

Citizens Advice Rochford & Rayleigh: looking at self- employment

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**On 14 April 2016, we
ran two events aimed
at the self employed**



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1. A breakfast briefing aimed at those who were or were looking to become self-employed. The primary aim of this was to ascertain the issues facing the self-employed, to introduce attendees to those who could help and to facilitate a networking environment

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2. A lunch-time networking event aimed at key local decision-makers to highlight the issues faced by the self-employed and to run a roundtable discussion as to what more could be done, for example, by the local authority or local Chamber of Trade & Commerce

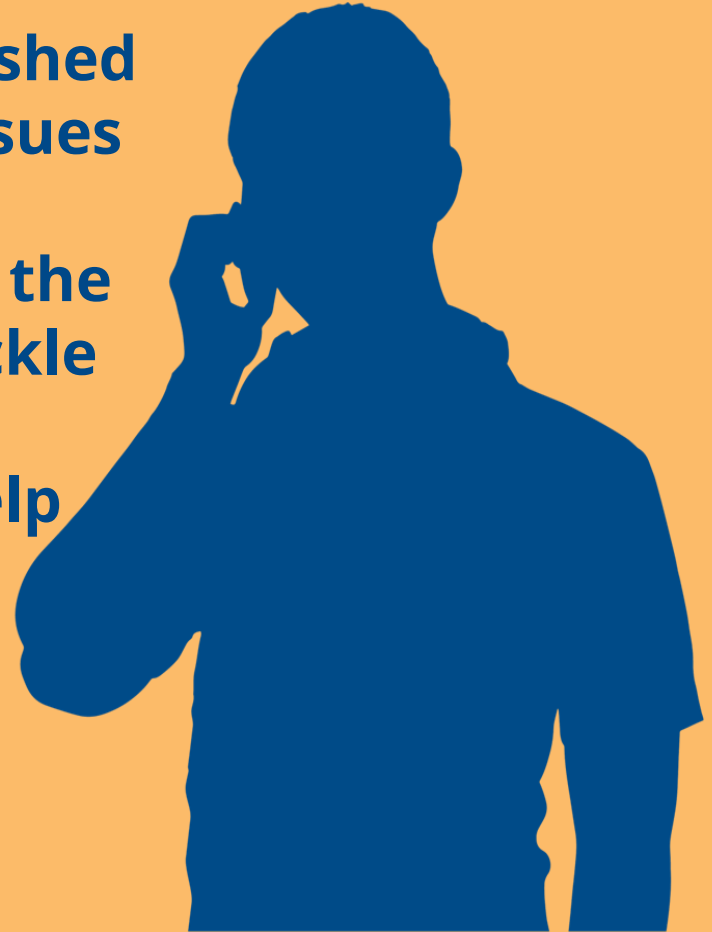
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Agenda

- 1) Summary of recently-published independent report on the issues facing the self-employed
- 2) Financial challenges facing the self-employed and how to tackle them
- 3) How Citizens Advice can help those who are self-employed
- 4) Lessons learnt

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Summary of independent report on self-employment published in February 2016



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Self-Employment Review: An independent report by Julie Deane OBE

- On 14 February 2016, the Department for Business, Innovation & Skills published Julie Deane OBE's (CEO & Founder, The Cambridge Satchel Company) independent review of self-employment in the UK
- Report focused on the challenges and opportunities for those who want to work for themselves and went on to make ten recommendations for the government and other key decision-makers

Key stats around self-employment (2)

- There are around 4.6 million self-employed in the UK representing 15% of the UK workforce. This has grown particularly over the last few years and has made up nearly half of the increase in total employment since the recession
- Incredibly diverse group (e.g. coming from a wide range of previous occupations including skilled trade and managerial/professionals and from a variety of different ages (nearly half of all SE are age 50+ and just 11% are under the age of 30))
- 1/3rd of SE population are women

Why do people become self-employed? (3)

- Earn more money, meet a social need or fulfil an unmet ambition, job-satisfaction or fact that SE was only scope for their particular skill
- Flexibility, independence, managing their own diary
- Employees are nearly twice as likely to be looking for a new role as a SE person

Issues with being self-employed

(4)

- Things SE people most missed from being an employee = colleagues (25%), infrastructure (14%), regular income (12%), job security (10%) and benefits (9%)
- No sick pay and not being able to save for the future, fluctuation of income, difficulties in getting mortgages and other financial products.
- Planning for later life - 1 in 5 SE people have no financial retirement plans other than relying on state pension
- Discrepancies between maternity and adoption pay for those employed and those who are SE

Issues with being self-employed (4) (cont.)

- Work/life balance issues and difficult to switch off/not be available all the time to clients or customers especially if working from home
- Detrimental effect on family life particularly young families where finances may not be as established and therefore risk associated with going SE may be higher (especially if partner is not earning at same time)
- Meeting costs associated with continuing professional qualifications

Recommendations from the report (5)

- Need for better education of young people as to the role that self-employment could play in their futures. Key skills such as finance, cash flow etc. are missing from the existing curriculum
- More advice and support. GOV.UK should consider introducing a central portal signposting key resources of relevance to SE
- Need for more flexible financial solutions e.g. mortgages, insurance, pensions.
- Need for more equal treatment and recognition particularly in relation to those starting a family (e.g. enhancing level of maternity allowance to the SE during the first 6 weeks to bring in line with statutory maternity pay) and introducing a new adoption allowance for SE adopters

Recommendations from the report (5) (cont.)

- Need for a legal definition of SE to avoid confusion and differing descriptions for employment law and taxation purposes and following on from this, simplifying existing legislation, taxation and administrative procedures
- Increased visibility of and access to shared work spaces, for example, at libraries and community centres
- Better networks and forums to enable SE to keep up to date with technological advances and to keep their knowledge base current in order to grow their businesses



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Pensions and other financial challenges facing the self- employed: how to tackle these

Five key areas for the self-employed to consider

1. Preparation for self-employment is key! Have a plan
2. Review your current finances e.g can you access your savings easily, is your mortgage flexible?
3. Consider the professionals! E.g accountants, IFAs, banks business advisors etc.
4. Insure the risks. E.g if you are sick, what happens to your business?
5. Plan and save for the future – have an exit strategy in case it doesn't work out

Remember the MoneyPlan Financial Advice initiative can help!



How can Citizens Advice help those who are self-employed



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How can Citizens Advice help those who are self-employed?

- We can help self-employed businesses
- We offer free confidential advice on benefits, budgeting, employment issues, debts, enforcing debts among other things
- We provide advice on changes to benefits likely to affect the SE, e.g changes to Working Tax Credit
- Look at the [Citizens Advice public website](#) for useful links and information



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Key points arising from the self-employed events



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Lessons learnt from the events

- Not everyone is aware that Citizens Advice can help those who are self-employed – this is something we as an organisation needs to work on
- There are lots of different ways to access advice e.g. face to face, telephone, webchat, email
- Lack of knowledge of local networking events
- Important for any SE events to be targeted @ particular SE groups to ensure maximum attendance e.g. events aimed at professionals, events aimed at skilled tradespeople
- Join a local chamber of trade as these provided a good support network



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Lessons learnt from the events (cont.)

- Rochford District Council's Economic Development team will continue to collate a list of self-employed in the area, which will assist with the targeted promotion of events and enable better support for local businesses

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