



Department  
for Work &  
Pensions



Government  
Social Research

# Research with self-employed Universal Credit claimants Wave 2

A report of research carried out by Ipsos on behalf of the Department for Work and Pensions.  
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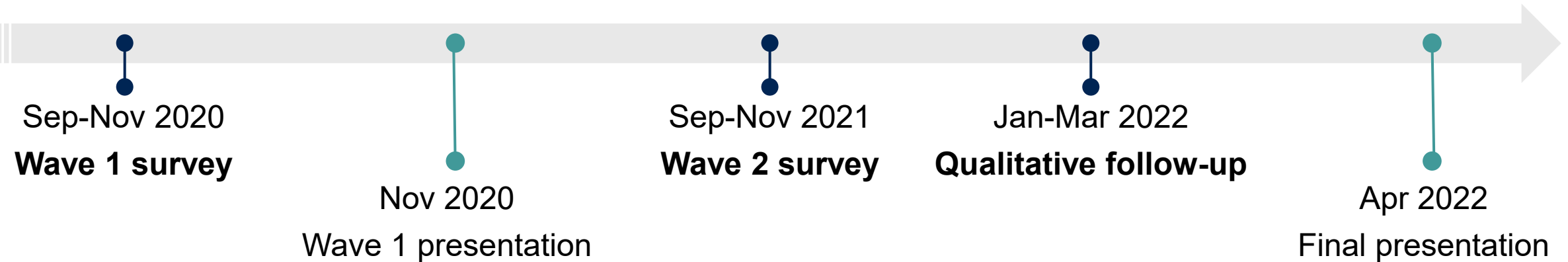
# 1. Introduction and Methodology

# Policy context

This slidedeck presents key findings from a survey of self-employed Universal Credit (UC) claimants. Self-employed (SE) workers on a low income may apply for support from Universal Credit. If a claimant is gainfully self-employed (their self-employment is their main activity and is regular, organised, developed and carried out in expectation of profit), UC payments are calculated using an assumed level of earnings called a Minimum Income Floor (MIF). At the time of this research, due to the COVID-19 pandemic, the tests to assess gainful self-employment (i.e. the gateway interviews) were temporarily suspended and the MIF was not applied to UC claims.

# Background and objectives

The aim of this research was to understand claimants' experience of being self-employed and claiming Universal Credit. It involved three main phases:



The key objectives of the research were to:

- Understand who the claimant groups are and the nature of their self-employed work
- Understand claimants' plans, barriers and support needs to making the most of their self-employed work, and the differences between groups

# Sample

The research focused on two distinct groups of claimants:

- **Existing 2020** claimants **who started claiming UC as a self-employed person before 16 March 2020**. This group took part in the Wave 1 and Wave 2 survey. This group had been assessed by Jobcentre Plus for their self-employment, had attended a gateway interview, and may have had the MIF applied.
- **New claimants who started claiming UC after the 16 March 2020**
  - **New 2020** claimants **who started claiming UC as a self-employed person between 16 March and 22 June 2020**. This group took part in the Wave 1 and Wave 2 survey.
  - **New 2021** claimants **who started claiming UC as a self-employed person between 23 June 2020 and 7 July 2021**. This group took part in the Wave 2 survey only.
  - This group may not have been assessed by the Jobcentre Plus for their self-employment and therefore may not have been deemed gainfully self-employed. Due to the pandemic, conditionality was temporarily suspended, halting gateway interviews and implementation of the MIF.

# Methodology

## Wave 1 – 18 September to 2 November 2020

- 5,159 'existing 2020' UC claimants and 5,062 'new 2020' UC claimants completed the online or telephone survey

## Wave 2 – 10 September to 21 November 2021

- Recontacted from Wave 1 1,411 'existing 2020' claimants and 1,331 'new 2020' claimants completed the online or telephone survey
- 1,953 'new 2021' claimants
- A snapshot of all the new 3,284 claimants who started claiming after the pandemic is included in the Appendix

## Qualitative – January to March 2022

- 55 in-depth interviews with participants from Wave 2
  - 28 existing claimants
  - 27 new claimants (both recontact and new 2021)

# Methodology

## Weighting and segmentation approach

### Weighting

Data has been weighted by age, gender, whether claimants have children and single/couple claim. The Recontact sample is weighted to the original population profiles. The new 2021 sample is weighted to the sample proportions supplied. The combined new sample has a secondary weight to reflect the profile of the new population.

### Segmentation

Both **existing 2020**, **new 2020**, and **new 2021** UC claimants have been segmented into one of five groups. Cluster analysis was undertaken on eight attitudinal statements measuring respondents' interest in self-employment, knowledge of sources of advice and guidance to support self-employment as well as their own financial health.

Significant differences between Wave 2 and Wave 1 data are shown by the following arrows throughout:

- ▲ Significant increase from Wave 1
- ▼ Significant decrease from Wave 1



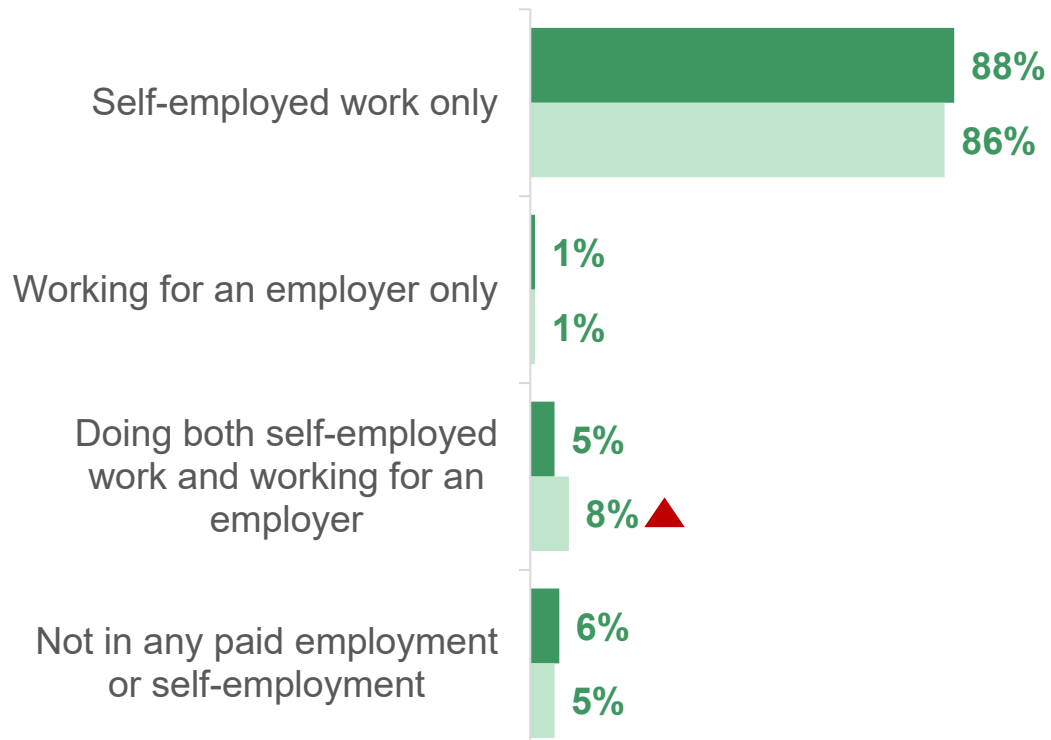
## 2. Nature of self-employed work

# The majority of **existing 2020** and **new 2020** claimants are only carrying out self-employed work, but there was a rise in proportion of those also working for an employer

Which, if any, of the following are you **currently** doing to earn money?

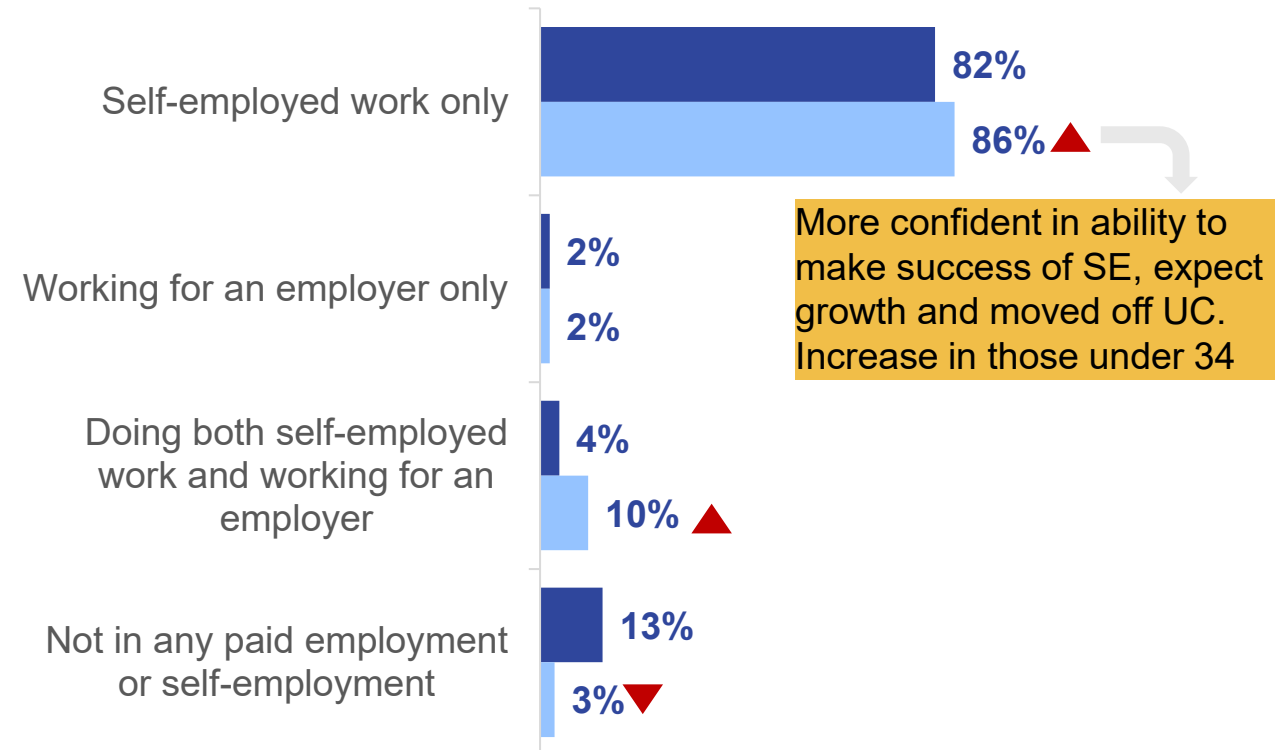
Recontact 'existing 2020'

■ Wave 1 (Sep-Nov 20) ■ Wave 2 (Sep-Nov 21)



Recontact 'new 2020'

■ Wave 1 (Sep-Nov 20) ■ Wave 2 (Sep-Nov 21)



Base: All existing claimants before 16 March 2020 (W1/W2: 1,411) and new claimants between 16 March and 22 June 2020 (W1/W2: 1,331)

▲ Significant increase from Wave 1 | ▼ Significant decrease from Wave 1

# The increase in proportion of **new 2020** claimants is driven by men, those mainly working for an employer, and younger claimants

## Recontact 'existing 2020'

**31%** 25 – 34-year-olds (rising from 14% in W1)

More likely to be **self-employed and employed**

## Recontact 'new 2020'

**55%** of men (rising from 47% in W1)

**53%** mainly working for an employer – Increase in proportion rising from 32% (W1) to 53% (W2)

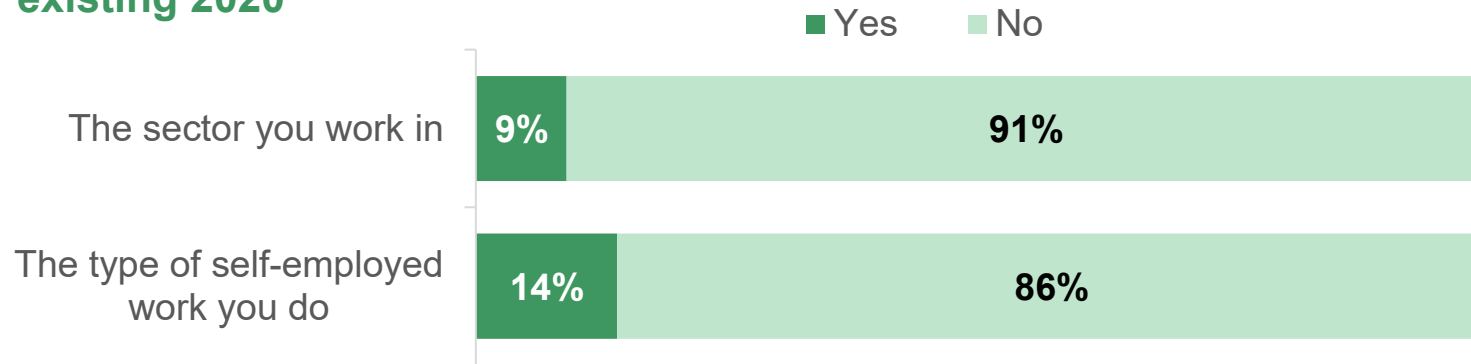
**35%** 25 – 34-year-olds (rising from 31% in W1)

Base: All existing claimants before 16 March 2020 (W1/W2: 1,411) and new claimants between 16 March and 22 June 2020 (W1/W2: 1,331)

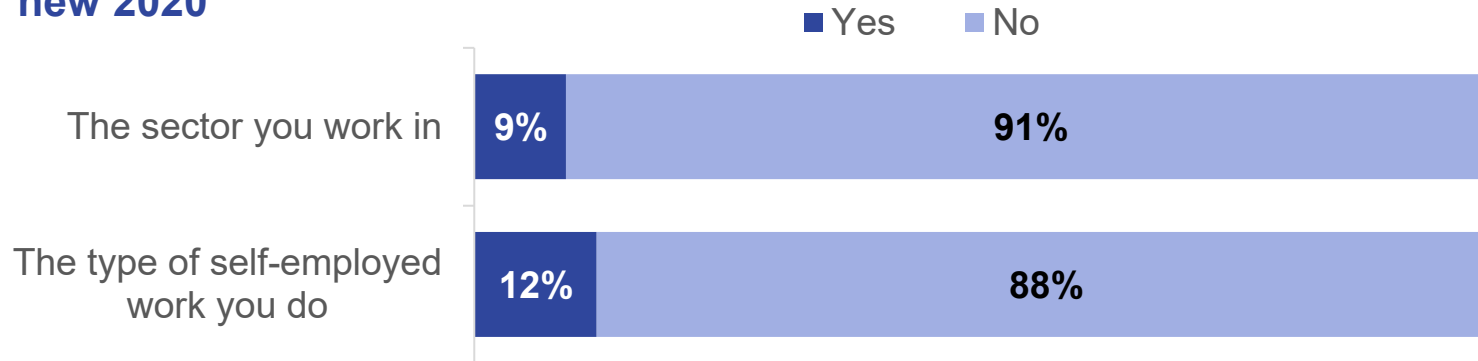
# Around 1 in 10 claimants have changed sector or the type of the work they do since Wave 1

*“Since we spoke to you last year, have you changed any of the following?”*

## Recontact ‘existing 2020’



## Recontact ‘new 2020’



Base: All existing claimants before 16 March 2020 (W1/W2: 1,411) and new claimants between 16 March and 22 June 2020 (W1/W2: 1,331)

# Claimants self-employed for less than 12 months are more likely to have changed sector and type of work

## Recontact 'existing 2020'

## Recontact 'new 2020'



Changed **sector** since W1

**52%** SE for less than 12 months

**32%** plan to be SE in a different line of work in 6 months' time

**23%** plan to work for an employer in 6 months' time

**66%** SE for less than 12 months

**32%** plan to be SE in a different line of work in 6 months' time

**17%** plan to work for an employer in 6 months' time



Changed **type of work** since W1

**56%** SE for less than 12 months

**41%** plan to be SE in a different line of work in 6 months' time

**72%** SE for less than 12 months

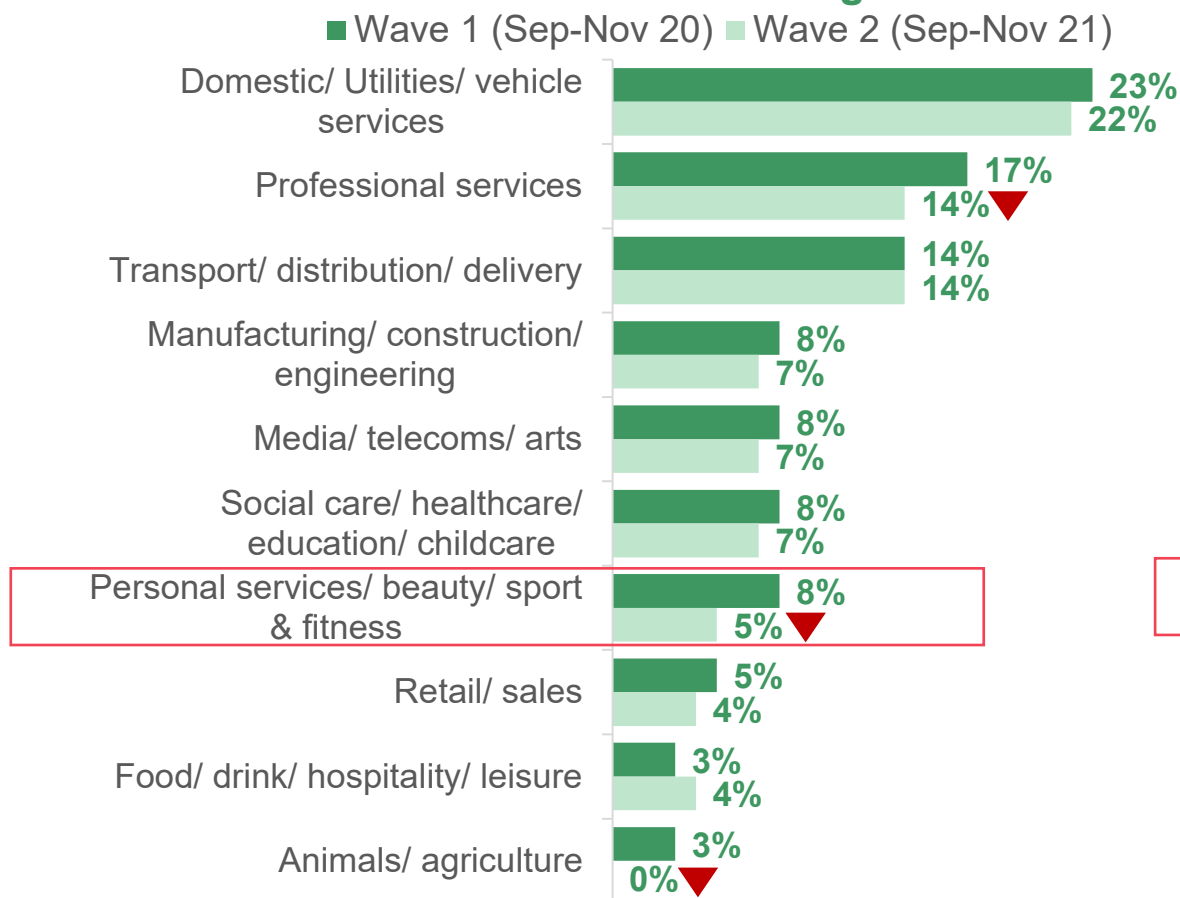
**43%** plan to be SE in a different line of work in 6 months' time

Base: All existing claimants before 16 March 2020 (W1/W2: 1,411) and new claimants between 16 March and 22 June 2020 (W1/W2: 1,331)

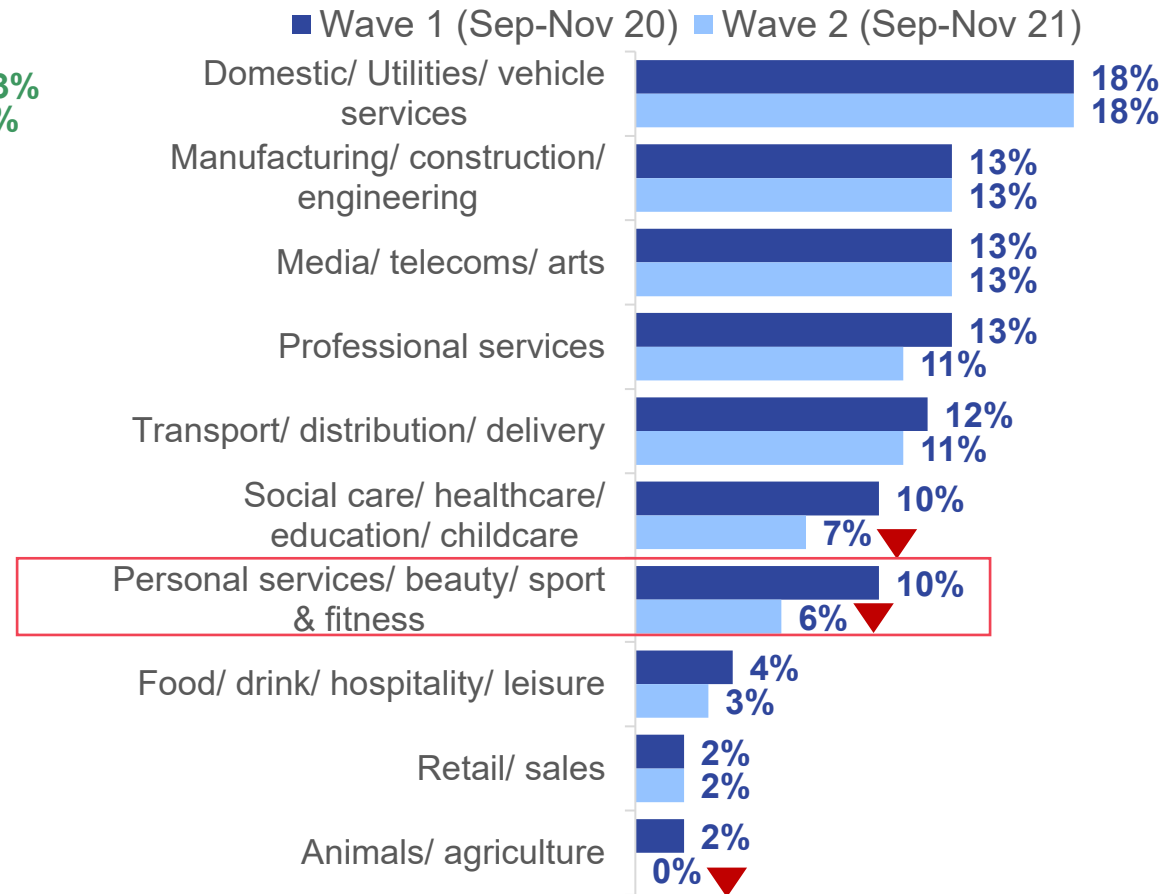
# The sectors which have seen the biggest change are personal services, beauty, sport and fitness

“What is your main self-employed work? (NET values)”

## Recontact ‘existing 2020’



## Recontact ‘new 2020’



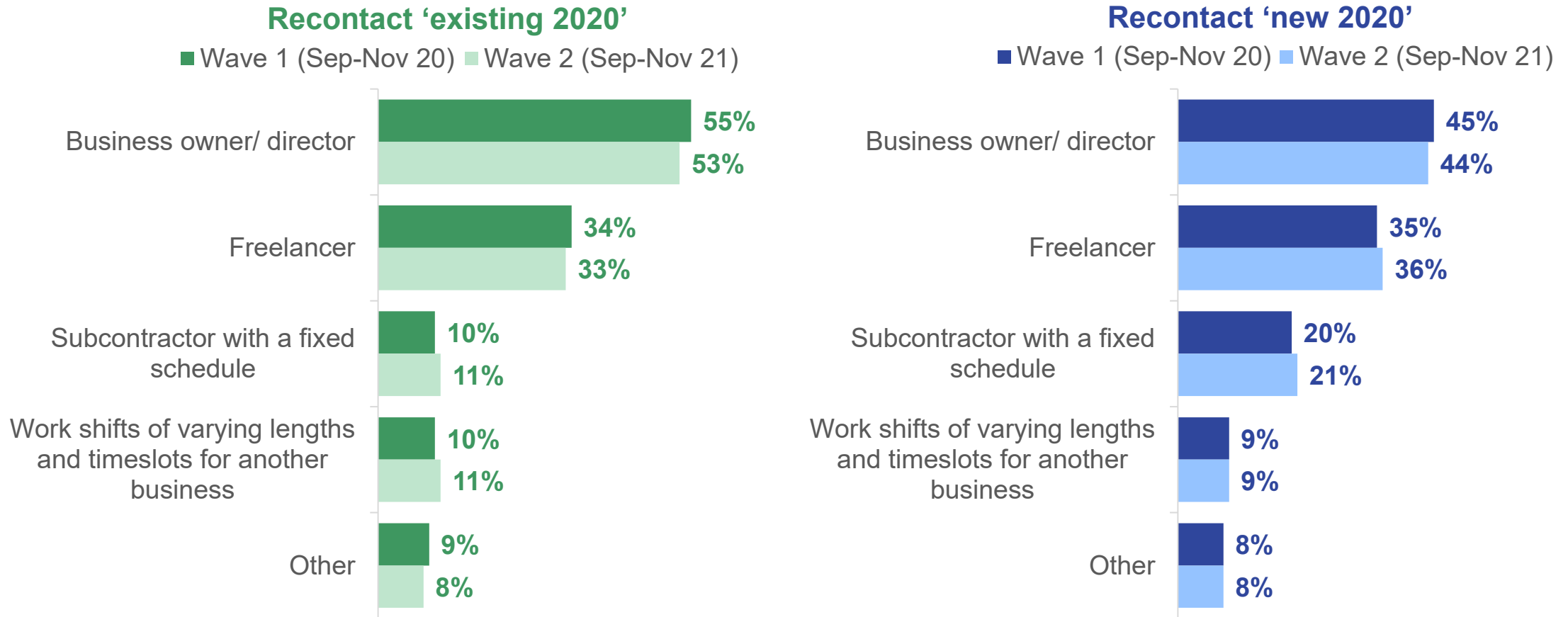
Base: All existing claimants before 16 March 2020 (W1/W2: 1,411) and new claimants between 16 March and 22 June 2020 (W1/W2: 1,331)

Net values: percentage values for each response are summed to broader categories.

▲ Significant increase from Wave 1 | ▼ Significant decrease from Wave 1

# However, there were not significant changes reported in the type of work that claimants are doing

“Which of the following describe any self-employed work you do?”



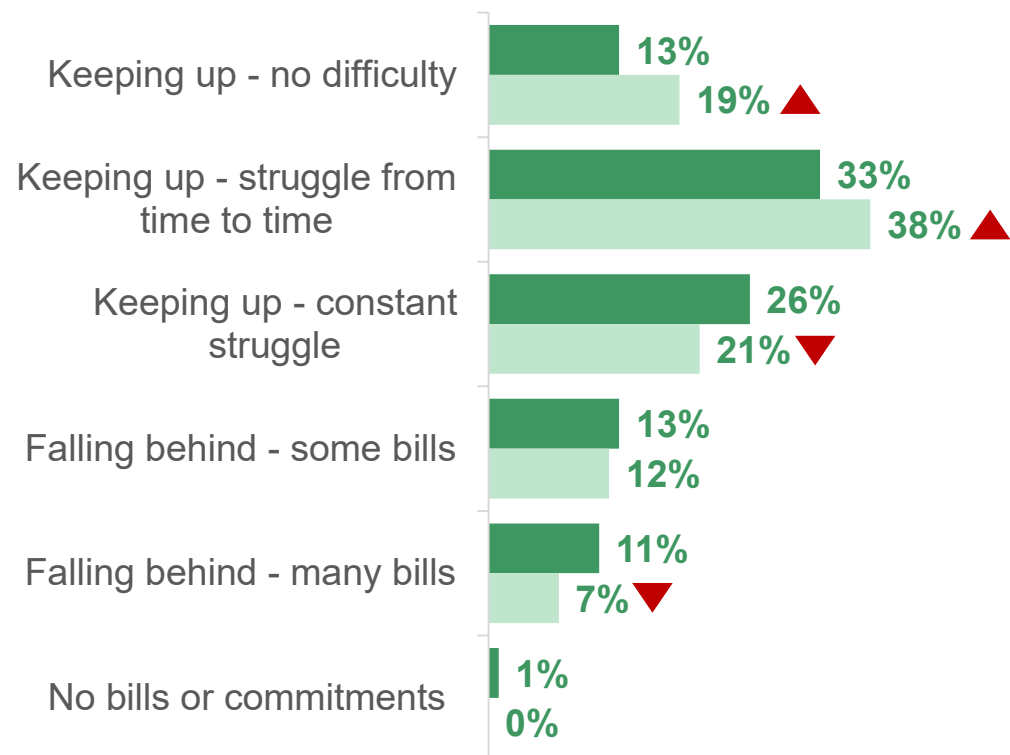
Base: All existing claimants before 16 March 2020 (W1/W2: 1,411) and new claimants between 16 March and 22 June 2020 (W1/W2: 1,331)

# Financial situation has significantly improved, with fewer reporting some form of financial difficulty

“Thinking about the **last two months**, which one of the following statements best describes how well you have been keeping up with your bills and credit commitments?” (Timescale: approx. July-Sept 2021/2022)

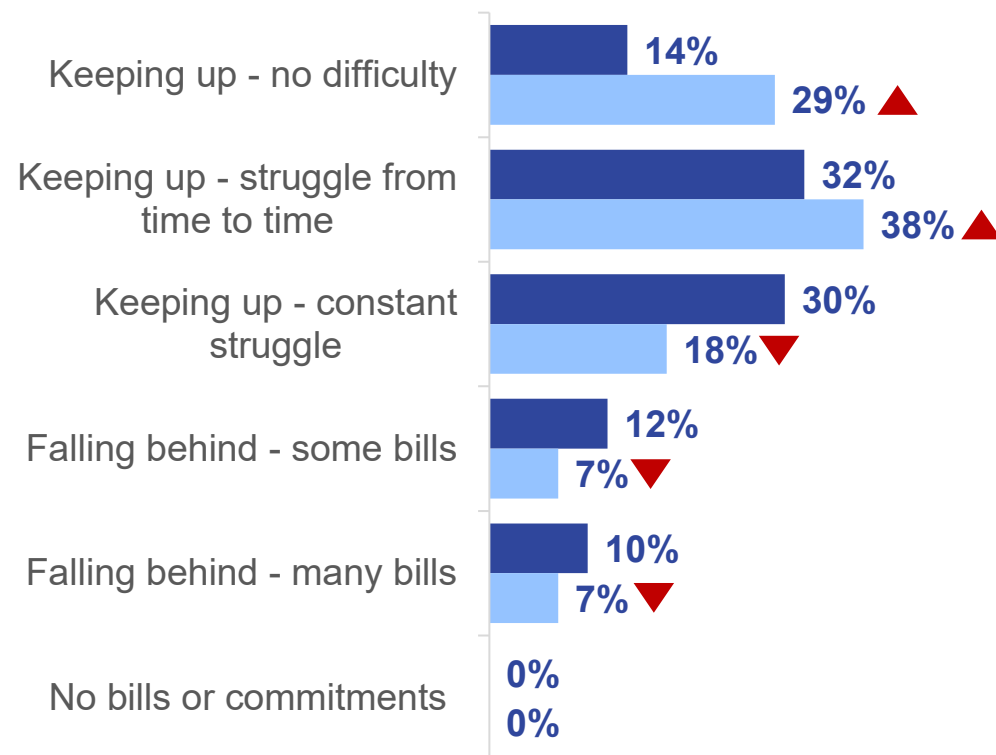
## Recontact ‘existing 2020’

■ Wave 1 (Sep-Nov 20) ■ Wave 2 (Sep-Nov 21)



## Recontact ‘new 2020’

■ Wave 1 (Sep-Nov 20) ■ Wave 2 (Sep-Nov 21)



Base: All existing claimants before 16 March 2020 (W1/W2: 1,411) and new claimants between 16 March and 22 June 2020 (W1/W2: 1,331)

▲ Significant increase from Wave 1 | ▼ Significant decrease from Wave 1



# Qualitative findings showed the reason for claiming UC normally varied by date of claim

Typically, longer term self-employed (SE) claimants initially claimed UC because they were operating at a lower economic level, whilst newer claimants were generally impacted by the pandemic

## Recontact 'existing 2020' claimants

Claimed UC before 16 March 2020

- UC is a buffer while **new business** is established (sometimes triggered transition from legacy benefits)
- **Low income** – from self-employment generally due to the type of work/lower paid sectors, or not charging enough
- **Seasonal work** – self-employment drops off in certain periods
- **Brexit** – people spending less
- Loss of financial security due to **personal circumstances** – poor health, split from partner, partner loss of job etc

## Recontact 'new 2020' claimants

Claimed UC 16 March-22 June 2020

- **Financial impact of the pandemic** on self-employed businesses – if recent self-employment not eligible for SEISS (others claimed SEISS and UC)
- **Personal circumstances** – e.g. limited ability for work as became a full-time carer

## 'New 2021' claimants

Claimed UC from 23 June 2020

- UC a buffer while **new business** established – made redundant from employment due to pandemic
- Living off **savings that later ran out** – need support due to pandemic
- Loss of financial security due to **personal circumstances** – partner loss of job (redundant due to pandemic), partner on low-pay (maternity), split from partner

# No longer claiming UC

## 10%

Existing 2020  
claimants

## 48%

New 2020  
claimants

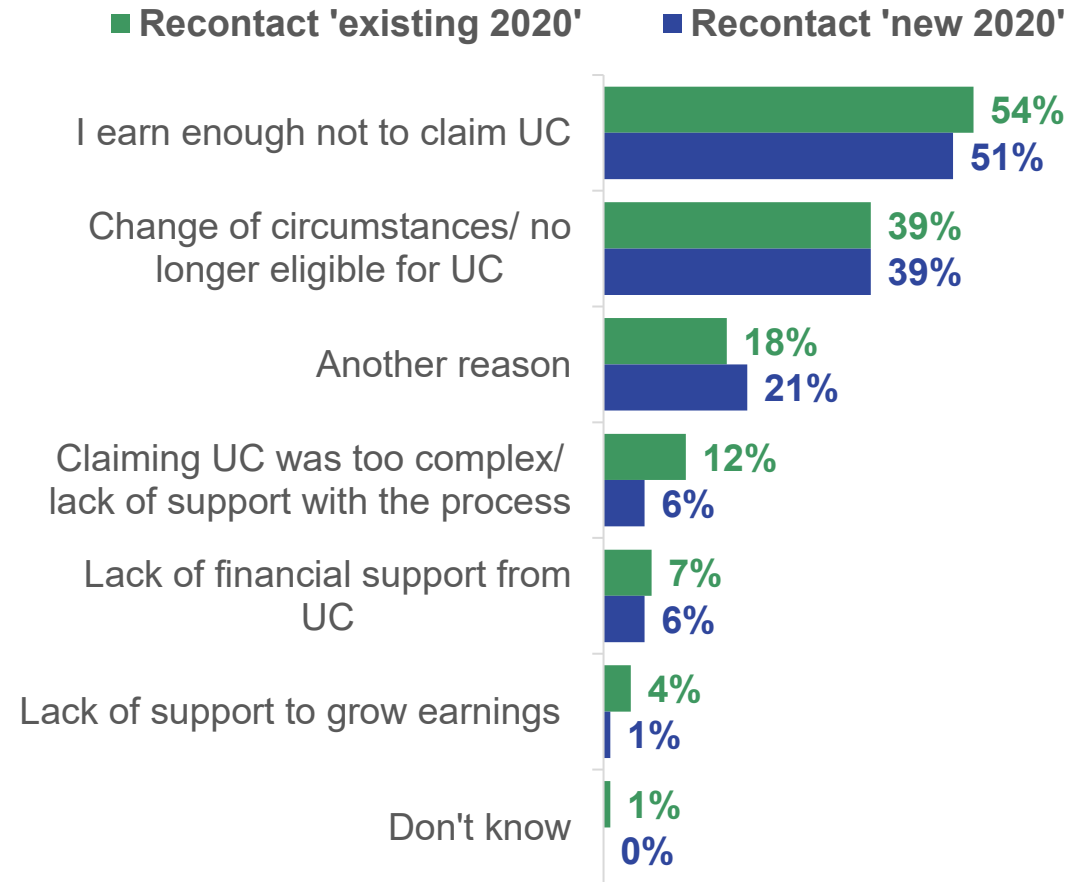


***“Are you currently claiming Universal Credit (UC)?”***

Base: All existing claimants before 16 March 2020 (W1/W2: 1,411) and new claimants between 16 March and 22 June 2020 (W1/W2: 1,331)

# Improved earnings and change of circumstances are the top reasons for moving off Universal Credit since Wave 1

*“Why are you no longer claiming Universal Credit?”*

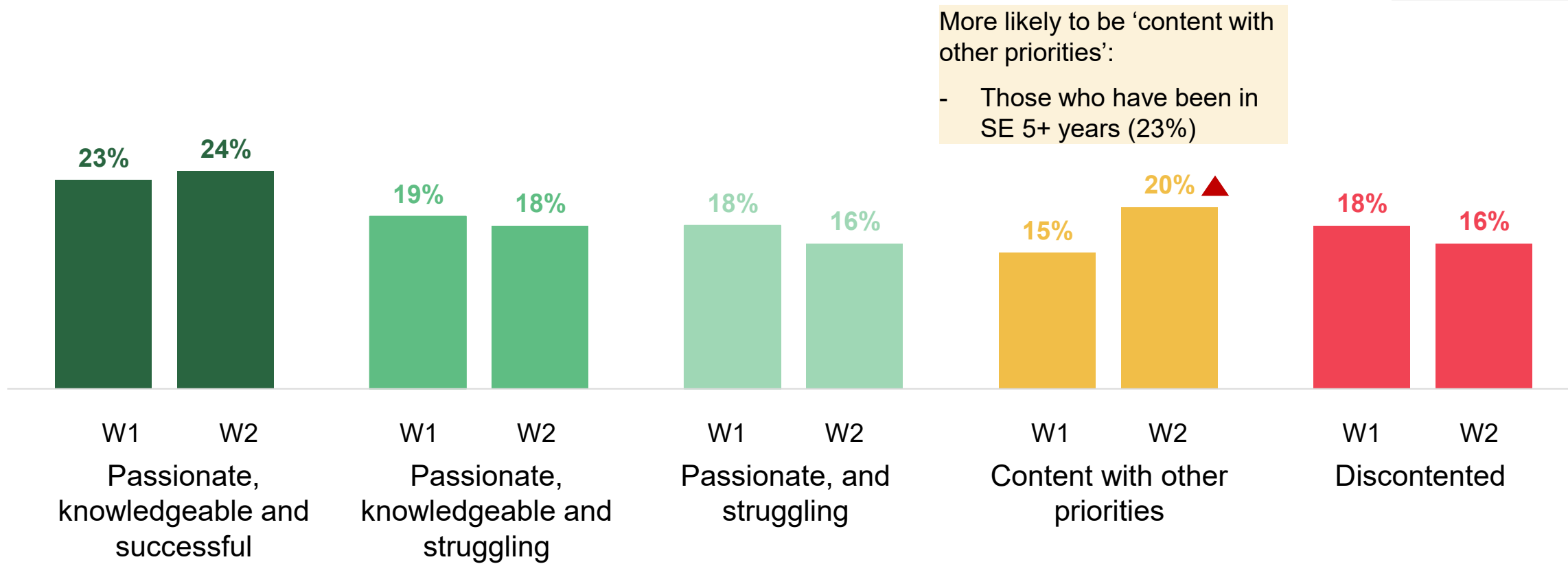


Base: All existing claimants before 16 March 2020 (W2: 148) and new claimants between 16 March and 22 June 2020 (W2: 621) no longer claiming UC

# The longer term self-employed are more content with their situation, with fewer discontented **existing 2020** claimants at Wave 2

W1= Sep-Nov 2020

W2= Sep-Nov 2021



Base: All existing claimants before 16 March 2020 (W1/W2: 1,411)

▲ Significant increase from Wave 1 | ▼ Significant decrease from Wave 1

# Nearly a third of **new 2020** claimants now feel passionate and successful about their SE work. However, around a fifth feel dispassionate with other priorities

W1= Sep-Nov 2020

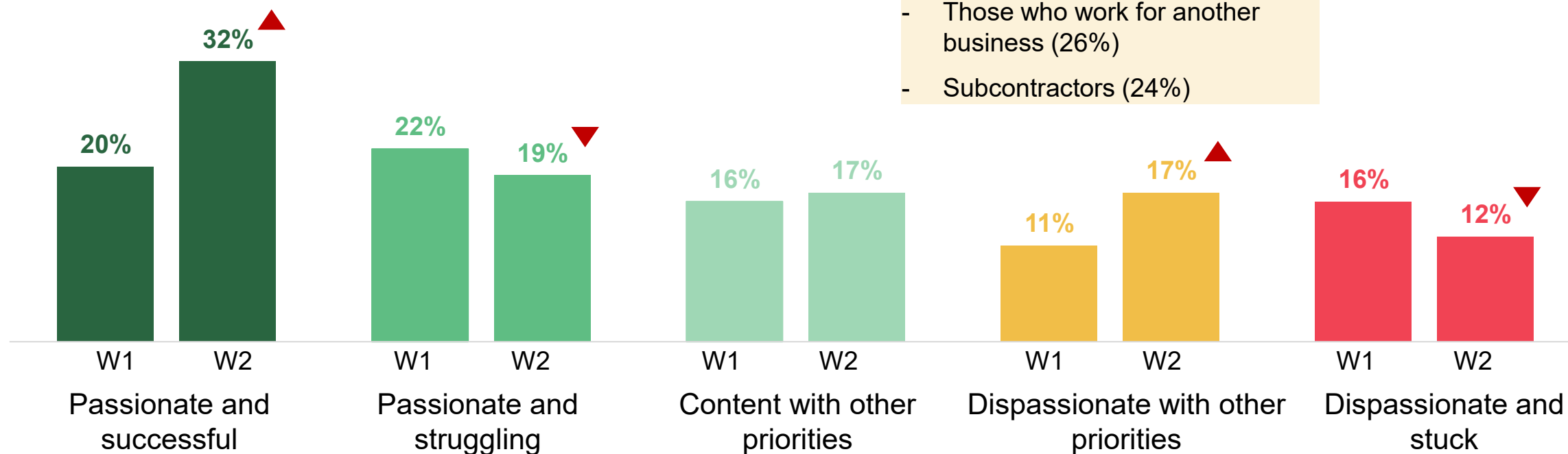
W2= Sep-Nov 2021

More likely to be 'passionate and successful':

- Those not currently claiming UC (38%)
- Those without caring responsibilities (33%)

More likely to be 'dispassionate with other priorities':

- Those who work for another business (26%)
- Subcontractors (24%)



Base: All new claimants between 16 March and 22 June 2020 (W1/W2: 1,331)

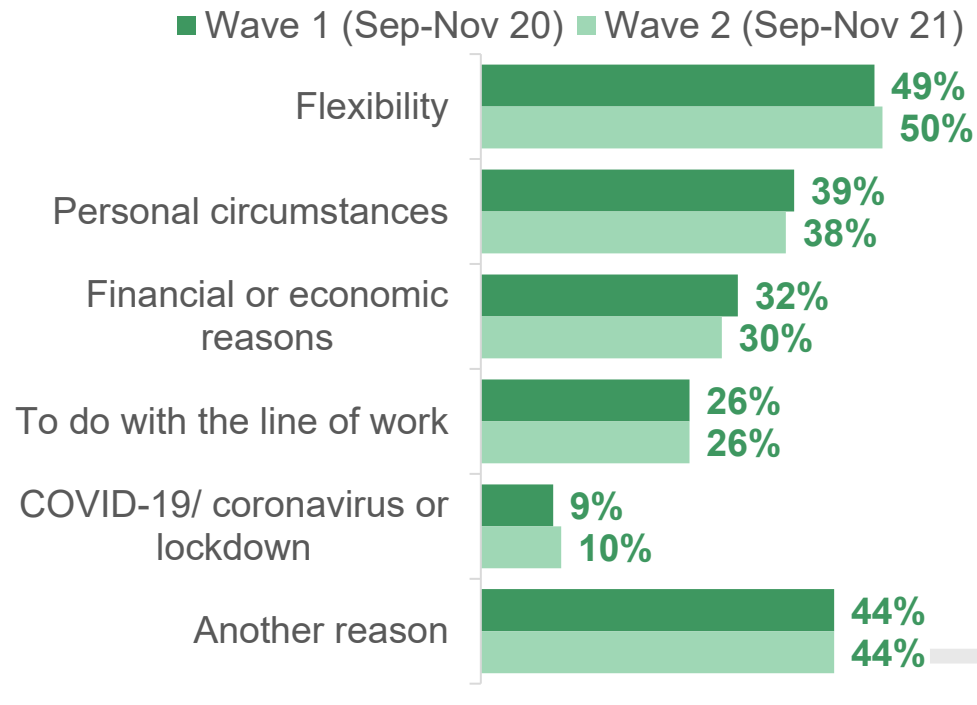
▲ Significant increase from Wave 1 | ▼ Significant decrease from Wave 1

# 3. Motivations and attitudes

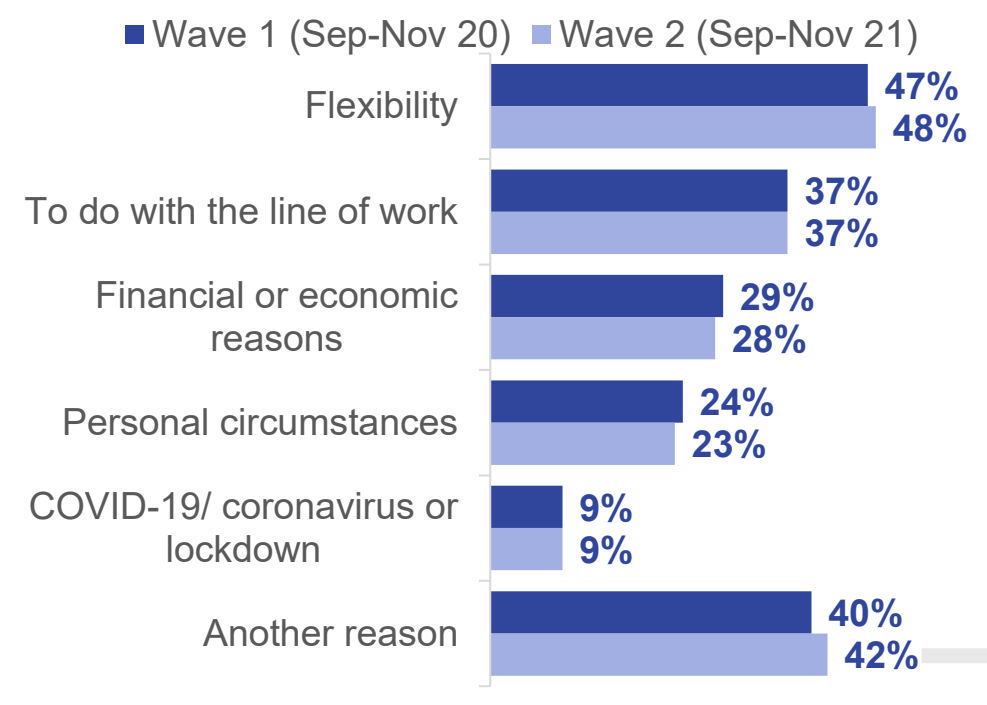
# Flexibility remains the biggest motivator for doing self-employed work, particularly for those with children

“What motivated you to take up this self-employed work, rather than doing a different self-employed activity or working for an employer /increasing your employed work? (NET values)”

Recontact ‘existing 2020’



Recontact ‘new 2020’



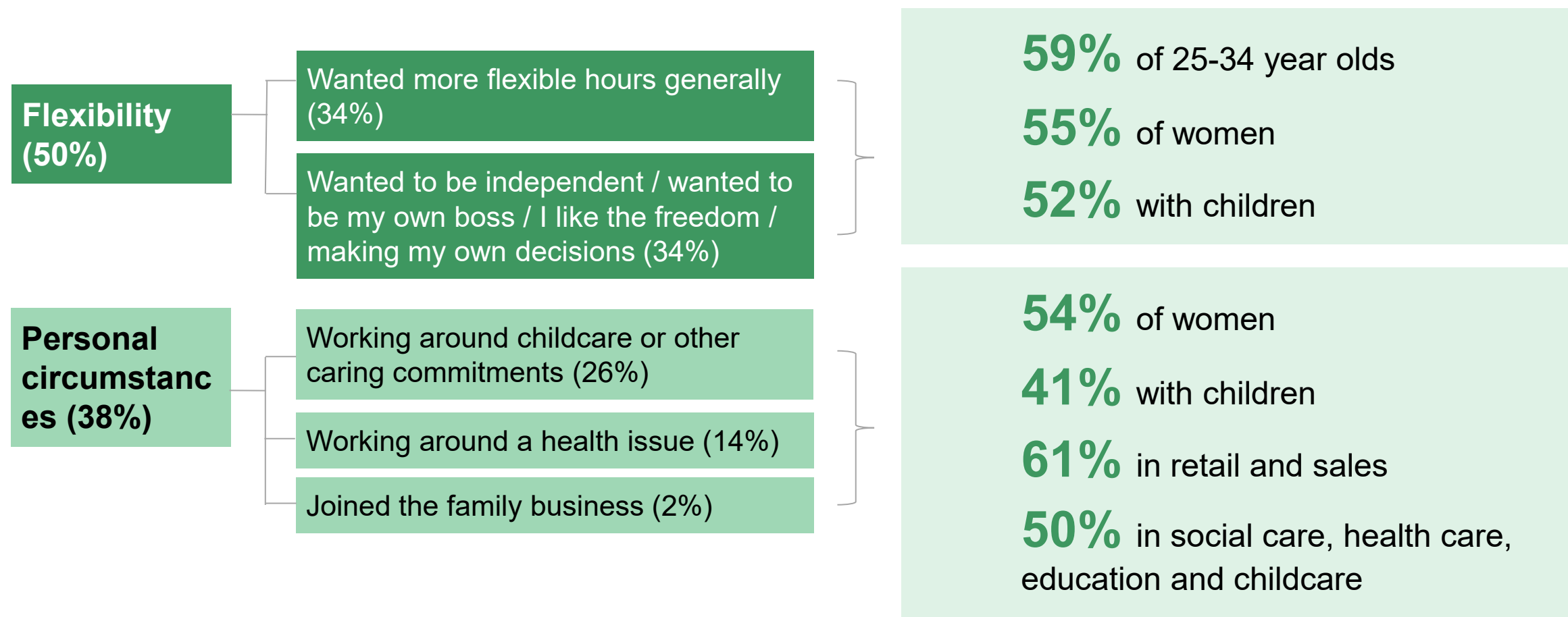
Wanted to start my own business (22%) | Trying something new (8%)  
SE is a personal hobby (13%) | Trained/qualified for it (3%)

Wanted to start my own business (17%) | Trying something new (7%)  
SE is a personal hobby (14%) | Trained/qualified for it (2%)

Base: All existing claimants before 16 March 2020 (W1: 1,404; W2: 1,407) and new claimants between 16 March and 22 June 2020 (W1: 1,325; W2: 1,328) excluding those not started self-employment

Net values: percentage values for each response are summed to broader categories.

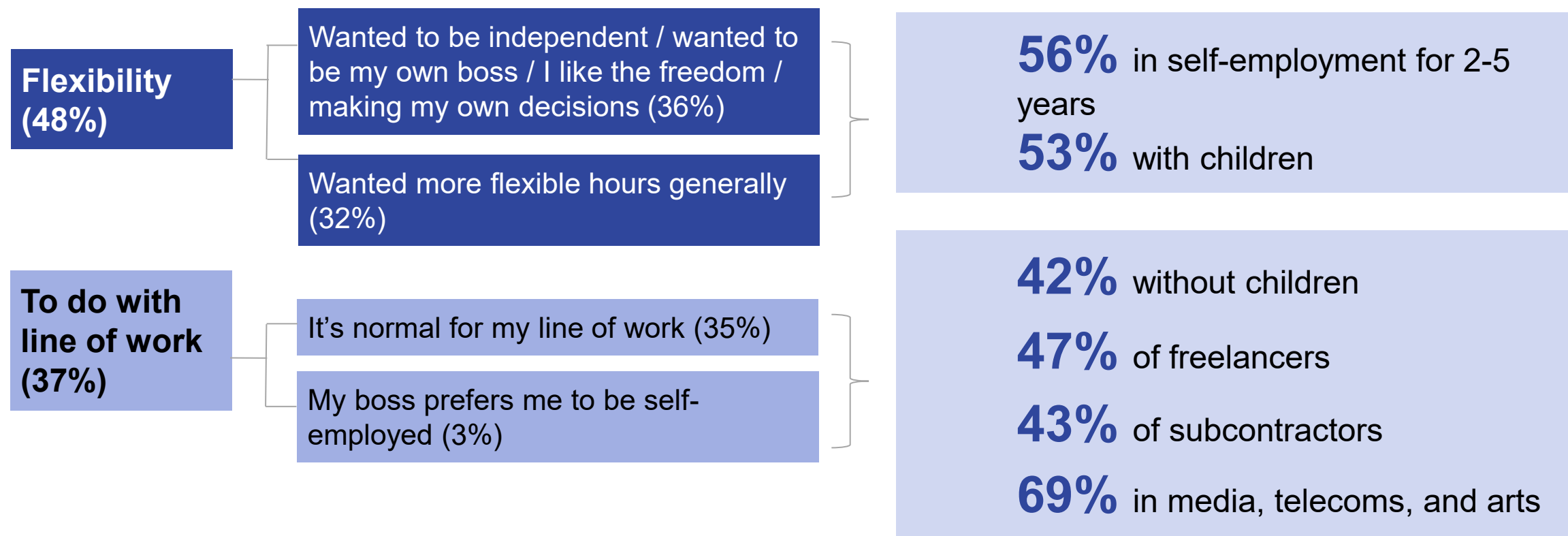
# Breakdown of reasons for **existing 2020** claimants. Some groups are more likely to be motivated by these factors



Base: All existing claimants before 16 March 2020 (W1: 1,404; W2: 1,407) excluding those not started self-employment



# Breakdown of reasons for **new 2020** claimants. Again, some groups are more likely to be influenced



Base: All new claimants between 16 March and 22 June 2020 (W1: 1,325; W2: 1,328) excluding those not started self-employment

# Qualitative findings showed there are similarities in the core reasons the self-employed choose the work they do

## Lifestyle

Choosing own hours gives people flexibility to work around family life, caring commitments, and to manage health conditions.

## Nature of work

There is a lack of employed jobs in some sectors, meaning self-employment is the only viable option e.g. illustration or construction.

## Financial control

Choice over what type of work to take and how much to charge, often earning more than a similar employed job. Money was often a secondary motivation, though it helps to feel stable.

## Passion

People choose their self-employed work because they feel passionate about it and enjoy it.

# Case study: flexibility for self-employment

Many claimants chose to go into self-employment due to the flexibility and control of being one's 'own boss'

Michael, 25-34, personal services sector, in self-employment for 1-2 years

This case study reflects a non-fictional participant. Their name and other personal details have been changed for anonymity purposes.



## Profile

Michael is in his early 30s and lives with his wife and two young children.

Michael first claimed Universal Credit in 2019 at the start of his business but is no longer claiming.

He was initially excited about being self-employed, but is now feeling the pressure due to the effects of the pandemic. He believes he is likely to start claiming again in the near future.

Before becoming self-employed, Michael was driving/doing delivery work on a PAYE basis. However, due to long hours and staffing issues, Michael found that he was starting to spend less time at home with his family and that his work/life balance wasn't as he desired.

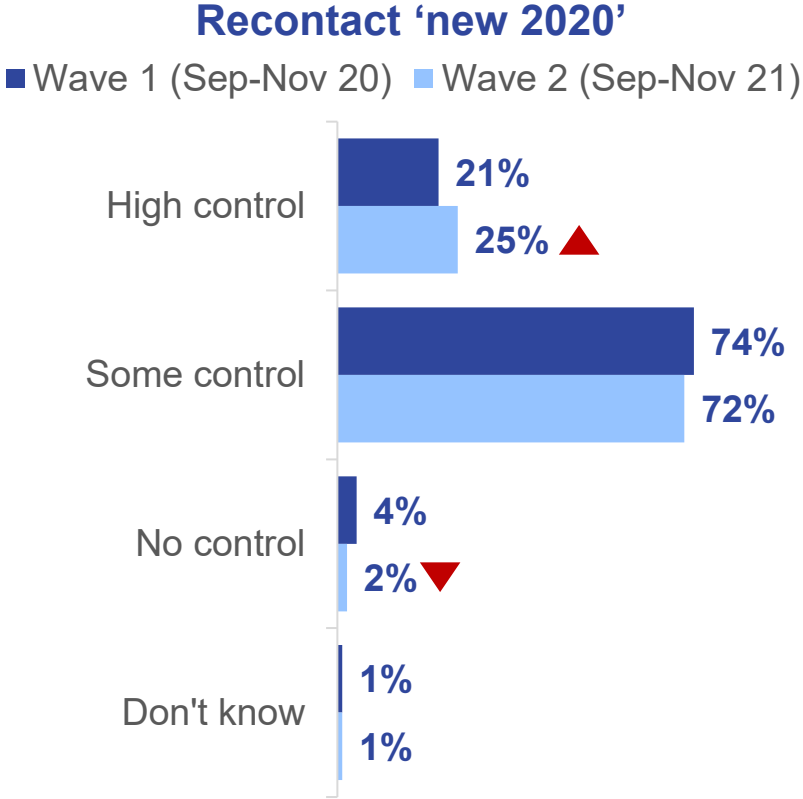
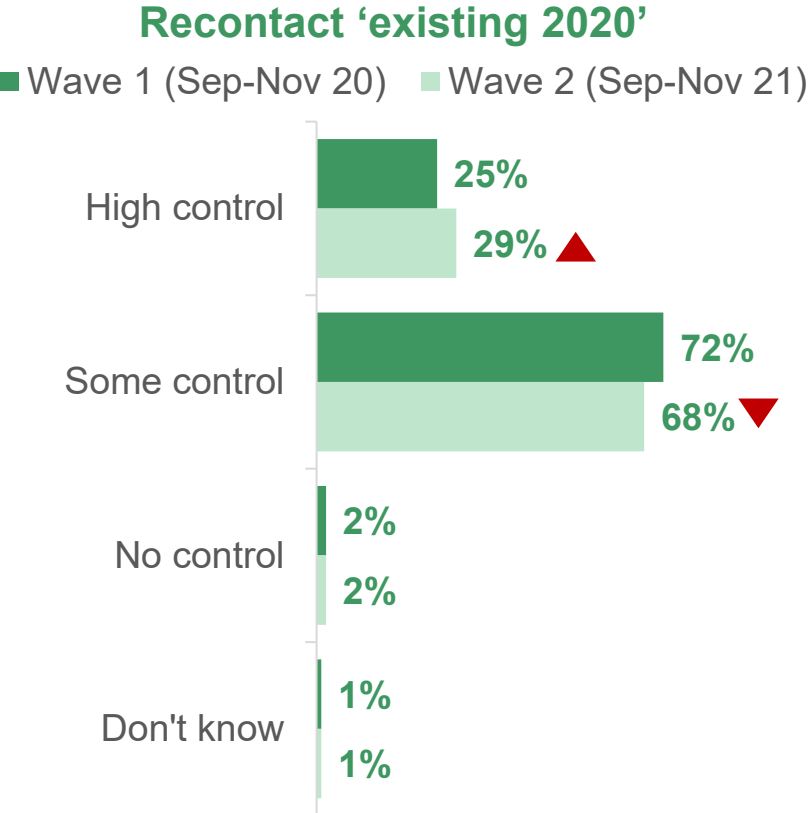
Due to this dissatisfaction, Michael decided that he wanted to leave his company and saw online that DWP would help support a move into self-employment through UC. He looked into it and decided to start a new business venture within the cleaning industry in 2019.

Before the pandemic, Michael's business was making a steady income, however he feels that just as his business was beginning to gain at a sustainable level the pandemic arrived which led to a decrease in activity.

“ Driving wagons, I never got to see the family. I wanted more flexibility... I was away from home a lot because the company was short staffed, regularly 15 hours a day. 12 hours was a short day. After two years of that I'd had enough. I never got to see the children. I say you've got two currencies in your life - money and time. That was too much time for not enough money.

**Male, 25-34, Suburban  
Existing 2020 claimant**

# Overall, **existing 2020** and **new 2020** claimants are reporting significantly higher levels of control in their self-employment



Base: All existing claimants before 16 March 2020 (W1: 1,404; W2: 1,407) and new claimants between 16 March and 22 June 2020 (W1: 1,325; W2: 1,328) excluding those not started self-employment. **High control** ('a great deal' to all three control statements); **No control** ('none at all' to all three control statements); **Some control** (different responses across the three control statements). Three statements: 1. The number of hours you work each week 2. When you undertake your work each week (i.e. the times of day or days of the week) 3. The way you work (e.g. how you can complete tasks or the order you complete them in).

▲ Significant increase from Wave 1 | ▼ Significant decrease from Wave 1

# Directors and freelancers are more likely to have a high level of control over their work

## Recontact 'existing 2020'



Directors **36%** and freelancers **30%**



**43%** in food, drink and hospitality sectors



**43%** in personal services, healthcare, education and childcare sectors

## Recontact 'new 2020'



**36%** directors



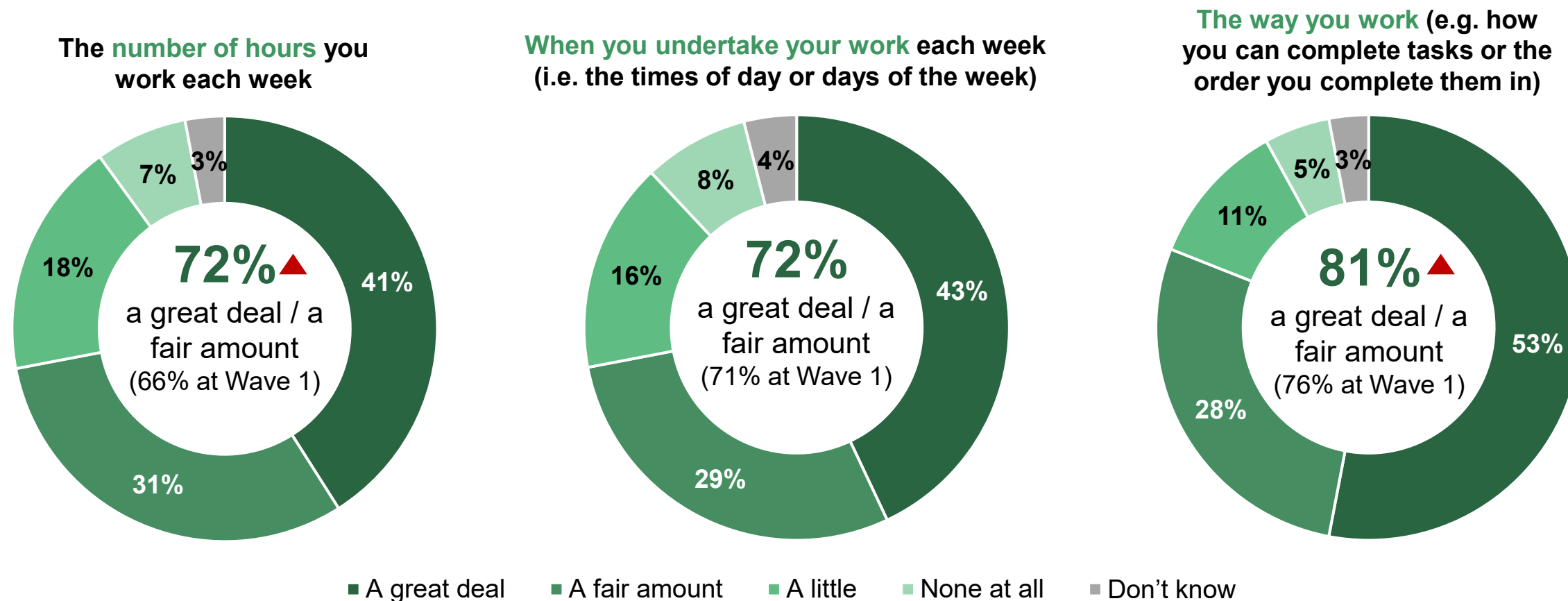
**37%** passionate and successful

Base: All existing claimants before 16 March 2020 (W2: 1,407) and new claimants between 16 March and 22 June 2020 (W2: 1,328) excluding those not started self-employment

**High control** ('a great deal' to all three statements). Three statements: 1. The number of hours you work each week 2. When you undertake your work each week (i.e. the times of day or days of the week) 3. The way you work (e.g. how you can complete tasks or the order you complete them in).

# Specifically, **existing 2020** claimants report having more control over their hours and the way they work

“Currently, how much control do you have over the following in your self-employed work?”

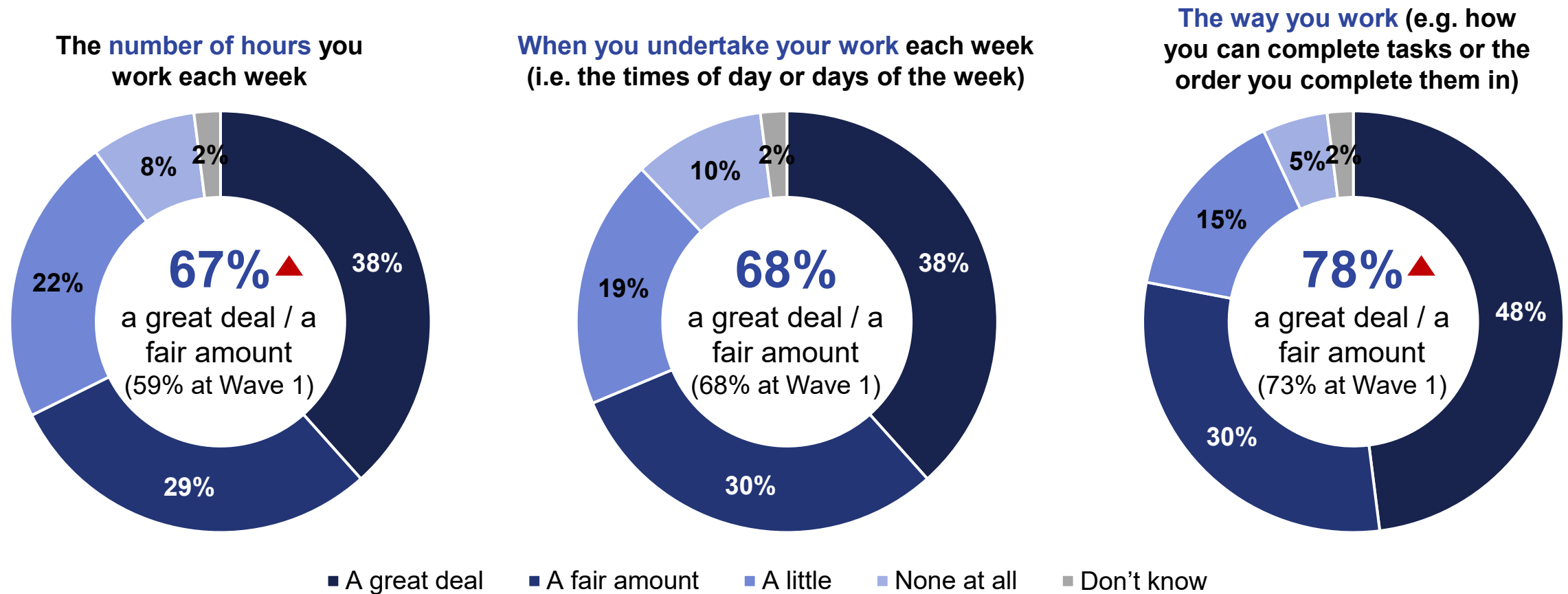


Base: All existing claimants before 16 March 2020 (W1: 1,404; W2: 1,407) excluding those not started self-employment

▲ Significant increase from Wave 1 | ▼ Significant decrease from Wave 1

# Similarly, **new 2020** claimants also report having more control over their hours and the way they work

“Currently, how much control do you have over the following in your self-employed work?”



Base: All new claimants between 16 March and 22 June 2020 (W1: 1,325; W2: 1,328) excluding those not started self-employment

▲ Significant increase from Wave 1 | ▼ Significant decrease from Wave 1

# Qualitative findings found increased optimism about self-employed work, but there remains caution, partly due to the cost-of-living crisis

## Lifestyle

- General satisfaction with work/life balance, main reason most choose self-employment
- Passionate about the type of work
- Less satisfaction with financial income, linked to pandemic

## Optimism

- Some are already doing much better after the pandemic
- Others see opportunities to grow, so feeling optimistic about the future
- Others aren't, partly due to rise in cost of living causing cautious spending behaviour, some considering alternative careers

## Drive

- Some are happy with the level of work they have
- Others are driven to achieve more, and are working hard to achieve this e.g. by increasing marketing

“ [There's] definitely more work than 12 months ago. There's some big jobs around that weren't there a year ago. With Covid out the way, things are getting back to normal. But will it last? I think it's swings and roundabouts, the luck of the draw.

**Male, 35-45, rural/semi-rural  
Existing 2020 claimant**

“ I am more optimistic than I was 12 months ago. Covid is more under control, workplaces are opening up again... The next six months are worrying I think. Energy bills, food prices are rising, cost of living is my biggest concern. Yes, wages have increased but there is still a gap to how much prices have gone up.

**Male, 45+, suburban  
New 2020 claimant**



# Case study: Increased optimism

Some claimants showed great flexibility, adjusting their self-employment when the pandemic hit their business

Helen, 45-54, food and drink products sector, in self-employment for 1-2 years

This case study reflects a non-fictional participant. Their name and other personal details have been changed for anonymity purposes.



## Profile

Helen is in her early 50s and lives with her partner and two young children.

She claimed Universal Credit in late 2020 after an accident at work which prevented her from working.

She is no longer claiming UC as she and her partner earn enough.

Helen and her partner previously worked at festivals in a food van selling deserts and vintage confectionary. When the pandemic hit, they moved the business online and offered the food van services to driveways and the roadside.

Business uplifted during the pandemic as their services were in demand and they became well known. Competition is now growing as events are increasing. Helen finds the profit margins of the online business more difficult due to competition, and the roadside business is unique so they can charge more.

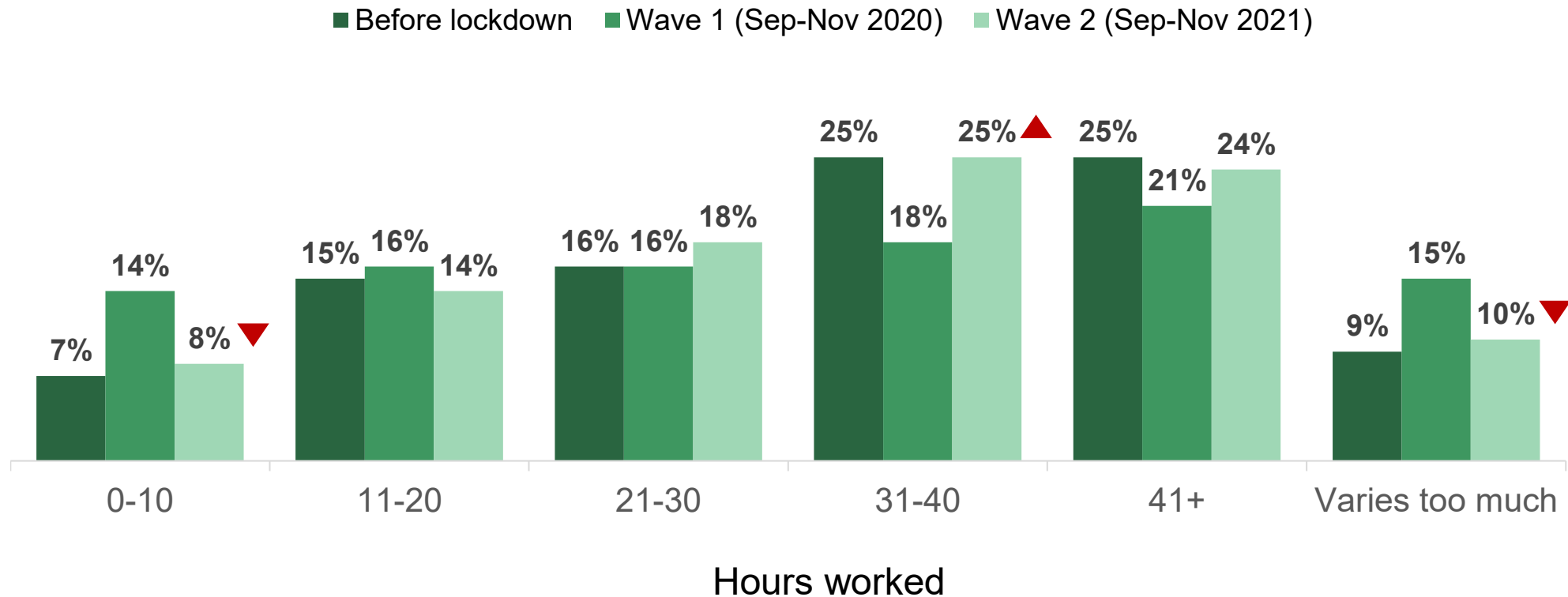
The pandemic forced Helen and her partner to re-think their festival business, which was not financially viable. Because of this, they are feeling optimistic about the future, despite competition, and are working on their marketing strategies.

“ Looking back at [the festivals], though we loved it, we struggled [financially], it was a hard life. You did it for enjoyment, being with your family, earning a little bit of money, not a lot of money... Whereas now I'm living my life and earning the money, and I can see the money and the potential I've got ahead of me and what I can do with it. I'm more driven now. Whereas previously it's what I'd done for 10 years and I just carried on doing it and falling down the same pit hole. I just carried on with it because that's what I knew.

**Female, 45-54, Suburban  
Existing 2020 claimant**

# Working hours amongst **existing 2020** claimants have returned to pre-lockdown levels

“Just before the UK went into lockdown in March 2020, how many hours a week did you normally spend on your self-employed work? / Currently, how many hours a week do you normally spend on your self-employed work?” (measured at W1 and W2)

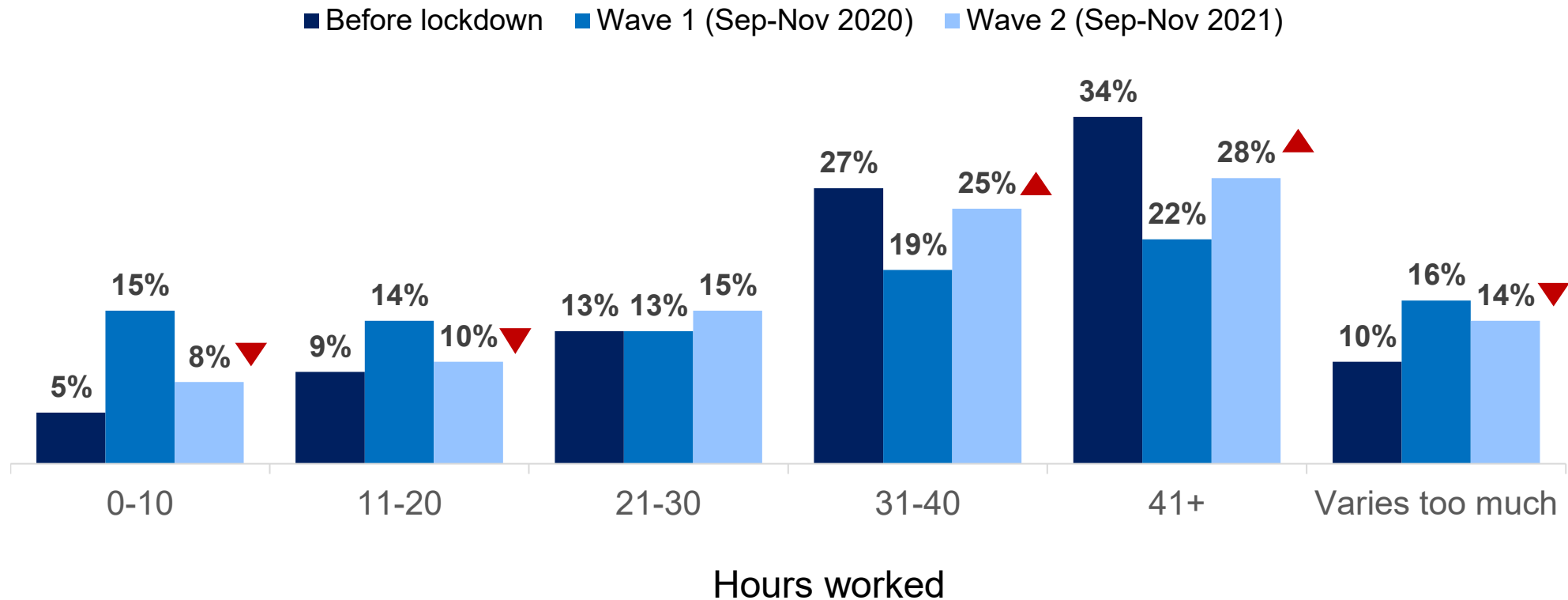


Base: All existing claimants before 16 March 2020 (W1: 1,404; W2: 1,407) excluding those not started self-employment

▲ Significant increase from Wave 1 | ▼ Significant decrease from Wave 1

# A similar pattern is seen amongst **new 2020** claimants

*“Just before the UK went into lockdown in March 2020, how many hours a week did you normally spend on your self-employed work? / Currently, how many hours a week do you normally spend on your self-employed work?” (measured at W1 and W2)*



Base: All new claimants between 16 March and 22 June 2020 (W1: 1,325; W2: 1,328) excluding those not started self-employment

▲ Significant increase from Wave 1 | ▼ Significant decrease from Wave 1

# Subgroups of **existing 2020** and **new 2020** claimants working more hours at Wave 2

## Recontact 'existing 2020'

### 31-40 hours (n=353)

- 31% in SE for 5+ years
- 29% of men
- 27% without a mental health condition
- 29% couple claim
- 38% in manufacturing, construction, and engineering

### 41+ hours (n=331)

- 29% men
- 27% couple claim
- 39% in retail and sales, and 34% in food, drink, hospitality, and leisure

## Recontact 'new 2020'

### 31-40 hours (n=327)

- 12% women
- 35% vocational qualifications (NVQ 1&2)
- 26% without a physical health problem/ disability
- 26% without a learning difficulty

### 41+ hours (n=366)

- 34% of directors and 34% of subcontractors
- 33% men
- 60% in food, drink, hospitality, and leisure and 43% in manufacturing, construction, and engineering

Base: All existing claimants before 16 March 2020 (W2: 1,407) and new claimants between 16 March and 22 June 2020 (W2: 1,328) excluding those not started self-employment

## 4. Experience claiming UC

# Claimants found out they were eligible for Universal Credit in various ways

This was mostly consistent despite date of claim, though ‘new’ claimants who claimed after the pandemic were especially likely to search online for help available or be receptive to the increased media drive.



## Friends/family

Informed that UC provides support for the self-employed, sometimes through personal experience



## Organisations

External organisations, such as Citizen’s Advice Bureau, informed people they could claim UC as a self-employed person



## Government

Informed by HMRC/DWP they needed to transition from legacy benefits – UC payment not guaranteed



## Online

Searched online to find help for the self-employed, especially during the pandemic



## News/media

Increased attention during the pandemic, in the news and Downing Street briefings

# Many felt the initial application process was easy and straightforward

Fairly straightforward onboarding journey – claimants found the online application easy to complete and Jobcentre staff helpful

However, some found it harder to know how to claim online, and one person mentioned the online forms didn't feel relevant for the self-employed

Typically, the application and assessment process was regarded more favourably by more confident claimants and those with a higher socio-economic situation

Claimants were surprised it was a positive and supportive experience, partly due to negative media attention

## “ Fairly straightforward process

We'd never done it before, so we didn't know if we were even eligible for anything. It was a phone call we made, we got through quickly... We did explain our situation, they said that was ok, we could register... They explained about the portal, that we should write down everything we'd done on that every month, what we'd spent on this, that and the other, and report it all. Overall, we found it quite easy to register.

**Male, 45+, suburban, New 2020 claimant**

## “ Although some found it a bit tedious

We applied online, as the Job Centre was closed. The process was ok, not horrendous but a bit long winded trying to understand what to do. Normally you would have had to go into the job centre with some different documents. But you could just claim as everything was suspended.

**Female, 45+, suburban, New 2020 claimant**

# Suggested improvements included claim logistics, alignment to HMRC processes and emotional connections

## Time lag for first payments

Some had to wait for 8 weeks before receiving their first UC payment

## More alignment to HMRC

Challenging to run UC claim alongside HMRC self-assessments

## Location and time of JCP appointments

- Difficult to take time out of working day
- Travelling to JCP, especially in rural areas

## Emotional connection

- Feeling JCP staff questioned their SE work, with push to move to employed work – more understanding of personal experience, especially as businesses recover
- Some felt embarrassed or judged for making a claim by their peers



## Location and time of JCP appointments

Sort of annoying. I had to take time off from my business. They needed to see the financials, I had to take things in to prove to them that I was eligible. It takes me an hour to get to the job centre, an hour for the interview, an hour home. So, three hours off work, missing out on earning, which I will not get back.

**Male, 35-45, semi-rural, Existing 2020 claimant**



## Emotional connection

Generally, the people are lovely, the people you speak to. It depends on who you get. Sometimes, if you've got an issue, depending on who you get, the attitude they can have comes across a bit like, I dunno. It can make you feel like you're not doing enough or you're just another person on benefits.

**Male, 17-35, suburban, Existing 2020 claimant**





## Emotional connection

They did make us feel a bit like we shouldn't be self-employed. We were constantly getting work search phone calls, and what were we doing about work, and were we looking for work. And we were like, well we're self-employed and our contracts are coming back up. My business was growing, I was getting to a point where I was earning £7-£800 a month, which wasn't a lot, but it was coming up slowly from something I'd built from nothing in a lockdown.

**Female, 35-44, rural/semi-rural, New 2021 claimant**

# Claimants would prefer consistency in their Work Coach, and for them to have specialist SE knowledge



## Lack of consistency in Work Coach

- Claimants often see multiple Work Coaches over their claim. This presents less of a tailored experience.
- Work Coaches were viewed as a contact – rather than someone to provide valuable, specific support.
- Post-pandemic claimants have less frequent contact.



## Differing levels of knowledge

- Some Work Coaches are more knowledgeable than others.
- There appeared to be a lack of specific knowledge in SE or niche sectors
- “One size fits all” approach made some feel pressured to find *any* work, rather than those they had passion, skills or experience in.



## Not meeting support needs

- Claimants find it hard to articulate the help they need. Less experienced claimants have difficulty expressing why they don't know what they need.
- Information is sometimes outdated.
- Varied support needs
  - **Longer term claimants** have a business/‘entrepreneur’ mindset and are more savvy than new claimants.
  - **Life stage** (e.g. older claimants finding it more difficult to make a change).



### **Lack of specialist expertise**

The impression I get is that the front-line people are there to do a job. I think they'd be helpful if you were looking for a job but they can't do a lot for me. The thing I want help with, that's funding for the business, they can't help with that. And if you're the kind of business that needs to get its name out, with fliers for example, they can probably help with that. They tried to give me advice on my website but they know nothing about the motor trade, so that was no help at all. Really, I'd say their expertise in advising a business like mine is not that great, they don't really have a clue.

**Male, 35-44, Urban, New 2021 claimant**

# Case study: need for support

Some claimants feel that their Work Coaches weren't able to provide specific self-employed support

Amelia, 17-34, beautician, in self-employment for 2-3 years

This case study reflects a non-fictional participant. Their name and other personal details have been changed for anonymity purposes.



## Profile

Amelia is in her early 30s and lives with her partner and three young children.

She claimed Universal Credit in late 2019 after a government transition from Child Tax Credits.

Once her start-up period ends soon, she expects not to be claiming UC as she will be earning over the threshold.

Amelia chose to complete a nail technician course as it was the easiest/quickest course to complete with 2 young children. However, Amelia didn't pursue this career to begin with due to competition in the large city where she lived.

More recently, Amelia and her partner moved to a rural area where there was less competition. She saw a need for her services and was thus able to build up her beauty business.

Though Amelia is in a start-up period, she felt her Work Coach wasn't knowledgeable about self-employment. They couldn't offer help or guidance even with simple questions (e.g. how to do tax returns), she received no signposting to local business advice/support, and received no help when she tried to open a shop before the pandemic.

“ [I'd like] for people to be there and tell you how to organise everything, what receipts to keep, whether you need to include VAT on the receipts, how you should be separating your money in order to have a successful business, having a Work Coach to support you if you have any questions rather than having to wait for the interview, talking you through a business plan. Things like that would have helped massively because I would have gone into this knowing exactly what I wanted out of it rather than going into it blind.

**Female, 25-34, rural/semi-rural, Existing 2020 claimant**

# The frequency of contact with Work Coaches is also varied, but telephone contact is preferred



## Frequency of contact

- Frequency of contact was reduced during the height of the pandemic for those already claiming UC.
- Frequency varied; it could be monthly, quarterly, and ad hoc. All of these options were mentioned.



## Type of contact

- Telephone communication was preferred, as it was seen as time efficient – shorter calls (10 minutes).
- Online/journal – information often has to be repeated.
- Face to face contact at JCP takes time out of business – no allowance for loss of earnings.



## Claimant commitment

- Recognised by most as the tasks they needed to complete, including regularly checking the journal.
- However, some did not feel like their health condition/situation was fairly taken into account.
- Some participants did not recognise the term at all.



### Phone appointments favourable for most

Sometimes you went in and it was literally 5 minutes. So I'd walk there, it'd take me 20 or 25 minutes to walk there and back, and I was literally in for 5 minutes and I thought 'why couldn't they have done that on the journal or on the phone?'

**Female, 45+, suburban, Existing 2020 claimant**



### Personal situation not always considered

They didn't understand about the special guardianship arrangement. My father found it out that they'd got it wrong and were underpaying us for the number of children under 16 years old in the household.

**Male, 35-44, urban, New 2021 claimant**



### A claimant commitment is...

Basically what my obligations are. I need to provide them with information on my income and expenses, attend interviews. You generally have to be seen to making some level of effort.

**Female, 35-45, urban, Existing 2020 claimant**

# However, some claimants are not aware of any interaction with a Work Coach

Some claimants don't recognise the contact they have at JCP as being from a 'Work Coach', or some have very limited contact with JCP at all

Some claimants are not aware of the Work Coach role and the support they can provide, rather see them as a quick check-in about what they're doing and earning

As well as new claimants, there's also evidence some existing claimants were unaware of the Work Coach role, suggesting low awareness may have existed before the pandemic



## Lack of awareness of a Work Coach

It's not as though I feel I have a dedicated contact online. So I don't think – 'I need to contact so and so about this', it's much more, I need to give universal credit a ring. Or I put a note on my journal. I don't know who my work coach is.

**Male, 17-35, suburban, Existing 2020 claimant**



## Role of the Work Coach

They just seemed to be there for administration, some basic admin tasks and checking how it was going... It was just a check, making sure I'd met my commitments and seeing how it was going. Has anything changed in your claim they need to know about, that sort of thing. So, I think they called me about twice a month just to check in.

**Male, 17-35, urban, New 2020 claimant**

# Hard to recognise the 'gateway interview' as a discreet part of the process



## Low awareness of terminology and process

Some claimants were unsure if they'd had a gateway interview

Some understood they'd been assessed as they showed documentation to evidence the business, but did not see it as a 'key' part of the claiming process

Low level of understanding meant some claimants felt they were being assessed personally, with some reporting they were made to feel uncomfortable



## Knowledge of the outcome varied

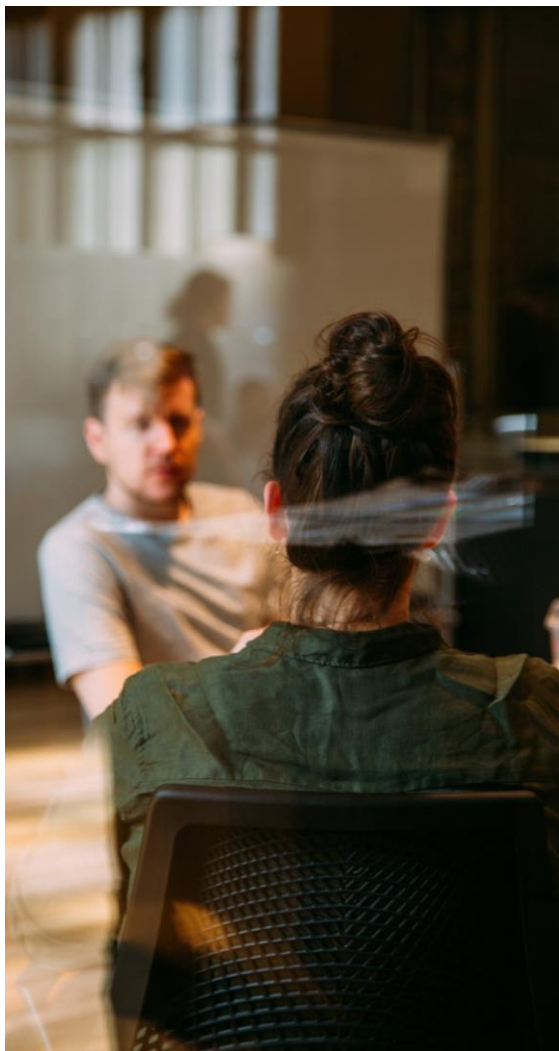
Some claimants remember being told they were deemed gainfully self-employed (GSE)

Others weren't sure what GSE meant but, for example, remember being told their business is viable

Those aware that they were deemed GSE felt more positive about the experience and their SE activity overall



# Gateway Interviews – key factors impacting how customers feel



## Knowledge/awareness

- Those who felt clearly informed of the process felt more confident overall
- Those less informed felt muddled/confused about what had taken place and what the outcome was



### Older claimant deemed not GSE

You feel you're being judged on what you should be doing. Being told you're not self-employed does kind of get to you after being self-employed for such a long time.

**Female, 45+, Suburban, Recontact 2020 claimant**

## Life stage

- Older claimants (45+) more likely to be dissatisfied by this process, despite GSE outcome
- Reporting that they often felt like they had to 'justify' or 'prove' themselves



### Older claimant deemed GSE

It feels like you have to keep proving yourself all the time, they question your choices.

**Female, 45+, Suburban, Recontact 2020 claimant**

# Case study: The Gateway Interview

Though not many claimants saw the gateway interview as a key part of the claiming process, many do remember their self-employment activity being 'assessed' by JCP staff

Alexandra, 35-44, personal services sector, in self-employment for 3 years



## Profile

Alexandra is in her early 40s and lives alone.

She claimed Universal Credit in early 2020, before Covid, due to being impacted by Brexit. However, since then her claim has changed due to health purposes after contracting long covid.

She is still currently claiming UC, but is optimistic that she will stop claiming in the near future as her business continues to grow.

Alexandra lives by herself and is a private mental health therapist and has always been self-employed. When the income from her SE therapy business began to dip, she decided to take on temporary work to get by, but maintained her SE activity.

Alexandra finds her work very rewarding and is more optimistic about her self-employment activity now than she was a year ago. She recalls the gateway interviewing process as multiple interviews where the job centre staff seek to 'establish facts' regarding her self-employment and found it an overall positive experience.

She reports the staff being nice and informative and felt relieved and affirmed when told she was gainfully self-employed.



I went to a couple of 'establishing facts' kind of interviews. That's where you turn up with your passport and your rent agreement and so on. I took in evidence of my business, turnover, website, testimonials...they were like, 'oh you're doing really well, that's so impressive.' I turned up thinking I was going to get really grilled and it was going to be really difficult - and it really wasn't. I was really worried before I went in and they were so nice to me.

**Female, 35-44, urban**  
**Existing 2020 claimant**

This case study reflects a non-fictional participant. Their name and other personal details have been changed for anonymity purposes.

# Mixed understanding of the MIF and whether it was applied to claim



## Low understanding of terminology

- Participants had varying degrees of knowledge around the MIF.
- Many were not aware of the exact terminology, but often felt familiar with the process once they heard the definition.
- Others were unsure what the MIF means and whether it's applied to their claim.



## Unsure how the MIF is calculated

- Participants had limited understanding about how the MIF is calculated, even more knowledgeable claimants.
- Some recognised it was linked to minimum wage.
- It was said to be hard to understand/ retain information about calculation, even from a Work Coach – especially with fluctuating earnings.



## Some understanding of discretion

- Few claimants reported being provided some discretion around the MIF.
- A couple of claimants expressed having a further 2-month discretionary period applied to the MIF post Covid, with one claimant stating that they experienced a 'rolling discretion'.



### **Low understanding of terminology**

I had heard of it but when they explained it I didn't understand it. I cannot remember having it.

**Female, 45+, Suburban, New 2021 claimant**



### **Some understanding of discretion**

I'm still on that minimum income floor...It's lasted a long time...I think it's only meant to last for 6 months, or 12 months? But because of the pandemic, it lasted all the way through...they said that it had been extended for me because I didn't get a fair chance to begin with because of the pandemic...

**Female, 35-44, Semi-urban, Existing 2020 claimant**



### **Unsure how the MIF is calculated**

I think it's worked out by looking at what the business has earned and what the expenses have been. It's based on that - the bottom line, the business profit, whether there is any profit and what it is.

**Male, 35-44, Urban, New 2021 claimant**

# Concerns about the MIF impacting business recovery, and low understanding/caution about reporting expenses



## Application of MIF

- Some felt 'on a cliff edge' and like they needed to earn a certain amount, or face doing something else.
- Claimants felt applying the MIF post-Covid was not taking their personal circumstances into consideration – particularly in areas with less affluence .



## Low understanding of what to include

- Claimants assume DWP and HMRC self-assessment are aligned – HMRC was seen as more authoritative.
- There was a lack of understanding about what to include. This led to worries they hadn't been completed accurately – concerns around error/fraud.
- Claimants often used informal sources to see what others were doing – work coaches could explain more.



## Caution reporting expenses

- Some claimants cautious about how reporting could affect their UC payments and/or whether the MIF is applied to their claim.
- Reluctance to submit all expenses if this would lower income, close to MIF.



### Application of MIF

My business makes what £400, £500 a month. With that on top, after tax, I'd be making the minimum wage after tax. And they're just going to take it all. I knew that at some point you were going to get into the minimum income floor, because it causes so much stress. I do wonder if it's time to give up and just get a job.

**Male, 45+, suburban, Existing 2020 claimant**



### Alignment of systems

When you're on PAYE, DWP just take your reporting from HMRC and calculate your benefit. So, I can't see why the minimum income floor ever existed. When you're self employed, you just manually report your income and expenditure. So, I was unsure as to why the process would ever be anything other than that.

**Male, 17-34, urban, New 2020 claimant**



### Caution reporting expenses

It does state on there what you can claim for. But I don't put down every expense, because that would lower the amount I've earned. Then I'd be getting close to the minimum income floor.

**Male, 35-44, rural/semi-rural, Existing 2020 claimant**

# MIF – key factors impacting how customers feel



## Knowledge/awareness

- Those who felt more informed about the MIF and how it is calculated felt less pressure about it being applied to their claim
- Those less informed felt more confused and regarded the MIF as a ‘target’ to hit without understanding the consequences

## Financial situation

- The application of the MIF, especially post covid, left many claimants feeling negative about their self-employment activity
- Claimants reported feelings of ‘fear’ and ‘dread’ around the MIF as they tried to rebuild their work post covid

### “ MIF viewed as a barrier to claiming UC

I did go to make a claim earlier. This was before Covid, before they took away the MIF... They lifted a lot of those barriers, that helped me to claim – it being all over the phone was just so much easier, personally I found that a lot nicer. The whole minimum income thing had gone, which made it relevant for self employed people, I'm not sure how. It seemed really prohibitive.

**Male, 17-35, urban, Recontact 2020 claimant**

# Case study: Minimum Income Floor

For some claimants, having the MIF applied to their claim causes feelings of pressure. This feeling has been heightened since the pandemic as many try to rebuild their business.

Terri, 45-54, personal services sector, in self-employment for over 5 years



## Profile

Terri is in her mid 40's and lives with her husband. She has worked as a self-employed beautician for over 5 years and started claiming Universal Credit in 2020 as a result of lockdown and her business closing down.

Currently, Terri's SE activity is in a stage of rebuilding but in the future she hopes that business will increase to pre pandemic levels and that she will no longer be on Universal Credit.

When Terri's business was impacted by the pandemic, she had looked at what support was available on the internet and found UC to be the most appropriate support.

Terri didn't recognise the 'gateway interview' process, though this may be due to the suspension of the process during the pandemic. However, she did report having 'an assessment of whether she had SE status' in December 2021.

Terri was aware of the MIF and had a vague understanding of how it worked. She reports that the MIF has made her situation more difficult and that the 'judgement' that came through the MIF process has left her feeling inclined to get a job for stability. She now has a job lined up at M&S.

Terri reports the MIF as having a negative impact on her motivation for SE work - in a tough month when she knows she is not going to make the threshold, it discourages her from working. She believes that it doesn't recognise how people are trying to rebuild their business in the wake of the pandemic.



Since that's come in things have become more difficult... It's daft that they're imposing this when you're trying to rebuild your business. Of course you're not going to be earning a lot of money if you're trying to build it back up again.

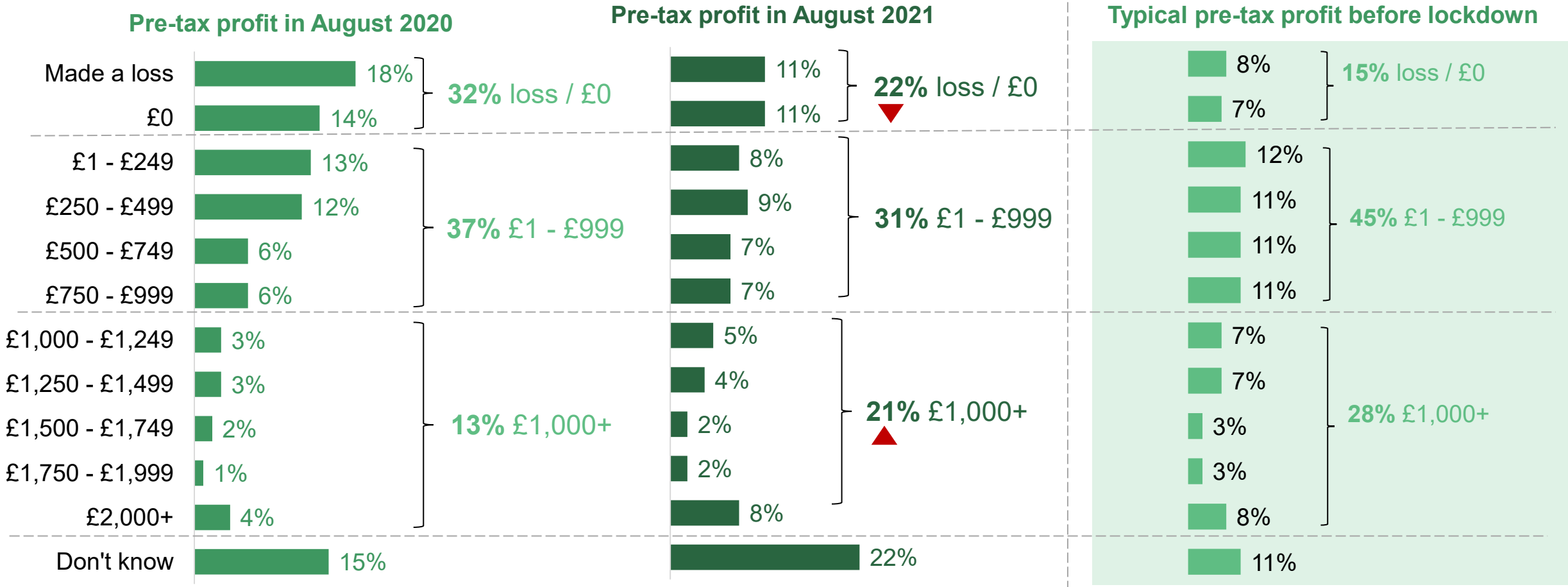
**Female, 45+, suburban**  
**New 2020 claimant**

This case study reflects a non-fictional participant. Their name and other personal details have been changed for anonymity purposes.



# 5. Profits and future expectations

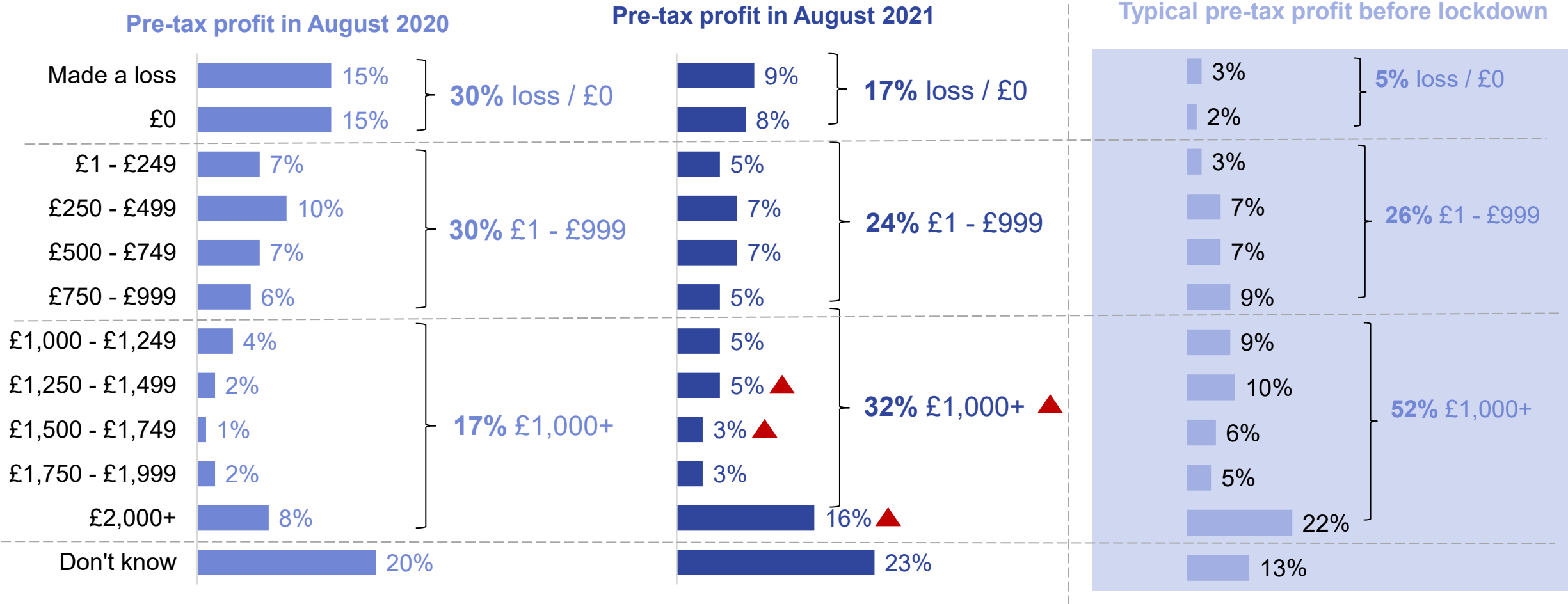
# Profits for **existing 2020** claimants have improved in Wave 2, with those making a loss/no profits decreasing by 10 percentage points. However, they're still lower than pre-pandemic levels.



Base: All existing claimants before 16 March 2020, excluding those not started self-employment (W1: 1,404; W2:1,407) Before lockdown (W1: 1,381).  
 'Prefer not to say' and 'not self-employed before March / in August' codes not shown.

▲ Significant increase from Wave 1 | ▼ Significant decrease from Wave 1

# Profits for new 2020 claimants have also improved in Wave 2, with significant increases in those making £1,000+. However, they have yet to reach the pre-lockdown levels



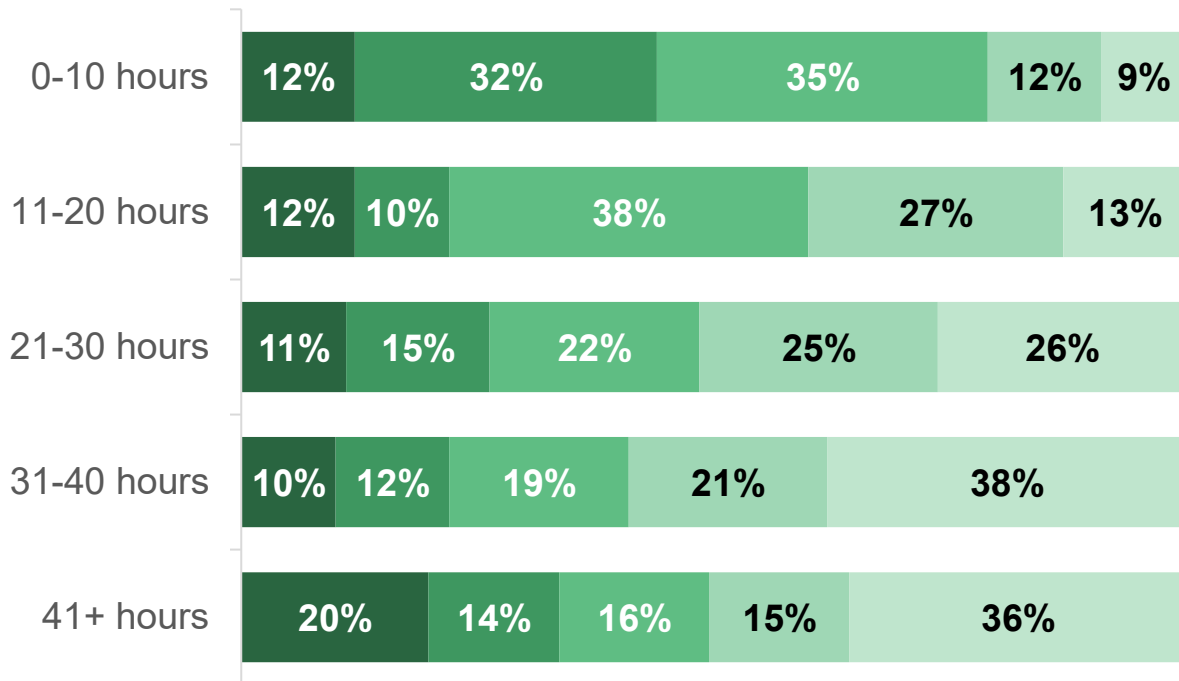
Base: All new claimants between 16 March and 22 June 2020, excluding those not started self-employment (W1: 1,325; W2:1,328) Before lockdown (W1: 1,316). 'Prefer not to say' and 'not-self employed before March / in August' codes not shown. ▲ Significant increase from Wave 1 | ▼ Significant decrease from Wave 1

# Typically, higher levels of profit correlate to longer hours worked, but still higher levels reporting a loss, but working 41+ hours a week compared to pre lockdown

## Profit variation (August 2021) vs hours worked

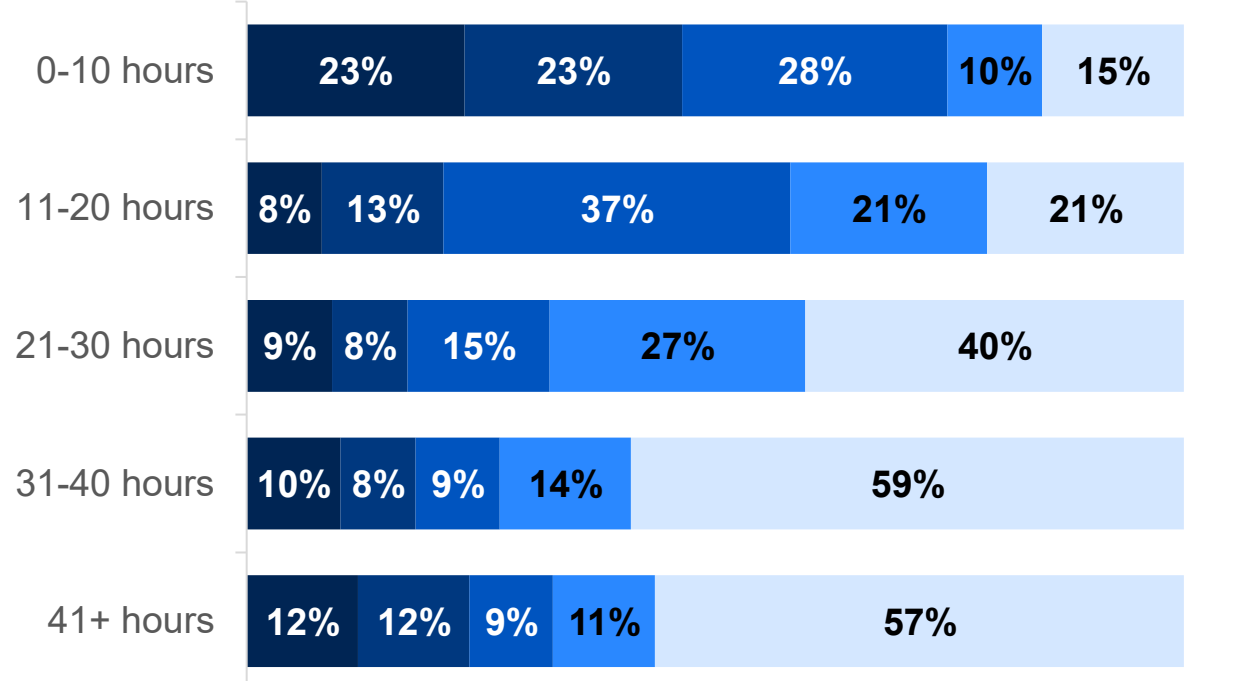
### Recontact 'existing 2020'

■ Made a loss ■ £0 ■ £1-499 ■ £500-999 ■ £1,000+



### Recontact 'new 2020'

■ Made a loss ■ £0 ■ £1-499 ■ £500-999 ■ £1,000+



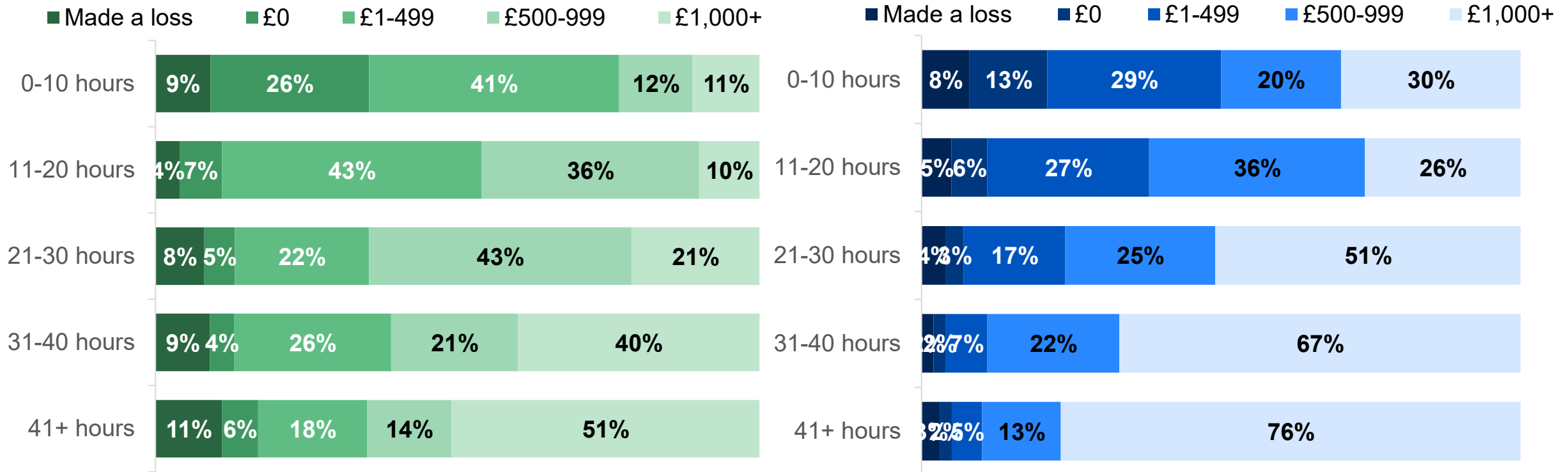
Base: All existing claimants before 16 March 2020, excluding those not started self-employment and DK/PNTS (W2:1,072)  
 All new claimants between 16 March and 22 June 2020, excluding those not started self-employment and DK/PNTS (W2:949)  
 Don't know (DK) and prefer not to say (PNTS) are not shown – they have been excluded from the base.

# Claimants show higher levels of profit pre lockdown compared to Wave 2, especially those working 31+ hours, with fewer claimants making a loss overall

Profit variation pre-lockdown (March 2020) vs hours worked

Recontact 'existing 2020'

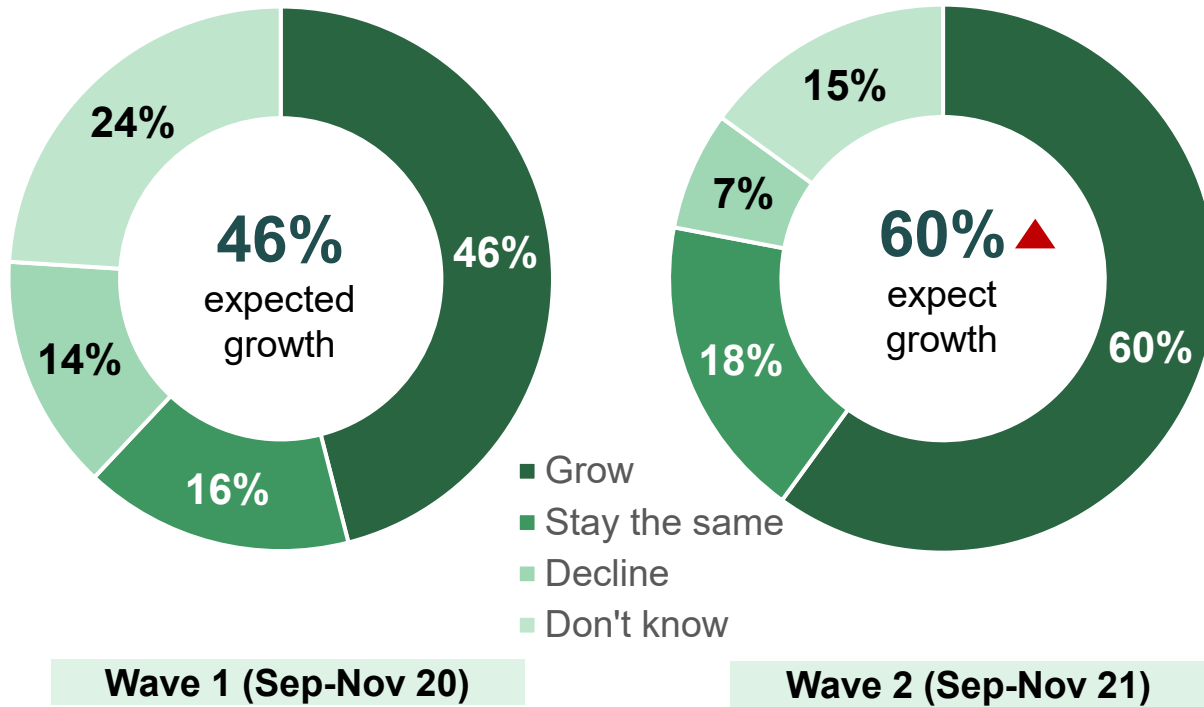
Recontact 'new 2020'



Base: All existing claimants before 16 March 2020, excluding those not started self-employment and DK/PNTS (W2:1202)  
 All new claimants between 16 March and 22 June 2020, excluding those not started self-employment and DK/PNTS (W2 1091)  
 Don't know (DK) and prefer not to say (PNTS) are not shown – they have been excluded from the base.

# Existing 2020 claimants are more positive about the future of their self employment activity, with a significant shift in those expecting growth

“Compared to your current situation, what do you expect to happen to your typical monthly profit from self-employment in 6 months from now – that is, around February 2022? Do you expect it to [...]?”



## Top sectors expecting growth in Wave 2...



Retail/sales – 77%



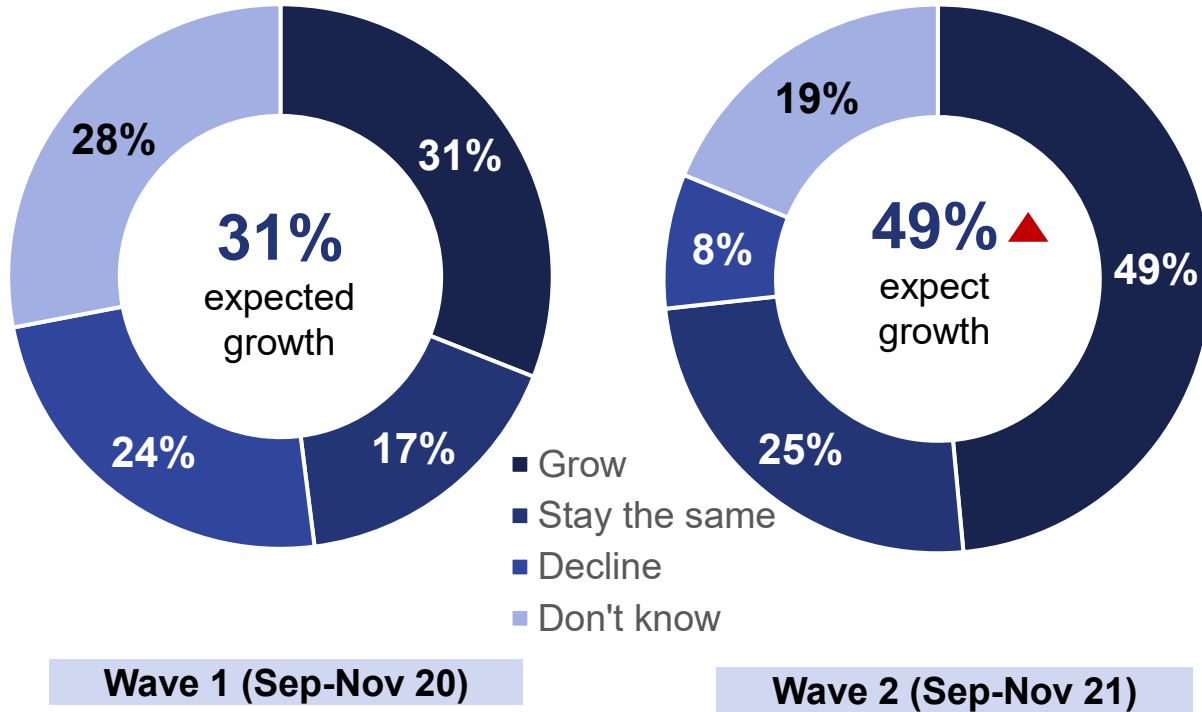
Personal services/ beauty/ sport & fitness – 74%

Base: All existing claimants before 16 March 2020 who expect to be self-employed in 6 months' time (W1: 1,366; W2: 1,322)

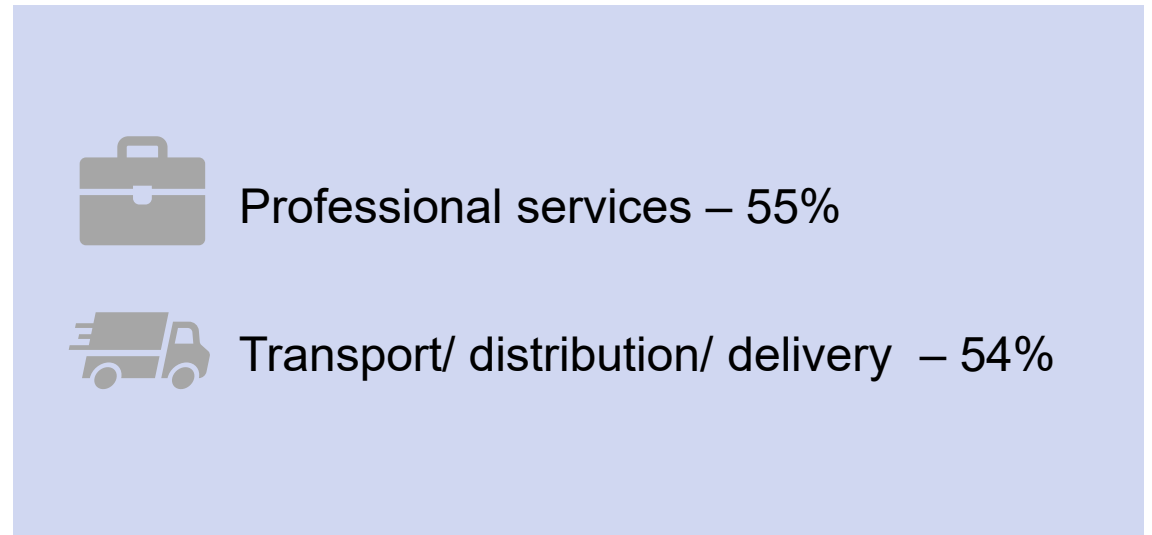
▲ Significant increase from Wave 1 | ▼ Significant decrease from Wave 1

# New 2020 claimants are a lot more positive about the future of their self-employment activity, with a significant shift in those expecting growth

“Compared to your current situation, what do you expect to happen to your typical monthly profit from self-employment in 6 months from now – that is, around February 2022? Do you expect it to [...]?”



## Top sectors expecting growth in Wave 2...



Base: All new 2020 claimants initiating their claim between 16 March-22 June 2020, who expect to be self-employed in 6 months' time (W1: 1,285; W2: 1,255)

▲ Significant increase from Wave 1 | ▼ Significant decrease from Wave 1

## 6. Plans for the future



# Most existing 2020 claimants plan to stay self-employed in 6 months' time

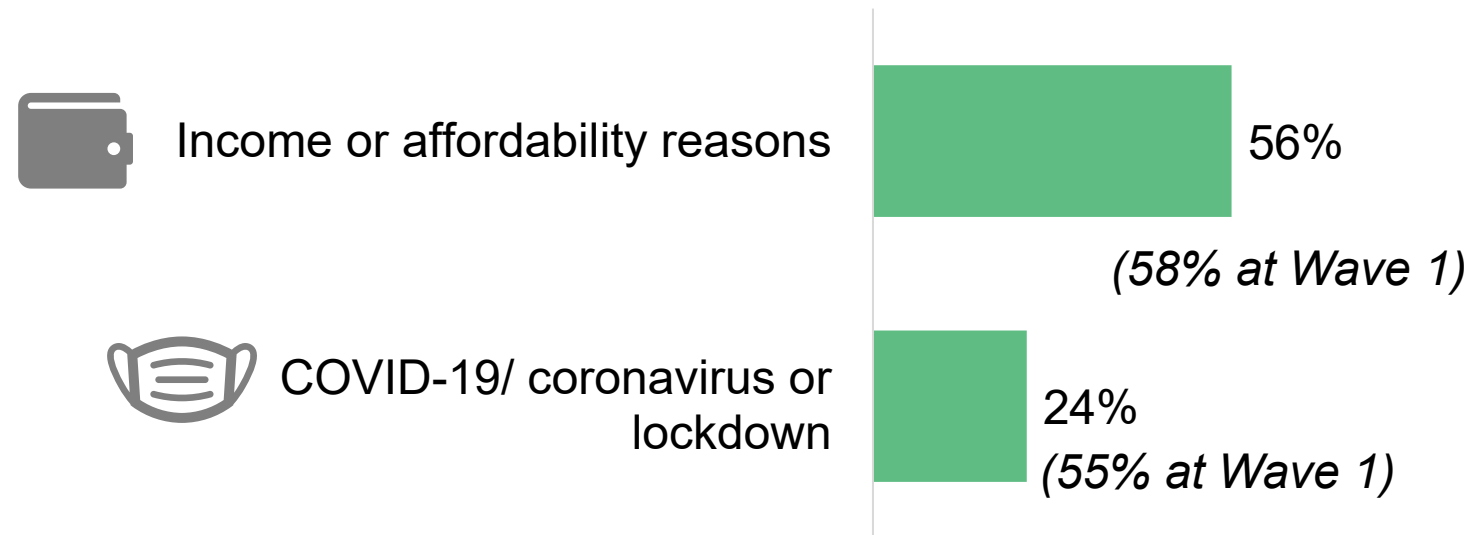
In 6 months' time...

**85%** plan to still be doing the same self-employed work

**7%** plan to be self-employed but in a different line of work

▲ **5%** plan to work for an employer *(3% at Wave 1)*

*“What are your reasons for aiming to leave self-employment within the next 6 months?”* Top 2 NET reasons



Base: All existing claimants before 16 March 2020 (W2: 1,411) | All existing claimants before 16 March 2020 who expect to be working for an employer as their main activity in 6 months, or not in paid work, nor retired in 6 months (W2: 76)

Net values: percentage values for each response are summed to broader categories.

▲ Significant increase from Wave 1 | ▼ Significant decrease from Wave 1

# Similarly, most **new 2020 claimants** also plan to stay self-employed in 6 months' time

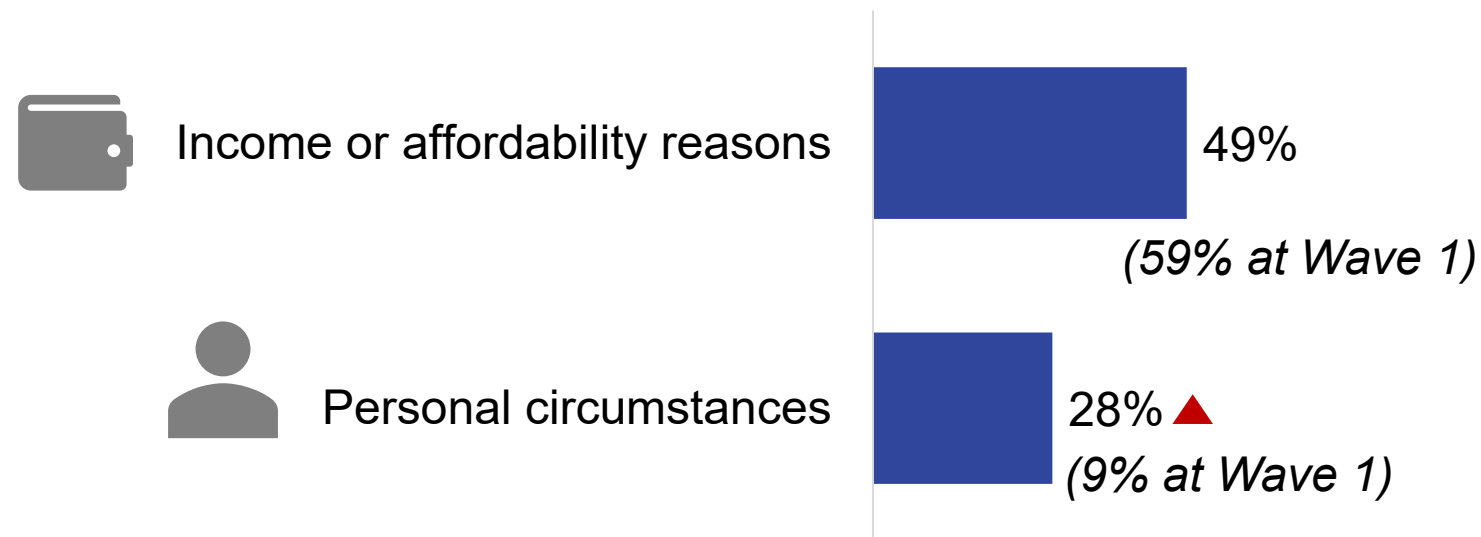
In 6 months' time...

**88%** plan to still be doing the same self-employed work

**4%** plan to be self-employed but in a different line of work

▲ **5%** plan to work for an employer (*3% at Wave 1*)

**“What are your reasons for aiming to leave self-employment within the *next 6 months*?”** Top 2 NET reasons



Base: All new claimants before 16 March 2020 (W2: 1,331) | All new 2020 claimants initiating their claim between 16 March-22 June 2020 who expect to be working for an employer as their main activity in 6 months, or not in paid work, nor retired in 6 months (W2: 70)

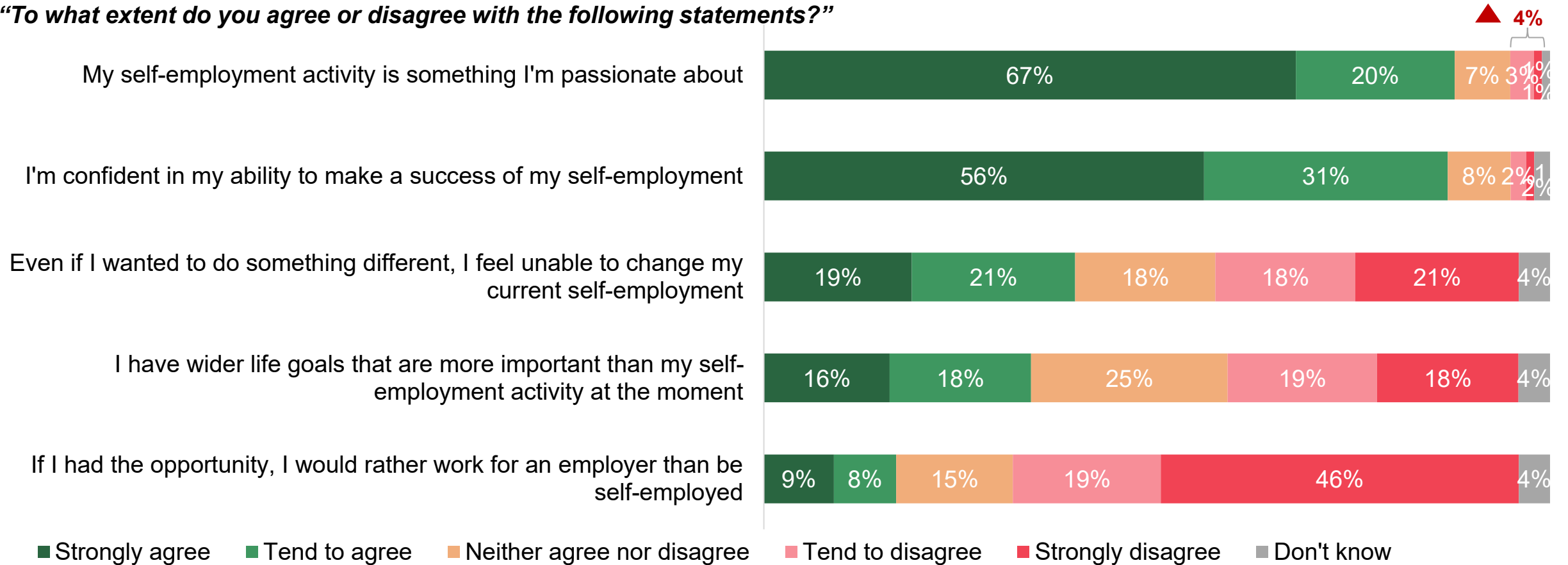
Net values: percentage values for each response are summed to broader categories.

▲ Significant increase from Wave 1 | ▼ Significant decrease from Wave 1

# Overall **existing 2020 claimants** remain passionate and confident about their self-employed work

(3% at Wave 1)

*“To what extent do you agree or disagree with the following statements?”*

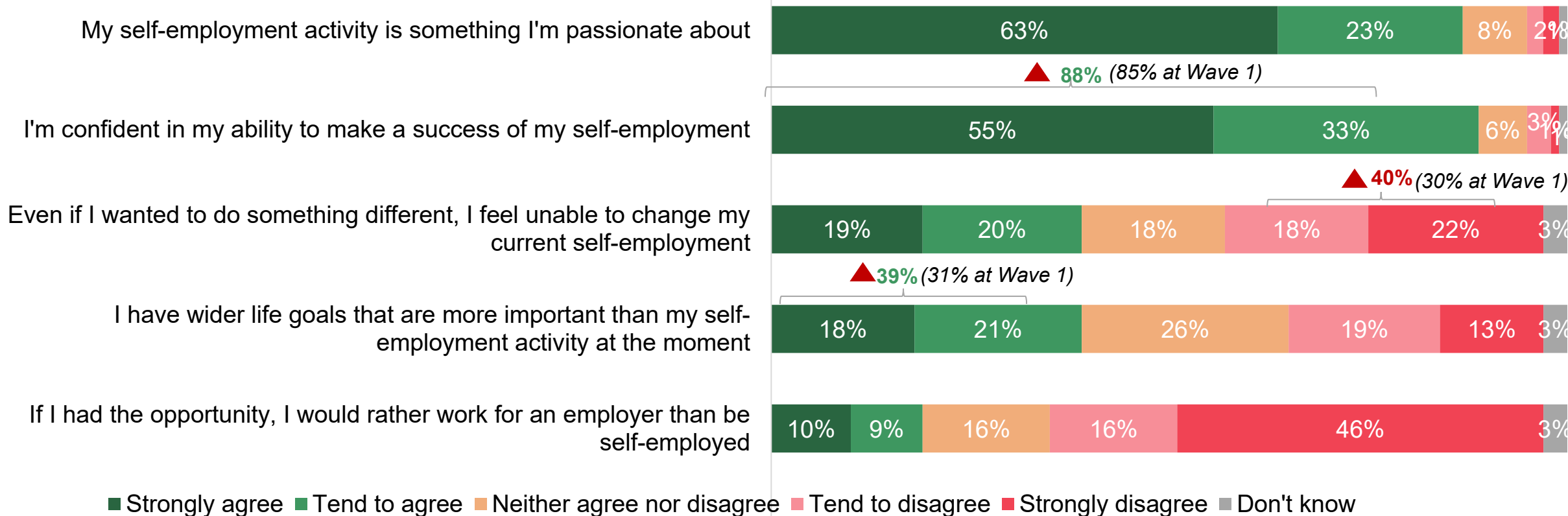


Base: All existing claimants before 16 March 2020 who are currently doing self-employed work, excluding those who haven't started self-employment (W2: 1,327)

▲ Significant increase from Wave 1 | ▼ Significant decrease from Wave 1

# New 2020 claimants who are passionate about their self-employed work remains unchanged, with both confidence and wider goals significantly increasing in Wave 2

“To what extent do you agree or disagree with the following statements?”



Base: All new 2020 claimants initiating their claim between 16 March-22 June 2020 who are currently doing self-employed work, excluding those who haven't started self-employment (W2: 1,274)

▲ Significant increase from Wave 1 | ▼ Significant decrease from Wave 1

# Qualitative findings show that overall, most are optimistic about the future but not certain

## Degree of confidence

- Claimants felt more optimistic as Covid restrictions eased. Some participants felt that growing their business was more viable in the face-to-face world.
- There was a feeling of 'back to normal' for some.

## Passion remains

- Claimants had passion – many resigned to SE being high risk and unpredictable (e.g. arts/creatives).
- Claimants had a commitment to making self-employment work – they were reluctant to go into fulltime work as an alternative. This was seen as giving up on their preferred way of working (SE).
- Some participants carried out SE in addition to paid employment. This offered greater financial stability.

## Challenges remain

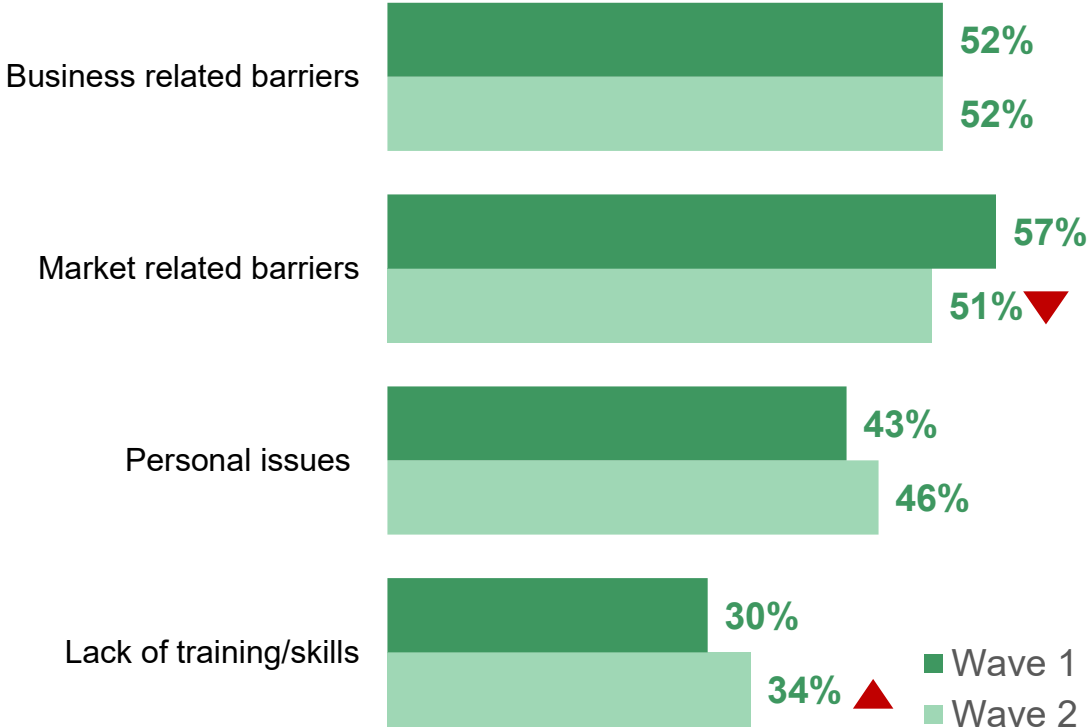
- Rise of cost of living/energy prices was seen as a threat – there was a fear of what was around the corner and how much disposable income people would have.
- Claimants were on the brink of 'making it'. They felt like their business was viable in the long term, but feared benefits would be cut off before success is seen.
- Claimants found it difficult to retrain/acquire new skills.

# 7. Barriers and support needs

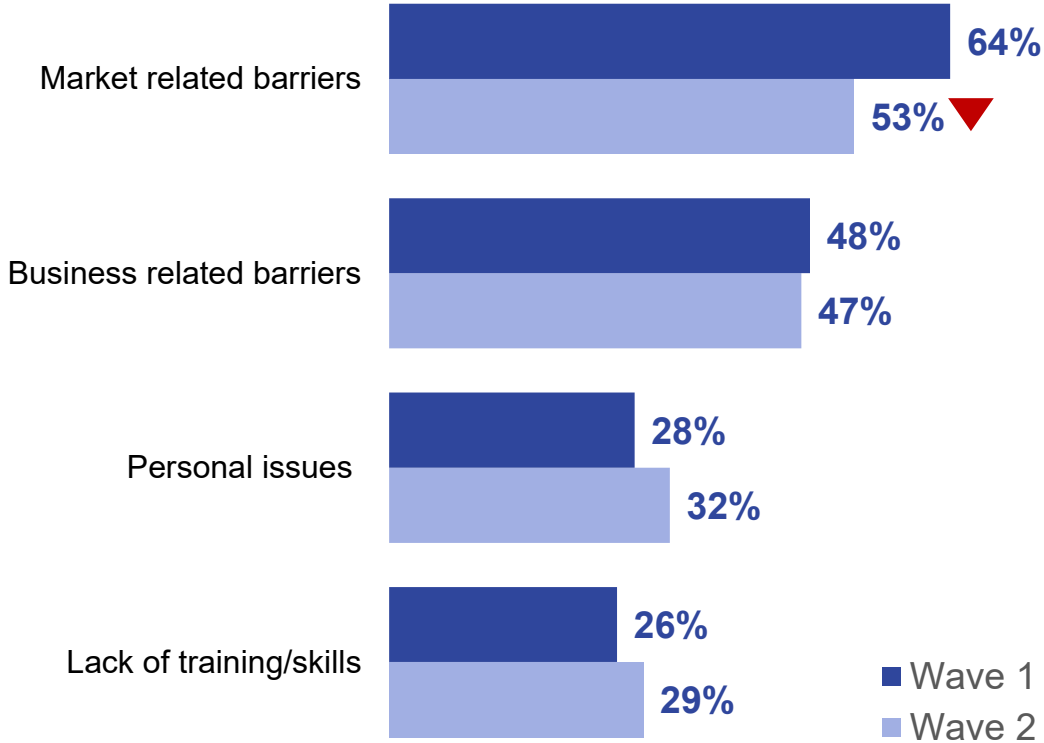
# Overall, market related barriers are not as significant as during Wave 1, as demand for services shows recovery from the pandemic

“To what extent, if at all, are each of the following stopping you from making the most of your self-employed work?” (NET values)

Recontact ‘existing 2020’



Recontact ‘new 2020’



**% a great deal/ fair amount**

Base: All existing claimants before 16 March 2020 who are currently doing self-employed work (W1:1,307; W2: 1,327) and all new 2020 claimants initiating their claim between 16 March-22 June 2020 who are currently doing self-employed work (W1:1,143; W2: 1,274) excluding those who haven't started SE work

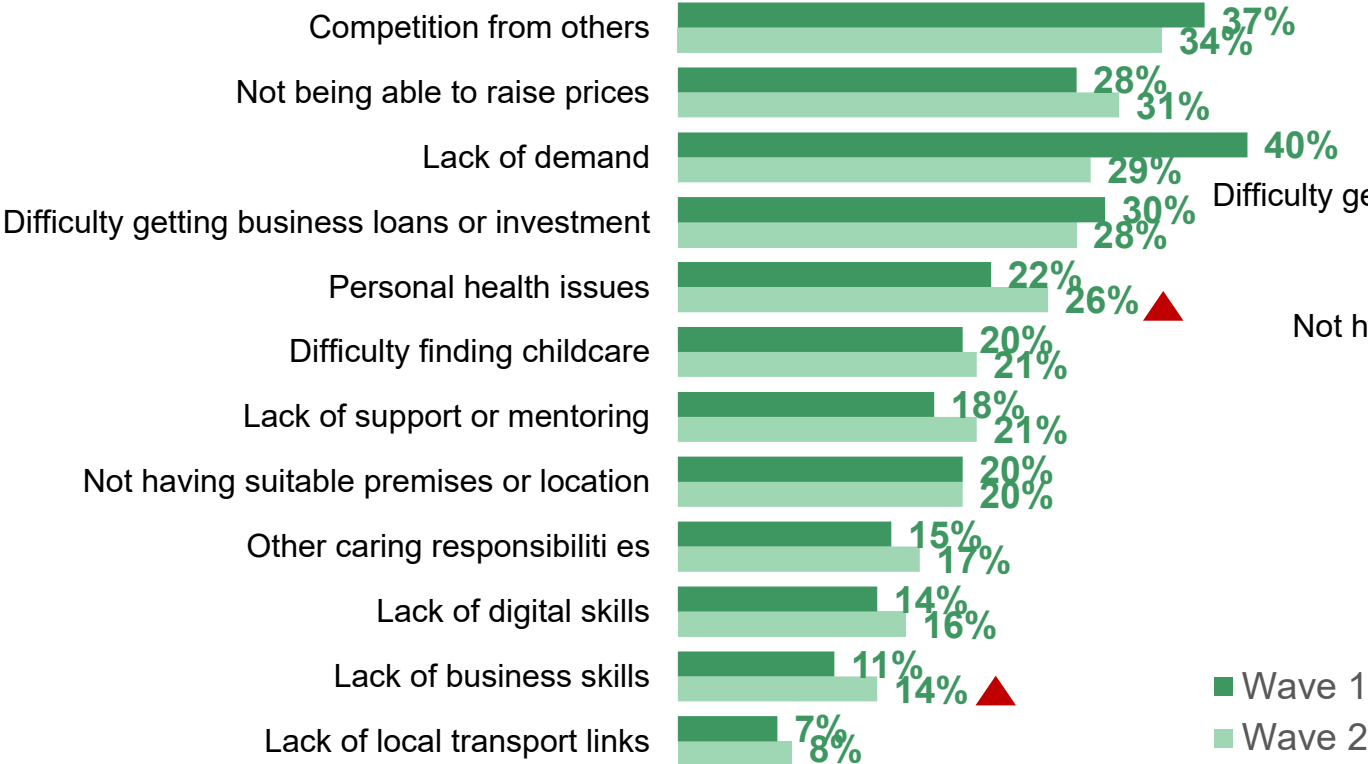
Net values: percentage values for each response are summed to broader categories.

▲ Significant increase from Wave 1 | ▼ Significant decrease from Wave 1

# Competition from others and not being able to raise prices are top barriers for longitudinal claimants

“To what extent, if at all, are each of the following stopping you from making the most of your self-employed work?”

Recontact ‘existing 2020’



Recontact ‘new 2020’



% a great deal/ fair amount

Base: All existing claimants before 16 March 2020 who are currently doing self-employed work (W1:1,307; W2: 1,327) and all new claimants before 16 March 2020 who are currently doing self-employed work (W1:1,143; W2: 1,274) excluding those who haven't started SE work

▲ Significant increase from Wave 1 | ▼ Significant decrease from Wave 1



# Subgroups that are most likely to report barriers with significant movement from W1 to W2:

**Personal health issues** are most likely to affect existing 2020 claimants who:

- Have a physical disability (60%)
- and/ or
- A mental health condition (48%)

**Lack of business skills is** most likely to affect existing claimants who:

- Are aged 25-34 (18%) and
- Those with a physical disability (18%) and/or a
- A mental health condition (20%)

**Other caring responsibilities is** most likely to affect new 2020 claimants who:

- Are aged 35-44 (16%) and
- Have children (18%)



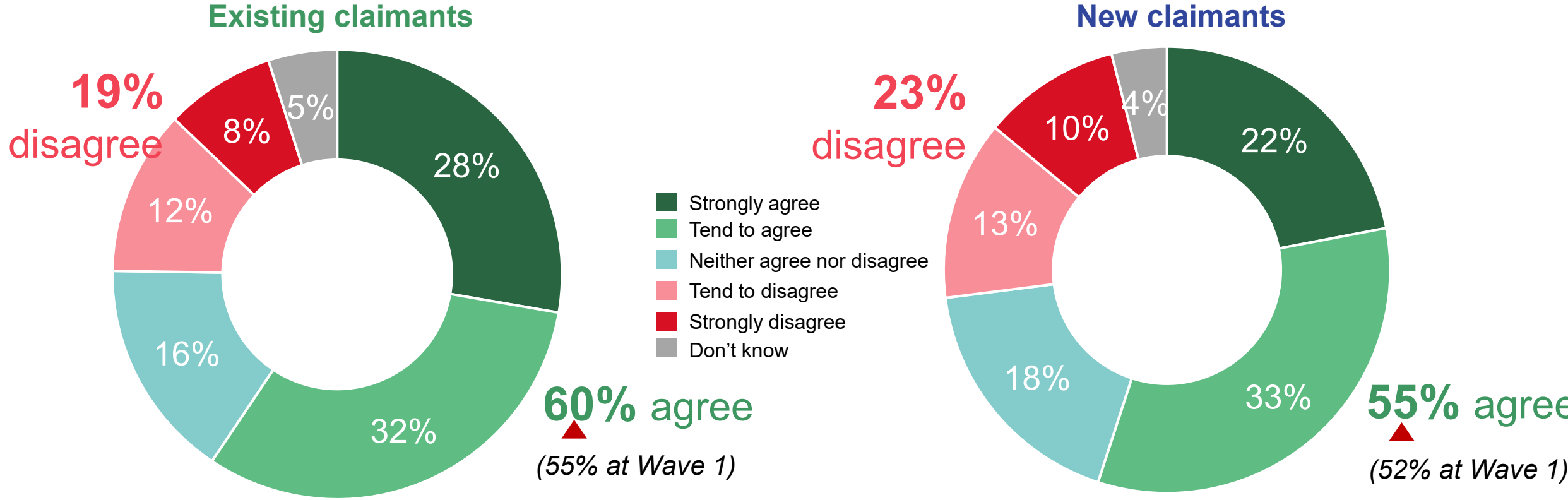
In the next six months I will look to consolidate and look to expand later on. The challenge for me is balancing my health against the demands of work.

**Female, 35-44, Urban.  
Existing Claimant**

Base: All existing claimants before 16 March 2020 who are currently doing self-employed work (W1:1,307; W2: 1,327) and all new claimants before 16 March 2020 who are currently doing self-employed work (W1:1,143; W2: 1,274) excluding those who haven't started SE work

# Over half of **existing** and **new** claimants agree that they know where to go for advice and guidance.

‘I know where I can go for advice and guidance to help me achieve my self-employment goals’

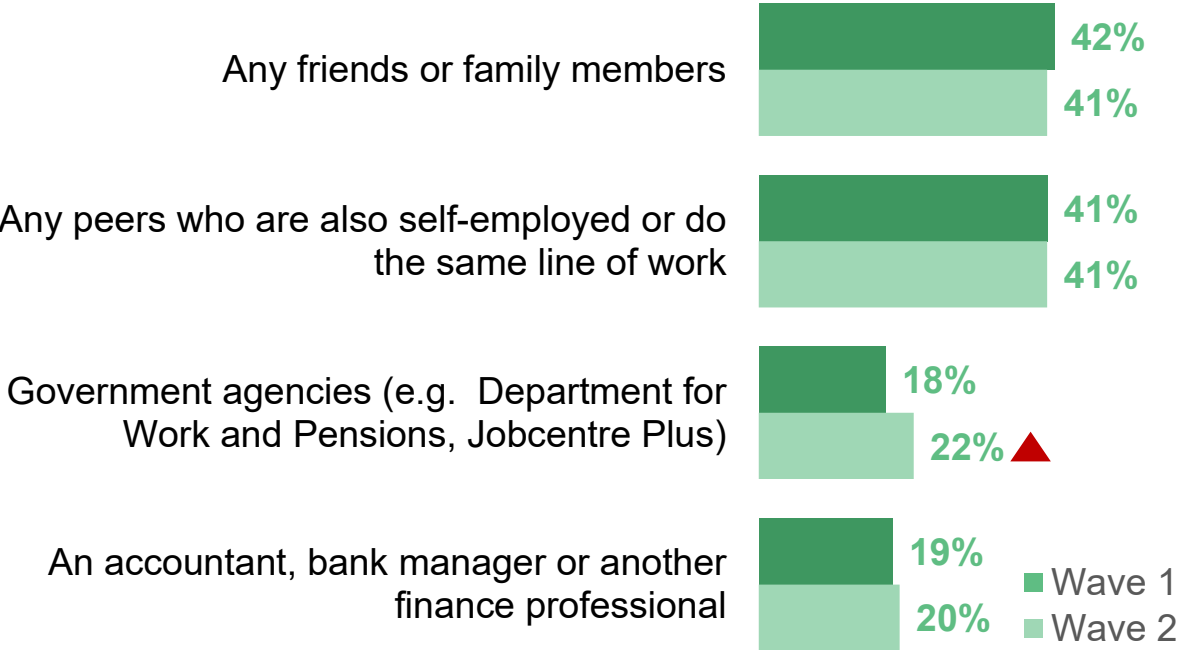


Base: All existing claimants before 16 March 2020 who are currently doing self-employed work (W1:1,307; W2: 1,327) and all new 2020 claimants initiating their claim between 16 March-22 June 2020 who are currently doing self-employed work (W1:1,143; W2: 1,274) excluding those who haven't started SE work

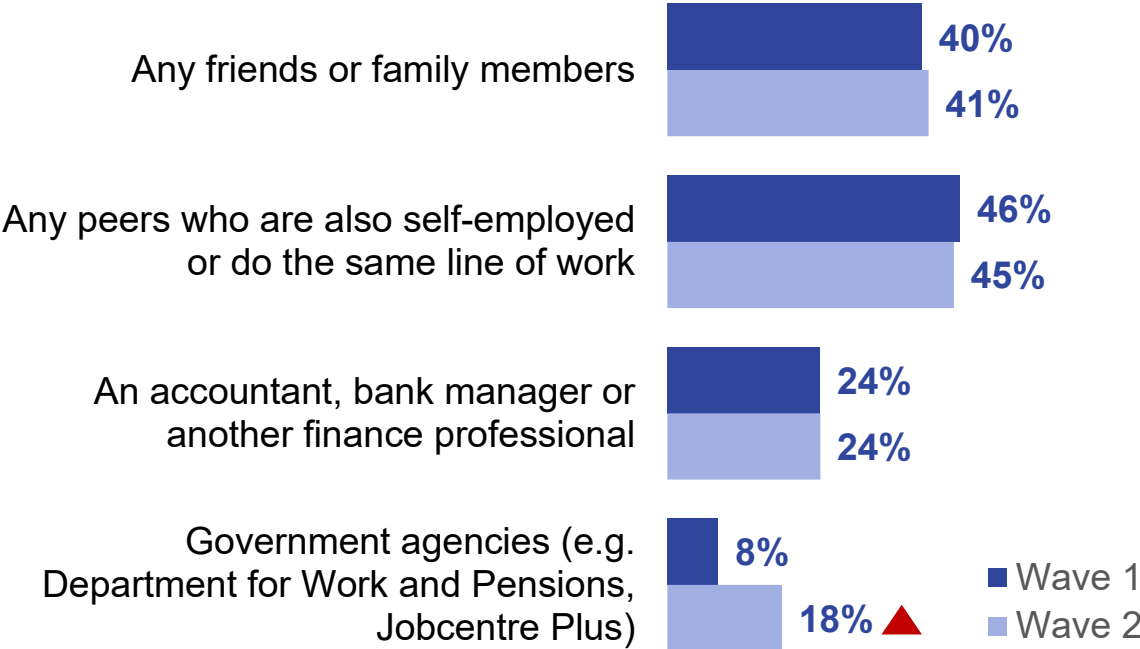
# Claimants are still more likely to go to friends, family or peers for advice, though there has been a significant shift in those consulting Government agencies in Wave 2

“In the **last 12 months**, have you had any advice, guidance or support from any of the following to help you achieve your self-employment goals?” Top 4 sources

Recontact ‘existing 2020’



Recontact ‘new 2020’



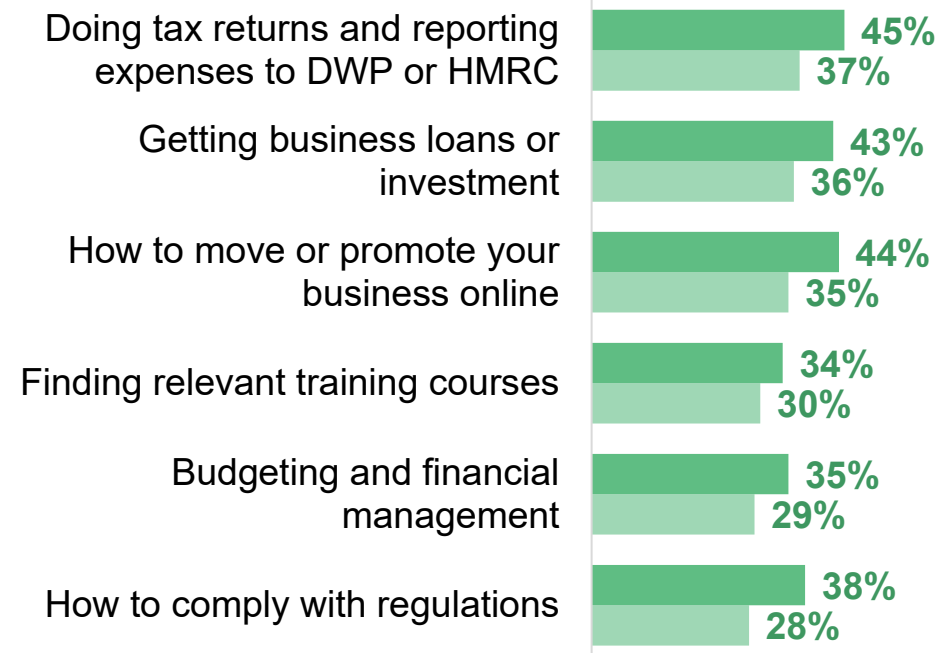
Base: All existing claimants before 16 March 2020 who are currently doing self-employed work (W1:1,307; W2: 1,327) and all new 2020 claimants initiating their claim between 16 March-22 June 2020 who are currently doing self-employed work (W1:1,143; W2: 1,274) excluding those who haven't started SE work

▲ Significant increase from Wave 1 | ▼ Significant decrease from Wave 1

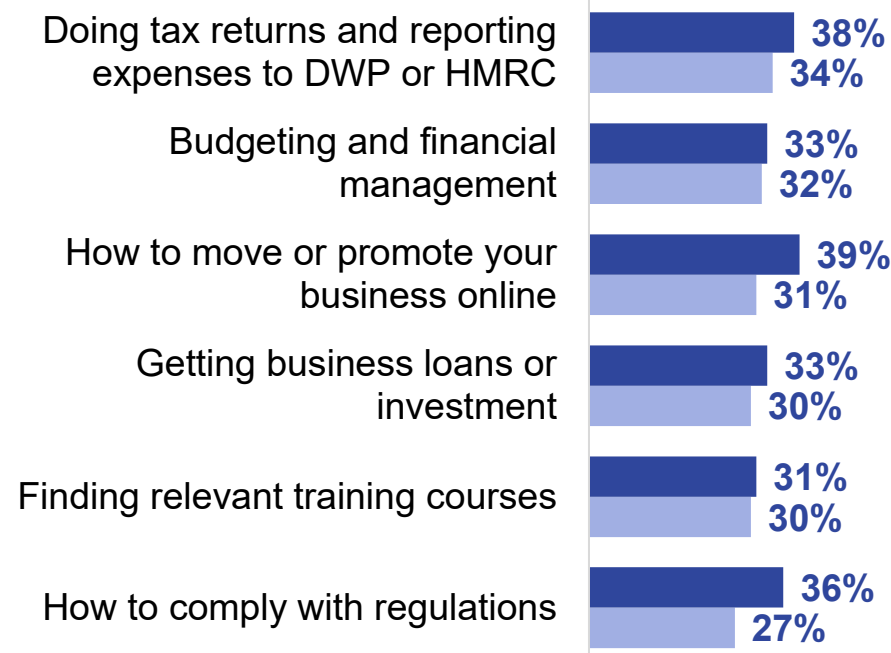
# Help regarding guidance on doing tax returns and reporting expenses remain top areas for claimants

“In which of the following areas, if any, would you find it helpful to receive advice and guidance for your self-employed work?” Top 6 mentions

## Recontact ‘existing 2020’



## Recontact ‘new 2020’



“I’d say nine times out of ten it’s clear what to include. Sometimes there are things that I’m uncertain whether I can include, so I don’t put them in. I forget to ask about that, whether it’s going to be a claimable expense.”

**Male, 17-34, Suburban, Existing Claimant**

Base: All existing claimants before 16 March 2020 who are currently doing self-employed work (W1:1,307; W2: 1,327) and all new 2020 claimants initiating their claim between 16 March-22 June 2020 who are currently doing self-employed work (W1:1,143; W2: 1,274) excluding those who haven’t started SE work

# Top support needs by cluster for existing 2020 claimants

Please note: these are the same cluster assignments as used in Wave 1

Passionate, knowledgeable and successful	Passionate, knowledgeable and struggling	Passionate and struggling	Content with other priorities	Discontented
<p><b>35%</b> Getting business loans or investment</p>	<p><b>41%</b> Getting business loans or investment</p>	<p><b>56%</b> How to move or promote your business online</p>	<p><b>35%</b> Doing tax returns and reporting expenses to DWP or HMRC</p>	<p><b>41%</b> Doing tax returns and reporting expenses to DWP or HMRC</p>
<p><b>28%</b> doing tax returns and reporting expenses to DWP or HMRC</p>	<p><b>38%</b> How to move or promote your business online</p>	<p><b>55%</b> Getting business loans or investment</p>	<p><b>28%</b> How to move or promote your business online</p>	<p><b>36%</b> Finding relevant training courses</p>
<p><b>26%</b> How to move or promote your business online</p>	<p><b>32%</b> Doing tax returns and reporting expenses to DWP or HMRC</p>	<p><b>53%</b> Doing tax returns and reporting expenses to DWP or HMRC</p>	<p><b>24%</b> Getting business loans or investment</p>	<p><b>34%</b> Changing the scope of your business</p>

# Top support needs by cluster for new 2020 claimants

Please note: these are the same cluster assignments as used in Wave 1

Passionate and successful	Passionate and struggling	Content with other priorities	Dispassionate with other priorities	Dispassionate and stuck
<p><b>28%</b> Budgeting and financial management</p>	<p><b>41%</b> Getting business loans or investment</p>	<p><b>32%</b> Doing tax returns and reporting expenses to DWP or HMRC</p>	<p><b>33%</b> Doing tax returns and reporting expenses to DWP or HMRC</p>	<p><b>47%</b> Doing tax returns and reporting expenses to DWP or HMRC</p>
<p><b>28%</b> Doing tax returns and reporting expenses to DWP or HMRC</p>	<p><b>41%</b> How to move or promote your business online</p>	<p><b>31%</b> How to move or promote your business online</p>	<p><b>30%</b> Finding relevant training courses</p>	<p><b>47%</b> Finding relevant training courses</p>
<p><b>27%</b> Getting business loans or investment</p>	<p><b>38%</b> Doing tax returns and reporting expenses to DWP or HMRC</p>	<p><b>31%</b> Budgeting and financial management</p>	<p><b>23%</b> How to move or promote your business online</p>	<p><b>43%</b> Budgeting and financial management</p>
<p><b>27%</b> How to move or promote your business online</p>				

# 8. Conclusions

# Conclusions

There is evidence of improved financial situations and improved profits – however, these have not yet returned to pre-pandemic levels.

Almost half of the 2020 new claimants are no longer claiming UC due to improved earnings. They are also reporting higher levels of control in hours worked.

Clearer communication on process and terminology is needed, particularly around the Gateway Interview and MIF. Even more knowledgeable claimants are not always fully aware of the terms and/or process.

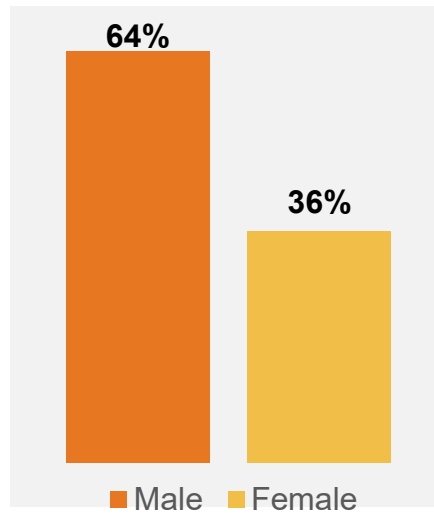
Claimants are optimistic about the future. Although there is a degree of uncertainty due to pressures from cost-of-living crisis as businesses continue to rebuild.



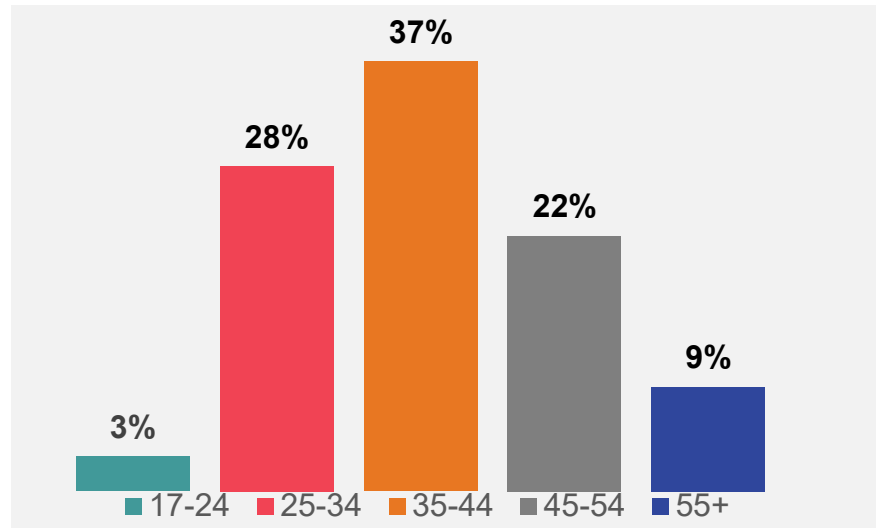
# Appendix

# Demographic Profile – Existing 2020 claimants

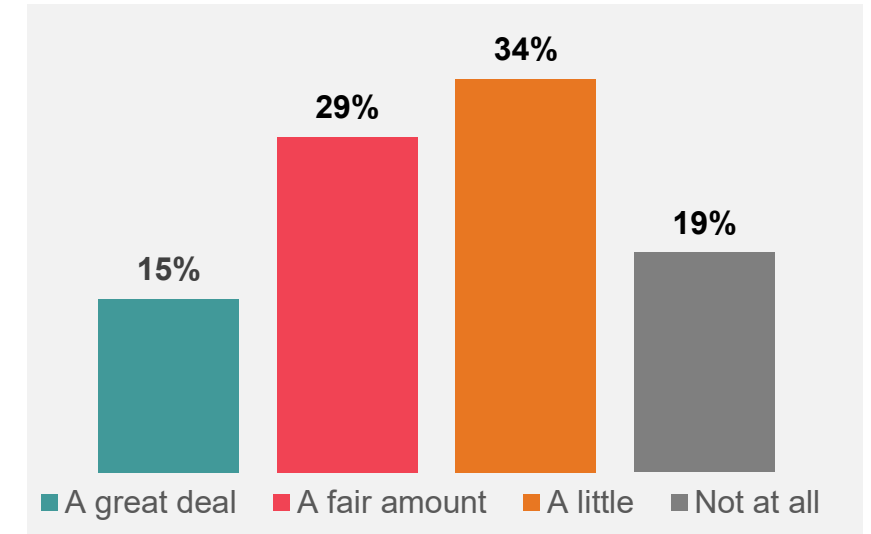
## Gender



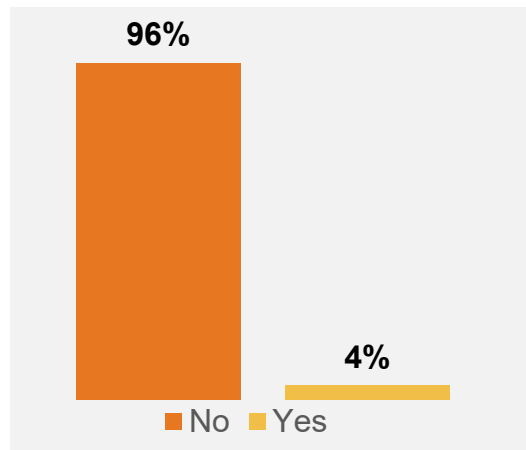
## Age



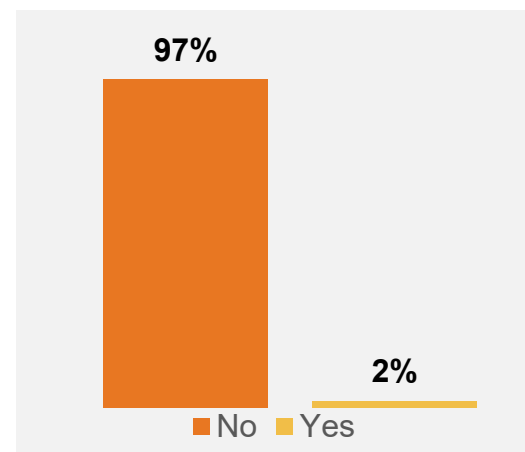
## Carers



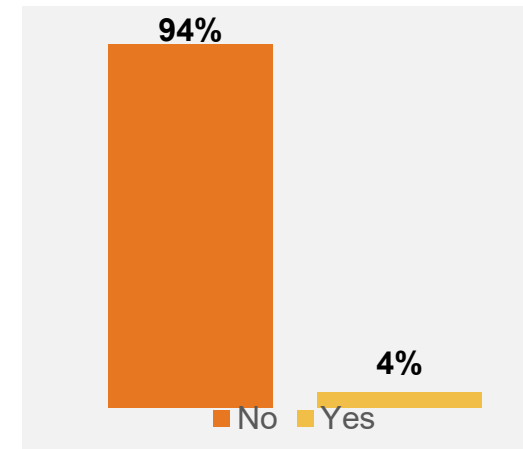
## Ex Armed Forces



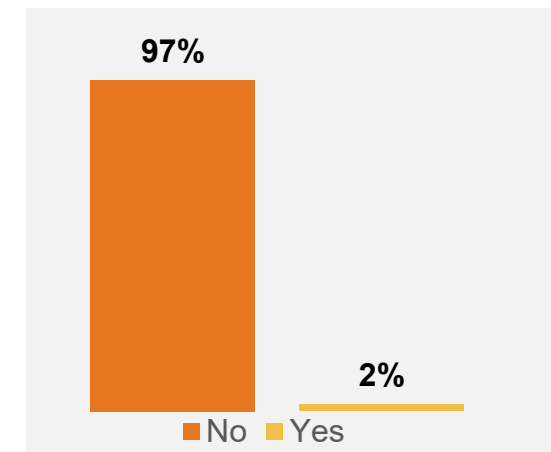
## Care Leavers



## Refugee Status



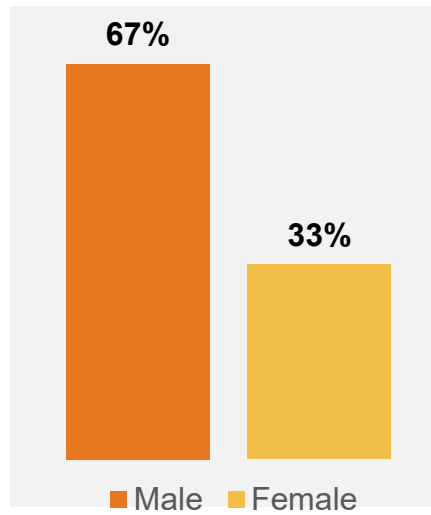
## Prison Leavers



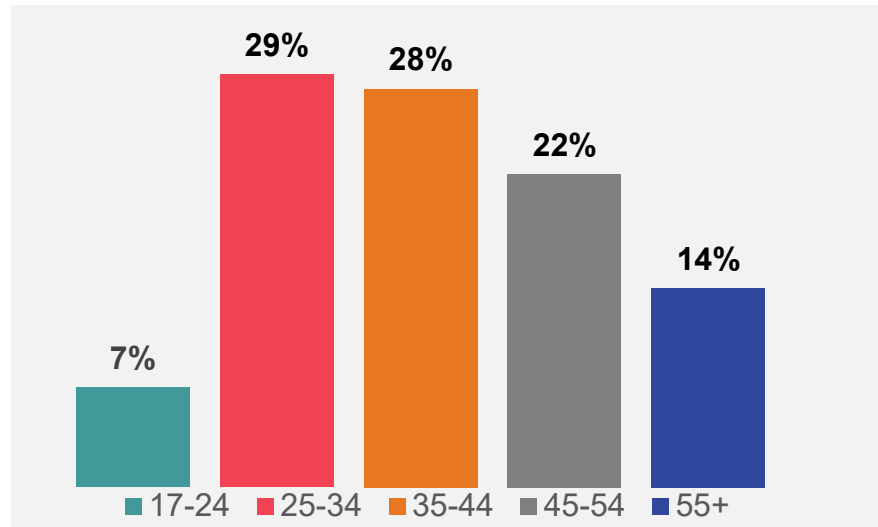
Base: All existing claimants before 16 March 2020 (W2: 1,411)

# Demographic Profile – All new claimants (since 16 March 2020)

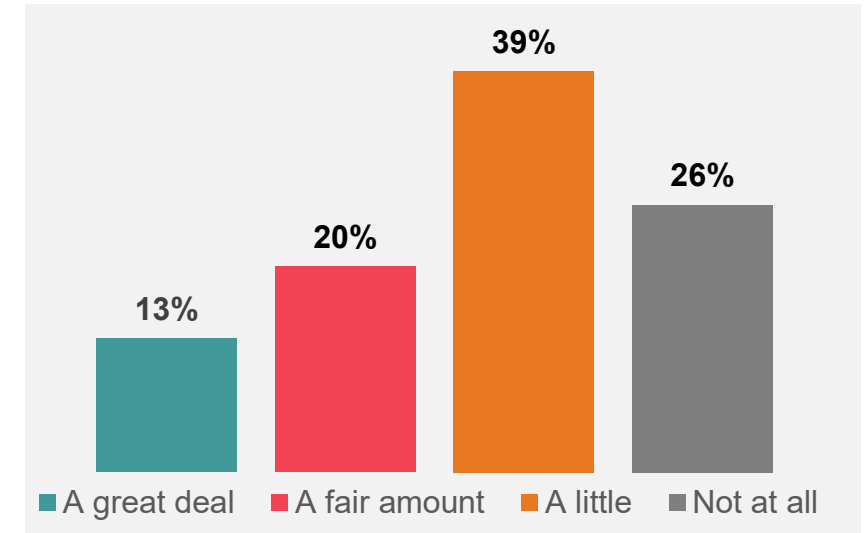
## Gender



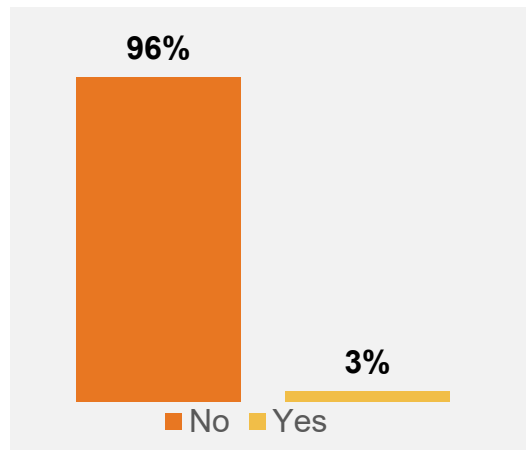
## Age



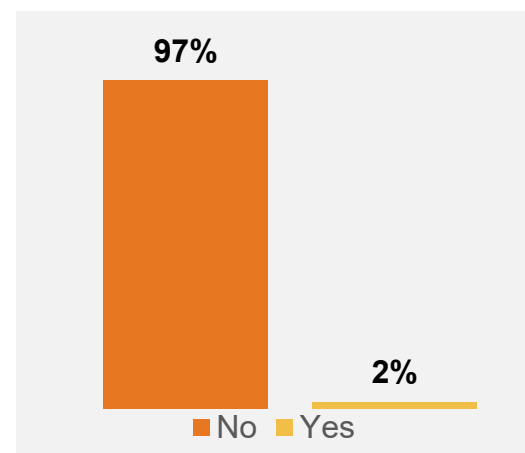
## Carers



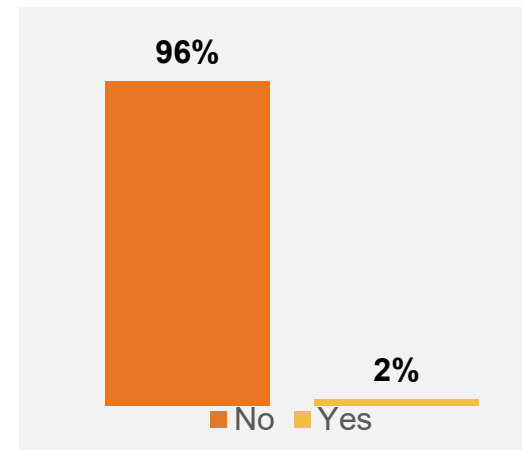
## Ex Armed Forces



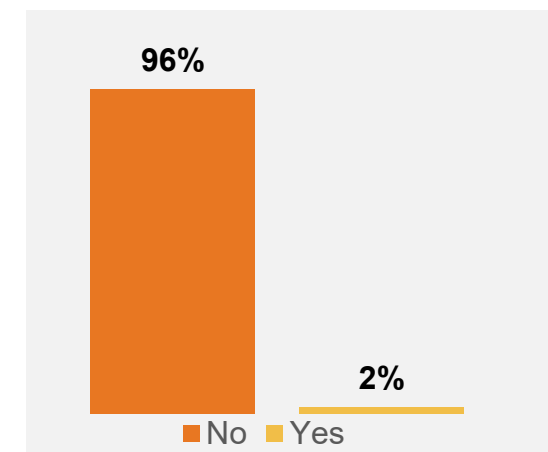
## Care Leavers



## Refugee Status



## Prison Leavers



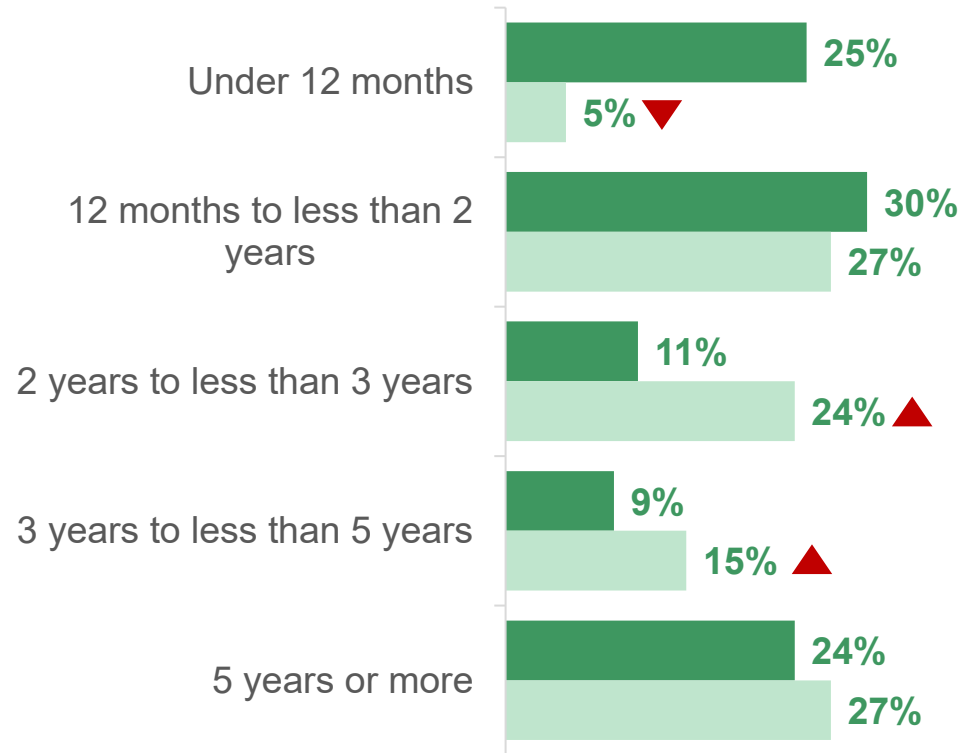
Base: All new claimants since 16 March 2020 (W2: 3,284)

# Length of time in self-employed work

*“How long have you been self-employed in your current line of work? / Thinking about when you were last self-employed, how long had you been in your line of work?”*

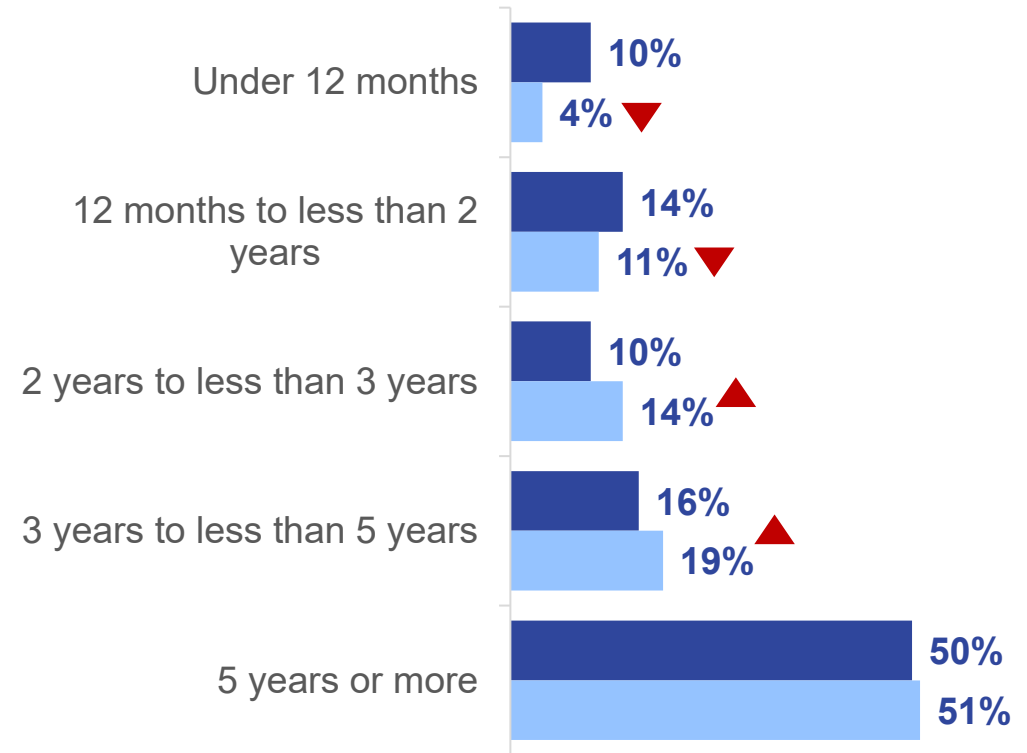
## Recontact ‘existing 2020’

■ Wave 1 (Sep-Nov 20) ■ Wave 2 (Sep-Nov 21)



## Recontact ‘new 2020’

■ Wave 1 (Sep-Nov 20) ■ Wave 2 (Sep-Nov 21)



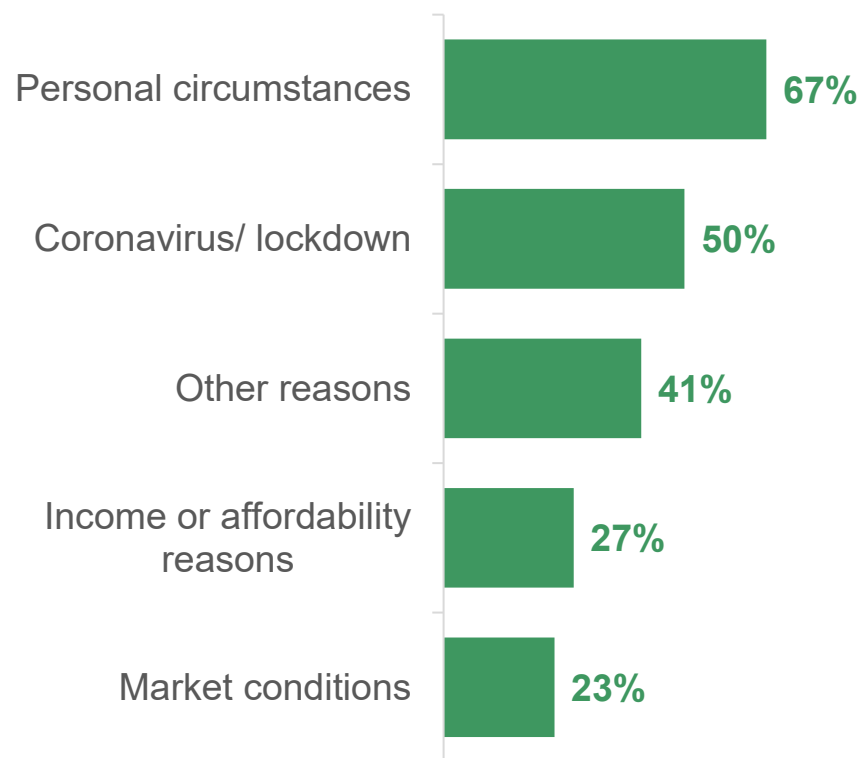
Base: All existing claimants before 16 March 2020 (W1/W2: 1,411) and new claimants between 16 March and 22 June 2020 (W1/W2: 1,331)

▲ Significant increase from Wave 1 | ▼ Significant decrease from Wave 1

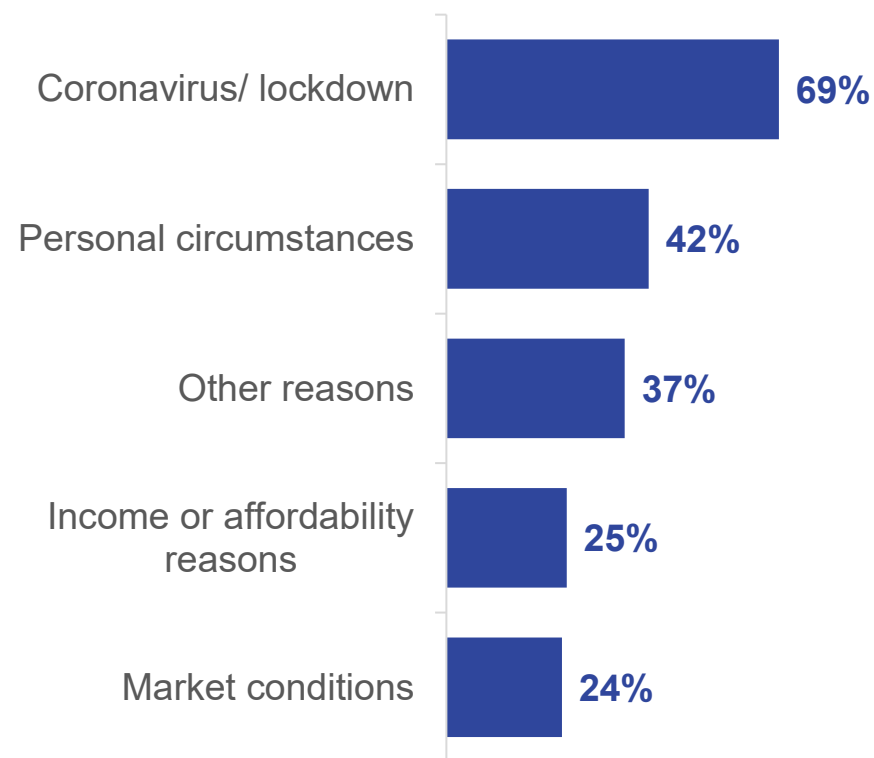
# The top reasons for leaving self-employment were personal circumstances and the pandemic

*“Since the first survey last year, you mentioned that you are no longer doing any self-employed work. What are your reasons for not doing any self-employed work at the moment?”*

Recontact ‘existing 2020’



Recontact ‘new 2020’



Base: All existing claimants before 16 March 2020 (W2: 84) and new claimants between 16 March and 22 June 2020 (W2: 57) no longer self-employed at Wave 2

# Similarly, most **new 2020 claimants** also plan to stay self-employed in 6 months' time. Again, income and affordability is the top reason for those aiming to leave SE

In 6 months' time...

**88%** plan to still be doing the same self-employed work

**4%** plan to be self-employed but in a different line of work

▲ **5%** plan to work for an employer (*3% at Wave 1*)

*“What are your reasons for aiming to leave self-employment within the **next 6 months**?”* Top 2 NET reasons



Income or affordability reasons

49%

*(59% at Wave 1)*



Personal circumstances

28% ▲

*(9% at Wave 1)*

Base: All new claimants between 16 March and 22 June 2020 (W2: 1,331) | All new claimants between 16 March and 22 June 2020 who expect to be working for an employer as their main activity in 6 months, or not in paid work, nor retired in 6 months (W2: 70)

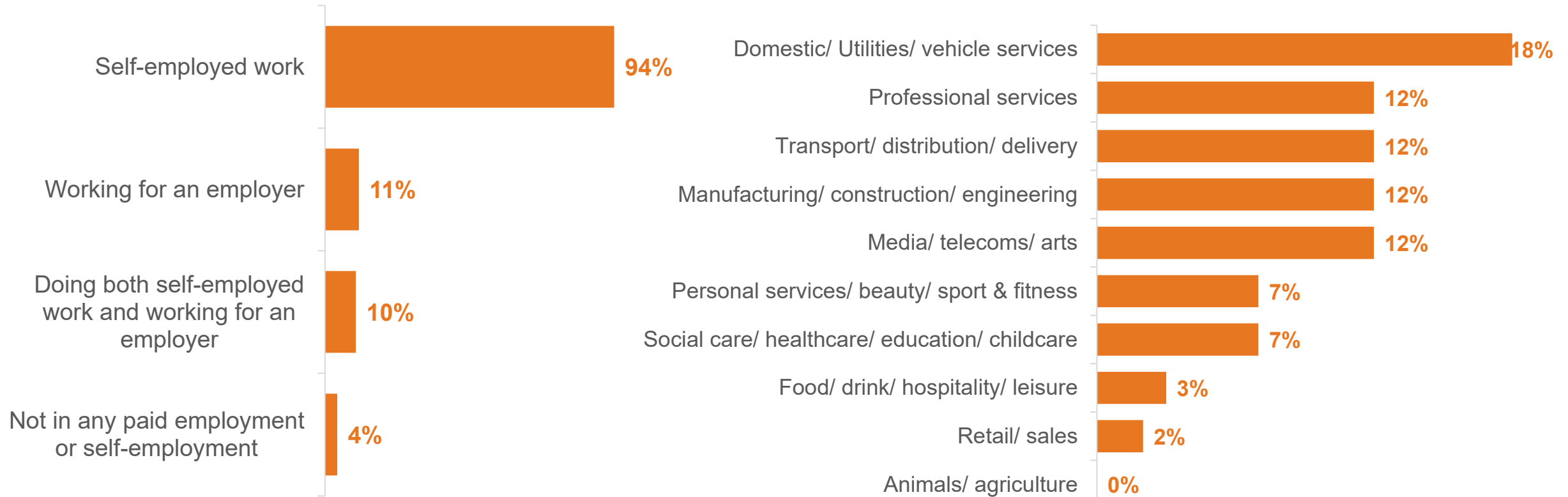
▲ Significant increase from Wave 1 | ▼ Significant decrease from Wave 1

# Appendix: Snapshot of all new UC claimants

Started claim since 16 March 2020

# The majority of all **new claimants** are doing self-employed work only, across a range of sectors

“Which, if any, of the following are you **currently** doing to earn money? What is your main self-employed work?”

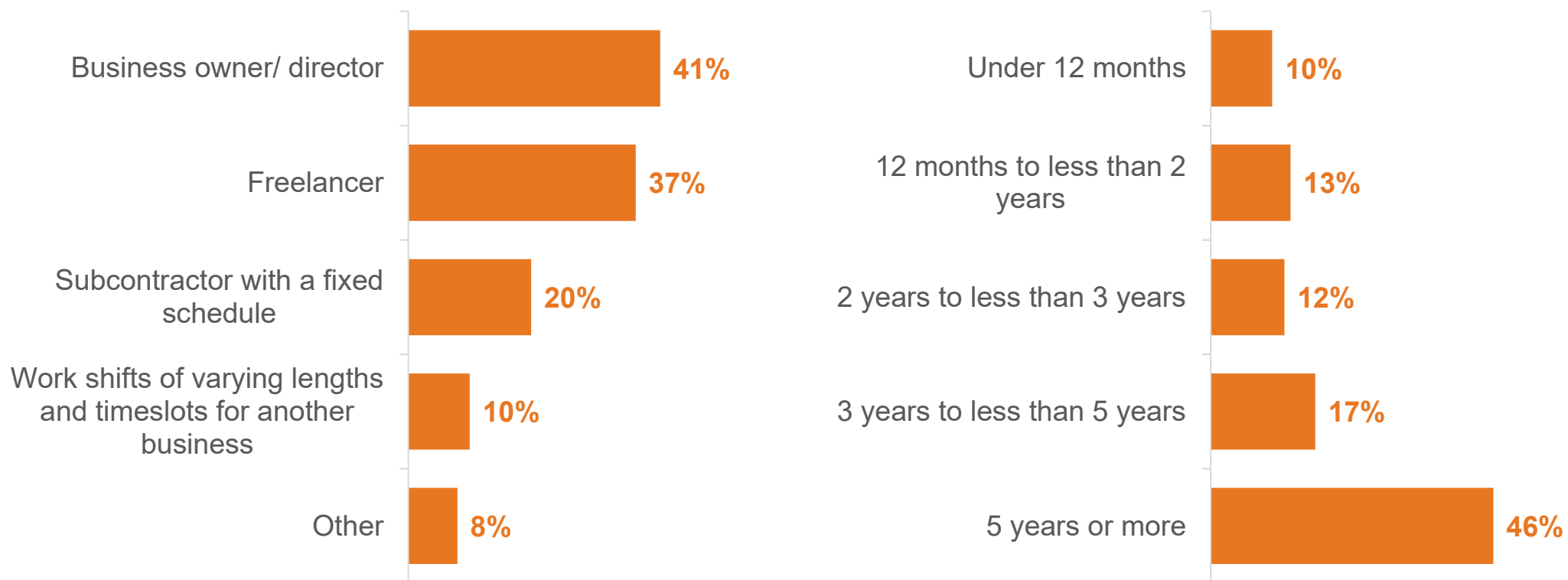


Base: All new claimants since 16 March 2020 (3,284)



# The majority of all **new claimants** are business owners or freelancers, and have been SE for 5+ years

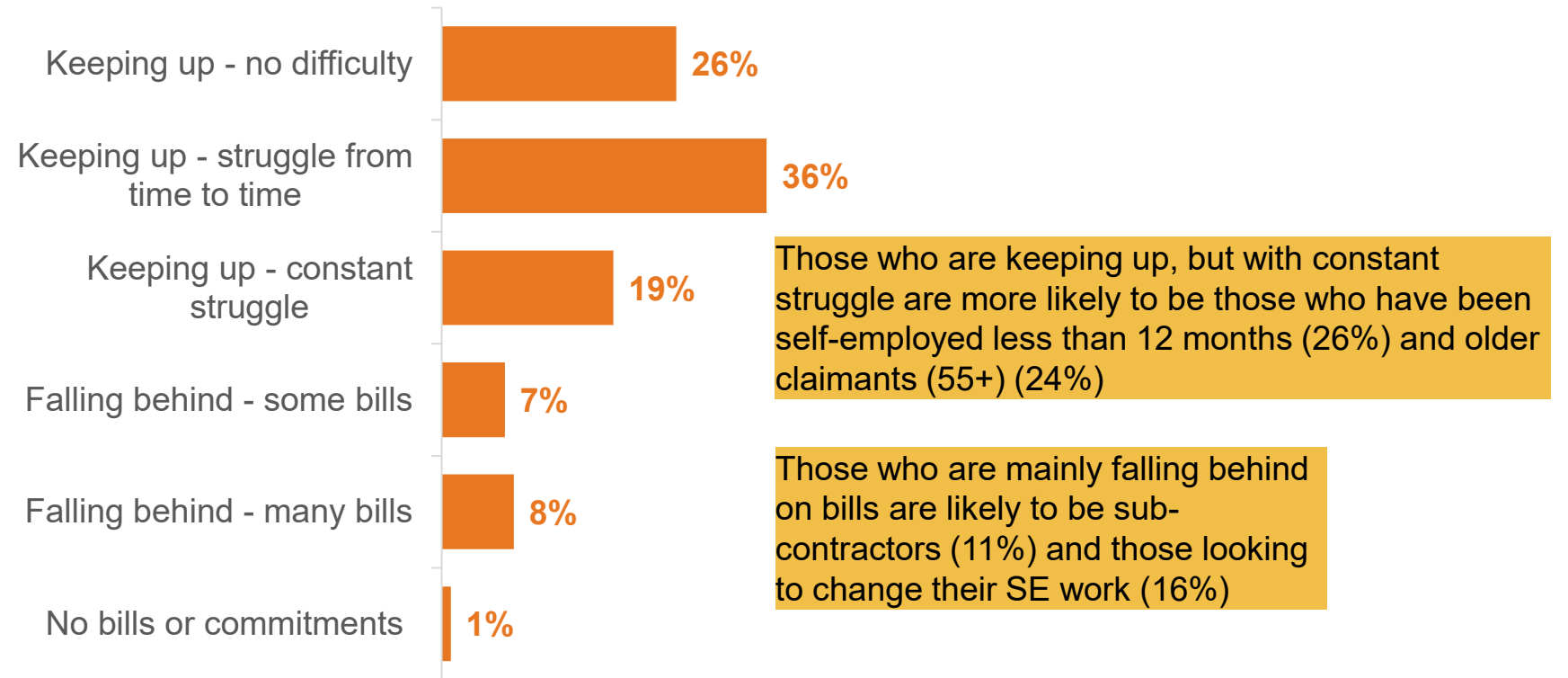
*“Which of the following describe any self-employed work you do? How long have you been self-employed in your current line of work?”*



Base: All new claimants since 16 March 2020 (3,284)

# The majority of **new claimants** are keeping up with their bills and credit commitments

“Thinking about the **last two months**, which one of the following statements best describes how well you have been keeping up with your bills and credit commitments?” (Timescale: approx. July-Sept 2021/2022)



Base: All new claimants since 16 March 2020 (3,284)

# The main reasons **new claimants** choose their self-employed work is flexibility

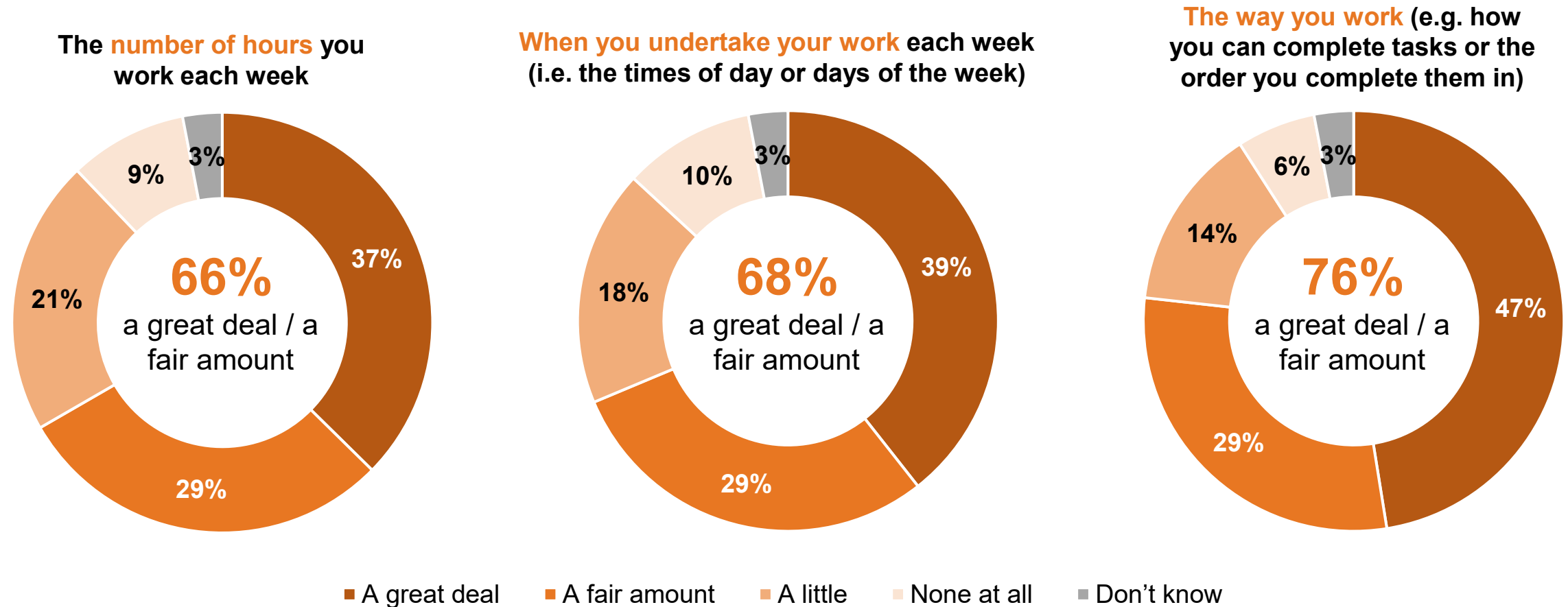
*“What motivated you to take up this self-employed work, rather than doing a different self-employed activity or working for an employer /increasing your employed work?” (NET values)*



Base: All new claimants since 16 March 2020 (3,277) excluding not started SE work  
Net values: percentage values for each response are summed to broader categories.

# Over three quarters of all **new claimants** feel they have control with the way they work

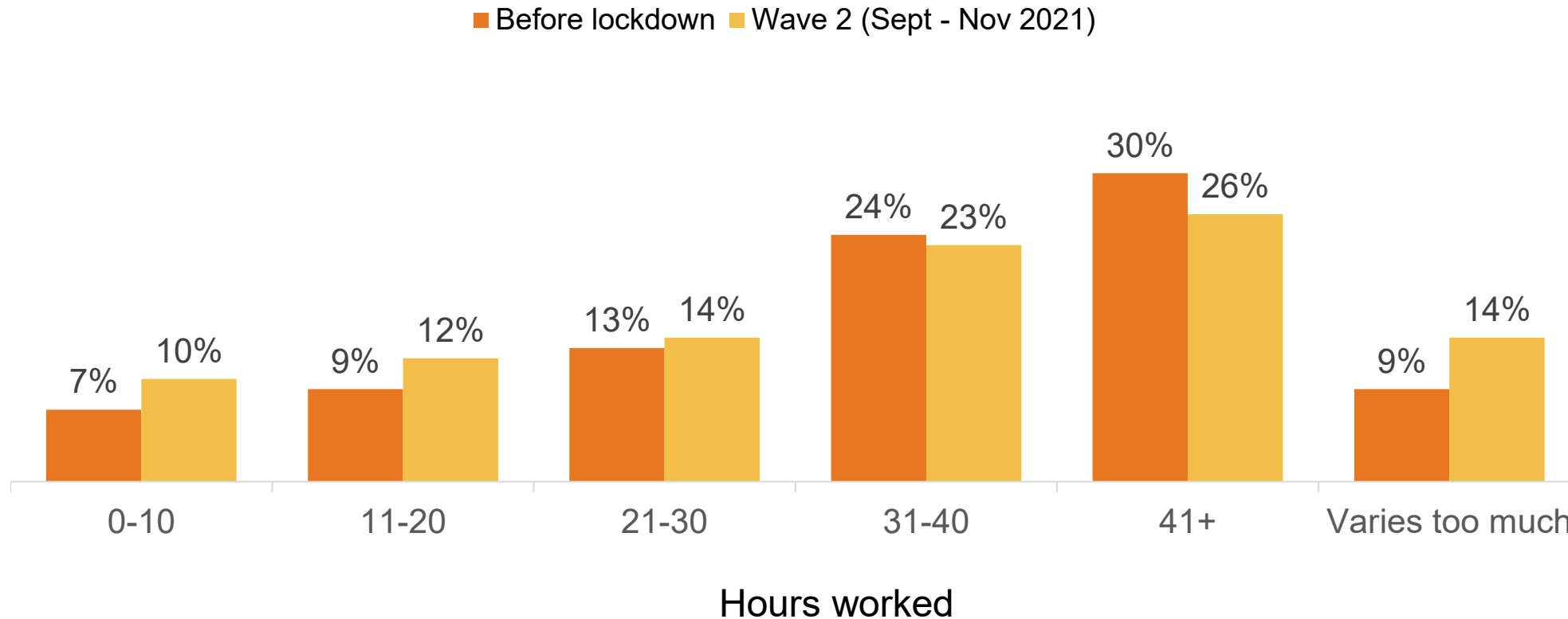
“Currently, how much control do you have over the following in your self-employed work?”



Base: All new claimants since 16 March 2020 (3,277) excluding not started self-employment

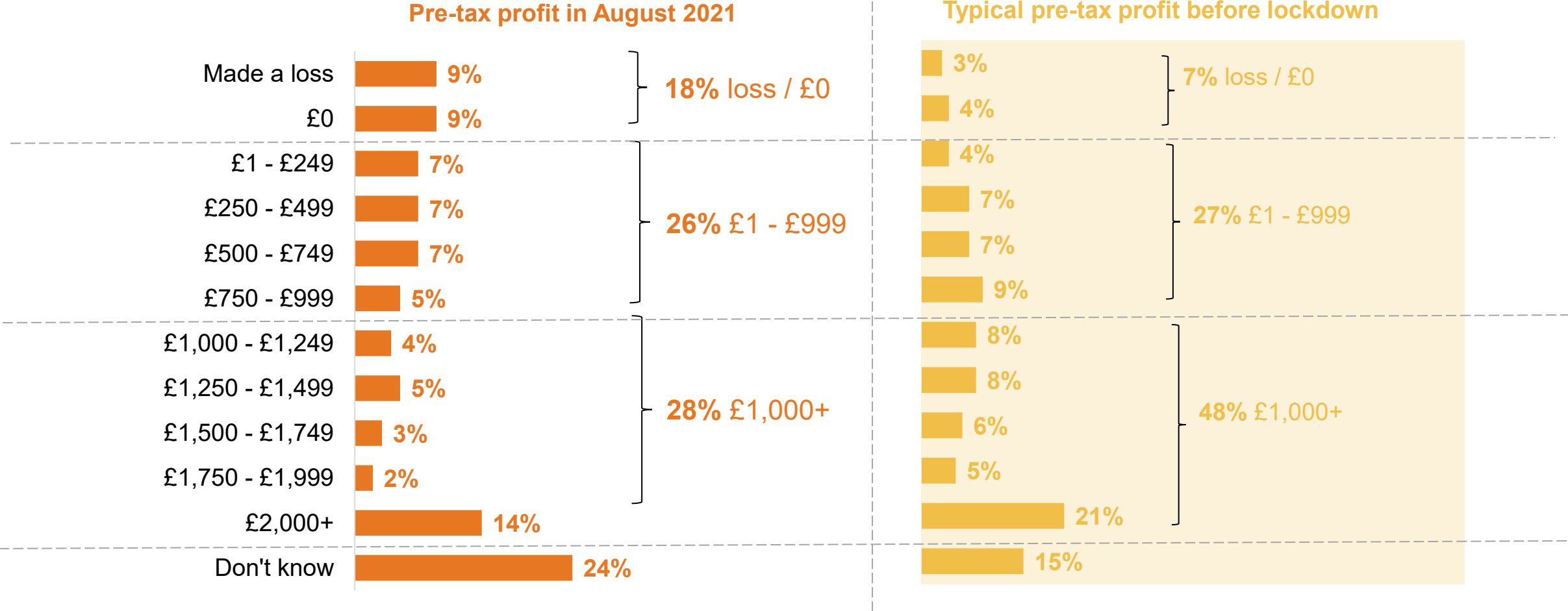
# The pattern of hours worked amongst all **new claimants** is similar to pre-lockdown levels

*“Just before the UK went into lockdown in March 2020, how many hours a week did you normally spend on your self-employed work? / Currently, how many hours a week do you normally spend on your self-employed work? (%)”*



Base: All new claimants since 16 March 2020 (3,277) excluding not started SE work.

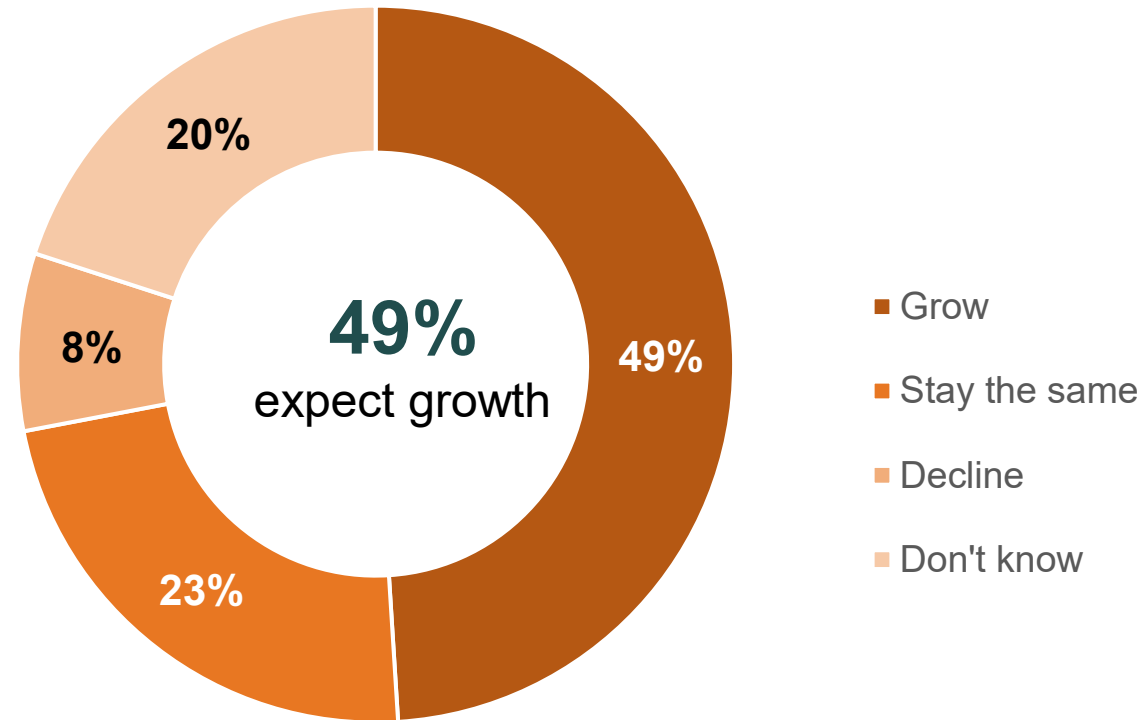
# Profits for new claimants



Base: All new claimants since 16 March 2020 (3,277) excluding not started SE work. 'Prefer not to say' and 'not self-employed before March / in August' codes not shown.

# Almost half of **new claimants** expect their self-employment activity to grow over the next 6 months

*“Compared to your current situation, what do you expect to happen to your typical monthly profit from self-employment in 6 months from now – that is, around February 2022? Do you expect it to ... ?”*



Base: All new claimants since 16 March 2020 who expect to be self-employed in 6 months' time (3,030)

# Most **new claimants** plan to stay self-employed in 6 months' time. For those not planning to be in SE, half list income reasons

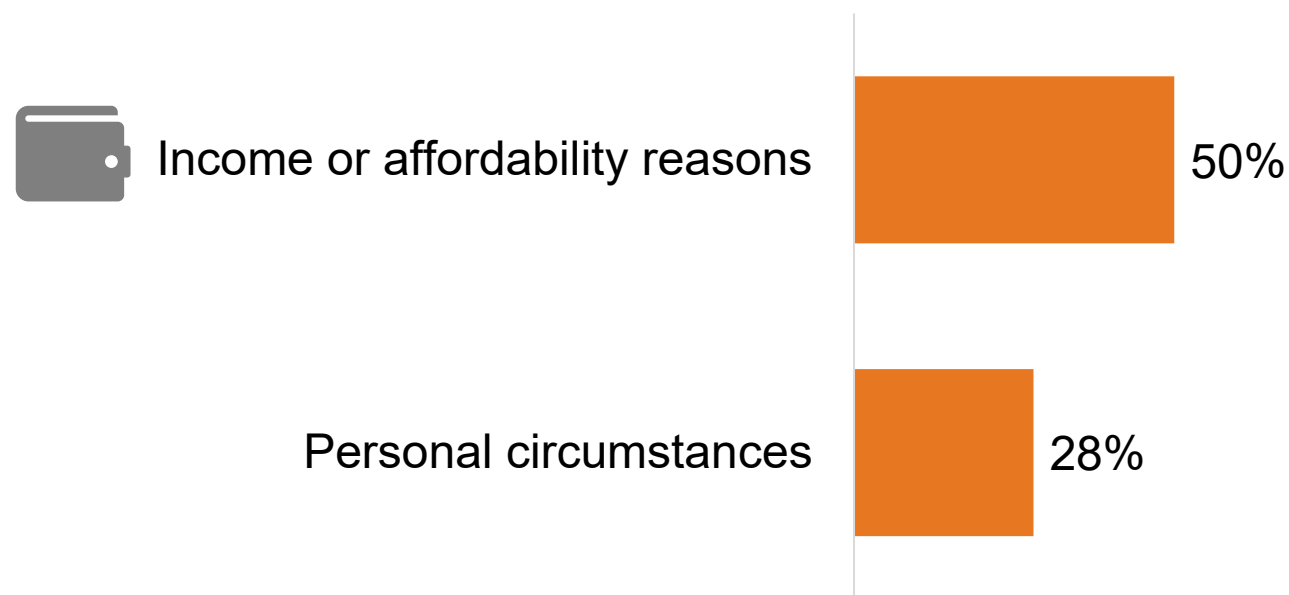
In 6 months' time...

**85%** plan to still be doing the same self-employed work

**6%** plan to work for an employer

**5%** plan to be self-employed but in a different line of work

*“What are your reasons for aiming to leave self-employment within the **next 6 months**?”* Top 2 NET reasons



Base: All new claimants since 16 March 2020 (3,284) | All new claimants expect to be working for an employer as their main activity in 6 months, or not in paid work, nor retired in 6 months (231)



# New claimants are mainly passionate about their self-employed work, with over half disagreeing that they would rather work for an employer

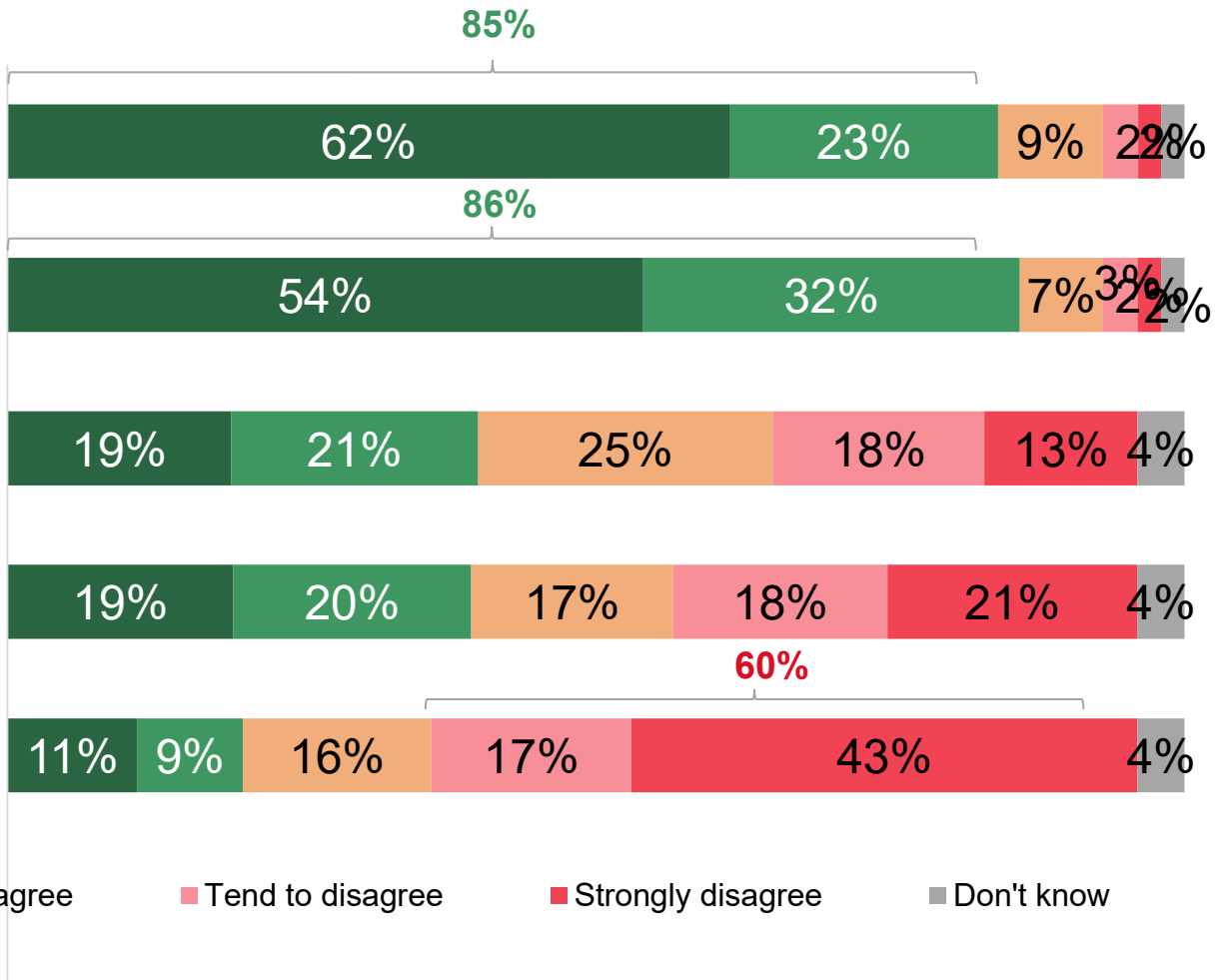
My self-employment activity is something I'm passionate about

I'm confident in my ability to make a success of my self-employment

I have wider life goals that are more important than my self-employment activity at the moment

Even if I wanted to do something different, I feel unable to change my current self-employment

If I had the opportunity, I would rather work for an employer than be self-employed

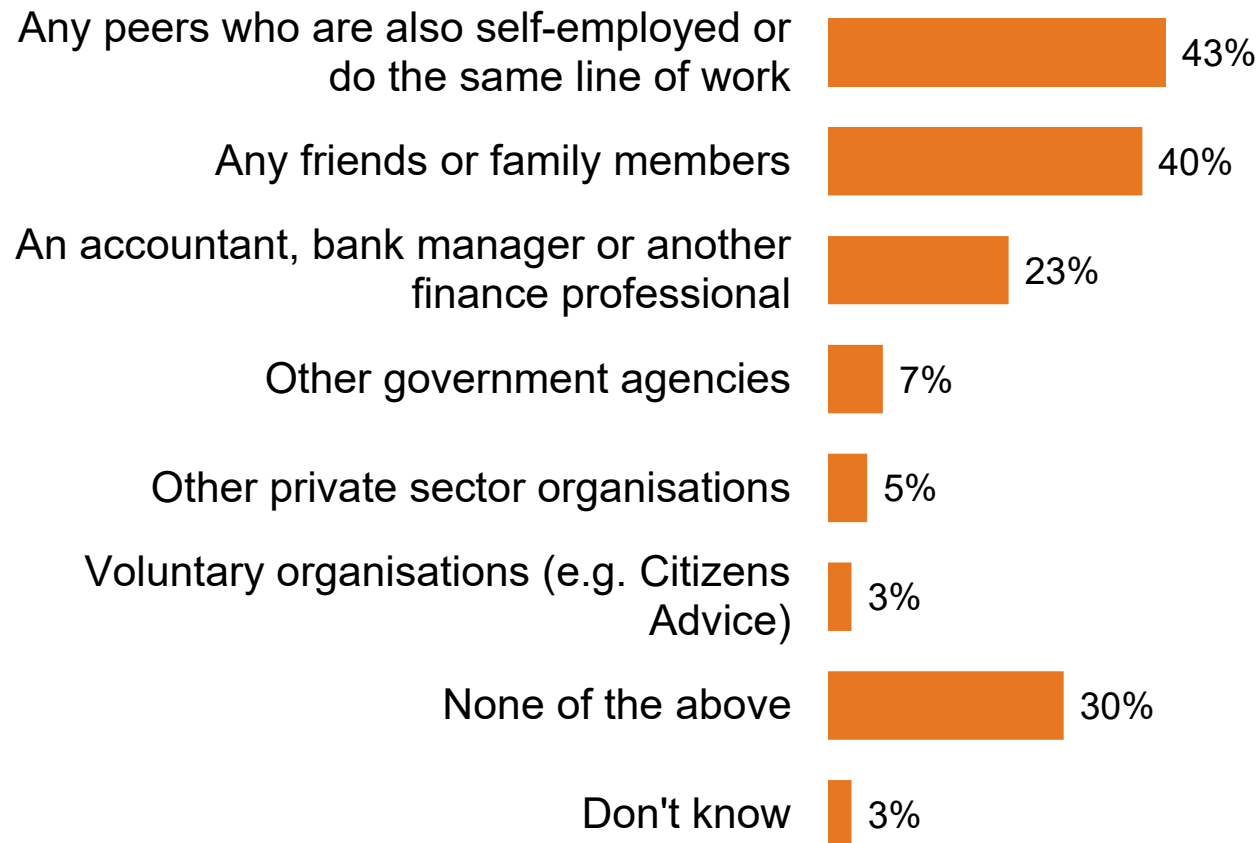


■ Strongly agree   ■ Tend to agree   ■ Neither agree nor disagree   ■ Tend to disagree   ■ Strongly disagree   ■ Don't know

Base: All new claimants who are currently doing self-employed work, excluding those not started self-employment (3,034)

# New claimants are more likely to go to friends, family or self-employed peers for advice than to professional sources

*“In the last 12 months, have you had any advice, guidance or support from any of the following to help you achieve your self-employment goals?” Top mentions*



Base: All new claimants since 16 March 2020 who are currently doing self-employed work, excluding those not started self-employment (3,034)

# Competition from others, being unable to raise prices and lack of demand are top barriers for newer claimants

*“To what extent, if at all, are each of the following stopping you from making the most of your self-employed work?”*



**% a great deal/ fair amount**

Base: All new claimants since 16 March 2020 who are currently doing self-employed work, excluding not started self-employment (3,034)

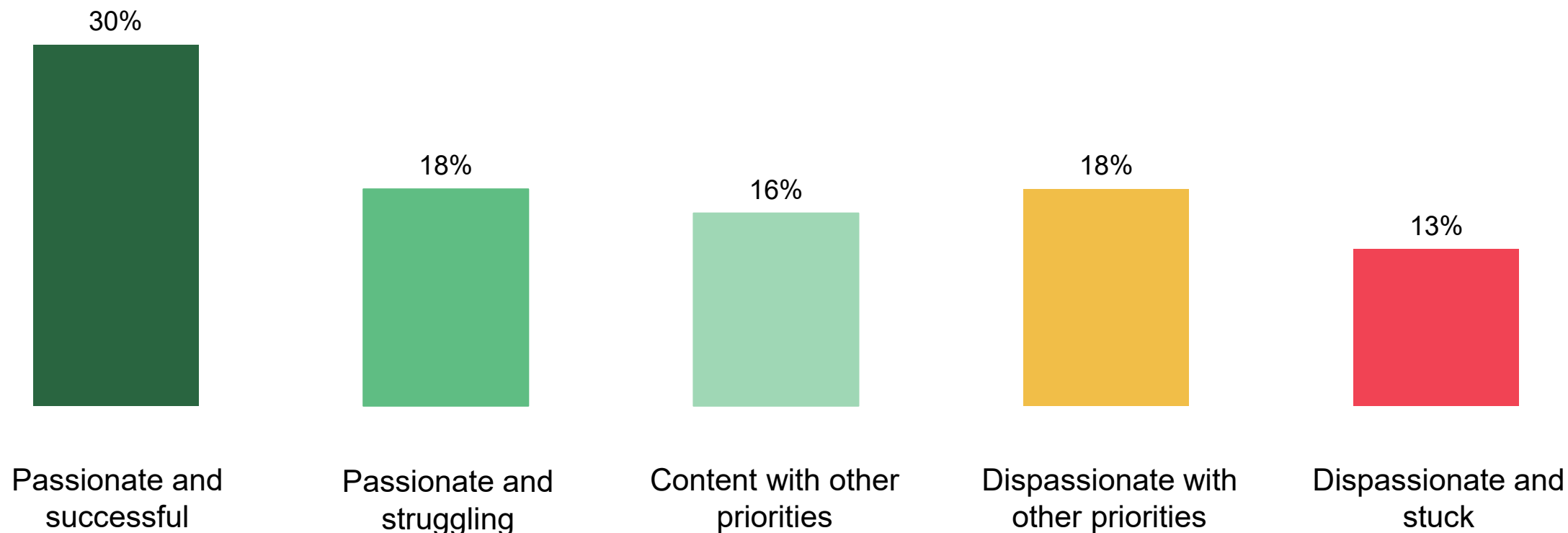
# Help regarding guidance on doing tax returns and reporting expenses would be helpful for **new claimants**

*“In which of the following areas, if any, would you find it helpful to receive advice and guidance for your self-employed work?” Top 6 mentions*



Base: All new claimants since 16 March 2020 who are currently doing self-employed work, excluding those not started self-employment (3,034)

# A third of **new claimants** now feel passionate and successful about their SE work. However, around a fifth feel dispassionate with other priorities



Base: All new claimants since 16 March 2020 who are currently doing self-employed work, excluding those not started self-employment (3,034)