

## **Written evidence submitted by Jack Blundell and Professor Stephen Machin**

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### **Executive summary**

- We offer evidence based on a recent survey of self-employed workers.
- The self-employed have been struck particularly hard by the current crisis in terms of hours and incomes, and this has led to financial distress for many.
- While take-up of the Self-employment Income Support Scheme (SEISS) has been high, we also find high rates of confusion over eligibility for the first round.
- Most self-employed expect work to go back to normal by the Autumn, however a minority are far more pessimistic.
- Given the levels of financial distress we uncover, the government should prioritise those who fall through the gaps of the current support offered.
- Communication and user experience must be placed at the core of the next round of SEISS.
- The government should investigate ways of extending support to those particularly affected industries and occupations within self-employment.

### **Introduction**

1. In this submission we report results from an ongoing project in which we are studying the impact of the Covid-19 crisis on the self-employed as well as how they are interacting with the government support on offer. This submission is written in light of the results of the recent survey we ran as part of this project.
2. A policy brief summarising the full results of the survey is available online [here](#).
3. The survey discussed here was administered online from 12-16 May, coinciding with the opening of the first round of SEISS. We intend on running additional surveys in the future and welcome feedback and suggestions from the Committee.

### **Impact of the crisis on the self-employed hours, income and financial health**

4. The self-employed have been hit particularly hard by the Covid-19 crisis, with approximately three quarters reporting less work in April 2020 than usual.
5. We find that in April, the self-employed worked an average of 11-20 hours per week, a substantial fall on last year's average of 31-40 hours per week.
6. Over 60% of workers surveyed earned less than £1,000 in April. This is more than double that of the previous year.

7. The largest reductions in self-employment hours and income are among lower-income, older individuals without employees. A small minority of predominantly higher income workers have reported more work than usual in the crisis.
8. The dramatic drop in hours and incomes has caused real financial distress for those affected. Over a third have had trouble paying for basic expenses such as rent, mortgage payments or essentials.

### **Interaction with the first round of SEISS**

9. Consistent with official statistics, we find high rates of claiming from the scheme. After two days of opening, 43% of respondents had claimed.
10. Of those who had not claimed 41% were unsure of their eligibility. This echoes [reports in the media](#) of a minority of claimants whose claims were rejected despite believing they meet the eligibility criteria.

### **Expectations for the future**

11. We ask respondents to report when they believe their work will go back to normal. On average, our respondents believe that this will be in September.
12. A fifth of respondents think that work will not go back to normal until 2021, and 1 in 20 expect that their work will never return back to normal.
13. Among those working in Arts, Design, Entertainment, Sports and Media occupations, over a third (35%) believe that things will not go back to normal until after the end of 2020.

### **Policy recommendations**

14. The announcement of a second round of SEISS is a welcome move. However, as acknowledged in the [Treasury Committee's interim report](#), many groups are locked out of support. This includes the newly self-employed, as well as director of limited companies. The financial distress identified in our survey only adds to the urgency with which these gaps in coverage need to be addressed. The Scottish Government's Newly Self-Employed Hardship Fund provides an example of one route to doing so.
15. Communication and user experience must be placed at the core of the next round of SEISS. The high rates of confusion over eligibility found in the survey add to the substantial uncertainty inherent in the current crisis. If the self-employed are to make informed business decisions, they must be fully aware of the support they are due.
16. Alternative, additional forms of support should be investigated for those working in Arts, Design, Entertainment, Sports and Media occupations. We welcome the Arts Council England Emergency Response Funds and would recommend such programmes be extended and be given the full support of the government.