

Article

# Coronavirus and self-employment in the UK

An overview of self-employment across the UK, looking at the industrial, occupational, geographic and demographic characteristics of those who are self-employed.

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Release date:  
17 April 2020

Next release:  
To be announced

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# 1 . Main points

- 3% of all self-employed people in the UK have become continuously self-employed since April 2019, meaning that they may not be eligible for the government's Self-employment Income Support Scheme.
- Self-employment is more prevalent among employed men compared with women, with differences also seen in the occupations and industries that self-employed men and women work in.
- 10% of self-employed people are aged 65 years or over, compared with just 3% of employees.
- Self-employed mothers are more likely to work part-time (61.4%) than their employee counterparts (51.8%), though there is very little difference between self-employed and employee fathers (10.3% and 10.6% respectively).
- There are also variations in the prevalence of self-employment across different city regions, as well as differences in the characteristics of self-employed people between city regions.

## 2 . Introduction

Millions of people have seen their working lives transformed as a result of measures introduced to halt the spread of the coronavirus (COVID-19). The UK labour market includes those who work for themselves, who like many of their employed counterparts have seen their working lives change, virtually overnight.

Following the announcement of the government's [Self-employment Income Support Scheme](#), we are taking a closer look at who the self-employed are, where they are, and what they do.

By the fourth quarter (Oct to Dec) of 2019, there were more than 5 million self-employed <sup>1</sup> people in the UK, up from 3.2 million in 2000. Self-employment has contributed strongly to employment growth in the labour market, with self-employed people representing 15.3% of employment, up from 12% in 2000.

### Notes for: Introduction

1. Self-employed people are those who define themselves as working for themselves, rather than receiving a wage or salary from an employer.

## 3 . “Working for yourself” was the most common type of self-employment

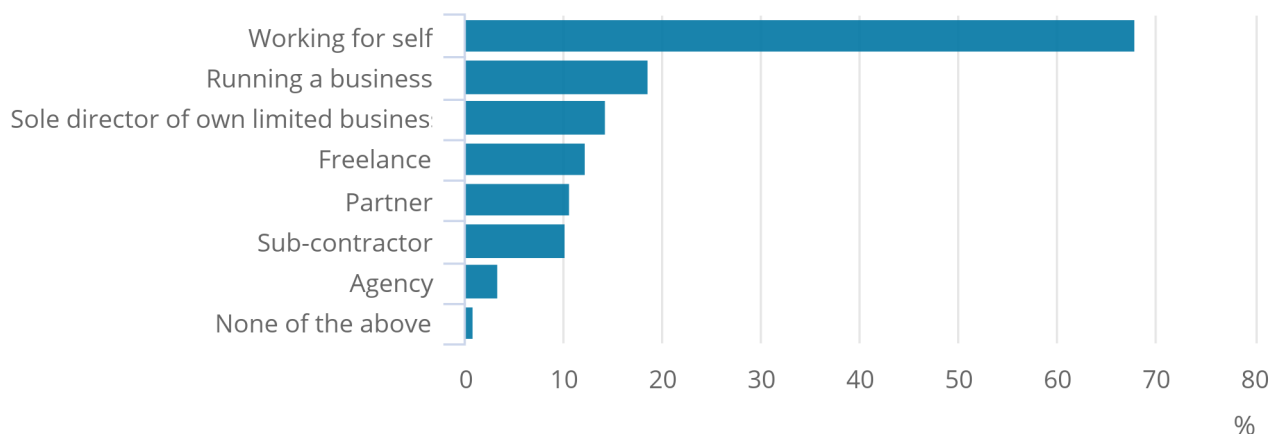
There are differences in the way that self-employed people receive their income, and this will make a difference to what financial support individuals might receive from the Self-employment Income Support Scheme (SEISS). Each self-employed respondent to the Annual Population Survey is asked to record up to four types of self-employment. These categories do not align precisely with the eligibility criteria for the SEISS but are indicative of which types of self-employment are most common in the labour market.

## Figure 1: "Working for yourself" is the most common type of self-employment

Self-employment type, UK, January to December 2019

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Self-employment type, UK, January to December 2019



Source: Office for National Statistics – Annual Population Survey

#### Notes:

1. Self-employed people can have multiple self-employed statuses, so total does not equal 100%.

The greater part, just over two-thirds, of self-employed people report that they work for themselves.

Nearly 20% say that they run a business, with a further 15% reporting that they are the sole director of their own limited company. Freelance work is reported by 12.3% of respondents while around 1 in 10 report being partners (11%) and/or sub-contractors (10.2%).

Self-employed people may have multiple ways of paying themselves and so may have multiple self-employed statuses. For example, someone who works as a builder independently building houses, may also have contracts to maintain company buildings or do freelance paid jobs in their local community.

#### More about coronavirus

- [Find the latest on coronavirus \(COVID-19\) in the UK.](#)
- All ONS analysis, summarised in our [coronavirus roundup](#).
- View [all coronavirus data](#).

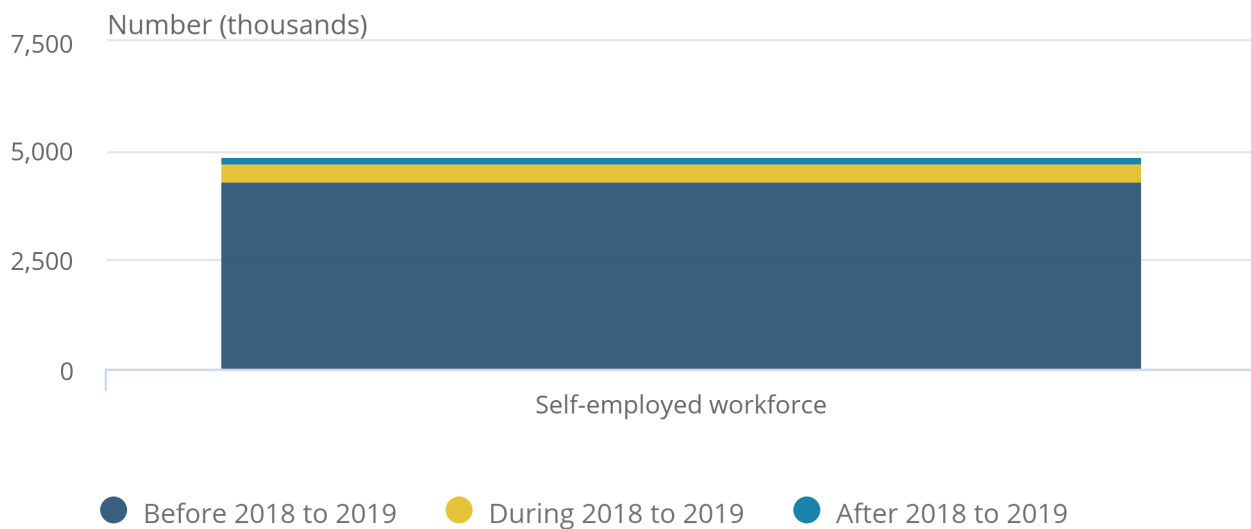
## 4 . Fewer than 1 in 20 self-employed people started self-employment after March 2019

Figure 2: The majority of self-employed people have been continuously self-employed since before March 2019

Length of employment, UK, January to December 2019

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Length of employment, UK, January to December 2019



Source: Office for National Statistics – Annual Population Survey

Length of time in self-employment is another of the criteria for the Self-employment Income Support Scheme (SEISS), with only those who have submitted a tax return for the tax year ending 2019 being eligible for government assistance. Using information on the month and year since which someone has been continuously self-employed, we can estimate how many people might be eligible. It should be noted that the tax year runs from the 6th to the 5th of April so the following estimates by month do not align precisely with the tax year.

Of all self-employed people, 87% (4.3 million) said that they have been self-employed since before April 2018. A further 9% reported starting self-employment between April 2018 and March 2019. Provided they have submitted a tax return for the tax year ending 2019 and other criteria are met, these people will be eligible for the SEISS; however, their profits may not be representative of a full year of trading.

Finally, 3% of self-employed people (151,000) have been self-employed only since after the end of the tax year ending 2019, meaning that they are not eligible for the scheme. As our data cover January to December 2019, these estimates will not include people who have become self-employed since the start of 2020 and might under-report the extent of newly self-employed people.

## 5 . Two-thirds of self-employed people are men

Self-employed men and women often work in different industries doing different occupations. The restrictions put in place by the government are affecting workplaces in different ways, with some having to close temporarily, such as recreation or retail, whilst others can continue, such as food and care.

In 2019, two-thirds of self-employed people were men (3.3 million). There were 1.7 million women who reported being self-employed. Of working men, 19% identify as self-employed. This compares with only 11% of working women.

Self-employed men and women tend to work in different industries. Over a quarter of self-employed men work in the construction industry. Looking at occupation groups, the top five groups for self-employed men are:

- construction and building trades (481,000)
- road transport drivers (292,000)
- agricultural and related trades (197,000)
- artistic, literary and media occupations (171,000)
- managers and proprietors in other services (160,000)

In contrast, most self-employed women are found in the health and social work industry (15%), followed closely by professional, scientific and technical activities (14%). Again, there are differences by occupation too, with the top five occupations for self-employed women being:

- artistic, literary and media occupations (136,500)
- hairdressers and related services (132,000)
- managers and proprietors in other services (109,000)
- elementary cleaning occupations (109,000)
- teaching and educational professionals (91,000)

## 6 . Self-employed people are older on average than employees

Figure 3: The self-employed workforce is older than employees

Age group by employment states, UK, January to December 2019

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Age group by employment states, UK, January to December 2019



Source: Office for National Statistics – Annual Population Survey

Figures suggest that self-employed people are older on average than employees. Only 20% of self-employed people are aged 16 to 34 years (990,000) in comparison with 37% of people who work as employees. A larger proportion of self-employed people (10%) are aged 65 years or over. This compares with only 3% of employees being aged 65 years or over.

Though the Annual Population Survey does not collect information on income of the self-employed, recent experimental analysis<sup>1</sup> by the Office for National Statistics on the financial resilience of households suggests that younger self-employed people are less financially resilient, with only 50% of self-employed 16- to 34-year-olds reporting having enough savings to cover a 50% drop in income over three months. However, just 16% of working 16- to 34-year-olds identify as self-employed. For all other age groups, self-employed people are more financially resilient than their employee counterparts.

### Notes for: Self-employed people are older on average than employees

1. Office for National Statistics, 2 April 2020: [Financial resilience of households: the extent to which financial assets can cover an income shock](#).

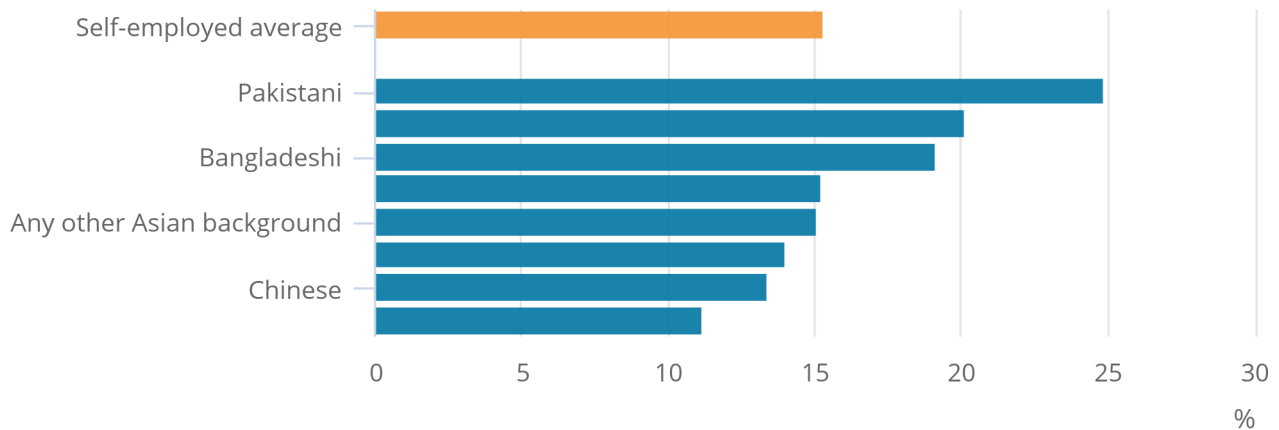
## 7 . Levels of self-employment varies across different ethnic groups

Figure 4: A higher than average proportion of Pakistani and Bangladeshi workers are self-employed

Employment status by ethnicity, UK, January to December 2019

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Employment status by ethnicity, UK, January to December 2019



Source: Office for National Statistics – Annual Population Survey

Approximately 15% of the workforce reports being self-employed. However, self-employment is more common in some ethnic groups than others. For instance, one in four workers in the Pakistani ethnic group and nearly one in five workers in the Bangladeshi ethnic group report being self-employed. Of Pakistani self-employed people, 45% work in the transport and communication industry grouping, as do 44% of Bangladeshi self-employed people, compared with just 11% of the total self-employed workforce.

Smaller proportions of Black/African/Caribbean/Black British workers (11%) and Chinese workers (13%) are self-employed than the workforce average.

## 8 . Just over a third of self-employed mothers with dependent children work full-time

With the closure of schools across the UK, many people are needing to look after their children at home. It is therefore useful to look at how many self-employed people are likely to have child caring responsibilities.

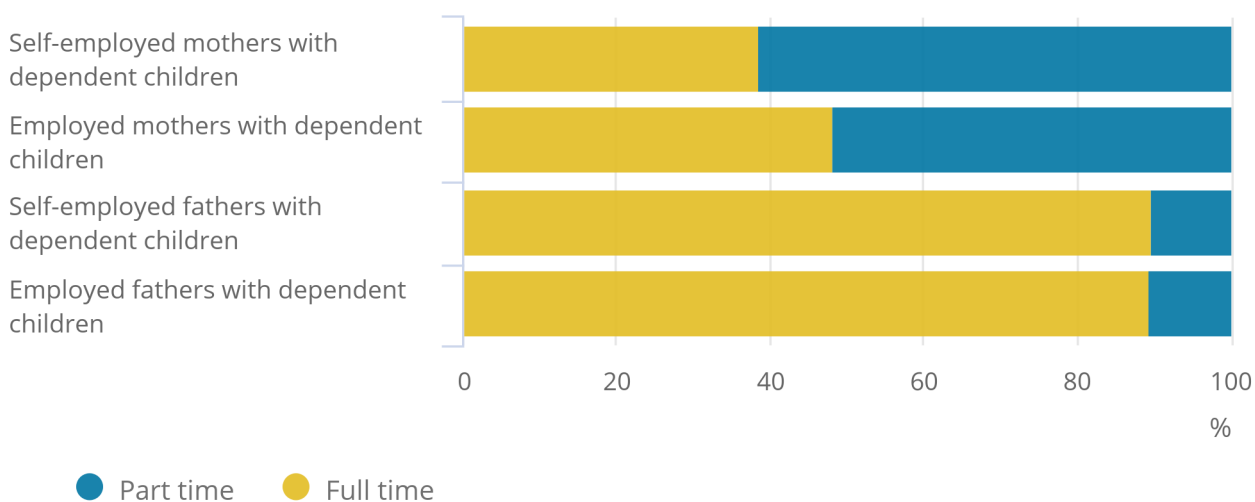
A slightly lower proportion of self-employed people have dependent children compared with employees (41.3% compared with 39.1% of employees).

**Figure 5: Just over a third of self-employed mothers with dependent children work full-time**

Work pattern by employment status of parents with dependent children, UK, January to December 2019

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Work pattern by employment status of parents with dependent children, UK, January to December 2019



Source: Office for National Statistics – Annual Population Survey

In 2018, there were 1.1 million self-employed fathers, and 0.6 million self-employed mothers. There was a marked difference in working pattern between parents. Working pattern differed little between employee and self-employed fathers, with almost 9 in 10 reporting that they worked full-time. Self-employed mothers, however, were more likely to be working part-time than their employee counterparts (61.4% versus 51.8%). It is important to note, however, that families arrange childcare in different ways and so impacts on working lives will also differ.

## 9 . The characteristics of the self-employed also vary across city regions

Alongside national estimates, it is also important to look at regional variations across combined authorities and city regions of the UK. This section summarises results for self-employed residents of selected combined authorities and city regions across England, Wales and Scotland.

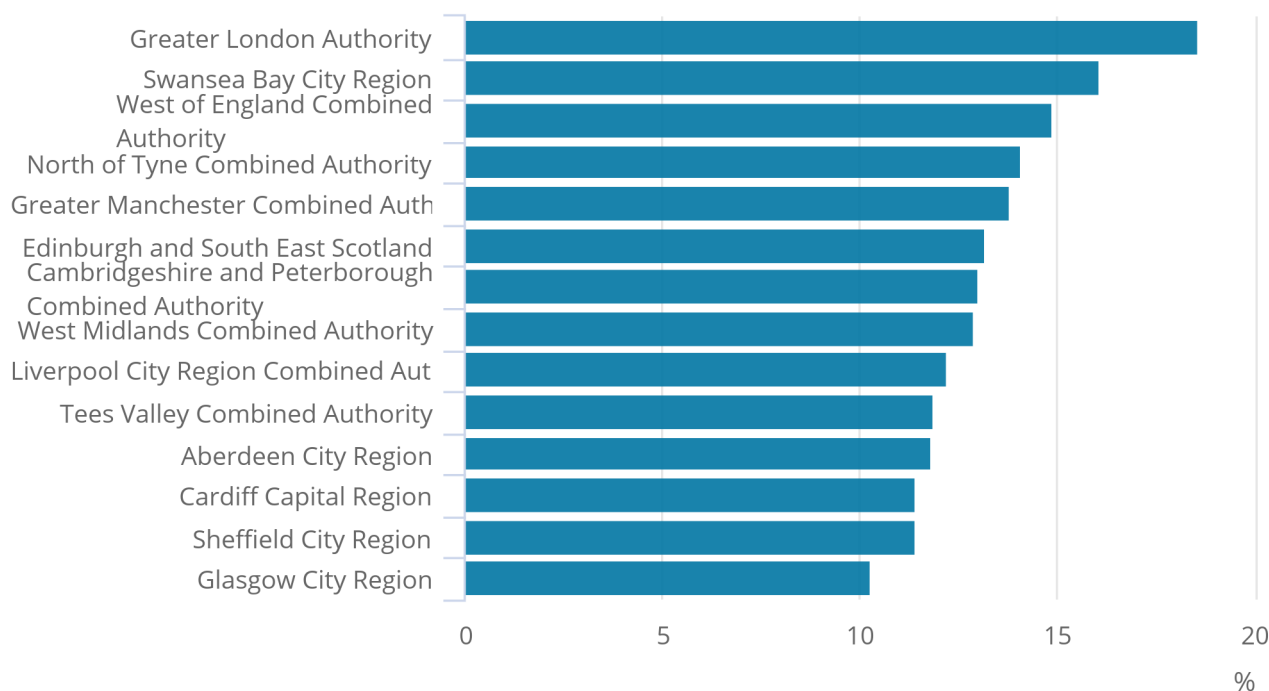


**Figure 6: Greater London Authority has the highest proportion of self-employed people, followed by Swansea Bay City Region**

Percentage of self-employed people by city regions, 2019

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Percentage of self-employed people by city regions, 2019



Source: Office for National Statistics – Annual Population Survey

At 19%, Greater London Authority had the highest proportion of self-employed people amongst the working resident population, followed by Swansea Bay City Region (16%), West of England Combined Authority (15%) and North of Tyne Combined Authority (14%).

The lowest proportions of self-employment were found in Glasgow City Region (10%), Cardiff Capital Region (11%) and Sheffield City Region (11%) with only 1 in 10 of the workers living in these city regions identifying themselves as self-employed.

The primary production, utilities and construction grouped industry sector<sup>2</sup> was the most common industry for self-employed people across 11 of the 14 city regions. Across those 11 city regions, an average of 22% of self-employed people worked in those industries. Construction is the main component of self-employment within this industry group, comprising 91% of self-employment within the group across all city regions.

Across the remaining three city regions, financial, insurance, real estate, professional, scientific and technical activities formed the highest contributor to self-employment, with Greater London Authority at 22%, Cambridgeshire and Peterborough Combined Authority at 21% and North of Tyne Combined Authority at 18%. The manufacturing industry, on the other hand, contributed to the lowest proportion (5% on average) of self-employed people for 11 out of 14 city regions.

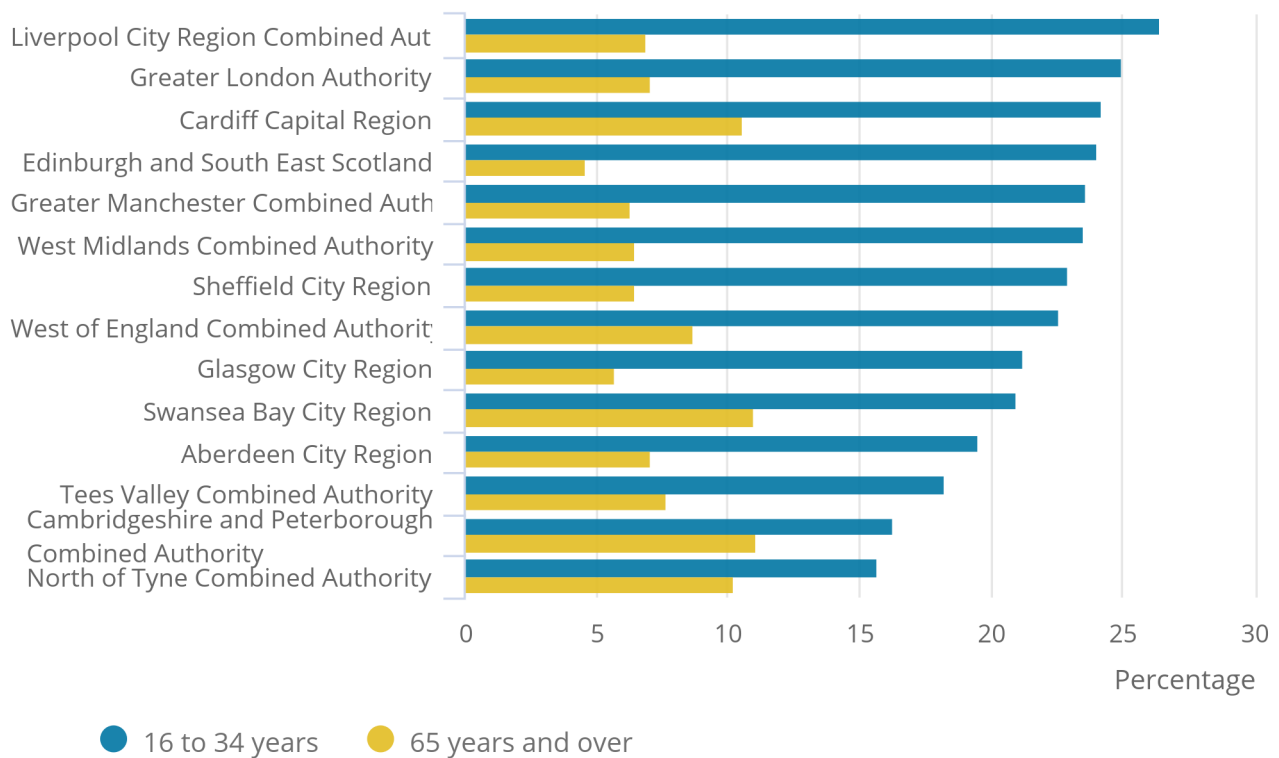
We can also look separately at self-employment in the creative economy, which is at particular risk because of cancellation of public events and loss of revenue opportunities. Looking at self-employed people within the creative economy, as defined by the [Department for Digital, Culture, Media and Sport \(DCMS\)](#)<sup>1</sup>, Greater London Authority had the highest proportion (27%) of its self-employed people working in the creative economy, followed by North of Tyne Combined Authority (21%) and Cambridgeshire and Peterborough Combined Authority (20%).

**Figure 7: Liverpool City Region has the highest proportion of young (16 to 34 years age group) self-employed people, followed by Greater London Authority**

Percentage of self employed people for select age groups by city regions, 2019

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Percentage of self employed people for select age groups by city regions, 2019



Source: Office for National Statistics – Annual Population Survey

Liverpool City Region had the highest share of its self-employed workforce aged between 16 and 34 years (26%), followed by Greater London Authority (25%). This share was lowest in North of Tyne Combined Authority, at 16%. Cambridgeshire and Peterborough Combined Authority and Swansea Bay City Region had the highest percentage of self-employed people in the 65 years or over age group (both at 11%) whereas Edinburgh and South East Scotland had the lowest percentage (5%) of self-employed people in this age group.

As stated previously, length of self-employment could impact a person's eligibility for the [Self-employment Income Support Scheme](#). The proportion of self-employed people in Cambridgeshire and Peterborough Combined Authority who have only been self-employed since April 2019 was 6%, the highest percentage of the 14 city regions in this analysis, followed by 5% in Cardiff Capital Region.

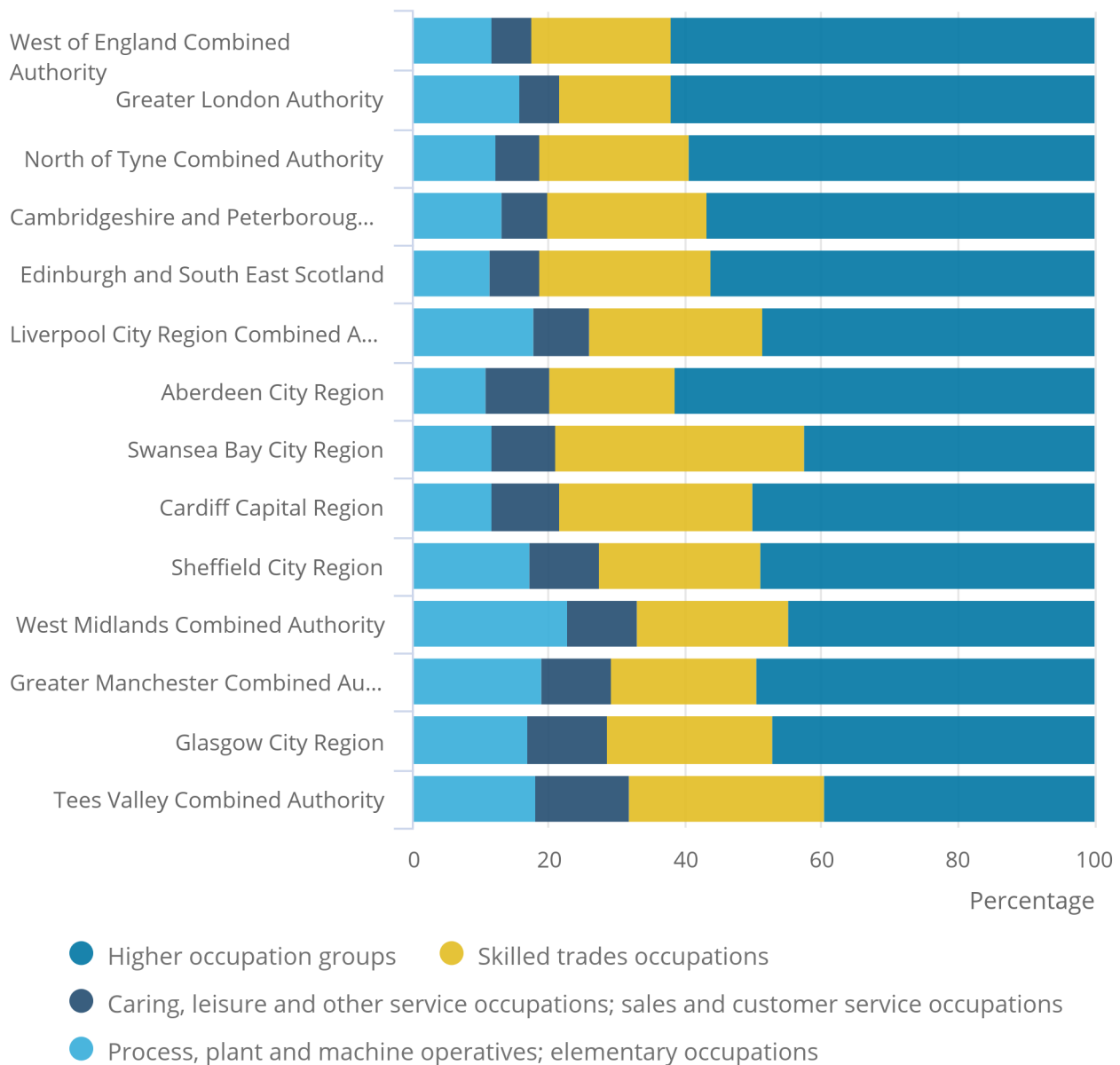
As mentioned before, these numbers do not cover people who became self-employed during 2020 and might under-report the extent of new self-employed people. On average, 9% of self-employed people in the city regions started self-employment during March 2018 to April 2019. Liverpool City Region had the highest proportion (12%) of self-employed people who started self-employment during this period, followed by West Midlands Combined Authority, Greater Manchester Combined Authority and Sheffield City Region (all three at 11%).

**Figure 8: Tees Valley Combined Authority has the highest proportion of self-employed workers in caring, leisure, sales, customer service occupations and other occupations**

Percentage of self-employed by occupation groups across city regions, 2019

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Percentage of self-employed by occupation groups across city regions, 2019



Source: Office for National Statistics – Annual Population Survey

A large proportion of self-employed people in city regions were working in higher occupation groups,<sup>3</sup> with the highest proportion (62%) in West of England Combined Authority, Greater London Authority and Aberdeen City Region.

Among the rest of the occupation groups, Tees Valley Combined Authority had the highest proportion (14%) of self-employed people in caring, leisure, sales, customer service and other service occupations, which was more than double the proportion in Greater London Authority and West of England Combined Authority (both at 6%). Tees Valley Combined Authority also had high proportions of both skilled trades (28%) and process, plant and machine operatives and elementary occupations (18%) compared with other city regions.

Swansea Bay City Region had the highest proportion (37%) of its self-employed residents working in skilled trades occupations. Self-employment in process, plant and machine operatives and elementary occupations was highest in West Midlands Combined Authority (23%), followed by Greater Manchester Combined Authority (19%).

### **Notes for: The characteristics of the self-employed also vary across city regions**

1. Based upon the UK Standard Industrial Classification 2007 and the Standard Occupational Classification 2010, people are in the creative economy if either they work in a creative industry, or a creative occupation, or both. The creative economy includes industries and occupations under the following categories: advertising and marketing, architecture, crafts, design: product, graphic and fashion design, Film, TV, video, radio and photography, IT, software and computer services, museums, galleries and libraries, music, performing and visual arts, and publishing.<sup>1</sup>
2. Primary production is comprised of agriculture, forestry, fishing, mining and quarrying. Utilities is comprised of electricity, gas and water supply.
3. Includes the major groups 1 to 4 from the Standard Occupation Classification 2010: managers, directors and senior officials; professional occupations; associate professional and technical occupations, and administrative and secretarial occupations.

## **10 . Data and methodology**

The analysis presented here has been compiled using the January to December 2019 Annual Population Survey (APS) dataset. Differences between estimates for specific industries or occupations have not been tested for [statistical significance](#). Caution is therefore advised when comparing between industries or occupations, particularly where differences appear small.

In the charts and accompanying datasets, we have indicated those estimates that are based on small sample sizes and are therefore likely to be subject to greater uncertainty. Throughout we have focused on the self-employed, and where appropriate compared with employees. We have therefore omitted the relatively small numbers of people employed on government training schemes or as unpaid family workers.

### **Analysis of self-employment types**

Respondents to the APS who are self-employed are asked questions regarding the type or types of self-employment they undertake, allowing for up to four different types per respondent. For each of these types we have recorded the number of respondents who indicate that some or all of their self-employed work falls within that category.