3.2% (£631 million); this is below historic averages across tax. While the FID reduced the overall cost of the scheme, estimates of E&F were higher at 4.5% for 2021 to 2022. While most recipients followed the guidance to ensure they met the scheme rules, the increased complexity could have led some people to provide inaccurate figures for their FID calculations.

3. While the SEISS was implemented swiftly, and delivered financial support to millions of self-employed individuals, a lack of timely

and verifiable data about self-employment income and profits constrained the scope of the scheme

It was important to deliver support to as many self-employed people who needed it, as quickly as possible. However, the lack of up-to-date data for self-employed individuals constrained the scheme design, meaning a different approach had to be taken than that used for the CJRS.

In order to maximise the support available, the government extended the deadline for filing 2018 to 2019 returns from 31 January 2020 to 23 April 2020, giving individuals nearly three additional months to file. As tax returns are based on the previous year's income, the most recent available data was for those who were self-employed in the 2018 to 2019 tax year. This meant it was not possible to include those who started trading in the 2019 to 2020 tax year. The lack of timely data also meant that it was not possible for HMRC to verify at the point of claim whether a self-employed individual had been adversely affected by the pandemic. The policy was therefore reliant on individuals self-certifying that they had been adversely affected, and that they intended to continue trading in 2020 to 2021. They were required to keep evidence to support these assertions, such as business accounts showing a reduction in turnover or profits. When 2019 to 2020 tax return data became available, the newly self-employed and those newly eligible based on this additional data were brought into the scheme.

4. The scheme was easy to understand, and the claim process was simple

There were high levels of satisfaction with the SEISS claim process, with the vast majority of claimants (96%) rating their overall experience of applying for the SEISS as either good or very good, according to HMRC research. Claimants were very positive about the application process, with 90% feeling most aspects were clear.

The majority of claims for all grants were made online (96%). Qualitative research by HMRC found that claimants who applied by telephone felt more comfortable speaking to an HMRC adviser rather than navigating the online application system themselves. Those who received support from an adviser were positive about their SEISS application experience.

5. The SEISS succeeded in helping many self-employed people who were most affected by COVID-19. However, there were significant variations in outcomes

The SEISS helped many individuals who would otherwise have been in significant financial difficulty. Analysis of average incomes and trading profits suggests many claimants would have experienced steep income drops in 2020 to 2021 without support from the scheme.

The impact and importance of support varied across SEISS recipients, reflecting that the self-employed population is very diverse and the impact of the pandemic on their businesses varied greatly. The need to get support to people quickly meant it was not possible for early grants to have an overly complex design, especially with the lack of real-time information which constrained the ability to precisely target support in proportion to need. This necessitated payments in lump sums (with generosity set at a level broadly equivalent to the CJRS), rather than support being adjusted with variations in business performance, and meant it was unlikely support would perfectly compensate individuals for lost trading profits.

On average, trading profits including SEISS payments were above what would have been expected based on previous trends. Whilst this may suggest that support was higher than needed in some cases, such claimants may have been initially adversely affected by the pandemic but later saw their trading profits recover. Individuals in receipt of SEISS grants were able to keep trading, which was important for the sustainability of their business and supported the wider economy.

There is also some indicative analysis that income from grants may have allowed some people to slightly reduce hours worked (an 'income effect'). However, the size of this is small and the extent is uncertain, since the analysis is based on a small sample of the self-employed population earning around the £50,000 threshold; we would expect an even smaller income effect at lower income levels.

The eligibility criteria for the scheme ensured that the SEISS supported lower-income workers most reliant on self-employment trading profits. Some workers either side of the eligibility thresholds had contrasting outcomes due to constraints on the scheme's design. Some individuals assessed as ineligible were only marginally different to those who were potentially eligible for the grants (for example if they had just over £50,000 of trading profits) and saw worse outcomes than those who were able to claim the SEISS.

In summary, the evidence shows that the SEISS provided vital support to the self-employed, albeit with some varied impacts across a diverse population.

6. Early findings show that the SEISS helped support businesses to continue trading

Early findings show an increase in declared business closures in 2020 to 2021 compared to previous years, as may be expected due to the economic challenges of the pandemic. However, the share of businesses that closed was lower amongst SEISS claimants, with a 1.5 percentage point decline in business survival, compared to a 3.4 percentage point decline for the potentially eligible non-claimants and a 3.8 percentage point decline for those assessed as ineligible. This analysis needs to be treated with caution as it is currently limited to cessation dates that were declared on 2020 to 2021 Self Assessment returns.

Chapter 1 Introduction

1.1 Evaluation scope

The Self-Employment Income Support Scheme (SEISS) was designed to support self-employed individuals (including members of partnerships) whose self-employment activities had been adversely affected by COVID-19.

The SEISS evaluation is being undertaken to provide transparency and accountability around the use of public funds and to learn lessons for the future.

The evaluation programme for the SEISS will cover the full life of the scheme, from its announcement in March 2020 through to its closure in September 2021. It will include a process, impact, and value for money evaluation.

The process evaluation aims to understand how effectively the SEISS was delivered and what lessons can be learned. It explores the experiences of self-employed individuals who claimed SEISS grants, to understand how effective communications were about the scheme and their experience of the claims process.

The impact evaluation aims to assess the outcomes and impacts that occurred as a result of the scheme. Analysis of Self Assessment data will explore what impacts the scheme had on self-employed individuals, both on aggregate as well as variations across the population.

The value for money evaluation will aim to understand the cost and benefits of the scheme including a consideration of deadweight.

Evaluation reporting

The findings from the SEISS evaluation programme will be reported in two stages: via an interim evaluation, and a final evaluation.

This interim evaluation provides findings for the process evaluation across all five grants of the scheme. The impact evaluation at this stage is limited to reporting on findings from the first, second and third grants only, and findings convey the short-term impacts of the scheme. While some of HMRC's data is available in real time, Self Assessment tax return data (necessary for evaluation purposes) is not available until 31 January after the end of each tax year (on 5 April). Therefore, at the time of this publication, HM Revenue & Customs (HMRC) had only received administrative Self Assessment data for the tax year 2020 to 2021, covering the first, second and third grants.

The final evaluation will report on the impact of the scheme covering all five SEISS grants. The report will include a final assessment of the impacts of the scheme, once Self Assessment data for the tax year 2021 to 2022, covering the fourth and fifth grants, has been received in January 2023. The final report will include a value for money evaluation including a consideration of deadweight.

1.2 Evaluation objectives and evaluation questions

The process evaluation aims to understand how effectively the SEISS was delivered. Its objectives are to assess:

- how well HMRC and HM Treasury (HMT) mobilised to design and deliver the SEISS

The objectives of the impact evaluation are to:

- assess the extent to which the SEISS financially supported self-employed individuals
- assess the extent to which the scheme achieved its intended outcomes
- explore the wider outcomes and impacts of the SEISS
- explore who was impacted by the scheme and what can be learned from the relationship between individuals' characteristics (for example age, industrial sector) and impacts on their businesses

The specific evaluation questions for the process and impact evaluations are set out in table 1.1 below. The value for money objectives and evaluation questions, as well as lessons learnt from the scheme, will be set out in the final evaluation report.

Table 1.1 Evaluation questions: process evaluation, impact evaluation, and cross-cutting and policy themes.

EVALUATION QUESTIONS: PROCESS EVALUATION
To what extent was the SEISS delivered on time? (Chapter 3)
What was the scale of error and fraud associated with the scheme throughout its delivery and how has HMRC dealt with it? (Chapter 4)
Did the scheme communications meet customer needs? (Chapter 3)
Were customers satisfied with their experience of the SEISS application process? (Chapter 3)
How did HMRC manage contact and support customers? (Chapter 3)
EVALUATION QUESTIONS: IMPACT EVALUATION
To what extent did the SEISS support claimants' incomes? (Chapter 5)
To what extent did the SEISS reach those it was intended to? (Chapter 2 and Chapter 5)
What contribution did the SEISS make to the outcomes and impacts identified? (Chapter 5)
What impact did the eligibility criteria have on the scheme achieving its policy objectives? (Chapter 2 and Chapter 5)
What impact did the SEISS have on claimants' self-employment activity? (Chapter 5)
Who was impacted by the SEISS and what can be learned from the relationship between characteristics and outcomes/impacts of the scheme? (Chapter 2 and Chapter 5)
EVALUATION QUESTIONS: CROSS-CUTTING & POLICY THEMES
What lessons can be learned from the SEISS to inform future policy design and implementation? (To be covered in final evaluation)

1.3 Evaluation approach and evidence sources

The evaluation follows guidance on evaluation best practice as outlined in the Magenta Book, and the economic principles for appraisal and evaluation as outlined in the Green Book, as far as possible. In addition to internal research and analysis conducted by HMRC, external research was commissioned and conducted by an independent research agency, providing objective research findings which have been published alongside this report. A draft of this report was reviewed by an external and an internal peer reviewer who critically assessed it to provide independent oversight and quality assurance of both the evaluation approach and the robustness of the findings.

The evaluation has been conducted in-house using the expertise of the departments' analytical teams. This is a common approach to government evaluation, as outlined in the Magenta Book.

Evidence used in the SEISS evaluation is primarily derived from analysis of management information and Income Tax Self Assessment data. Bespoke research has also been conducted with SEISS claimants, agents (such as accountants) and HMT and HMRC staff.

Findings from the following two pieces of externally commissioned research are used within the process chapter of the report, which cover the experiences of customers who applied for the first and second SEISS grants only.

Quantitative research with SEISS claimants. This research explored individuals' overall experiences of applying for the scheme, with a primary focus on the application for the first grant. This involved an online survey of a representative sample of 7,311 SEISS claimants.

Qualitative research with SEISS claimants and agents. This research used in-depth interviews to explore the experiences of 40 SEISS claimants and 15 tax agents who supported clients with applications.

To provide further insight, in-depth interviews were conducted with staff who were involved in designing and implementing the SEISS. Further information about evidence sources and analysis methods used in this report is provided in the accompanying information to this report.

Chapter 2 Background and context

2.1 Policy and economic context

The COVID-19 pandemic and the subsequent introduction of nationwide restrictions presented a huge public health and economic challenge, with widespread falls in activity resulting in a large shock to the global economy, including in the UK. In April 2020, the Office for Budget Responsibility's (OBR) initial illustrative COVID-19 reference scenario estimated that real GDP would fall by 35% in Quarter 2 of 2020. This significant drop in economic activity meant that a large proportion of self-employed people potentially faced losing their primary source of income.

As part of its economic response to COVID-19, in March 2020 the government began to rapidly implement an unprecedented package of measures to protect millions of jobs and incomes and to help ease the financial burden for organisations and the UK population.

2.2 SEISS policy overview and objectives

The SEISS was designed to support self-employed individuals (including members of partnerships) whose self-employment activities had been adversely affected by COVID-19 restrictions. The scheme was part of a broader COVID-19 support package that included the Coronavirus Job Retention Scheme (CJRS), local authority grants, government-funded loans, and payment deferral schemes. The SEISS sought to ensure that support for the self-employed was equivalent to that provided for the employed population through the CJRS (with 80% of average trading profits in the first SEISS grant aligning with 80% of PAYE earnings at the start of the CJRS). The SEISS aimed to support individuals most reliant on their self-employment income, targeting those with average trading profits of no more than £50,000, and who received at least half of their income from self-employment. Between May 2020 and September 2021, five grants were made available to those who were eligible to claim.

To ensure support was delivered at speed and to minimise the risk of error and fraud (E&F), identifying the potentially eligible population and calculating of grants was based on data HMRC already held via Self Assessment tax returns. This data was used to quickly and reliably identify the eligible population and to calculate and pay out grants at scale without the need for any calculations or other significant input from the majority of claimants. To be eligible for the first, second and third SEISS grants (in 2020 to 2021), individuals were required to have filed their 2018 to 2019 Self Assessment tax return on or before 23 April 2020. The value of the first three grants were based on an average of the trading profits declared on up to three years' tax returns covering the period 2016 to 2017 until 2018 to 2019. For the fourth and fifth grant, the 2019 to 2020 tax return had to be filed by 2 March 2021. The availability of this data meant eligibility could be widened to support those newly self-employed or newly eligible who met this filing deadline.

Individuals were required to confirm that they had been adversely affected by COVID-19 for the first and second grants. For the third, fourth and fifth grants, claimants had to declare that they reasonably believed that any reduced activity, capacity or demand due to COVID-19, would result in a significant reduction in their trading profits compared to what they would otherwise have expected to achieve during this period. Some risk of E&F (particularly individuals' self-declaration that they were adversely affected) could not be addressed during the claims process and was picked up through post-payment compliance measures. Guidance asked claimants to keep evidence of the impact of the pandemic on their business. The value of the fourth and fifth grants was based on an average of the trading profits declared on up to four years' tax returns covering the period 2016 to 2017 until 2019 to 2020. Using a four-year average of profits accounted for fluctuations in trading income and profits over time.

The value of the fifth grant was determined by a turnover test, called the Financial Impact Declaration (FID). This was designed to target the most generous support at those experiencing a slower recovery, while continuing to support those who were reopening their businesses. The FID meant that those declaring a larger reduction in turnover received a grant based on 80% of three months' average trading profits, whereas those who suffered a smaller reduction in trading profits received a grant worth 30% of three months' average trading profits. The FID that the Government designed could not be introduced before the fifth grant because it required a comparison of 'pandemic year' turnover to turnover from an earlier year included in a filed tax return. The pandemic year ran from April 2020 to April 2021 so claimants will not have been able to determine turnover for that period until after that date.

To be eligible for the SEISS, individuals also needed to have traded in the tax year 2019 to 2020 and intend to continue trading in the tax year 2020 to 2021. Recipients of SEISS grants were allowed to continue to trade, start a new trade and/or take on other employment, but they could not permanently cease trading. When new tax data was available ahead of the fourth and fifth grants being launched, individuals who had ceased trading were no longer eligible for the scheme.

Eligibility conditions evolved throughout the five iterations of the scheme to reflect the changing economic conditions and social restrictions, and to ensure the grants continued to be targeted at self-employed people most affected by the pandemic. Table 1 outlines the eligibility criteria throughout the five grants. A detailed outline of the policy changes throughout the lifecycle of the SEISS can be found in the accompanying information alongside this report.[1]

Changes to eligibility for new parents and reservists were introduced for the second SEISS grant. The changes meant that some new parents who did not submit a 2018 to 2019 tax return, or whose trading profits were less than their non-trading income in that year, may have become eligible. Similarly, self-employed reservists may have become newly eligible. If newly eligible, these groups could claim both the first and second grant. For reservists who were assessed as ineligible on the basis of their 2019 to 2020 Self Assessment returns, HMRC assessed their eligibility and based their grant calculations on information from either their 2018 to 2019 Self

[1] https://www.gov.uk/government/publications/the-self-employment-income-support-scheme-interim-evaluation

Assessment return or an average of their 2016 to 2017 to 2018 to 2019 tax returns. In addition to this, these groups also needed to meet the other standard eligibility criteria to secure support under the SEISS[2].

As stated above, the SEISS was designed to support those most reliant on income from self-employment. The use of trading profits to determine eligibility meant that those receiving their income via short-term employment contracts or who were remunerated via dividends were not eligible. Those on a PAYE employment contract on 19 March 2020 would have come under the scope of the CJRS. Using self-employed tax returns was the best way of operationalising the SEISS at scale and at pace; bringing in other forms of data in order to increase eligibility would have put additional strain on HMRC's operational capabilities, resulting in slower payments. Tax returns were a critical part of demonstrating earnings for the self-employed population and not using them would have increased the risk of E&F.

Table 2.1. SEISS eligibility criteria

Grant	Qualifying period	Criteria	Grant eligibility % (according to turnover amount in the fifth grant)	Grant cap (£)
First grant	Impacted on or before 13 July 2020	Business adversely affected by the COVID-19 pandemic.	80	7,500
Second grant	14 July 2020 – 19 October 2020	Business adversely affected by the COVID-19 pandemic.	70	6,570
Third grant	1 November 2020 – 29 January 2021	Reasonable Belief Test (RBT): Claimant must declare that they reasonably believed that any reduced activity, capacity or demand due to COVID-19, would result in a significant reduction in trading profits, compared to what they would otherwise expect to have achieved during this period. Note: For this, and the subsequent grants, the adversely affected test also applied, but in practice it was	80	7,500

[2] For example, reservists who traded in 2016 to 2017 and 2017 to 2018, but not 2018 to 2019 or 2019 to 2020, were not in scope of the SEISS.

		met by someone meeting the RBT.		
Fourth grant	1 February 2021 – 30 April 2021	Reasonable Belief Test: Claimant must declare that they reasonably believed that any reduced activity, capacity or demand due to COVID-19, would result in a significant reduction in trading profits, compared to what they would otherwise expect to have achieved during this period.	80	7,500
Fifth grant	1 May 2021 – 30 September 2021	Reasonable Belief Test: Claimant must declare that they reasonably believed that any reduced activity, capacity or demand due to COVID-19, would result in a significant reduction in trading profits, compared to what they would otherwise expect to have achieved during this period. In addition, the turnover test (Financial Impact Declaration) was introduced to determine the amount of the grant. Individuals who experienced a 30% or smaller reduction in turnover received 30% of 3 months' average trading profits, while the rate was 80% for those who experienced a greater reduction in turnover.	80/30	7,500/ 2,850[3]

[3] If an individual's turnover was down by 30% or more in 2020 to 2021, they would receive a grant worth 80% of three months' average trading profits (capped at £7,500). If their turnover was down by less than 30%, then they would receive a grant worth 30% of three months' average trading profits (capped at £2,850).

2.3 Use and reach of the scheme

This section provides summary details of usage of the scheme to provide context to the evaluation. Further statistics are available within the final SEISS Official Statistics publication.

As shown in table 2.2, a total of £28.1 billion was claimed in SEISS grants (up to 28 October 2021). Across the five grants 2.9 million individuals received a grant, and 10.4 million grants were claimed (with an average grant value of £2,700). Claims for the first grant totalled just under £7.6 billion. The second to fourth grants were relatively consistent, with the second grant totalling £5.9 billion, the third grant totalling £6.2 billion, and the fourth grant £5.5 billion. The lowest amount was claimed for the fifth grant at £2.8 billion.

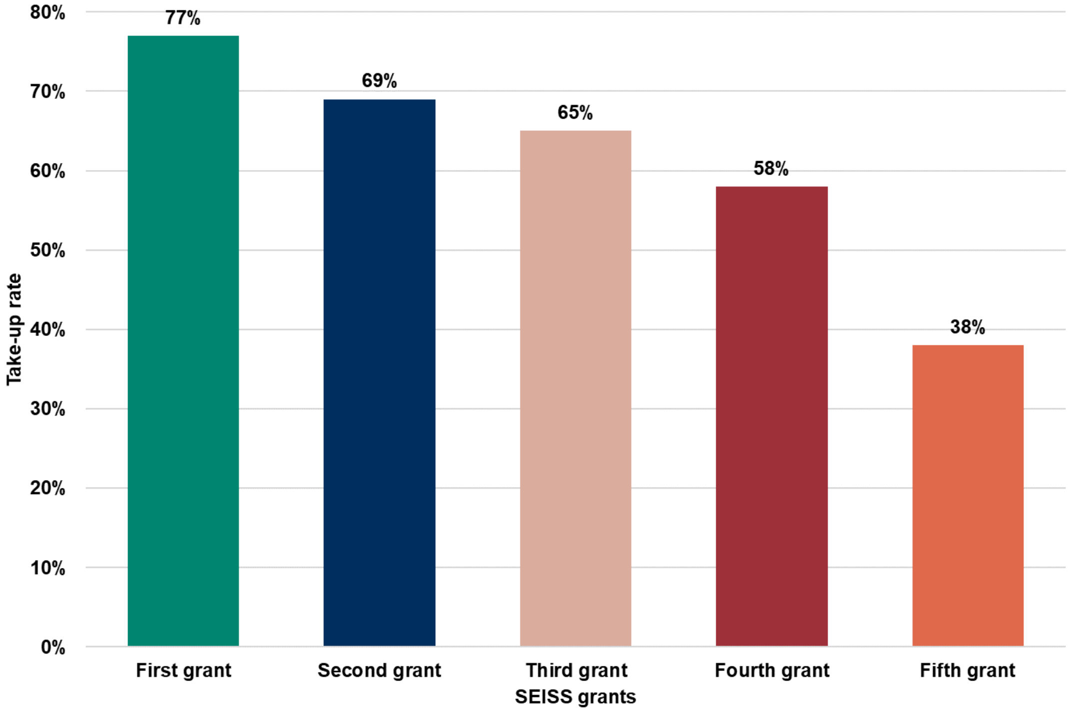
Table 2.2: Breakdown of SEISS claims by grant (up to 28 October 2021)

Grants	Total no. of claims (000s)	Total value of claims (£m)	Average value of claims (£)	Take-up rate
First grant	2,610	7,591	2,900	77%
Second grant	2,351	5,931	2,500	69%
Third grant	2,194	6,219	2,800	65%
Fourth grant	1,958	5,518	2,800	58%
Fifth grant	1,262	2,846	2,300	38%
All grants	10,374	28,105	2,700	-
Total number of individuals	2,897	28,105	9,700	-

Source: HMRC Official Statistics, December 2021

SEISS claims peaked during the first wave of COVID-19, with 2.6 million eligible self-employed individuals receiving the first SEISS grant between May and July 2020. The first grant had the highest take-up rate at 77%, where take up is defined as the percentage of potentially eligible individuals who claimed the grant. As shown in figure 2.1, take up declined with each successive grant to a low of 38% for the fifth grant. Introducing the FID, along with improving economic conditions and reduced restrictions in the summer of 2021, is likely to explain the lower take up of the fifth grant.

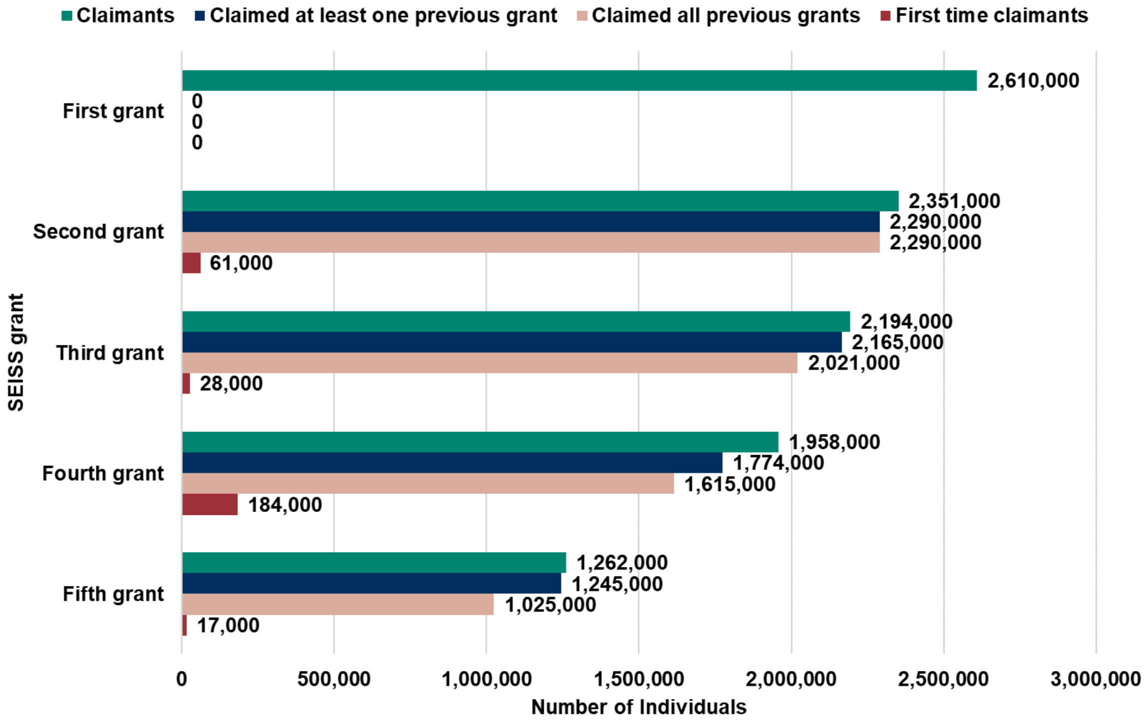
Figure 2.1: Take-up rates of SEISS grants



Source: HMRC Official Statistics, December 2021
Sample size: Approximately 3.4 million individuals were potentially eligible for the first, second and third SEISS grants, and 3.3 million individuals were potentially eligible for the fourth and fifth SEISS grants
Notes: The take-up rate is defined as the percentage of potentially eligible individuals who claimed the grant. The data presented in this chart can be accessed in the accompanying data tables

The number of claimants reduced after each grant. However, as shown in figure 2.2, there was a large population of over 2 million individuals who were eligible for, and claimed all of the first three grants. Eligibility for the SEISS, and the take up and value of SEISS claims, varies significantly across different characteristics.

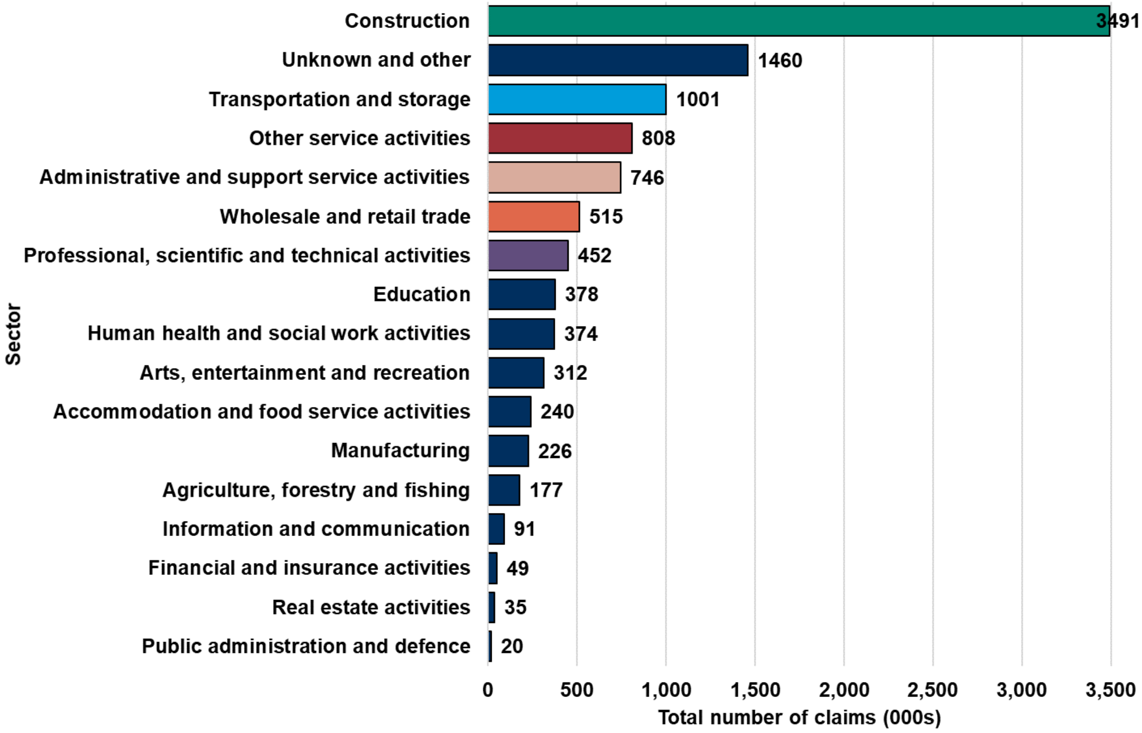
Figure 2.2: Number of claimants for each grant by whether a claim had previously been made



Source: HMRC Official Statistics, December 2021
Notes: The data presented in this chart can be accessed in the accompanying data tables

Figure 2.3 shows the number of claims across all SEISS grants by sector. The sector with the highest number of claims, was the construction sector (3.5 million). This was followed by transportation and storage (1 million), which includes taxi drivers and freight transport, and other service activities (0.8 million) which includes trades such as cleaning and beauty treatments. This largely reflects the composition of the self-employed population, with over 30% of the potentially eligible population for each grant in the construction sector. There is a large population of self-employed individuals that have an unknown sector, as not all business descriptions provided on the Self Assessment return can be matched to a recognised Standard Industry Classification code.

Figure 2.3: Number of claims across all grants by primary industrial sector



Source: HMRC Official Statistics, December 2021
Sample size: Approximately 10.4 million SEISS claims were made across all grants
Notes: The data presented in this chart can be accessed in the accompanying data tables

The largest region by number of claims was London (5.8 million). The majority of claims across all grants were made by men (71%), reflecting the composition of the self-employed population as a whole. HMRC's December 2021 statistics publication provides more detail on SEISS grants by:

- age and gender
- region, parliamentary constituency and local authority
- sector and sub-sector
- claimants' income and the value of claim they received

Chapter 3 Process evaluation findings

3.1 Introduction

This chapter explores how HMT and HMRC worked to design and operationalise the SEISS, as well as understanding how successful HMRC were at ensuring eligible customers had a good awareness of the scheme and understood how to make an application.

This chapter addresses the following evaluation questions:

- to what extent was the SEISS delivered on time?
- did the scheme communications meet customer needs?
- were customers satisfied with their experience of the SEISS application process?
- how did HMRC manage contact and support customers?

3.2 Methods

A range of evidence sources were used to produce this chapter, which are outlined below. Additional information can be found in the accompanying information document.

Qualitative interviews[4] with HMRC and HMT staff across various roles and grades were undertaken to understand how both departments approached the design and delivery of the SEISS.

A quantitative survey and qualitative interviews with eligible self-employed customers who applied for the SEISS, as well as qualitative interviews with agents, were conducted in 2020 when the second grant of the SEISS was still open for claims. These research projects provide evidence on customers' awareness of the scheme, and the quality of communication and support provided by HMRC during the early stages of the scheme. Qualitative research also provides insight into how agents supported their customers with their claims, given that agents were unable to claim on behalf of customers.

HMRC management information data provides evidence on the number of customers contacting HMRC for support during the lifetime of the scheme via telephony and webchat.

3.3 Findings

3.3.1 Overall assessment

The SEISS was successfully designed and rolled out at pace, paying out grants to a significant number of self-employed individuals eligible for the scheme, and generally those who were hardest hit by the pandemic and most in need. However, a lack of

[4] See accompanying information document

up-to-date, verifiable data for self-employed individuals' profits (due to tax returns being based on the previous year's income) meant individuals with new businesses were not able to be assessed. Eligibility thresholds were set to maximise the number of individuals who would be eligible for the scheme whilst minimising undue risk from fraud, including organised crime.

Once up and running, the claims process was a success overall and considerable effort and resources went into providing appropriate levels of support, to enable applicants to make claims and receive grants quickly.

3.3.2 Policy design: constrained by limited data

HMT and HMRC staff worked together to provide advice to Ministers on the design and deliverability of the scheme, taking account of decisions made with the CJRS which was being developed almost in parallel. On 26 March 2020, the Chancellor announced the SEISS. While recognising the fundamental differences in self-employment and employment, the aim was to align the SEISS support with that offered by the CJRS in order to provide broadly equivalent support to employees and the self-employed. Differences from the CJRS reflected the characteristics of the population, the nature of self-employment and the availability of data. Whereas data for employers and employees is relatively detailed, well populated and is updated in real-time through the PAYE system; data held for self-employed individuals is not as up to date. This is because Self Assessment returns are completed annually, and submitted by the end of January, for the previous tax year. For example, the return for the tax year 2019 to 2020 must be filed by 31 January 2021, more than 9 months after the end of the tax year. The lack of up-to-date and verifiable data was therefore a constraint.

The SEISS policy teams considering eligibility quickly determined that Self Assessment tax returns provided the most reliable data about the self-employed population. Self Assessment data enabled HMRC to quickly identify self-employed individuals who had filed a recent tax return. This information provided a reasonable basis for both eligibility and for calculating the amount of the grants, while minimising the risk of fraud. It also meant that although claimants were required to provide data to verify their identity and bank account information, they did not need to provide any tax data, which simplified their claim journey and meant that the grants could be paid very quickly.

However, the lag in Self Assessment data presented a challenge during the policy design phase, as eligibility had to be based on 2018 to 2019 tax returns. To be eligible for the first, second and third grants, tax returns had to have been filed by 23 April 2020. This was extended from the initial announcement of the SEISS on 26 March 2020 to allow people an extra month to file to ensure eligibility was as wide as possible. More checks were put in place on those who filed after the announcement of the SEISS, to mitigate the risk of fraud.

Self Assessment data was a critical part of the design of the SEISS, but some groups fell outside the scheme criteria. This included Company Owner Managers who take their profits in dividends, and those who became newly self-employed in the tax year 2019 to 2020 and had not yet submitted a return.

The second SEISS Direction made provision for claims from new parents and reservists, allowing them to claim for the first and second grants if they had been ineligible for the first grant. They may have been ineligible because they were not required to file a tax return for 2018 to 2019, or if their trading profits in 2018 to 2019 were less than their other income. This may be either because they were pregnant or taking time out of their trade to care for their new-born or newly adopted child, or because they received employed income from the Ministry of Defence.

From the fourth grant onwards, Self Assessment data for the 2019 to 2020 tax year became available. This meant that new claimants, including those who were newly self-employed, who had filed their tax return by 2 March 2021 could be included in the scheme as evidence of their self-employment activity could be validated by the information in their tax return. In recognition that the 2019 to 2020 tax year might not have been a representative year for many of the self-employed population, the scheme rules allowed everyone, including new parents, to use the 2018 to 2019 period if that was more representative for the purposes of declaring their turnover in the FID as part of their claim for the fifth grant.

3.3.3 How deliverability further drove the policy design

Deliverability was a key consideration and influenced the scheme design. In particular, the system for claiming, paying out and recording the grants had to be as simple as possible to ensure both the SEISS and the CJRS could be delivered and the systems maintained alongside each other. As discussed above, Self Assessment data was the best available data HMRC held to determine eligibility for the SEISS. However, this meant that claims were limited to self-employed individuals who were registered and had filed their most recent tax return, which was a valuable fraud prevention measure.

Other key elements that led to successful delivery of the SEISS included the following:

- close involvement of HMRC IT, analytical and project delivery colleagues from the outset, including at the policy design stage
- engagement with an external expert panel who supported the development of scheme legislation, guidance and customer communications, and constructively influenced the policy and process design
- panel members met at least monthly during the life of the scheme, and were drawn from key representative bodies for the self-employed and the agent community, such as the Chartered Institute of Taxation (CIOT), Low Incomes Tax Reform Group (LITRG), Association of Taxation Technicians (ATT), Institute of Chartered Accountants of England & Wales (ICAEW), Federation of Small Businesses (FSB), and Institute of Chartered Accountants of Scotland (ICAS)

- engagement with government analysts and wider policy teams, including those who were involved in the development of the CJRS, to learn from their experience
- developing close and supportive relationships with other government departments, such as the Department for Work and Pensions (DWP) who were also delivering COVID-19 support measures (to ensure the measures formed a coherent package)

3.3.4 Ways of working

Governance structures were created by HMT to support strategic decision-making about the SEISS. The early formation of a close policy partnership, involving HMRC IT, analytical and project delivery colleagues, as well as a traditional HMRC and HMT policy development team, was a significant contributor to launching the COVID-19 support schemes quickly, including the SEISS.

In response to the pandemic, HMRC and HMT set up two new teams for the SEISS and the CJRS, to develop the scheme rules and underpinning legislation. Technical tax specialists were consulted to ensure the legislation underpinning the scheme fitted with existing rules and processes. Staff were brought together to work virtually on the SEISS in a variety of ways, including redeploying staff already working within the departments and recruiting new members of staff from outside the two departments.

3.3.5 SEISS claims system

HMRC and HMT were well placed to deliver the SEISS due to data held about the self-employed population. The system for processing claims was open to claimants on 14 May 2020, approximately 7 weeks after the scheme was first conceptualised. The following sections demonstrate that the claims process operated well and money was paid out to people quickly.

The IT platform, online claims portal and supporting guidance were designed to be easy to understand and navigate as a digital service. A key source of information for claimants was a series of YouTube videos and webinars explaining the scheme and the claims process. These webinars were popular among the self-employed population throughout the different iterations of the SEISS, especially with those individuals seeking help on how to claim the different grants. The webinar on the first SEISS grant, which ran from April to July 2020, was attended by 74,071 individuals. The webinar covering the fifth grant, available from July until August 2021 was attended by 8,195 individuals. Support for claimants who were unable to claim online was available by telephone.

3.3.6 Communicating details of the SEISS

Following the announcement of the SEISS, public awareness was important to ensure applicants clearly understood the scheme, its eligibility criteria and the online application process. This section focuses on how successful HMRC and HMT were in raising awareness of the SEISS.

General scheme awareness and information sources

Qualitative research with eligible self-employed customers and agents found that initial awareness of the scheme tended to be via the Government's daily COVID-19 press briefings led by the Prime Minister, Chancellor, Health Secretary and key health advisers. Quantitative research reported that 84% had looked for or received information on the SEISS. Some customers received communications from their agents, whilst others proactively searched for information online using GOV.UK, or were informed directly via emails from HMRC.

Helping customers to understand the scheme eligibility

Following the announcement of the SEISS, further details about the scheme and how to apply for a grant were published on GOV.UK on 6 May 2020, along with regularly updated guidance. Feedback was received continuously via HMRC's online feedback processes, via the SEISS expert panel and other HMRC customer forums. These feedback loops allowed HMRC to update and improve the online guidance and customer communications in real time, in direct response to customer feedback.

As part of the SEISS claims process, HMRC developed an online eligibility checker tool for the first SEISS grant that enabled customers to determine if they were eligible to apply for the SEISS before they were invited to make a claim. This was designed to provide some assurance to the self-employed that they would be receiving support and how much. This was because the scheme was delivered later than that for the employed, and many people were concerned about the consequences of losing their income. The eligibility checker was not considered necessary for subsequent iterations of the SEISS as the eligibility status for those who applied for the first grant remained the same.

Quantitative research found that 89% of eligible claimants used the eligibility checker themselves. Customers found the checker straightforward to use and appreciated the speed at which it provided an indication of their eligibility. Qualitative research conducted with agents reported that some had requested eligibility reviews from HMRC on behalf of their clients, usually when clients were dissatisfied or frustrated at not being eligible, or were not confident in their own ability to request an eligibility review.

3.3.7 SEISS application process: how the easy-to-understand process enabled the government to quickly get money to a large number of self-employed people

The SEISS was designed to be a straightforward online application process accessed via GOV.UK which required customers to use their existing Government Gateway login to apply. The intention was to allow a large number of people to apply quickly and easily, without the need for telephone support, allowing HMRC to make payments quickly. Agents were not able to apply on behalf of their clients, although they could assist them if necessary. Asking individuals to make their own claim meant time was saved by not having to introduce the additional technical and identity considerations that would have been required to enable agents to engage with the IT system. These extra processes could have jeopardised delivery of the scheme. Quantitative research found that the vast majority of claimants (97%) applied online for the first grant.

Overall, claimants were highly positive about each aspect of the application process and found it to be straightforward, with at least 90% feeling most aspects were clear. Almost all claimants (96%) rated their overall experience of applying for the SEISS as good, with 80% saying it was very good. Quantitative research findings reported that nearly all claimants applied for both their first and second grants online (97% claimed for the first grant online; 98% claimed for the second grant online). Among the small proportion of claimants who applied by telephone, the most common reason for doing so was due to issues with their online application. Qualitative research found that some customers reported issues with using their Government Gateway login when making an application. This primarily occurred when an agent had previously used their own Government Gateway login for their clients (rather than the customer using their own), or when customers had not accessed the Government Gateway for some time and struggled to recall their login details. These issues were relatively straightforward to overcome, usually resolved via telephone support from HMRC.

3.3.8 Grant amount calculations and reviews

Before submitting their SEISS grant claim online, customers were shown the amount they would receive and could request a review of the amount if they believed it was incorrect. Quantitative research found that 88% did not request a review of the amount that they went on to be awarded. Qualitative research also found that those who asked for a review tended to be critical of the process, citing that it took too long at a time when anxiety was high due to the financial strain placed on them by the spring 2020 lockdown.

3.3.9 Receiving payment

For the first grant, HMRC set up a performance target of paying eligible applicants their SEISS grant by 25 May 2020 or within six working days of making a claim. Between the scheme opening date and the final closing date, 10.4 million grants were claimed by 2.9 million individuals. 99.4% of claims were paid within six working days of receipt of application. A very small number of claims took slightly longer to be paid due to various reasons, including the need for additional checks by banks and building societies, and further compliance checks. By 25 May 2020, 88% of claims for the first SEISS grant had been paid. The claims window remained open until 13 July 2020.

Qualitative research found that customers were satisfied with the post-application stage and were confident they had completed the application correctly. Customers were also satisfied with how quickly they received their grant; with many remarking it had exceeded their expectations.

3.3.10 Supporting customers

Given that the SEISS was a new scheme, providing crucial financial help, HMRC quickly developed a customer support model that sat alongside their existing customer helplines to deal with the anticipated increase in enquiries from the self-employed. HMRC recognised the importance of providing a level of support that would meet a diverse range of customers through the provision of clear guidance and processes. Preparing to support customers through the claims process was a priority for the department. This section focuses on how well HMRC delivered this support to claimants.

3.3.11 The performance of HMRC customer support in providing a complete claims service

Between May 2020 and September 2021, the department paid five grants, each with a separate claim window. HMRC provided both telephony and webchat contact services to support customers' making claims. Call demand was forecast based on the best information available about the SEISS delivery process and timelines, and the propensity of the self-employed population to call HMRC for assistance. Forecasts were revised frequently, therefore differences between the expected demand and the level of contact are due to forecast accuracy, rather than a reflection of preparation and the quality of the digital service.

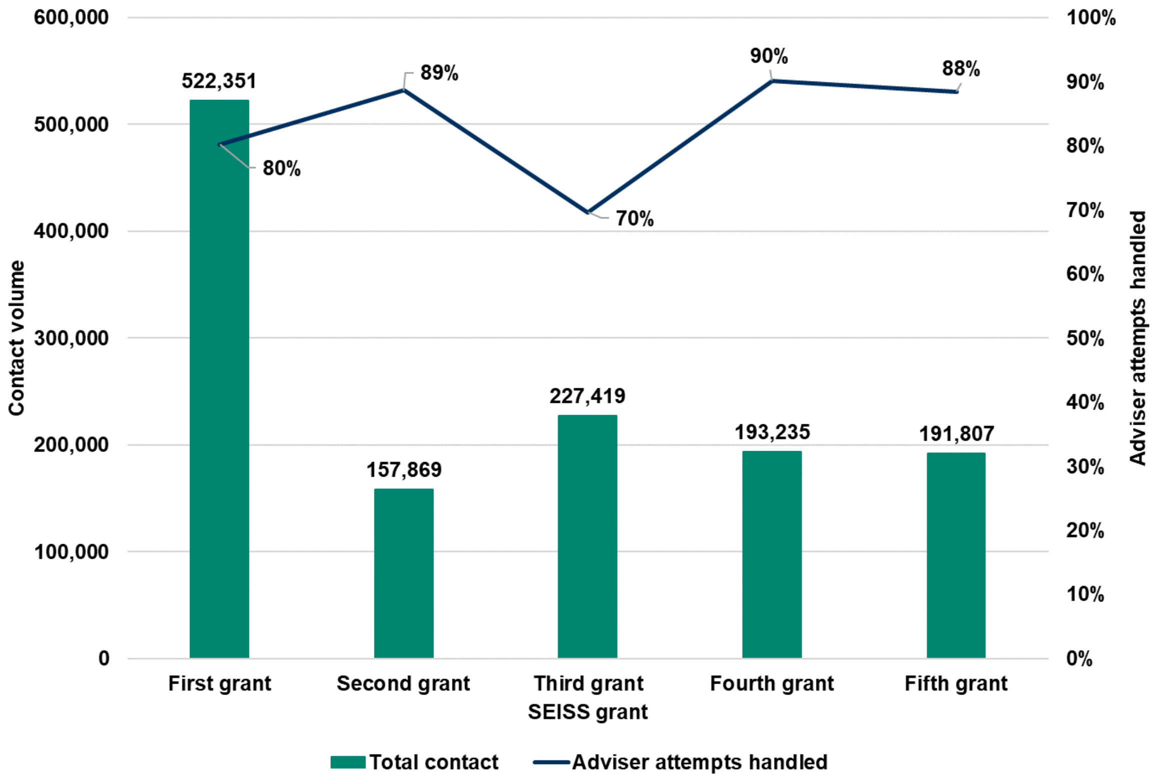
HMRC identified in late 2020 that take up of the first SEISS grant was nearly 30% lower among groups classed as 'vulnerable', for example those with mental health issues or victims of domestic violence. Through experimentation, HMRC established that reaching out to these groups by letter was effective at increasing take up to levels similar to the rest of the population. Early in the life of the scheme, HMRC had put in place alternative arrangements for the digitally excluded to access schemes by way of a telephony-based manual claims service.

During the claim window for the first grant (13 May 2020 to 13 July 2020), HMRC received 522,000 phone calls from customers, with 147,000 of these received during the first week. In that week, SEISS contact constituted 14% of total telephony contact to HMRC. Call numbers remained high in the second week, at 117,000 calls, then fell throughout the remainder of the claim window. Overall levels of telephone calls were lower for the second and third grants, but they continued to be concentrated in the initial week of each claim window. The volume of telephone contact fell slightly for the fourth and fifth grants, with the introduction of 'personal claim dates' contributing to reducing the initial spike in demand following the opening of each claim window. Personal claim dates staggered customers' initial claim dates over a short period.

Performance on the SEISS telephone helpline was generally strong with 83.5% of customers that wished to speak to an adviser between May 2020 and September 2021 able to do so. This compares favourably to HMRC telephony performance data more generally, where on average 72% of callers for the 2020 to 2021 tax year were able to speak to an adviser upon contacting HMRC helplines. The average time to answer a call for the SEISS helpline between May 2020 and September 2021 was 7 minutes and 46 seconds, which compares to [HMRC's general performance of 12 minutes 04 seconds for the 2020 to 2021 tax year](#).

There were periods when telephony performance was lower. For example, in the opening three weeks of the first grant, the large volume of customers contacting HMRC affected the percentage of '[adviser attempts handled](#)' (the proportion of callers that want to talk to an adviser and that manage to get through), which reached a low point of 65% in the second week following launch. In the opening week of the third grant, insufficient numbers of advisers were available to answer all the calls due to the scheme opening date being unexpectedly brought forward. This was in response to the announcement of a second national lockdown and to ensure claimants received grants prior to Christmas. As a result, over 45,000 busy messages were played and over 15,000 calls abandoned in the first week of the third grant. Adviser attempts handled fell to 34% and the average time to answer a call was over 45 minutes. This contributed to an increase in total contact volumes for the third grant.

Figure 3.1: SEISS telephone contact volumes and adviser attempts handled



Source: HMRC Management Information Data
Notes: The data presented in this chart can be accessed in the accompanying data tables

As with telephony, webchat contact peaked during the first grant claim window with almost 74,000 webchat contacts overall, with over 30,000 of those handled in the first week alone. Webchat contacts fell to 25,000 for the second grant and 34,000 in the third grant, with contact continuing to peak during the opening weeks of each grant and reducing throughout the claim period. Webchat contacts increased to 44,000 for the third grant and fell to 32,000 for the final fifth grant.

3.3.12 Customer experience of contacting HMRC

Quantitative research found that customers tended to contact HMRC in the early-to-mid stages of the application process. The top reasons for contacting HMRC were to ask about eligibility for the scheme, and when they could apply. Overall, the research found that 85% of claimants who contacted HMRC about the scheme rated the department as ‘good’ at resolving their issues and queries.

Chapter 4 Error and fraud

4.1 Introduction

During the design phase of the scheme, HMT and HMRC prioritised the need to provide financial support to as many people as possible at speed, to ensure SEISS grants reached those that needed them, whilst balancing the need to minimise error and fraud (E&F). Effective controls were put in place to address concerns of potential organised crime attacks, for example the hijacking of customer identities or manipulation of Self Assessment returns by criminals or by existing customers to secure grants to which they were not entitled.

This chapter addresses the evaluation question: what was the scale of error and fraud associated with the scheme throughout the delivery and how has HMRC dealt with it?

4.2 Method

This chapter draws evidence from the work conducted by HMRC analysts to assess the level of E&F for the SEISS, which used a wide-ranging evidence base including HMRC administrative data. A package of measures designed to minimise the risk of organised crime, opportunistic fraud and customer error within the scheme were incorporated into the SEISS throughout each iteration of the scheme.

4.3 Error and fraud estimate

For 2020 to 2021 (the first three grants combined), HMRC's most likely estimate of E&F in the SEISS was 3.2%, with a range between 2.4% and 4.1%. This equates to between £473 million and £808 million. It is above the initial planning assumption of less than 1% to 2%. For 2021 to 2022, the most likely estimate of E&F in the SEISS was higher (4.5%) with a range between 3.5% and 6.3%. This equates to between £292 million and £526 million.

The increase in the E&F rate between the two years is driven by two factors. Firstly, HMRC expect that some customers anticipated the eligibility criteria for the fourth grant and manipulated the information on the 2019 to 2020 tax return to maximise their grant. Secondly, the introduction of the FID for the fifth grant was likely to increase opportunistic fraud. This was because the FID required the claimant to enter a figure for their pandemic year turnover into the claims system, and HMRC had no data against which to verify that figure until the next tax return was filed in January 2022. However, the FID reduced the overall cost of the fifth grant significantly, and so was an effective cost-saving measure despite the proportionate increase in E&F.

Further detail on the nature of E&F can be found in the technical document on E&F.

To provide context to the SEISS estimates, they can be compared to HMRC's performance as measured by the tax gap. There are important caveats to such a comparison, mainly that the tax gap is estimated including the downstream impacts of compliance whereas the COVID-19 schemes do not include those estimates. The latest published estimate for the tax gap, for the 2020 to 2021 tax year, was 5.1% of total tax liabilities, equivalent to £32 billion of losses.

4.4 Compliance approach

4.4.1 Promotion methods

Compliance was promoted through education, good customer service, and providing easy ways for customers to make correct claims or correct and repay overclaims. In particular:

- eligible claimants were invited to apply for the scheme by HMRC
- clear communications about the scheme rules were incorporated into guidance, the claims service and in communications to customers, which were informed by behavioural insight findings and user-testing with the public
- guidance and the claims service screens reminded claimants to keep evidence of the impact of COVID-19 on their business and that HMRC would check claims after payment
- customer communications and guidance included messages about potential compliance actions where grants were claimed incorrectly

4.4.2 Prevention methods

To limit incorrect or fraudulent claims being accepted, compliance measures were built into the scheme design and the claims process itself including:

- potential eligibility and the grant amount paid was based on data already held by HMRC, to ensure that claims were validated and helped protect the scheme from abuse by organised crime groups and fraudsters
- individuals had to declare that they had been impacted by COVID-19 when claiming SEISS grants and those rules were tightened throughout the scheme
- controls were developed and introduced in response to known compliance risks within the Self Assessment population, such as under-declaration of profits, and based on learning about the population from the scheme itself or example, customers were added to a blocklist as a result of Self Assessment threats, in particular clients of suspect agents or those who had been rejected for previous claims, to ensure they could not apply
- controls in the payments process were strengthened to help ensure only genuine customers received payment where they reported that their account had been compromised
- clear messaging on claims service screens that HMRC would recover overpaid grants
- guidance provided on GOV.UK on how to repay overpaid grants

4.4.3 Post-payment compliance methods

For the SEISS, the main risk addressed in post-payment compliance activity was recovering grants from ‘ceased traders’. These were customers who had informed

HMRC that they had ceased to be self-employed either before or after claiming a grant. The scheme rules required a claimant to intend to continue trading as self-employed in the year of claim and following tax year. These customers were prompted to self-correct their claim, and where they failed to do so a tax assessment was raised to recover the overpaid grants.

Additional powers were introduced for the fourth and fifth SEISS grants to enable HMRC to recover overpayments generated by amendments to tax returns. These powers were needed to guard against the risk of customers manipulating their 2019 to 2020 tax return to maximise their SEISS grants, and then amending that return to minimise their tax liability while retaining the inflated SEISS grants.

A process was developed to automatically correct 2020 to 2021 tax returns, where receipt of a SEISS grant had not been included in the dedicated box on Self Assessment tax returns. This ensured that everyone who had received a SEISS grant paid tax and National Insurance contributions on the amount. The process will remain in place for 2021 to 2022 tax returns.

HMRC developed a voluntary repayment service so that customers who had incorrectly made a claim could easily return funds. This has resulted in 21,482 repayments valued at £57.6 million.

In March 2021, the Taxpayer Protection Taskforce was established, with funding of £100 million, to expand the scope of compliance work to identify and recover COVID-19 grants overpaid as a result of E&F. This was one of the largest and quickest responses to a fraud risk by HMRC. The 2021 to 2022 HMRC Annual Report and Accounts provides more detailed information on the recovery of E&F. Compliance activity to tackle abuse has continued after the scheme closed using the full range of HMRC powers – both civil and criminal.

Chapter 5 Evaluating the impact of the SEISS

5.1 Introduction

This chapter contributes towards answering the following evaluation questions:

- to what extent did the SEISS support claimants' incomes?
- what contribution did the SEISS make to the outcomes and impacts identified?
- what impact did the eligibility criteria have on the scheme achieving its policy objectives?
- who was impacted by the SEISS and what can be learned from the relationship between characteristics and outcomes/impacts of the scheme?
- what impact did the SEISS have on claimants' self-employment activity?

5.2 Overall assessment

The SEISS was intended to provide help quickly to individuals most reliant on their self-employment income, who would otherwise have lost out financially due to COVID-19 and sought to provide broadly equivalent support to the CJRS (at 80% of trading profits for the first SEISS grant). This chapter uses a range of analyses to assess the outcomes and impacts of the SEISS. Since there is no way to know what individuals' outcomes would have been in the absence of the pandemic and/or the SEISS, evaluating whether the SEISS was successful in this regard is subject to a large degree of uncertainty.

This analysis utilises HMRC Self Assessment data covering the 2020 to 2021 tax year, filed after the grants were paid. The final evaluation will include the fourth and fifth SEISS grants using 2021 to 2022 tax year data.

The analysis of early evidence in this chapter suggests five broad conclusions:

1) The SEISS helped many individuals who would otherwise have been in significant financial difficulty. Analysis of average incomes and trading profits shows steep drops in trading profits in 2020 to 2021 relative to previous years for the claiming population (average trading profits excluding SEISS grants were £10,763, a fall of £5,164 compared to 2019 to 2020), which the SEISS was able to significantly mitigate. This is particularly noticeable when looking at sectors severely impacted by the pandemic, such as arts, entertainment and recreation, or transportation and storage (most self-employed individuals in this sector are taxi drivers). These sectors show significant losses in trading profits across the whole population, which were offset by SEISS grants for those who claimed.

2) The impact and importance of support varied across SEISS recipients. The need for millions of people to understand whether they were eligible for support, getting support to those that needed it quickly, and the lack of real-time information, meant it was not possible for early grants to have an overly complex design. This necessitated payments in three-monthly lump-sums (with generosity set at a level broadly equivalent to the CJRS), rather than support being adjusted with variations in

business performance. This meant it was unlikely support would perfectly compensate each individual for their lost trading profits, particularly as the self-employed population is very diverse and the impact of the pandemic on their businesses varied greatly. Excluding SEISS grants, most claimants (79%) reported no change or decreased trading profits, although some claimants increased their trading profits. When including SEISS grants, on average, claimants' trading profits in 2020 to 2021 rose 14% on 2019 to 2020; above what would be expected based on previous trends. Whilst this might suggest that support was slightly higher than required in some cases, such claimants may have been initially adversely affected by the pandemic but seen their profits recover later in the year. SEISS claimants were able to continue trading while in receipt of the grants, which was important for the sustainability of their business as well as for the wider economy.

3) There is some limited evidence that income from grants may have allowed some people to slightly reduce hours worked. Analysis around the £50,000 eligibility threshold shows pre-SEISS incomes fell by a little more for those who claimed the grants than those who did not claim. An income effect, where people reduce work as incomes are boosted, is consistent with economic theory, however the size of this estimated effect is small and the extent is uncertain. Furthermore, results cannot be generalised to the self-employed population more widely. In general, we would expect the income effect to be even smaller for individuals with incomes further below the £50,000 threshold.

4) While eligibility criteria for the scheme ensured that the SEISS supported lower-income workers most reliant on self-employment trading profits, this meant that some workers either side of the eligibility thresholds had contrasting outcomes. Some individuals assessed as ineligible were only marginally different to those who were potentially eligible for the grants (for example if they only just had over £50,000 of trading profits) and saw worse outcomes than those who were able to claim SEISS grants.

5) Early evidence suggests the SEISS has helped businesses survive, with eligible claimants' businesses having a higher likelihood of continuing to trade in 2020 to 2021 compared to individuals who did not receive SEISS grants.

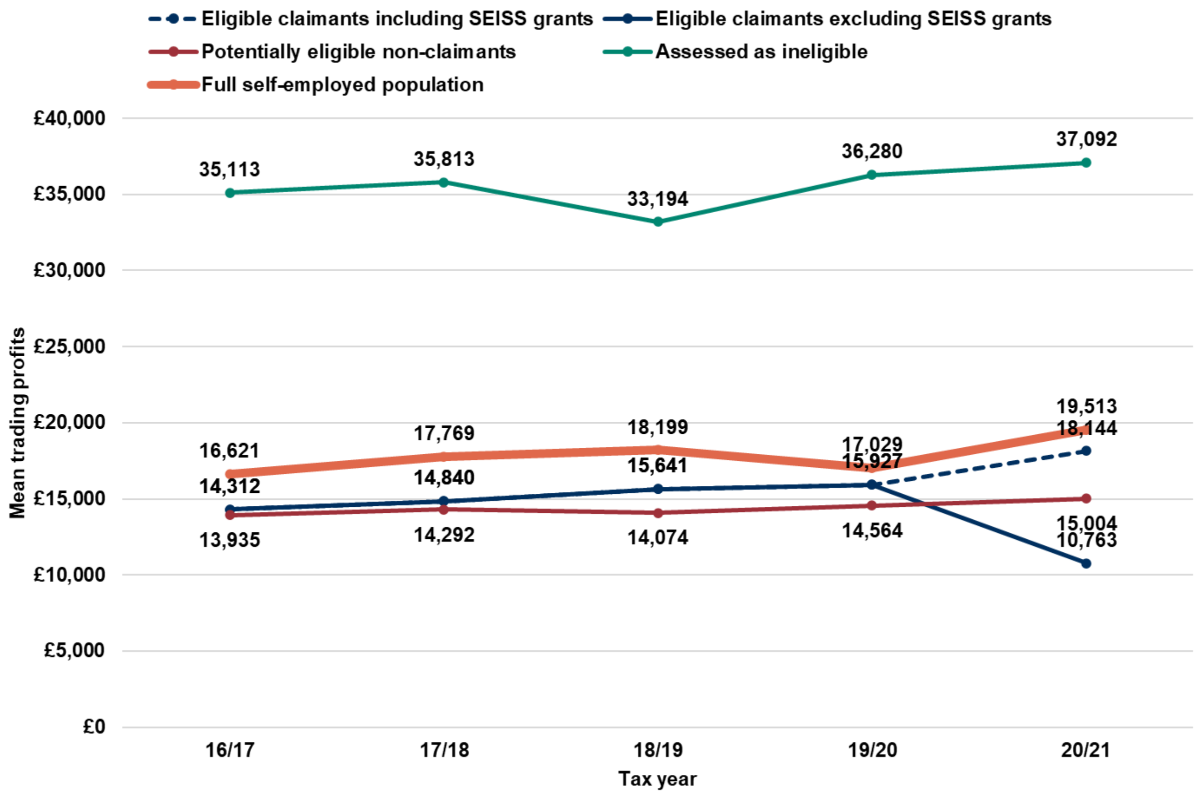
5.3 Trading profits analysis

Firstly, this chapter considers the average trading profits of the self-employed population across recent years leading up to and including the year of interest (2020 to 2021). By splitting the population into groups, by 'eligible claimants', 'potentially eligible non-claimants' and 'assessed as ineligible'[5], outcomes can be compared for this population against historic trends. The SEISS was intended to support income for self-employed individuals during the pandemic. If it was successful at achieving this aim, trading profits in 2020 to 2021 might be expected to remain in line with the historic trend, all else being equal. Note that the data needed to assess the impact

[5] See definitions in glossary

on individuals who were not eligible for the SEISS, because they had newly started self-employment in 2019 to 2020, will be available for the final evaluation.

Figure 5.1: Mean trading profits based on SEISS claimant status



Source: HMRC SEISS data matched to Self Assessment taxpayer information
Sample size: Approximately 4.2 million individuals
Notes: Only includes potentially eligible non-claimants or assessed as ineligible individuals if they filed at least one self-employed page on an SA return for 2020 to 2021, and some outliers are removed. The data presented in this chart can be accessed in the accompanying data tables

This chart shows that, on average, SEISS grants more than offset the drop in trading profits experienced by self-employed SEISS claimants. This suggests that, had the SEISS not existed, claimants may have experienced a potentially large drop in income. However, there were a wide range of outcomes for this population. Approximately 79% of eligible claimants who have filed their 2020 to 2021 return reported no change or decreased trading profits in 2020 to 2021 (when the SEISS grant is excluded). Approximately 21% of eligible claimants who have filed their 2020 to 2021 return reported increased trading profits in 2020 to 2021 (when the SEISS grant is excluded). However, these individuals' businesses may still have been impacted by COVID-19, but then seen profits recover later in the year as economic restrictions were eased. The analysis looks at trading profits across an entire year, whereas each SEISS grant covered a smaller period of around three months.

When including SEISS grants, 57% of individuals experienced an increase in annual trading profits in 2020 to 2021, compared with 51% of individuals in the previous year[6]. Average trading profits increased by 14% for SEISS claimants in 2020 to 2021, an increase on the 2% increase from the previous year, and the 5% increase in the year before that.

In comparison, those who were potentially eligible for the SEISS but chose not to claim experienced an average increase in annual trading profits of 3%. Overall, 54% of potentially eligible non-claimants experienced no change or a decrease in annual trading profits in 2020 to 2021. To claim SEISS grants, businesses should have been adversely affected by the pandemic. Therefore, this result is consistent with the view that those who were potentially eligible, but chose not to claim, were less impacted by COVID-19, but still experienced a range of outcomes.

Those who were assessed as ineligible for the SEISS also did not see a drop in average trading profits (though it is important to note that impacts may have been different for groups who have not submitted a self-employed schedule on their tax return, who are not captured in this analysis). This finding is perhaps more surprising, given that at least some in this group are likely to have been similarly impacted by the pandemic as the eligible group. Individuals assessed as ineligible had a lower likelihood of continuing to trade in 2020 to 2021 compared to people who received SEISS grants. Many of this group were not eligible for the SEISS on the basis of either having trading profits over £50,000 or because self-employment was less than 50% of their overall income[7]. On one hand, higher previous trading profits may indicate that a business was more able to adapt to the economic pressures of the pandemic. On the other hand, the results may imply that, without the SEISS, some claimants may have been able to make up shortfalls in their profits over the year but did not have to (due to receiving SEISS grants). The following analysis (and the latter counterfactual analysis) tests these potential explanations further.

One part of the explanation for the differing outcomes in figure 5.1 (when SEISS grants are excluded) is that mean trading profits are concealing a wide range of outcomes and circumstances. Median profits (which, as opposed to mean profits, will reduce the effect of 'large profit' outliers) show there is a drop in annual trading profits for the 'assessed as ineligible' population of around 18% relative to the previous year.

Many individuals were assessed as ineligible due to having trading profits which were less than 50% of their total income. Median trading profits fell by over £600 to approximately £3,000 in 2020 to 2021, but median total income (which includes all

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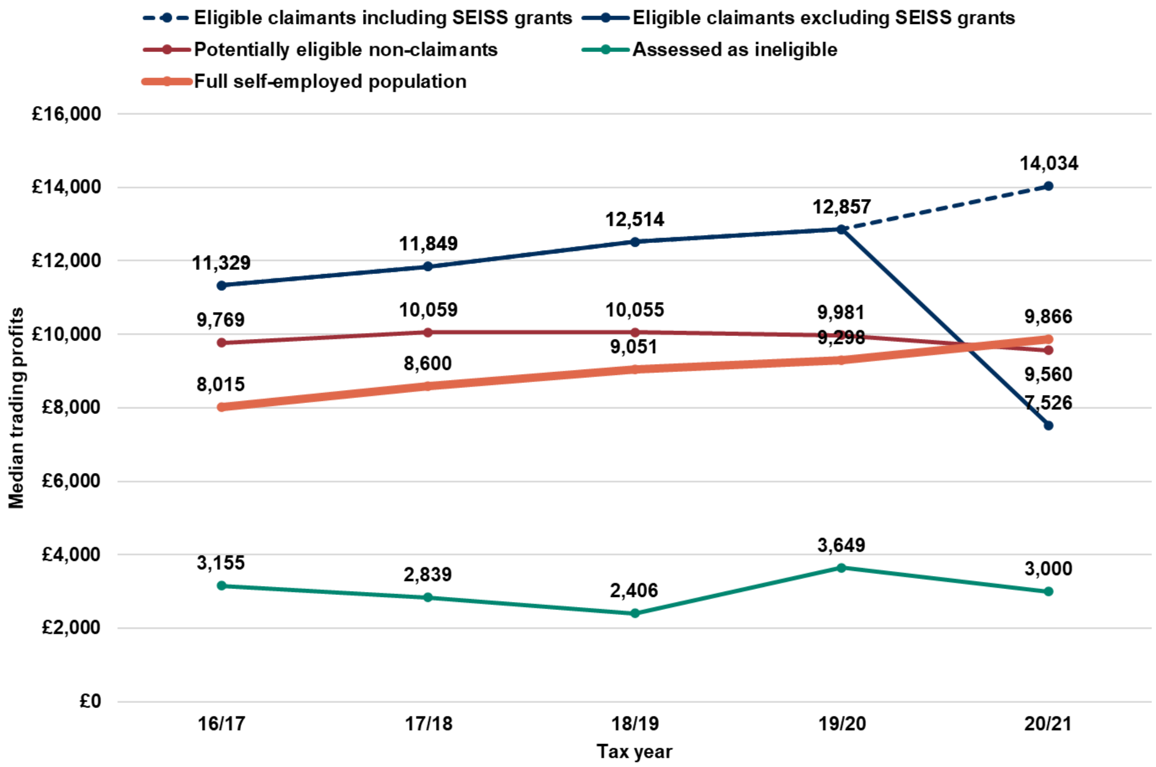
[6] This calculation is done as a percentage of those who have filed self-employment income in the relevant year

[7] GOV.UK (2021) Self-Employment Income Support Scheme statistics: November 2021, table 5 in Supplementary statistics

income sources, not just self-employed trading profits) was proportionately much less affected, falling from £26,000 in 2019 to 2020 to £25,000 in 2020 to 2021.

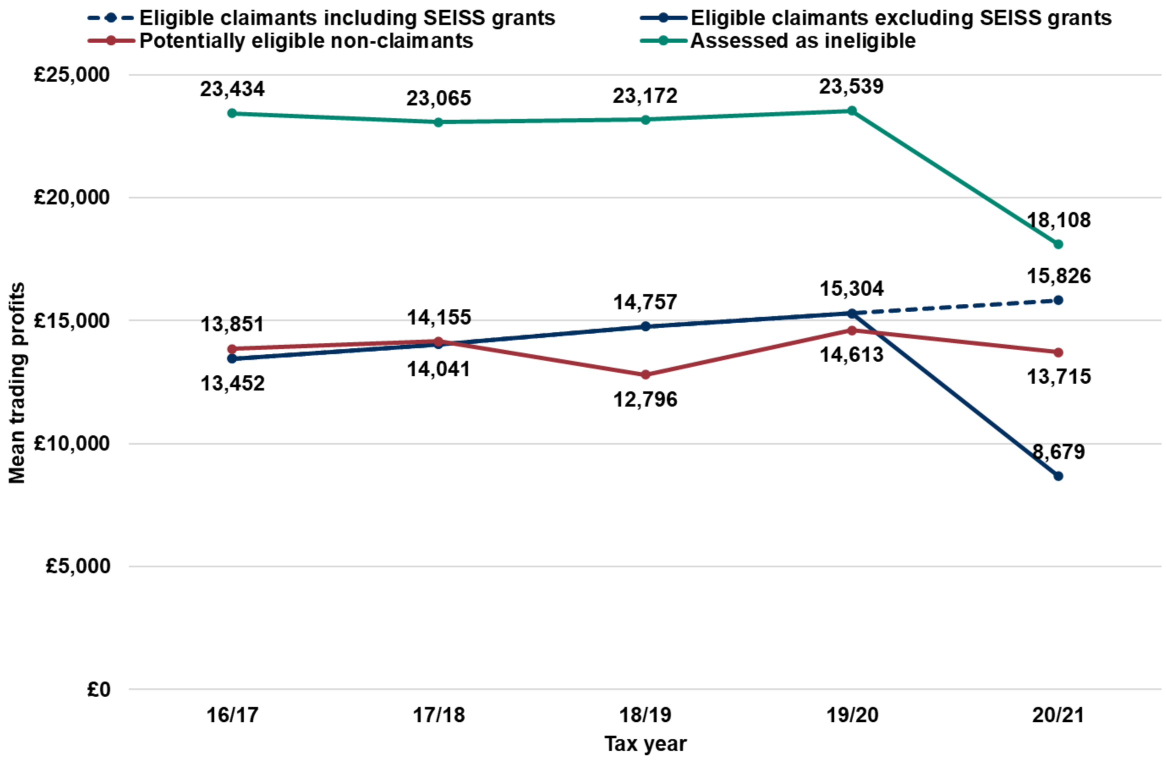
Figure 5.2: Median trading profits based on SEISS claimant status



Source: HMRC SEISS data matched to Self Assessment taxpayer information
Sample size: Approximately 4.2 million individuals
Notes: Only includes potentially eligible non-claimants or assessed as ineligible individuals if they filed at least one self-employed page on an SA return for 2020 to 2021, and some outliers are removed.
The data presented in this chart can be accessed in the accompanying data tables

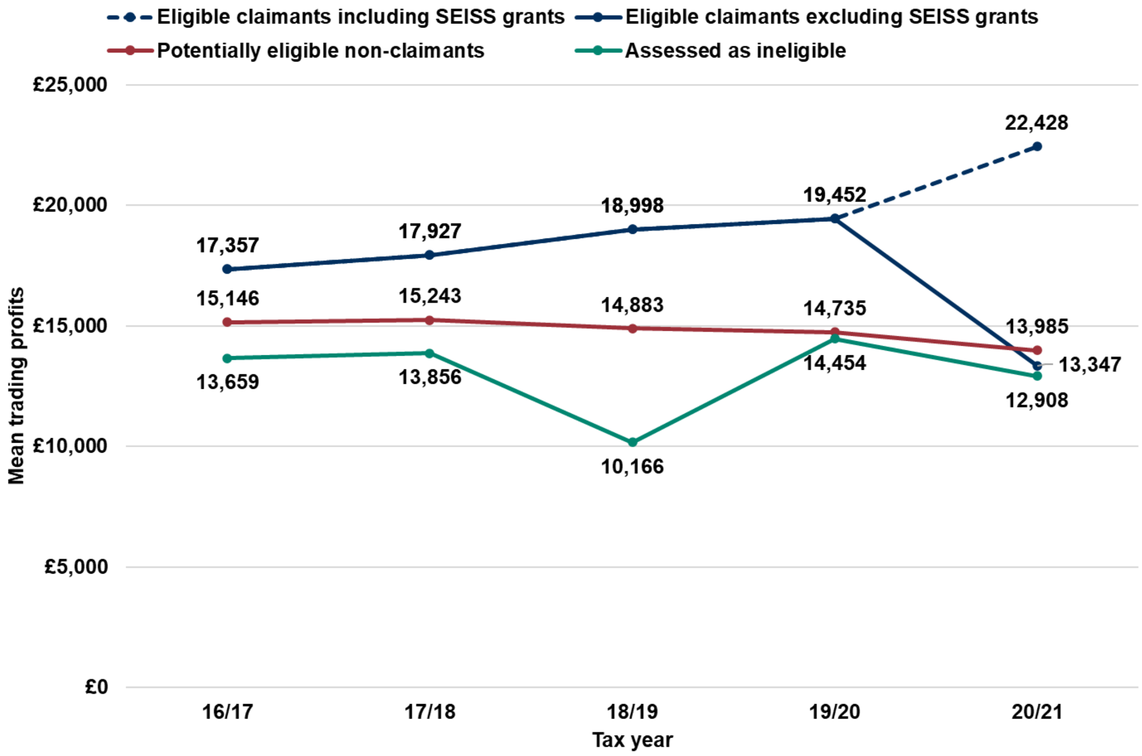
Furthermore, when the analysis is split to look at certain sectors such as arts, entertainment and recreation, there was a drop in trading profits for both the eligible and ineligible groups. This was a sector that was acutely affected by COVID-19, particularly at the start of the pandemic when restrictions were at their tightest. However, in the construction sector, where there were relatively fewer restrictions, mean trading profits in 2020 to 2021 (when including SEISS grants) were 15% higher than the previous year. Construction was the sector with the highest number of SEISS claimants and covers a very broad range of activities, which likely means effects from the pandemic within the sector also varied.

Figure 5.3: Mean trading profits for the arts, entertainment and recreation sector, by SEISS claimant status



Source: HMRC SEISS data matched to Self Assessment taxpayer information and the Standard Industry Classification produced by the ONS
Sample size: Approximately 150,000 individuals
Notes: Only includes potentially eligible non-claimants or assessed as ineligible individuals if they filed at least one self-employed page on an SA return for 2020 to 2021, and some outliers are removed.
The data presented in this chart can be accessed in the accompanying data tables

Figure 5.4: Mean trading profits for the construction sector, by SEISS claimant status



Source: HMRC SEISS data matched to individuals' Self Assessment returns held by HMRC and the Standard Industry Classification produced by the ONS
Sample size: Approximately 970,000 individuals
Notes: Only includes potentially eligible non-claimants or assessed as ineligible individuals if they filed at least one self-employed page on an SA return for 2020 to 2021, and some outliers are removed. The data presented in this chart can be accessed in the accompanying data tables

While certain sectors were likely to have needed more support than others, the data available at the time the scheme was designed (from Self Assessment) was insufficient to target the scheme in this way. For example, around 14% of claims were assigned to an unknown sector, and some individuals have more than one trade across multiple sectors. Furthermore, individuals may have changed sector after they filed their tax return.

In summary, the variation in effects by sector suggests it is highly likely that the SEISS helped many individuals who would otherwise have been in significant financial difficulty. In some sectors, those assessed as ineligible were not able to claim and saw a reduction in trading profits. However, the increase in claimants' overall trading profits in 2020 to 2021 (with SEISS grants included) suggests that for some individuals the SEISS may have been more generous than necessary. This is largely a by-product of the lump-sum nature of SEISS grants, which was a necessary design constraint due to the lack of real time information. Nevertheless, these individuals may have been adversely affected in the relevant claim period and seen their profits recover over the course of the tax year. The analysis also suggests that part of the explanation for non-claimant groups not seeing falls in average trading profits is that they did not require the same level of support, because their businesses were better able to generate profits during the pandemic.

5.4 Counterfactual analysis

A counterfactual assessment models what would have happened in the absence of the SEISS. Another potential explanation for the differing outcomes in figure 5.1 (that trading profits for claimants, excluding the SEISS, are lower than the assessed as ineligible group) is that there may have been an 'income effect'; that is, receiving the SEISS may have led to some claimants reducing the amount of work they undertook. An income effect is consistent with economic theory and therefore might be expected when a grant replaces earned income, but is difficult to test for as there is no way to know for certain how individuals would have behaved had the SEISS not been made available. An approach called 'Fuzzy Regression Discontinuity Design (RDD)' is used to test how claiming the SEISS affected behaviour, and the associated impact of that behaviour on incomes (see figures 5.5a and 5.5b below), in order to consider the impact of the scheme.

RDD is a quasi-experimental evaluation tool that can help estimate the causal impact of an intervention (such as the SEISS) that was offered to a group of people who met certain eligibility criteria, by comparing outcomes either side of those criteria, for example those with just under £50,000 of trading profits relative to just over. These criteria will create a discontinuity (a change in the trend) in outcomes for individuals on either side. Quasi-experimental means that statistical techniques are used to estimate the impact of the intervention, since the grant was not randomly allocated. Fuzzy RDD estimates the impact of an intervention by using a discontinuity in the probability of treatment (in this case, the probability of having claimed the SEISS). In this case, a discontinuity occurs because individuals with less than £50,000 average trading profits often chose to claim the SEISS, whereas those above this threshold rarely claimed the SEISS, unless their 2018 to 2019 trading profits meant they were eligible. The fuzzy design differs from a sharp design by allowing for the treatment to be imperfectly assigned. This distinction means that it is not the case that every individual with below £50,000 average trading profits claimed the SEISS, and every individual with average trading profits above this threshold did not claim (as they could be eligible to claim based on their 2018 to 2019 trading profits).

The analysis looks at trading profits and total income, both including and excluding SEISS grants, as outcome variables. Whereas trading profits are the total net profits of individuals' self-employed businesses, total income includes other sources of income the individual may have, such as employment, dividends, pensions or property.

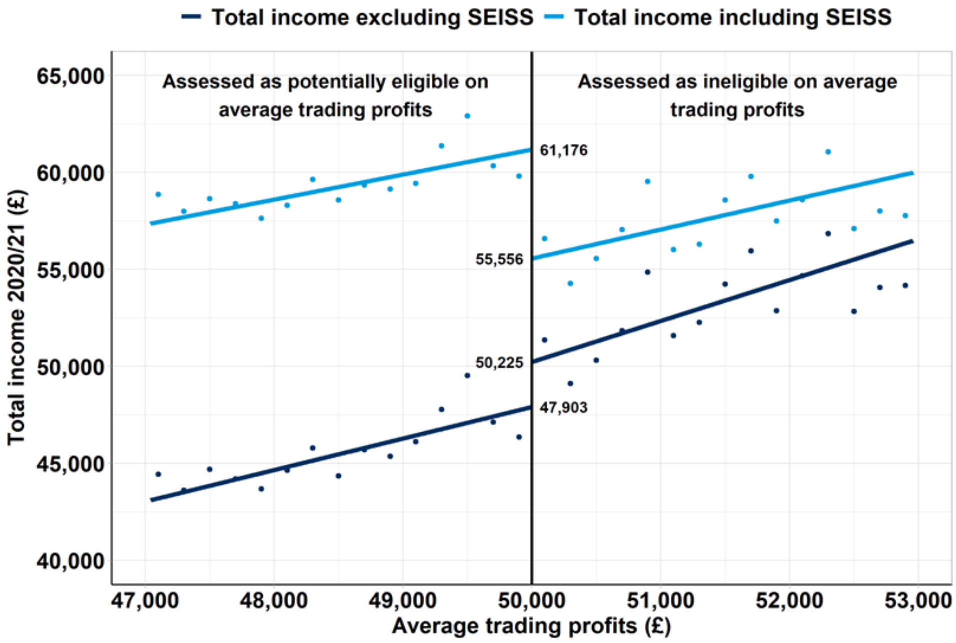
Figures 5.5a and 5.5b compare the trading profits and total income of those just below and above the £50,000 trading profits eligibility criteria. Figure 5.5a shows trading profits in 2020 to 2021 as the outcome variable, both including and excluding SEISS grants, and figure 5.5b shows the same but for total incomes. Self-employed people who sit very marginally below/above the eligibility threshold ought to have had very similar trading profits and/or incomes (when excluding SEISS grants).

Therefore, any difference in trading profits and/or incomes is more likely to be the impact on behaviour that can be attributed to receiving SEISS grants. More details on this analysis can be found in the accompanying technical note.

Figure 5.5a: Regression discontinuity design of average trading profits against trading profits in 2020 to 2021

Source: HMRC SEISS data matched to Self Assessment taxpayer information
Sample size: Approximately 28,000 individuals
Notes: Only includes potentially eligible non-claimants or assessed as ineligible individuals if they filed at least one self-employed page on an SA return for 2020 to 2021, and some outliers are removed. The data presented in this chart can be accessed in the accompanying data tables

Figure 5.5b: Regression discontinuity design of average trading profits against total income in 2020 to 2021



Source: HMRC SEISS data matched to Self Assessment taxpayer information
Sample size: Approximately 27,000 individuals
Notes: Only includes potentially eligible non-claimants or assessed as ineligible individuals if they filed at least one self-employed page on an SA return for 2020 to 2021, and some outliers are removed. The data presented in this chart can be accessed in the accompanying data tables

The analysis shows that, close to both of the thresholds, SEISS claimants in the potentially eligible group had (on average) lower non-SEISS trading profits and incomes than the assessed as ineligible group.

When comparing the groups that fall either side of the £50,000 threshold (figure 5.5a), the gap between the dark green lines at the threshold for trading profits excluding SEISS grants (£40,913 compared to £40,129) is statistically insignificant. Accordingly, figure 5.5a shows that for individuals with average trading profits close to the threshold of £50,000, their 2020 to 2021 trading profits are on average around £40,000. This suggests the pandemic has impacted business performance and that falling trading profits cannot be completely explained by an income effect (in other words SEISS claimants just below the trading profits threshold choosing to reduce the amount of work they undertook). However, there is a statistically significant difference between the darker blue lines (figure 5.5b) at the threshold for total income excluding SEISS grants (£50,225 compared to £47,903).

Overall, this provides some limited evidence that receiving SEISS grants was associated with lower incomes (excluding SEISS grants). This could suggest that receipt of SEISS grants may have led some claimants to reduce the amount of work they undertook, or to reduce their involvement in other economic activities. This is known as an ‘income effect’. The possibility of an income effect is consistent with economic theory of individuals’ working decisions where an unearned grant is received. The size of this estimated effect is very uncertain although appears to be small, in the low thousands of pounds, at slightly over £2,000 near the £50,000 cut-off point, increasing to around £5,000 when adjusting for the proportion of the population claiming SEISS grants. The population assessed in this analysis was eligible for the maximum value of each SEISS grant, meaning this group will have been eligible to claim up to £21,570 in SEISS grants. Therefore, finding an income effect in the low thousands of pounds suggests that the majority of SEISS grants have been used to replace genuine lost income.

Furthermore, the extent of this income effect across the wider self-employed population is uncertain. Firstly, there is only limited evidence for this with respect to total incomes either side of the £50,000 eligibility criteria. There does not appear to be an income effect when performing the same analysis around the 50% threshold, which encompasses a wider range of income levels[8]. It is also important to note that this analysis uses a specific sub-section of the SEISS population near the eligibility thresholds. Therefore, this result is only valid for those individuals near the eligibility thresholds (less than 1% of the total self-employed population) and may not be generalisable to the over 5 million individuals who were assessed for the SEISS, who may have different characteristics. The fact that the evidence for an income effect is stronger around the £50,000 threshold suggests this behaviour may have been more prevalent for those on higher incomes. It is expected that the income effect would be smaller for individuals with lower incomes, and those who received smaller values from the SEISS, but this cannot be tested by this analysis.

The other finding that the RDD highlights is the contrasting outcomes around the eligibility thresholds. Figures 5.5a and 5.5b show that despite being otherwise similar on average, when including SEISS grants, those marginally below the eligibility threshold saw increased trading profits or incomes compared to earlier years. However, those marginally above the threshold saw decreased trading profits or incomes. The impact of claiming the SEISS is estimated at trading profits (with SEISS grants included) being over £17,000 higher for those who were just able to claim compared to those who just missed the eligibility criteria. However, this result is not generalisable to the entire self-employed population, with figure 5.1 showing how the assessed as ineligible population overall did not see a drop in mean trading profits. This population will also have received far more in SEISS grants due to their higher trading profits than the average claimant. The average claim for each grant was less than £3,000.

5.5 Discussion of findings from trading profits and counterfactual analysis

Some conclusions can be drawn from the analysis on the impact of the SEISS.

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[8] The analysis around the 50% threshold does show a discontinuity whereby trading profits excluding the SEISS grant are higher for those who claimed the SEISS than for those who did not. However, placebo analysis finds evidence for this same discontinuity in previous years before the introduction of the SEISS, suggesting that receipt of a SEISS grant is not the cause of this trend, but rather a pre-existing feature of the population. More detail on this is provided in the accompanying technical note.

Firstly, it is highly likely that the SEISS helped many individuals who would otherwise have been in significant financial difficulty.

Secondly, SEISS claimants had a wide range of experiences during the pandemic, and therefore the impact and importance of the SEISS also varied. There is some evidence consistent with the likelihood of an income effect (individuals working less as a result of receiving the SEISS), although the extent of this is uncertain. Furthermore, some claimants increased their trading profits above what would have been expected based on previous trends (even when excluding SEISS grants).

Although this could indicate the SEISS was insufficiently targeted and was too generous, there are several possible interpretations. Some claimants are likely to have faced a forced and significant reduction in work and needed the grant urgently for their business's survival; others' circumstances may have been less severe. The self-employed may not have known which of these eventualities faced them. Individuals may also have found it challenging to estimate the impact of the pandemic on their business or anticipate the extent to which they would recover when economic restrictions were eased. Designing a scheme which could distinguish between and perfectly target these groups would have been extremely difficult, and could not have been delivered quickly. Additionally, if and where there was an income effect, there is no way of knowing what claimants replaced their reduced hours with; they may have been spent on socially beneficial activities such as caring, volunteering or childcare, which might have had wider economic benefits.

The targeting of the SEISS was improved over time with the introduction of the Reasonable Belief Test (covering the third, fourth and fifth grants) and the Financial Impact Declaration for the fifth grant. The impact of the fourth and fifth grants will be assessed in the final evaluation when the necessary data is available.

A final conclusion from the analysis is that the threshold for eligibility meant that some ineligible self-employed workers (who were in a small number of cases almost identical to claimants) experienced falls in trading profits. The thresholds were chosen to focus support on those most reliant on income from self-employment. Furthermore, a more complicated design, for example based on, tapered support, would have meant processing claims would have taken longer and risked not getting support out in time to those who needed it.

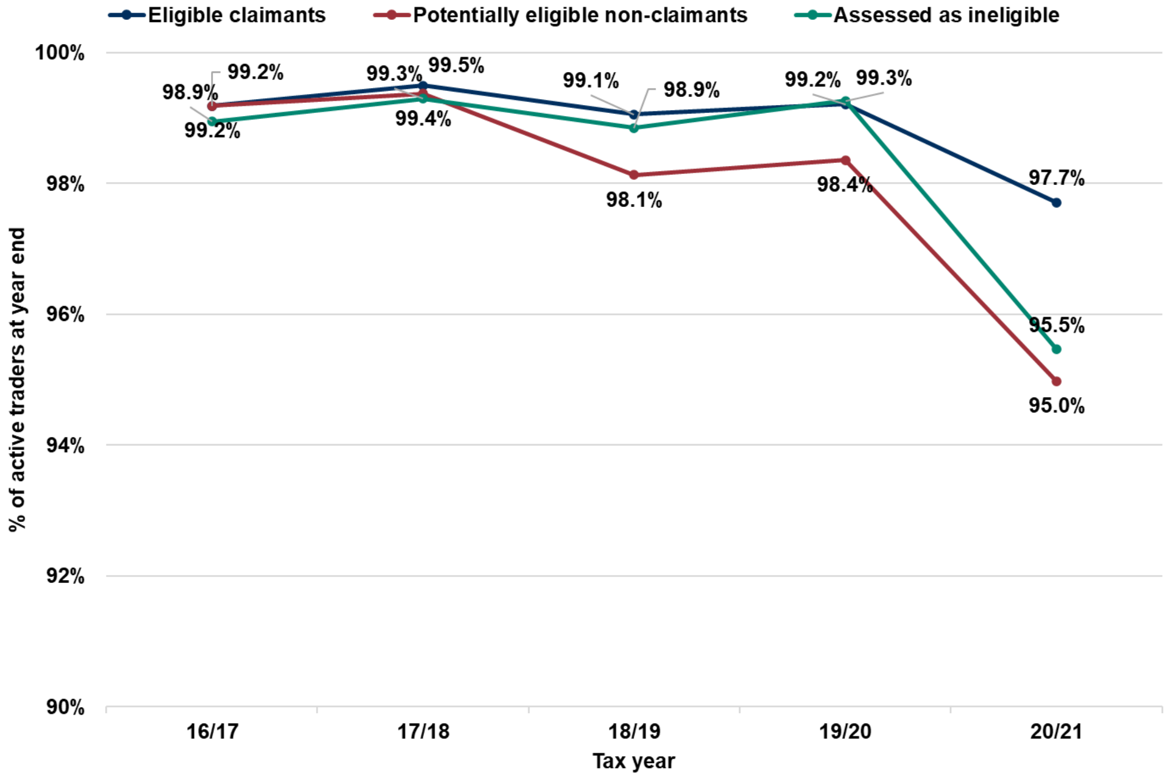
5.6 Business survivability analysis

Initial analysis shows signs that the SEISS may have had a longer-term benefit, with eligible claimants having a higher proportion of businesses surviving and continuing to trade in 2020 to 2021 compared to individuals who did not claim or were not eligible for the SEISS. However, to make a more complete assessment, this will require further study once 2021 to 2022 tax returns are available. This effect may be because SEISS claimants were required to intend to continue trading.

Analysis shows that (at the individual level) those that claimed SEISS grants were somewhat more likely to continue trading (1.5 percentage points decrease in the percentage of active traders - from 99.2% in 2019 to 2020 down to 97.7% in 2020 to

2021). This compares to those that were potentially eligible but did not claim (3.4 percentage points decrease from 98.4% in 2019 to 2020 down to 95.0% in 2020 to 2021) or those that were in the assessed as ineligible population (3.8 percentage points decrease from 99.3% in 2019 to 2020 down to 95.5% in 2020 to 2021).

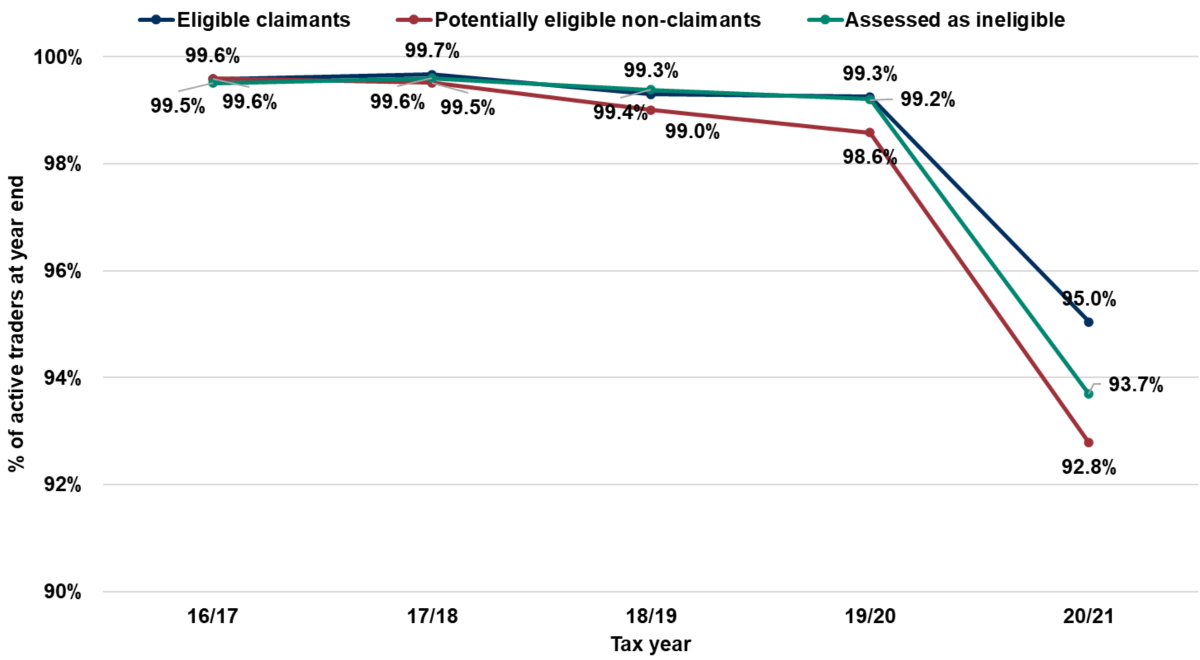
Figure 5.6: Percentage of active traders at year end



Source: HMRC SEISS data matched to Self Assessment taxpayer information
Sample size: Approximately 4.2 million individuals
Notes: Only includes potentially eligible non-claimants or assessed as ineligible individuals if they filed at least one self-employed page on an SA return for 2020 to 2021, and some outliers are removed. The data presented in this chart can be accessed in the accompanying data tables

There was no significant variation in observed results by gender or region. Comparing across age bands showed some variation with the businesses of the 65+ age group (who accounted for around 5% of SEISS claims) being least likely to continue trading. The population continuing to trade into 2020 to 2021 declined by 4.2 percentage points to 95.0% for SEISS claimants, by 5.8 percentage points for potentially eligible non-claimants, and by 5.6 percentage points for those assessed as ineligible. The 65+ age group might have decided to retire instead of continuing to trade during the pandemic, but this may not be known until Self Assessment returns for 2021 to 2022 have been received in 2023.

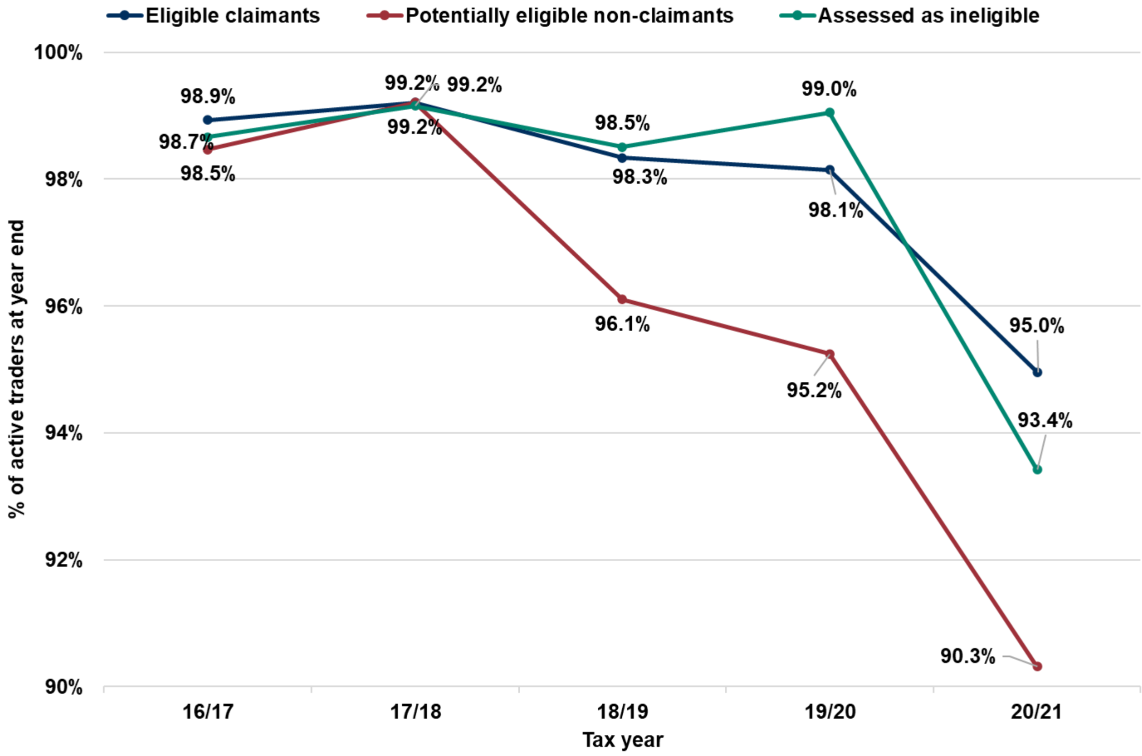
Figure 5.7: Percentage of active traders at year end for the age group 65+



Source: HMRC SEISS data matched to Self Assessment taxpayer information
Sample size: Approximately 580,000 individuals
Notes: Only includes potentially eligible non-claimants or assessed as ineligible individuals if they filed at least one self-employed page on an SA return for 2020 to 2021, and some outliers are removed.
The data presented in this chart can be accessed in the accompanying data tables

There was some variation in results across sectors with the lowest business survival rate being in the accommodation & food sector, which accounts for around 2% of SEISS claims (95.0% survival rate for eligible claimants, 90.3% for potentially eligible non-claimants, 93.4% for assessed as ineligible population).

Figure 5.8: Percentage of active traders at year end for the accommodation and food services sector



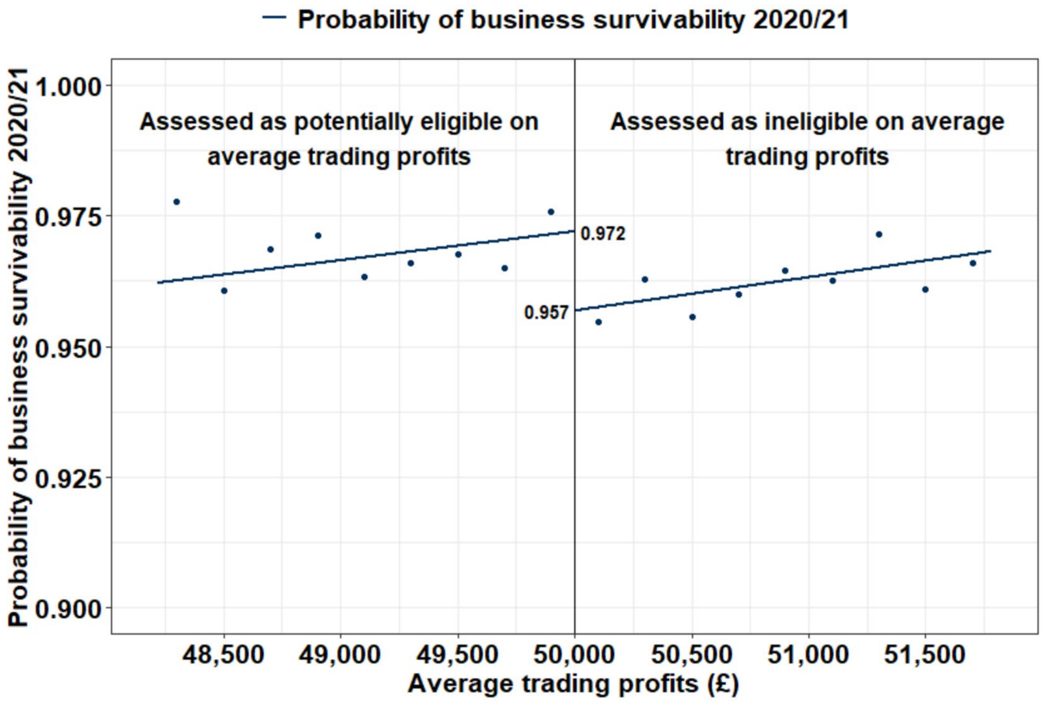
Source: HMRC SEISS data matched to Self Assessment taxpayer information
Sample size: Approximately 100,000 individuals
Notes: Only includes potentially eligible non-claimants or assessed as ineligible individuals if they filed at least one self-employed page on an SA return for 2020 to 2021, and some outliers are removed. The data presented in this chart can be accessed in the accompanying data tables

Business survival analysis needs to be treated with caution as it is currently limited to cessation dates as declared on 2020 to 2021 Self Assessment returns. Until 2021 to 2022 Self Assessment returns are received, it is not possible to determine if these represent permanent or temporary cessations, or whether an individual started an alternative business in the next tax year. It will be possible to determine if an individual started an alternative self-employment activity the following year (or moved to employment or inactivity instead). Within the 2020 to 2021 tax year, 29% of eligible claimants with declared business cessations had newly commenced employment within the tax year, compared to 20% of potentially eligible non-claimants and 10% of the assessed as ineligible population.

This business survival analysis was further assessed using the RDD approach outlined in the previous section, looking at the probability of remaining self-employed in 2020 to 2021. This analysis uses the same methodology to the income RDD in section 5.4. However, it uses a slightly different sample to the incomes and profits analysis above. In this sample, every individual is ineligible on a 2018 to 2019 basis, and then tested for eligibility on an average test basis. This means the cut-off perfectly assigned individuals to being either eligible or ineligible for the SEISS and so removed potential contamination between the eligible and ineligible populations. Further details are provided in the technical note.

Figure 5.9 displays the probability of remaining self-employed at both sides of the £50,000 threshold of average trading profits. It suggests that SEISS claimants were 2.1 percentage points more likely to remain trading in 2020 to 2021 than non-claimants (though only significant at the 10% level). As discussed in the previous sections, this analysis uses a specific sub-section of the SEISS population and therefore findings cannot be generalised to the entire population of SEISS recipients. However, given that this eligibility threshold was set at a relatively higher income within the self-employed population, and that results are significant at this point, it is likely that the impact of business survival on businesses with smaller profits was more pronounced. The average SEISS claim was less than £3,000 for each grant, whereas the population assessed here will have been eligible for the maximum amount of each grant (£7,500 for the first and third grants, £6,570 for the second grant). The RDD approach provides strong evidence that the differences in businesses continuing to trade in 2020 to 2021 (shown above) can be attributed to SEISS grants rather than other factors.

Figure 5.9: Business survival at the £50,000 threshold of average trading profits



Source: HMRC SEISS data matched to Self Assessment taxpayer information
Sample size: Approximately 9,000 individuals
Notes: Only includes potentially eligible non-claimants or assessed as ineligible individuals if they filed at least one self-employed page on an SA return for both 2019 to 2020 and 2020 to 2021, and some outliers are removed. All individuals included were ineligible based on their 2018 to 2019 Self Assessment return alone. The data presented in this chart can be accessed in the accompanying data tables

Chapter 6. Interim evaluation conclusions

The evidence presented in this interim evaluation shows that the SEISS was designed and delivered at pace, in response to the COVID-19 pandemic, and generally supported the incomes of self-employed individuals who were most in need of financial support between May 2020 and September 2021.

SEISS grants were paid to the majority of individuals within six days of claiming.

From the outset, measures to minimise error and fraud were incorporated into the design of the scheme. Throughout the lifecycle of the policy, changes were made to the scheme in order to better target the grants, such as the introduction of the Reasonable Belief Test and the Financial Impact Declaration.

The SEISS succeeded in ensuring many self-employed people were protected from a significant drop in income that they may otherwise have experienced. The design of the SEISS could not be overly complex in order to ensure the fast delivery of grants to individuals that needed them. Therefore, along with the diversity of the self-employed population and the varying impact of COVID-19 on businesses, this meant there were a wide range of outcomes. The analysis in this report could indicate that some individuals who claimed the SEISS may have chosen to work slightly less as a result, but the evidence for this is limited and uncertain, and only applies to a specific subset of SEISS claimants. Separately, the SEISS appeared to have a positive impact in preventing business cessations in 2020 to 2021.

Evidence collected in this report also provides some lessons, which may help to inform and shape future policy design, including for targeted support for the self-employed population. The findings suggest that having additional up-to-date data on the self-employed population (similar to the real-time information held for employees through HMRC's PAYE system), would be beneficial for future interventions. This would enable HMRC to assess eligibility and the level of the grant based on more up-to-date information, and so enable support to be better targeted in proportion to need.

A final evaluation is planned for 2023. This will cover the longer-term impacts of the scheme and will provide findings for all five iterations of the scheme. It will also include a value for money assessment.