



**Lack of provision for most vulnerable self-employed in measures announced by the UK Chancellor last week threatens to “decimate a whole generation of early-stage entrepreneurs”, report authors say.**

More than 750,000 self-employed people in the UK could miss out on Government support during the coronavirus pandemic, a new analysis has shown.

The findings from the [Centre for Decent Work and Productivity at Manchester Metropolitan University](#) and the [Enterprise Research Centre](#) suggest that sole traders who have recently started up are most vulnerable to a near-total loss of income, threatening to “decimate a whole generation of early-stage entrepreneurs”.

The researchers looked at the support available to four categories of solo self-employed workers under UK COVID-19 policy:

- The established self-employed for whom self-employment is a main job
- Newer self-employed people for whom self-employment is a main job but who didn't submit a Self-Assessment tax return in 2019-20
- The self-employed as a second job, and;
- The established self-employed who grew their businesses so self-employment became their main job in 2019-20.

Using data from the [Business Population Estimates 2019](#) produced by BEIS and data from the Labour Force Survey (LFS), they found that while 3.65m established self-employed people for whom self-employment is their main job do qualify for the Government's Self-Employment Income Support Scheme (SEISS), 756,200 self-employed people who fall into the other three categories do not, accounting for nearly one in five sole traders (18%).

The report's authors warned this could leave many self-employed people and their families suffering serious hardship, pointing out that those with small savings or a working partner will receive little or nothing from the Universal Credit (UC) system or Employment and Support Allowance (ESA), currently set at just £73 per week.

They have recommended a series of “highly actionable policy fixes” that would expand the proportion of self-employed people eligible for coronavirus support.

These include:

- *Allowing the self-employed without a 2018-19 Self-Assessment tax submission to make a 2019-20 submission before May 5, thereby making them eligible for a SEISS payment in June.*
- *Relax the savings taper and threshold in Universal Credit to create access to basic social protection for all during a national emergency, to avoid the danger that the coronavirus crisis will unfairly erode the chance of future home ownership, business recovery investment and comfortable retirement of the most vulnerable self-employed.*
- *Extending grant payments to home-based self-employed businesses to help absorb losses, manage cashflow and support self-employed people to 'pivot' into trading digitally or in different goods and services.*
- *Ensure that a 'mortgage holiday' is available to all self-employed workers and that deferred payments can be added to the mortgage term rather than increasing monthly payments after the initial three-month hiatus.*

In addition, the researchers said the majority of self-employed people, as home-based sole traders, would not be eligible for the small business grants announced by the Chancellor. This would leave many facing business losses and ongoing costs forced to apply to the Coronavirus Business Interruption Loan Scheme (CBILS), but many will not meet the lending criteria or wish to take on debt at a time when revenues have dried up. They point to Germany and Denmark where governments are offering grants to the self-employed suffering business losses.

**Julia Rouse, Professor of Entrepreneurship at Manchester Metropolitan University Business School, said:**

“While the support package announced by the Chancellor is welcome, we cannot ignore the fact that a significant proportion of self-employed people simply aren’t protected under the headline measures.

“This substantial group of more than three-quarters of a million is made up of people most vulnerable to a loss of income – including those new to self-employment or for whom it has only recently become their main job.”

“Many of these people are crying out for help right now and, unless the Government responds positively, we’re in danger of seeing a whole generation of early-stage entrepreneurs decimated by this crisis.”

**Mark Hart, Deputy Director of the Enterprise Research Centre and Professor of Entrepreneurship at Aston Business School, said:**

“For people who took the plunge into entrepreneurship relatively recently, or have built their business up from scratch in the last year or two, the lack of available support will feel like a kick in the teeth.

“Furthermore, even established self-employed people are generally excluded from the small business grant scheme announced by the Government, as most don’t have premises or

employ staff. And most will be extremely wary of taking on additional debt to see them through.

“All of this means that there are serious holes in the Government’s support package for the self-employed. We need to fix them urgently, before it’s too late.”

## ENDS

### Notes to editors

#### 1.Full report

An embargoed PDF copy of the full report from Manchester Metropolitan University’s Centre for Decent Work and Productivity and the Enterprise Research Centre, ‘*Covid19: Critique and Proposals to Develop More Comprehensive and Inclusive Support for the Self-Employed*’, is available on request from James Tout (contact details below).

#### 2.Infographic



#### 3.About the Enterprise Research Centre

The ERC is the UK’s leading independent research institute on growth, productivity and innovation in small and medium-sized enterprises (SMEs). It is funded by the Economic and Social Research Council (ESRC), Department for Business, Energy and Industrial Strategy

(BEIS), Innovate UK, The Intellectual Property Office (IPO) and the British Business Bank (BBB). The ERC is producing the new knowledge around SMEs that will allow us to create a business-friendly environment nationwide, grounded in hard evidence. We want to understand what makes entrepreneurs and firms thrive so we can spread the lessons from best practice and make the UK a more successful economy. The Centre is led by Professors Stephen Roper of Warwick Business School and Mark Hart of Aston University, Birmingham. Our senior researchers are world-class academics from both Aston and Warwick Universities as well as from our partner institutions which include Queens University Belfast and the University of Strathclyde.

<http://www.enterpriseresearch.ac.uk>

#### **4. About the Centre for Decent Work and Productivity**

How do we shape work that is both productive and fair? This is the key research question that drives researchers at Manchester Metropolitan University's Centre for Decent Work and Productivity. Work is funded by the Economic and Social Research Council, the Leverhulme Trust, national and local governments and others. The Centre for Decent Work and Productivity is developing the Engaged Scholarship method to craft research problems and approaches with stakeholders to develop practical research recommendations that really make a difference. We have particular specialism in self-employment and small businesses. Research is undertaken within four Knowledge Platforms. One of these is the Sylvia Pankhurst Gender and Diversity Research Centre led by Professor Julia Rouse.