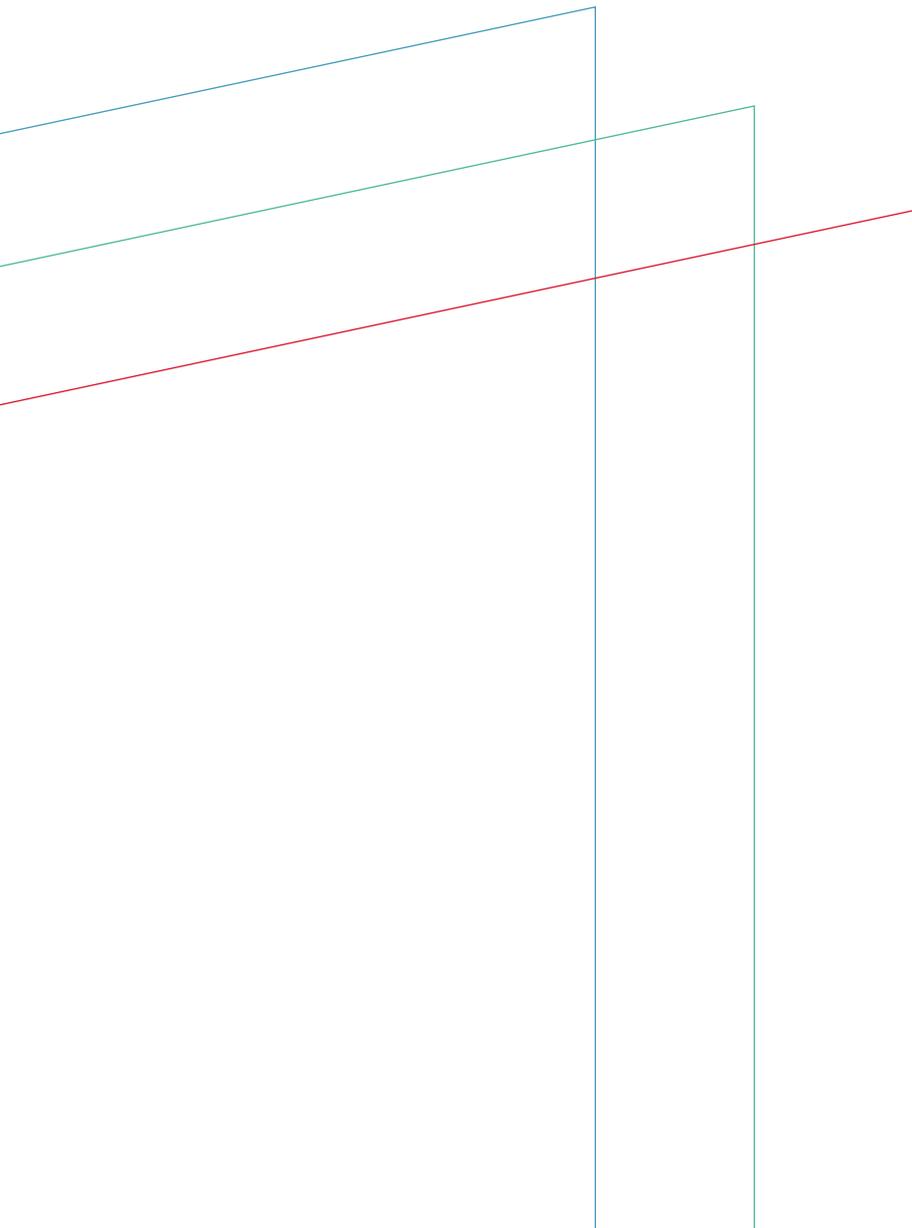


NEW
ECONOMICS
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BEYOND THE GIG ECONOMY

EMPOWERING THE
SELF-EMPLOYED WORKFORCE



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PREFACE

Most of this report was written prior to the seismic and unpredictable events that have unfolded because of the Covid-19 global pandemic.

The necessity of a national lockdown has shed more light than ever before on the hardships faced by the self-employed workforce. Latest data from the Office for National Statistics (ONS) suggests that as of April 2020, 55% of self-employed have experienced a reduction in working hours compared to pre-lockdown levels.¹

This report highlights the impacts on mental health and dependence on family and friends resulting from late payments and living pay-cheque to pay-cheque, effects exacerbated by the deep uncertainty of the crisis. The inability of the self-employed to work during the lockdown has revealed the extent of financial precariousness, as workers across the country face a drastic loss of income. A reliance on family and friends, which is common to those in self-employment as work ebbs, is compromised in the current situation due to widespread loss of earnings limiting people's ability to offer support.

Findings from our interviews and focus groups highlight how discrimination and struggles with pay and conditions are often faced alone by atomised workers, with little power or support. The findings show the widespread mistreatment and the sense of invisibility of this workforce in relation to government policy, something thrown into sharp relief by the gaps in the provisions for self-employed workers in the Covid-19 relief programme. This has led to an impossible choice between joining the back of a long queue for Universal Credit, which will pay around one-third of the minimum wage, or continuing to work, at risk to themselves and society. In the meantime, many self-employed workers continue to lose contracts without recourse or the power to resist.

In the worst-case scenario during the current public health emergency, self-employed workers who operate as sole-director companies (who have doubled in number since 2011) rather than as sole traders and who live in rented accommodation might be receiving no income or sick pay and still face the same household expenditures. Without sympathetic landlords, this may lead to evictions and complete destitution.

Many salaried workers have shifted their work online. For those in low-paid self-employment, who are mostly not engaged in professional services, this is not an option. Lack of access to a reliable WiFi connection, which NEF argues should form part of a set of Universal Basic Services, further undermines people's ability to avoid destitution.

The lack of state support for raising children, highlighted in the interviews and focus group which informed this report, stands to have a devastating impact on self-employed workers who have lost out during the crisis and can no longer rely on school meals. The inadequacy of child benefit in covering costs will be felt acutely by the substantial number of self-employed mothers who contributed to this report.

Our recommendations of an access to an adequate social security safety net, and collective bargaining among self-employed workers are more pressing than ever. As we move towards recovery – and once it is safe to do so – our proposal for self-employment centres may be the saving grace for people who went into the crisis atomised and marginalised and came out in poverty as they seek to rebuild their lives.

SUMMARY

Self-employment has risen significantly over the past two decades. The Covid-19 pandemic has exposed the fragile nature of work for many people in the UK – and the self-employed workforce is no exception. In this report, we bring to the fore some of the shared challenges faced by self-employed people, especially women, in the pursuit of improved working lives that are more autonomous and accommodating. Policy interventions aimed at improving the conditions of self-employed work tend to be reductive and fail to address wider social factors which impact on self-employed workers. For example, the narrative around stamping out bogus forms of self-employment often fails to recognise the power structures within working life, or the wider social and economic factors which contribute to exploitative work practices. We explore the experience of working life in a more expansive way, drawing upon social and cultural experiences as well as material factors.

To draw out this distinction, in Section 1 we provide an overview of the state of self-employment today in terms of the demographic make-up of this changing workforce. From this, in Section 2, we draw on the experiences of women in self-employment in particular. Our analysis examines self-employed life in the round: rather than isolate the self-employed worker from the social world they exist in, we explore factors which interact with this such as security, autonomy, identity, and mental health. In Sections 3 and 4 we consider how these issues could be addressed through policy and good practice, laying out principles for “good self-employment” and highlighting examples of self-organised solutions set up by self-employed communities that might hold lessons for policymakers.

We conclude with a series of recommendations for legislative change that recognises the self-employed workforce as a significant and growing portion of our labour force. We recommend changes in the approaches through which their needs are met by public and collective provision of advice, financial support, and guidance. These centre on four key dimensions:

1. Meeting the service and support needs of a growing self-employment workforce, including through provision of new self-employment centres across the country. NEF proposes a pilot scheme of 100 centres targeted at locations in which post-pandemic unemployment is expected to be particularly high, and would have heavy involvement from trade unions. These could also help breathe life back into ailing high streets and provide a physical route for outreach to workers facing some of the worst conditions.
2. Introducing a Minimum Income Guarantee to ensure that self-employed people (and all other UK workers) benefit from an adequate safety net and always receive a living wage.
3. Ensuring parity of rights and social security for a growing self-employed workforce, the lack of which was exposed by the pandemic.
4. Ensuring a collective voice and the enforcement of rights for a more transient workforce.

INTRODUCTION

The rise of self-employment over the past two decades has been significant and well documented. Prior to the arrival of Covid-19, the number of self-employed people in the UK had reached almost 5 million (around 15% of the UK workforce), an increase of more than 1 million compared to a decade ago and up from less than 3.3 million in 2000.²

But in addition to the growth in the official account of the number of self-employed people, Office for Budget Responsibility (OBR) forecasts suggest that, since changes were introduced to the Companies Act in 2006, the number of people running sole-director companies has also grown substantially, further adding to the overall number of those in self-employment in the UK.

The pandemic, and the economic crisis that is to follow, has exposed the fragile nature of work for many self-employed in the UK. They were among the first to lose their income when the lockdown began and while some of the gaps and loopholes in Chancellor Rishi Sunak's Covid-19 Self-Employment Income Support Scheme have been closed, the scheme is nevertheless not as generous as that for furloughed people in employment. Latest data from the Office for National Statistics (ONS) suggests that as of April 2020, 55% of self-employed have experienced a reduction in working hours compared to pre-lockdown levels.³

Were self-employment mainly the preserve of late-career professionals, its risks may be more than outweighed by its benefits, but the choice to become self-employed is one that is too often the result of push factors.^{4,5} The erosion of standards, such as security over hours and pay, that has taken place in traditional forms of work in recent years, is likely to be a driver of self-employment growth. As an attractive alternative, self-employment is a form of work with the potential to provide an escape from some of the most damaging and oppressive elements of the traditional workplace. As such, it appeals to those who are most at risk of

these oppressions, including women and migrant workers – something we explore in greater detail in this report.

The increase in the overall rate of self-employment can be partly attributed to technological changes that have oiled the wheels of labour market deregulation – of which one widely discussed outcome has been the rise of the gig economy.

The story less told, however, is that of the increasingly high number of women turning to self-employment: a trend spanning back to the 1980s⁶ across a range of forms, from on-demand informal arrangements such as childminding and cleaning, to higher paid consultancy-based work.

The self-employed workforce is diverse and heterogeneous. Stark income inequality, compounded by the complexities and ambiguities around employment status, mean that the experiences of those making up the substantial self-employed workforce can differ wildly. Where there is no universal general experience, in this report we bring to the fore some of the shared challenges faced by self-employed people, especially women, in the pursuit of more autonomous and flexible working lives.

The potential benefits of this form of work, when enacted with sufficient autonomy and empowerment, are hard to ignore. These benefits include flexibility around childcare and other needs, increased immunity from workplace discrimination such as sexism and racism, and the ability to determine workload and focus. However, prominent issues emerging from our research include experiences of isolation, financial insecurity, disempowerment, and unequal access to advice services and peer support.

Policy interventions that have been proposed for improving the conditions of self-employed work have tended to focus on stamping out the bogus forms⁷ or improving material factors such as income and taxation.⁸ As important as these are, we argue that the challenges of self-employment extend beyond this, into the social and cultural experience of working life. Taken as a choice and with agency, self-employment can free us from workplace prejudice and power structures and offer great flexibility.

1. STATE OF PLAY: A SIGNIFICANT AND GROWING PORTION OF THE LABOUR FORCE

Though now shattered by the Covid-19 crisis, in recent years the UK's labour market has been praised for its performance. On a surface level, this praise has some merit: between May and June of 2019 the UK employment rate was estimated to be 76.1%.⁹ This is the record joint-highest employment rate, since comparable records began in 1971.

A more comprehensive look reveals that the labour market is experiencing deep structural changes. The present decade (and counting) of real earnings growth has been the worst for more than two centuries.¹⁰ Average living standards are yet to recover to their pre-2008 recession levels by around 1.6%, or £128 per person.¹¹ Stalled productivity growth, labour market deregulation, and currency depreciation have contributed to this dismal picture – each of which has played a role in eroding the real-term value of wages.¹²

In this report we are interested in how people in self-employment – a diverse and growing section of the labour market – are experiencing these deep shifts.

Rising self-employment has been a major trend shaping the UK's labour market over the last two decades. With more self-employed workers than ever before, the face of self-employment is undergoing a shift. Historically, those most likely to be self-employed were men over the age of 50, working in agriculture, construction, and skilled trades.¹³ Though this group still makes up the majority of the self-employed workforce, the composition of the sector is rapidly changing,

with a rising share of women working part-time in jobs providing personal services and professional advice.¹⁴ The ONS reported in 2017 that the number of self-employed people increased from fewer than 3.3 million (around 12.0% of the labour force) in 2001 to almost 5 million (15.1% of the labour force) in early 2020, immediately prior to the pandemic.¹⁵

In this section, we dig into three notable factors emerging from our analysis:

- The growth in self-employment that may not be captured in standard measures.
- The gendered nature of self-employment growth.
- The way self-employment manifests across different age groups and localities.

1.1 SELF-EMPLOYMENT MAY HAVE GROWN MORE THAN STANDARD MEASURES SUGGEST

Since 2001, the growth of self-employment has seen a changed composition. Over this period, self-employment growth has largely been driven by an increase in the number of those working on their own or with a partner, but with no employees (as opposed to being self-employed but with employees). This group has grown from 2.4 million workers in 2001, to 4 million in 2016.¹⁶ At the same time there has also been a notable shift in legal status from self-employment to incorporated companies, with the number of single-director companies forecast by the OBR to have increased between the mid-2000s and 2018 (Figure 1).

This and the official data for the numbers in self-employment are not strictly additive since one person can have multiple incorporated companies, and company registrations may remain even when the director has moved into a different form employment. But in most instances, the figures will nonetheless represent a shift from self-employment to incorporation. The marked increase in incorporation shows that ONS figures for self-employment alone are likely to underestimate the true increase in the number of people who are effectively working for themselves (Figure 1).

FIGURE 1: GROWTH OF SELF-EMPLOYED WORKFORCE AND SINGLE-DIRECTOR COMPANIES. AS A PROPORTION OF TOTAL EMPLOYMENT, FORMS OF SELF-EMPLOYMENT REMAINED STABLE UNTIL AROUND 2008 AND HAVE SUBSEQUENTLY EXPERIENCED STEADY GROWTH.



Source: NEF calculations based on ONS (2019)¹⁷

As shown in Figure 1, the share of self-employed people and single director companies, as a proportion of all employees, rose from just over 13% in 2008 to just under 17% by 2018.¹⁸

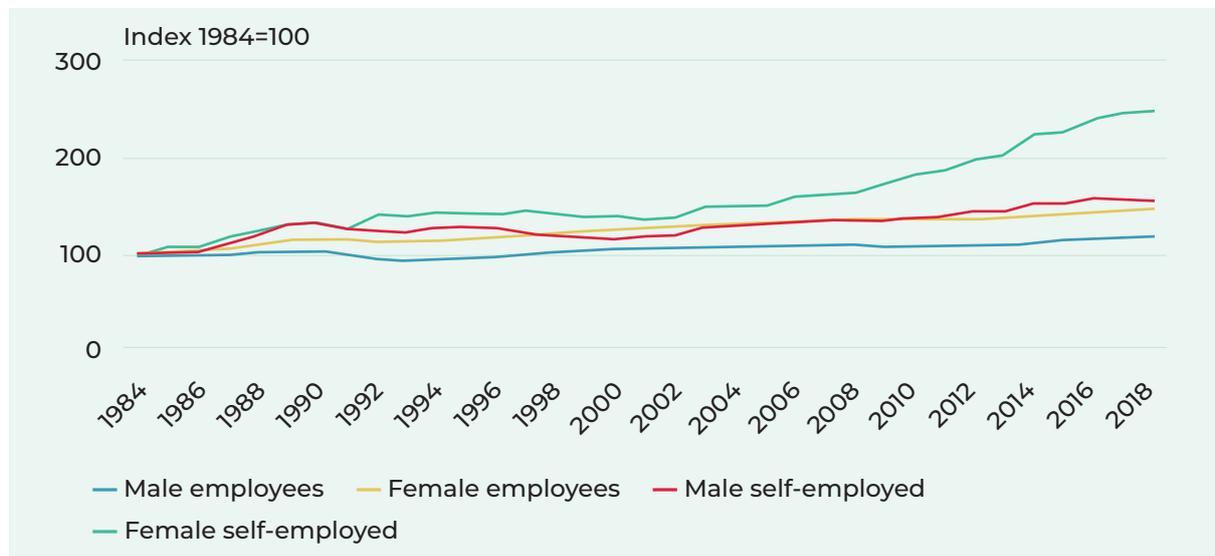
Because the surge in single-director companies since 2011 is not captured in the data on self-employment, NEF's hypothesis is that this is likely to have played a role in artificially compressing self-employment statistics. To determine the extent to which this is the case, further work is needed to understand the prevalence of double counting, which could be caused by people reporting as self-employed but also owning a company. Double counting may also occur if people own multiple single-director companies.¹⁹ However, the concurrent growth of self-employment in the workforce in general and of sole-director companies is likely to provide us with a higher absolute number of people in one form of self-employment (i.e. sole traders) or another (i.e. sole directors).

The growth of people registering as single-director companies can be largely attributed to the 2006 Companies Act, which abolished the legal requirement for companies to have at least two directors. Since then, self-employed workers have increasingly switched legal status to become incorporated companies to take advantage of lower effective tax rates on dividends and capital gains (dividend income tax and capital gains tax) relative to the taxation of wages from labour (through income tax and national insurance contributions).²⁰

1.2 MORE AND MORE WOMEN ARE TAKING UP SELF-EMPLOYMENT, BUT STILL EARN LESS THAN MEN

The growth of self-employment is gendered. There are now more self-employed women than men. While there has been a marked growth in the number of part-time self-employed male workers between 2001 and 2016, increasing from 273,000 to 569,000,²¹ as Figure 2 shows, there has been a very much more significant rise in self-employed female workers over the same period and in the past decade in particular.

FIGURE 2: FEMALE SELF-EMPLOYMENT HAS GROWN MORE STEEPLY SINCE THE 2008 ECONOMIC DOWNTURN



Source: ONS 2019 ²²

Total female self-employment grew between 2001 and 2016 in both full-time (433,000 to 732,000) and part time (439,000 to 812,000) work. In contrast, the total number of female part-time and full-time employees remained relatively stable.²³ Therefore, the total make-up of female employment has shifted towards a greater proportion in self-employment. In fact, the increase in labour market participation by women since 2001 has almost purely been in the form of self-employment.²⁴ In contrast, growth in full-time employment and self-employment for men has been relatively slow.

Women comprised 33% of all self-employed workers at the end of 2018, up from 27% in 2007.²⁵

Despite a recent acceleration, the faster rate of growth of women’s self-employment as compared with men is in fact evident across the past four decades. Between 1984 and 2018, female self-employment increased by nearly 150%.²⁶

Women, as a growing portion of the self-employed workforce are, however, not immune to the inequalities that exist in the labour market as a whole. Figures from 2018 show the gender pay gap persists: male full-time self-employed workers earn £363 a week, while female full-time workers earn £243.²⁷ In employed work, full-time male and female employees earned £533 and £428, respectively.²⁸

The income gap between employed and self-employed workers, both male and female, increased between 2001 and 2016, meaning that women in self-employment are affected by a double squeeze.

THE COMPOUND GENDERED EFFECT OF AN INCREASINGLY INDIVIDUALISED AND DIGITAL WORLD OF WORK

The significant growth in self-employment among women in the past decade includes those in the low paid, insecure gig economy,²⁹ represented by a high proportion of women, as well as higher-paid professionals seeking flexibility and a more autonomous form of work.

The uberisation narrative of the gig economy has focused on the exploitation of a largely male workforce of couriers and drivers. But this overlooks the fact that a significant portion of gig economy workers are women working in undervalued maintenance, care, and support jobs. Estimates of female participation in the gig economy (ranging from 31% to 52%) are not wholly reliable as they derive from small samples of workers.³⁰ However, the growth of on-demand household services, such as cooking, cleaning, and care work, undoubtedly holds significant implications for the participation of women in self-employed work.³¹

The low-paid gig economy industries that are largely represented by women, particularly migrant women, such as cleaning and caring, get little policy or media airtime. Platform companies purport to harness the democratising potential of technology to connect people with entrepreneurial work; yet underpinning this is a casualisation and informalisation of work, exacerbating existing labour market inequalities.

Current NEF research explores one of these potential impacts: the way in which the digital economy is increasingly functioning to plug gaps in state-provided care, largely through the labour of low-paid women, in order to enable other women to take up work.

Mothers working for themselves now account for one in seven of all self-employed people in the UK. The largest numbers can be found working as highly skilled freelancers, particularly in two areas: associate professional and technical occupations (137,000) and professional occupations (125,000). The third-largest group (123,000) work in caring, leisure, and other service occupations.³²

Through a proliferation of online services like Care.com, the private sector, supported by platform technology, is stepping in to provide care services to facilitate the working lives of some women, including those seeking flexible childcare to fit around freelance work. There has been a rapid increase of online marketplaces and on-demand platforms for childcare, eldercare, and cleaning, for example.³³

These forms of back-up care are enabling one group of women to work longer hours and more flexibly, including around freelance and self-employed work, but these models rely on the underpaid labour of other, lower-income women who often have caring responsibilities of their own. By bypassing social security contributions, sick pay, or parental leave for workers, these platforms exacerbate the care needs for the most marginalised groups in society, and create a further dynamic of oppression and exploitation, largely based on lines of social class and race, within a section of the labour market which faces existing disadvantage on gendered lines.

1.3 REGIONAL INEQUALITY IN EARNINGS

All regions in the UK have experienced the trend in rising self-employment. London, Yorkshire and Humber, and the South East have seen the largest increases in self-employment (as a percentage of total employment).³⁴ However, the median weekly incomes of the self-employed vary significantly from region to region. In 2016, self-employment earnings were the highest in London at a median of £352 a week, followed by the East of England at £332 a week, and Scotland at £300 a week. The North West of England had the lowest self-employed earnings of any region in the UK with a median of £200 a week.³⁵ The reasons for these differences are likely to be explained by the split between part-time and full-time self-employment, as well as differences in the sectoral mix of self-employment between regions.

Lower-skilled occupations (such as warehouse operatives, taxi and other private-hire drivers, cashiers, and lower-skilled construction workers) make up 78% of self-employment within cities.³⁶ In cities with weaker economies, self-employment is also more likely to be the only source of income.³⁷

These statistics suggest that both the costs and the benefits of self-employment are distributed unevenly across the UK, with self-employed people working in wealthy cities being more likely to enjoy the benefits. The current model of self-employment can therefore be seen to reflect existing regional inequalities across the UK in a manner analogous to how this model perpetuates existing gender inequalities in the labour market. The added dimension of regional inequality also intersects with class, race and migration-based inequalities faced by the women who comprise the majority of the platform care workforce.

1.4 FORM OF WORK PREVALENT ACROSS AGE GROUPS

The age composition of self-employment in the UK shows a notable pattern of growth at both the lowest end of the working age spectrum (16–24), and the highest (65 and over). After the 2008 recession, there was a sharp rise in the number of those aged 65 and above moving into self-employment. Between 2001 and 2016, the number of self-employed people over the age of

65 increased from 159,000 to 469,000. However, when taken as a percentage of total employment in the UK, self-employed people over the age of 65 increased from 0.6% to 1.5% of total employment, representing only a fraction of labour market as a whole.

The 16–24 age category also increased its number of self-employed workers substantially over the same period, growing from 104,000 to 181,000 between 2001 and 2016, and increasing its share of total employment from 0.4% to 0.6%.³⁸ Despite this growth, self-employment remained most common in the 45–54 age group, representing 4.1% of total employment in 2016.

The increase in self-employment for the 18–24 age range is almost entirely accounted for by the increase in part-time self-employment. By 2016, the share of workers between 16 and 24 in part-time self-employment in relation to the total employed in this age group increased to 32.7%, compared with 19.9% in 2001. Evidence indicates that these workers either did not want a full-time job or were part-time students.³⁹ However, this was different for younger part-time self-employed men, a larger proportion of whom have reported being dissatisfied with their part-time status and appear to have come directly from unemployment suggesting that economic hardship has put them in a position whereby they feel they have no alternative but to take any work available.⁴⁰

The increase in self-employment between 2001 and 2016 has been driven mainly by those who have a degree-level education. This growth has led to the share of self-employed workers with a degree level of education increasing from 19.3% in 2001 to 32.6% in 2016.⁴¹ Increasing levels of educational attainment are often mirrored in increasing levels of pay. However, for self-employed women (both full- and part-time) in particular, this relationship is far more uncertain.

TACKLING FALSE SELF-EMPLOYMENT

Much policy attention has been given to addressing conditions in self-employed work, particularly in the context of recent abuses of workers' rights through bogus self-employment, and lack of protection such as sick pay and holiday pay. This benefits the employer in terms of the transference of risk, the reduction in costs from tax liability, and the provision of employment rights.

There are long-term drivers for the increased rate of self-employment as part of broader transformations in the world of work.

Technological change and labour market deregulation over the last four decades have enabled firms to rely increasingly on casual workforces, often outsourced to third party companies and using self-employed and agency-worker status.

In the last two decades, this has coincided with a period in which low productivity growth has seen companies halt their investment.⁴²

In February 2018, the government published its Good Work Plan⁴³ laying out a series of proposed legislative reforms in response to the 2017 Taylor Review. Amongst other changes, the proposals seek to produce new legislation on defining employment status as a response to the ongoing misuse of the self-employed category. These proposals have been deemed insufficient and damaging by unions and other advocates of worker's rights.⁴⁴

An alternative solution being advocated for is the scrapping of the three-tiered system of employment status in the UK, which would get rid of the distinction between 'employee' and 'worker', where the latter has access to minimal workers' rights.

2. IN SEARCH OF AUTONOMY: THE REALITIES OF SELF EMPLOYED LIFE FOR A GROWING FEMALE WORKFORCE

The growth of self-employment varies wildly between different areas, sectors, and lives. Stories of male-dominated gig-economy sectors, such as transport and food delivery, have captured both media and policy interest, with the scandals of low pay, insecurity, and the corporate misuse of the self-employed category being the subject of much debate. At the higher-earning end, coverage centres on tax treatment, regulations, and technicalities of the self-employed status, cut off from questions of cultural and social factors, such as lived experience, autonomy, and wellbeing.

Women's experiences are largely missed, within both these lenses. Despite making up a third of the self-employed workforce, women have received little airtime. Save for a few reports,^{45, 46, 47} we have little insight into why women are increasingly moving into self-employment and how their experience of the reality of self-employed life compares to the exception.

For this section of the report, we redress that balance, reflecting on the lived experiences of people in self-employment, in particular women, in order to complement the interrogation of the statistics, and provide insight into the responsibilities, benefits, and challenges of this type of work across income levels and sectors.

2.1 METHODS

These insights were drawn from three sources:

- New, qualitative primary research in the form of a focus group we held to inform this report.
- Fresh primary analysis of the transcripts of two further focus group held as part of a recent study.
- Insights from a review of academic literature drawing on qualitative research.

We analysed conversations from three focus groups carried out with self-employed workers, held in Sheffield and London. Women made up the majority of participants we heard from, with a range of income levels, ages, and ethnicities. All focus groups were run as unstructured conversations, with self-employed people across a range of income levels and professional statuses, and with a majority of women participants. The following themes were covered, prompted through guiding questions and in response to themes emerging from discussion:

- Issues of isolation
- Mental health struggles
- Flexibility
- Empowerment
- Discrimination
- Status

Our analysis of the focus group discussions was based on two overarching themes drawn from a review of sociological literature that studies the self-employed experience in contrast with other types of work.

- Autonomy, control, and the individualisation of responsibility.
- Boundaries: the blurring of work and leisure across space and time.

We then supplemented and sense-checked this analysis through interviews with trade unions and trade associations representing self-employed workers, as well as a literature review focussing on studies of the cultural experiences of self-employed people.⁴⁸

This combination of existing academic literature with a selection of empirical, small-scale, in-depth qualitative data drawn from focus groups provides a snapshot of these insights into the lived experience of the transition into self-employment, rather than a conclusive or exhaustive study. It offers a starting point to ground our analysis and questioning in insights from lived experience, and to shift the focus of discussion onto the voices of those experiencing self-employment.

2.2 ANALYSIS OF FINDINGS

2.2.1 Autonomy, control, and the individualisation of responsibility

When traditional work is failing, self-employment can offer a way out

Several of the self-employed women we spoke to cited discrimination in the traditional workplace – including sexism, sexual harassment, and discrimination on grounds of ill health, disability or mental health – alongside inadequate access to support in challenging such instances, as their reason for going into self-employment. Others said that being removed from the discriminatory environment of the workplace was a driving factor keeping them in self-employment, and a reason they preferred this type of work.

“The only time I had power from that job was when I quit.”

Many self-employed people report that autonomy and flexibility are the best features of self-employment, enabling people to fit work around other demands and responsibilities in their lives.⁴⁹ This was contrasted with the rigidity of the traditional workplace by the women we spoke to.

“Self-employment allows me to fit in activities which are good for my mental health, like walking the dog in the morning. I can fit in my childcare around my work in the way that I want to.”

“As someone with chronic fatigue, self-employment allows me to fit my work around my sleeping patterns and accommodate my condition, which is unpredictable and complex. When I was in employment, I felt I had to lie about my condition, or be seen as unfit for my job.”

Balancing employment with childcare was frequently cited as an advantage of self-employment over traditional employment, mitigating stress, guilt, and lack of time for working mothers, who are often unable to care for their children as they wish. One participant contrasted the failure of traditional employment to accommodate her need to be present to care for older children with additional needs, with the more flexible and parent-friendly experience of self-employment.

Access to control is not equal

This promise of autonomy brings different challenges, financial in particular. The research indicated that there is an inequality of access to support for dealing with the considerable financial demands of self-employment. This is manifest in different forms: for example, accessing finance for businesses, support with living costs, or navigating the financial administration necessitated by self-employment.

The burden of individual responsibility is evident in these administrative requirements, particularly for those who cannot afford accountants, leaving many at a disadvantage when it comes to taxes and benefits. Self-employed workers are evidently feeling the strain of this burden; with public advice services seeing a significant increase in the proportion of in-work clients who are self-employed seeking their services.⁵⁰

“Moving from having a regular income is hard. Having to know when things come out of your account and all that kind of stuff, all that money management sort of stuff, is difficult.”

There is a fine balance to strike between maintaining a sense of autonomy and the overwhelming burden of individualised responsibility. This is particularly acute when it comes to finances. Avoiding serious financial difficulties, such as the spiralling effects of missed

repayments, demands constant scrutiny of income and expenditure, a heavy burden of personal responsibility and a significant drain on time.

"I'm just worried there's something I'll miss or, I won't be able to figure it out and suddenly I'll be in loads of debt."

"I don't even know how it all works, so I'm not even sure what is good and what is not good for me. I feel like a lot of this is not designed for freelancing, not for this kind of work."

"It always feels like people from wealthy families who can get the families to support them are the ones who are going to be winning in these industries."

"Anything can make you suddenly at risk... it's frightening."

Cultural capital and access to institutional support

Issues such as financial dependency and insecurity in self-employment are mediated by several factors, including employment status, which affect tax liabilities and access to rights such as parental pay.

We found that cultural capital and status are clearly connected to employment status, as well as material factors such as income levels. This finding emerged from the focus groups that formed the basis of our research: the group of women in more professional roles, with high levels of education, were able to define their employment status in a more advantageous way as a result of professional financial advice, and were more likely to have substantial financial support from family or partners. This contrasted with the focus group of lower-income, mainly black and minority ethnic (BME) women, who did not have access to equivalent support structures.⁵¹

Our focus groups revealed a lack of clarity around self-employment categories. One woman recounted being unable to claim statutory maternity pay after recently having a baby, which she would have been able to claim if she had registered as a limited company.

"I took a major financial hit having a baby which I wouldn't have had to experience if I was a limited company. Accountants are often men, which is a major disadvantage to self-employed women."

This raises issues of the acquired knowledge and social capital needed to benefit from these differing categories, something we will discuss further in subsequent sections. We also heard accounts of highly paid professionals in sectors such as IT being instructed by their hirers to apply for company status, to reduce the risk of liability of IR35 rules which would require National Insurance contributions to be paid.

The ways in which self-employed workers access finance, manage their money, and interact with both formal and informal financial systems vary. Participants we spoke to had ambivalent relationships with credit and financial institutions: many felt that banks were unable or unwilling to understand the complexities of self-employment situations.

For some, financial products sold by banks were viewed as mainly for high earners. There was a perception that banks are only there for customers who can make use of financial products associated with having a comfortable or high income, such as savings accounts, investments, or mortgages. Banks were perceived as the gatekeepers to finance through their role as financial services providers and the authority which accompanies this position of gatekeeper can be intimidating.

"I actually feel embarrassed going into a bank and discussing my finances and what's available because I don't have a lot of money."

This alienation from financial institutions can have detrimental consequences, as certain financial products are perceived as steppingstones for the long-term goals of financial security. For example, while mortgages were seen as a desirable, even necessary, means to a more secure future, they are hard to access for low-income self-employed workers. Mortgages are a desirable product in that they allow people to move beyond the uncertainty of renting and can therefore offer a long-term prospect of remaining in a particular area. This was felt especially acutely amongst self-employed respondents in London, for whom rising rent costs presented the biggest threat to their budgeting and financial prospects.

"I think the only way that you can sort of keep or people can stay in those areas is if they buy, because renting you do get pushed out, but as a freelancer it's really difficult to get a mortgage."

"I can afford a mortgage. I've been paying more in rent than the mortgage you'd be offering me anyway. I would love it if banks took that into consideration."

"A freelancing pension doesn't exist unless you do it privately, and I've not even looked into that."

"It's the housing thing, it's quite a stress. A pension for me seems like such a long way away."

Informal safety nets and new dependencies

While many self-employed people report that autonomy and flexibility are the best features of self-employment, a lack of guarantee over hours can mean that workers must also live with the threat of underemployment. The ways of managing this risk vary.

Women who reported instances of quiet spells of work with corresponding income dips, said that they could bear the associated financial burden because of financial support from family members or partners. Those who did not have access to this familial financial support were, among other issues, left with no option but to put up with threatening or discriminatory behaviour from clients.

"It would be very difficult for me to turn work down from a client who was discriminatory - I need the money."

"I'm lucky to have the financial support of my partner. I wouldn't be able to [be self-employed] otherwise. In the past I've just had to put up with things because I needed the money."

As well as financial support from family and friends, other forms of informal financial support were cited, including the community-based 'pardna' system; a collective savings scheme initiated by Jamaican migrants who were shut out of the banking system when they first arrived in the UK. This financial support system is accessed to meet a range of financial needs, starting a businesses.

"It's [Pardna] a financial service that West African and Caribbean people had to rely on in order to survive... [in those days] banks wouldn't entertain us at all."

Reliance on friends, family, and wider social networks is not taken lightly. Feeling responsible for income shortfalls and a lack of a sufficient financial safety net creates a psychological burden. Asking for help is hard.

"I wait for the letter that says 'we're gonna start court proceedings.' Ah, okay, I'll find the money."

2.2.2 Boundaries: the blurring of work and leisure across space and time.

When to clock off? Work, leisure, productivity

ONS estimates suggest self-employed people work 36 hours a week on average, compared to 38 hours per week for employed people. However, with 16% of self-employed people working 50+ hours and 14% not working as many hours as they would like (thus counting as underemployed), a picture emerges of financial insecurity on the one hand, and overwork on the other.⁵²

When addressing prevailing issues of control, the desire for security and autonomy, or struggling with anxiety and feeling unprepared for the future, participants locate responsibility with themselves. The challenge of managing the regular stresses of work while also feeling individually responsible for realising opportunities and aspirations, rather than these being a shared responsibility with an employer or colleagues, carries psychological consequences, which can be amplified for those working in isolation. Focus group participants expressed difficulty in containing themselves to avoid burnout, and excessive guilt about taking time off, as well as a sense of constructed or anticipated pressure from others to always be working.

"There's no 'off switch.'"

"My mum rang the other day and asked, 'why aren't you working?'"

The pressure to be constantly working stems from financial insecurity, or potential future insecurity precipitated by living without a financial safety net,

as well as the feeling of needing to demonstrate that you are achieving, ie “doing well”. The urgency of these pressures can inhibit proactive, longer-term planning.

The boundaries between work and leisure are becoming increasingly blurred; an issue particularly salient in self-employment because of technological developments which enable the workplace to encroach into leisure time via emails and social media. The reliance on technology in some forms of self-employment can also create an information imbalance through worker surveillance and performance data collection, something most obvious in the gig economy where people are essentially managed via apps.

As Dan Hancox argues, the feeling of being constantly switched on, which is frequently cited by self-employed workers, can preclude any chance for restorative and unrestricted creative thinking.⁵³ Constant worrying about work was a theme arising from our focus group; some participants linked this to seeing digital communication from clients during time off and being unable to ignore it, preventing the restorative leisure time that is essential to wellbeing.

“I feel guilty when I take a holiday and I haven’t had any time off for 8 months. I struggle to stop myself replying to emails on holidays and weekends.”

“Even when it’s the only day I get to see my partner, who also has a changing schedule, I find myself replying to emails and then shouting, ‘stop it!’”

“I can find myself getting an idea and writing a blog at 12 o’clock at night when I’m about to go to sleep.”

“There’s a constant sense of instability I have which makes me feel guilty when I’m not working.”

Writer Mark Fisher used the term “privatisation of stress” to describe the internalised emotional exploitation which arises from workers themselves, rather than their bosses. This is therefore harder to resist.⁵⁴ Situating this in the context of self-employment, Hancox argues that socialisation into capitalism’s “productivity drive and management hierarchy” leads self-employed workers to be their “own round-the-clock, bullying micro-manager” with no recourse to resist.⁵⁵ Fisher’s concept of “mandatory entrepreneurialism”, or the need

to constantly sell oneself, is exacerbated for self-employed workers needing to source their own work, an issue highlighted by focus group participants.

“This sense that we have to be productive 9–5, 5 days a week is drilled into us from [when we were] children.”

Privatisation of stress and emotional labour

Certain types of self-employment come with higher stress levels, though this picture is varied. There is no conclusive evidence comparing mental health in employment with mental health in self-employment, due to the heterogeneity of self-employed work. However, there is evidence to suggest that strains from work-life balance conflicts, increased worries, and the absence of job security are acutely suffered by self-employed workers.⁵⁶

Emotional labour – the act of performing and managing emotions in order to fulfil the expectations of paid work – with its resulting psychological toll, is particularly acute in the context of self-employment, where attracting new clients and managing the behaviour of existing clients is integral to success, and often survival. This can differ among types of roles. In the sharing economy, for example, where income is dependent on public ratings and feedback, the worker is compelled to behave in a manner which will ensure that they are amenable to the client in order to secure more work. Roles such as caring and cleaning require a level of emotional performance even in their traditional contracted form, something which assumes an added dimension as such types of work enter the insecure gig economy. Higher-paid, professionalised forms of self-employment also require emotional labour, particularly for those trying to establish their name at the beginning of their self-employed career. In our focus group of higher-paid women, many participants spoke of “buttering up” clients by “flirting” or “buying cookies” to attract them, manage their demands, or ensure timely payment. Both self-employed workers sourcing work and jobseekers more broadly also expend a significant amount of emotional labour performing the required enthusiasm and dedication to each potential role.⁵⁷

Rather than providing the opportunity to realise the dream of being “unchained from industry life”, nagging insecurity can persist in self-employment, making the worker feel trapped.⁵⁸ One of the methods for managing stressful situations in self-employed work cited by the women we spoke to was turning down work from clients. But this is another instance of financial risk being pushed back onto the individual (ie loss of earnings). Further evidence of workers being forced to assume a financial burden in order to take action on the damaging mental health impacts of work is evident in one woman’s comment that they had put themselves through expensive therapy courses to recover from traumatic workplace experiences.

“I was only able to learn to be assertive once I’d got my head straight at therapy.”

This comes at the expense of other forms of support, such as peer support. While this is also not unusual in traditional forms of employment, for the self-employed worker, the sense of individual responsibility to manage mental health problems precipitated by work can be magnified through the isolation of the role: the atomisation from colleagues facing similar issues compounds the sense of challenges being an individual concern. Potential solutions for mitigating these mental health impacts are explored in greater depth in our recommendations.

The individualisation of the detrimental psychological impacts of work was evident in our focus group discussions. There was a sense of responsibility to sort out one’s own mental health struggles through changing work patterns. Past experiences of mental health problems precipitated by traditional employment – due to bullying, overwork, and discrimination among other factors – were cited by several members.

“As an employee, I was the only female in a group of male designers. They expected me to do things like bring milk to the office or pick up the phone. It really impacted my confidence.”

“Because I look young, male managers would constantly talk down to me and tell me I wasn’t good enough. I ended up having a massive breakdown and went through counselling for a year.”

“I had a male colleague who was really disrespectful to me. But I had to continue to work in the same office as him after I complained.”

Despite the individualised burden faced by self-employed workers, many felt that their experience of mental health in self-employment, as opposed to traditional employment, was better overall. Some participants discussed ways in which self-employment could accommodate care routines which were beneficial to managing stress and anxiety, such as being able to take a walk in the park or vary working hours according to mood or circumstance.

Working without roots and the experience of non-places

The traditional workplace provides its staff with the resources they need to carry out their roles. These resources include provisions such as a desk, travel expenses, and materials required by the role, such as specific software, etc. Workers in self-employment must cover the costs of resources and overheads themselves, with the risk that these costs will not be recouped if their work is not lucrative. For those in low-paid forms of self-employment, or bogus forms of self-employment – where employers compel staff to be ‘self-employed’ in order to deny basic employment rights when in fact they are entitled to employee status – the problem this poses is particularly acute.

Sociological studies have explored difficulties in maintaining the barrier between working life and leisure in the absence of spatial boundaries in the physical workplace. Following workplace closures as a result of the Covid-19 pandemic, many more workers have found themselves struggling with blurring line between work and leisure, but for self-employed workers this is no exception; it is a key part of their working life.

Writer Ivor Southwood discusses the proliferation of “non-places”,⁵⁹ to describe transitional locations where people are neither officially working nor at leisure. Southwood argues that “non-places” are on the rise due to long and frequent commutes between jobs, and draws attention to the psychological impact of spending time in non-places. Characterised by solitude, commuters are surrounded by a revolving cast of strangers. Identity is suspended as the individual is anonymised. This

concept has particular salience for self-employed workers who may be travelling between multiple clients and roles, particularly in the gig economy where income is insecure, and workers must take all opportunities available to them. It has added pertinence for self-employed women who must also factor in travelling for childcare. Crucially, the hours of travel between jobs often required in self-employment go unremunerated – thus can neither be categorised as work nor leisure.

These non-places, which are experienced frequently by a significant portion of the workforce, and in particular self-employed workers, contrast with workplace environments of more traditional forms of work, where identity is fixed through relationships between colleagues, and the space is a destination rather than a place of transition.

Inequality of access to civic and co-working spaces

The creation of co-working spaces⁶⁰ could be a welcome response to this, but there is a notable disparity between the use of these spaces by low-paid and precarious self-employed people and more professionalised freelancers, who enjoy a more pleasurable spatial experience of self-employment. From our focus groups, higher-paid professional self-employed women expressed favourable opinions of being able to work from rented office spaces of their choosing. The positives focused on were a sense of social connection, personal wellbeing, and a source of people with whom to bounce ideas off and seek advice.

“I’ve just rented an office with people who do different work, but in the same sector. It gives me the chance to have social interaction but also control over my own work, and an escape from dealing with people when I can’t face it. As a part of my self-care routine sometimes I realise I just need to hang out with people. You can get stuck in your head and drive yourself mad when you’re alone all the time.”

“It’s good to be able to head to the kitchen to make a coffee and ask someone ‘am I going mad or does this email sound a bit off to you?’”

“There’s community in the inane – the middle ground of people who know you exist. They don’t know the depth of you, but they know you more than your ‘performed’ self. That’s important.”

Co-working spaces were not discussed amongst the focus group of lower-paid, precarious workers, but the advantages of working from home to fit in childcare responsibilities discussed among this group spoke to the difficulty of travelling between different jobs whilst juggling childcare.

“My mum was a single parent and she used to make things inside the house... you’re working from home, working around the kids and stuff.”

Working from home, while making childcare easier, runs the risk of isolation and the lack of support previously discussed. This highlights the need for a rooted workspace where support and advice can be accessed easily, and which also enables child-caring responsibilities to be met.

If co-working spaces are to function effectively, they must not be a means through which existing social divides and inequalities are exacerbated. A lack of representation of BME, low-income women in co-working spaces as they continue to proliferate risks entrenching segregation, with marginalised groups not feeling welcome or safe accessing certain social spaces. In a context of rising gentrification spreading throughout major British towns and cities, it is particularly important that increasing or entrenching social segregation is prevented. This challenge is also evident in current debates on the British high street, in which a lack of access and representation on the high street by marginalised communities is highlighted as a major recurring theme.

The inequality of access to co-working spaces for marginalised women also threatens to double down on the discrimination they face, as they are locked out of accessing support and advice services based in these spaces, or the ability to ask the advice of peers through the increased social opportunities they provide. In ensuring that co-working spaces answer the needs of marginalised women by being located close to schools and affordable childcare, and developing more of these spaces in lower-income neighbourhoods, an essential route to accessing support for self-employed women with less social capital could be provided, as well as improve the wellbeing they experience while working.

3. SETTING NEW PRIORITIES FOR “GOOD SELF-EMPLOYMENT”

Employment law dictates that employers pay workers for their time, providing tangible proof that workers are gainfully employed and provide a safe working environment. However, workers also have non-material expectations of their employers. In this section we interrogate these expectations and to what extent they are being applied in self-employment.

We make a distinction between the material and cultural elements of employment. Material elements of employment are transactional: pay and conditions. Cultural elements are the ways in which the place and nature of the working environment shape experience of day-to-day life: autonomy, social life, and feelings of value. Both these dimensions are reflected in employment legislation

MATERIAL

WORKERS SHOULD HAVE	WORKERS SHOULD HAVE PROTECTION AGAINST/TO LIMIT
<p>Decent, ‘living’ wages</p> <p>Sick pay</p> <p>Holiday allowance and pay</p> <p>Remunerated parental leave</p> <p>Pension scheme</p> <p>Agreed hours which the worker can control</p> <p>Overheads, resources and/or cover for expenses incurred</p> <p>Benefits - eg optical costs, bike loan schemes</p> <p>Recognised professional standards</p> <p>A legal contract</p> <p>Support to progress financially</p> <p>Right to union representation</p> <p>Ability to withhold labour</p> <p>More broadly: ample social security</p>	<p>Punitive and excessive control over time</p> <p>Low wages</p> <p>Pay freezes</p> <p>Costs incurred by the workplace</p> <p>Workplace-related accidents</p>

and practice within the world of employment, as opposed to self-employment, for example through legislation but also HR standards and best practice around equality, discrimination, harassment, etc. The distinction is important, as problems caused by the workplace can be manifest through behaviour and culture, as well as issues such as low wages and no sick pay.

Policy attention in recent years has focussed on stamping out the false forms of self-employment used by the gig economy and other employers to side-step certain obligations to their workforces. Where policy interventions have been proposed for improving the conditions of legitimate forms of self-employed work, they have tended to focus narrowly on material conditions such as pay and income security.⁶¹ Critically important though this is, our research seeks to draw out challenges in self-employment that extend beyond this, into the social and cultural experience of working life.

In this section, we outline a proposed set of principles based on these two categories, that should underpin the experience of all forms of employment, and indicate how these might be conceived in a framework of hierarchy of need to inform policymaking.

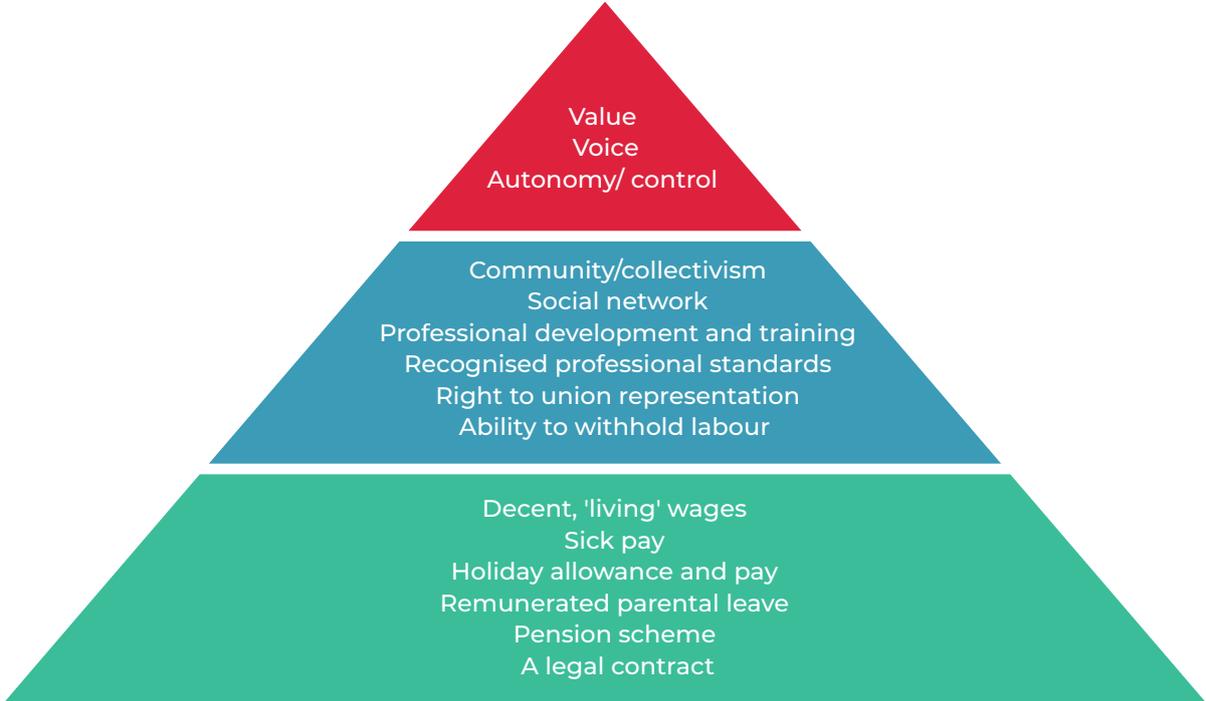
CULTURAL/SOCIAL/BEHAVIOURAL

WORKERS SHOULD HAVE	WORKERS SHOULD HAVE PROTECTION AGAINST/TO LIMIT
Autonomy	Compliance with/homogeneity of principles, values
Control	Surveillance
Voice - independence of voice and ability to be vocal	Rigidity
Power	Reproduction of social hierarchies
Community/collectivism	Regulation of language and dress
Social network	Regulation of behaviour
Professional development and training	Hierarchies in relationships
Feeling of value and recognition	Devaluation of certain roles

3.1 MATERIAL CONDITIONS UNDERPIN CULTURAL AND SOCIAL EXPERIENCES OF WORK

These principles are all important, but we recognise that without the presence of the most basic minimum requirements for a decent standard of living (material rights) it is difficult, if not impossible, to achieve progression and social networks, let alone the autonomy, value, and voice which characterise the best version of working life. The following framework is helpful to visualise how these dimensions relate to each other.

FIGURE 3: A FRAMEWORK FOR PRINCIPLES OF WORK



3.2 WHAT WOULD A UNIVERSAL SUPPORT STRUCTURE LOOK LIKE ON THE TERMS OF SELF-EMPLOYED PEOPLE?

- An approach to self-employment which seeks to embed these principles and this framework would require changes in how our tax-benefit system supports the experience of self-employed workers in the round. Any new legislative, policy, or practice framework aiming to move towards this will need to:
- Be in tune with people's varying financial circumstances, recognising that incomes regularly don't always stretch to cover outgoings and forward planning.
- Provide a financial safety net that meets people's individual needs and allows them to avoid burdening personal relationships.
- Be accessible for all social groups, ensuring that products, spaces, and services are not restricted to those with higher incomes.
- Take a more holistic approach to the experiences of self-employed people, including future aspirations, training, personal development, and health.
- Enable more control and security, but with less of a burden of responsibility particularly in matters where people feel unqualified to make judgements, such as financial management.
- Provide solutions for accessing immediate material needs such as a secure home, as well as meeting long-term ambitions for financial security.
- Have a sense that someone is on your side when making decisions, and similarly, is there to help when bad decisions have been made and/or exploitation occurs, including peer-led solutions and collective bargaining.

4. CASE STUDIES: EXAMPLES OF EMPOWERED SELF-EMPLOYMENT IN PRACTICE

The following case studies provide examples of organisations which meet some of the key challenges faced by self-employed workers. Though these examples vary significantly in their approach, they all provide a level of structured support, connecting their service users through the commonalities between the challenges faced, rather than workers developing individualised solutions to tackle their challenges alone.

CASE STUDY 1: THE EMERGENCE OF MICROENTERPRISES IN SOCIAL CARE

There are rising numbers of women moving into self-employment, and a growing proportion of the self-employed workforce is nearing retirement age.⁶² In social care, community micro-enterprises is gaining traction as a form of work among older women in particular. These microenterprises are groups or networks of self-employed people providing care. Against the backdrop of a sector dominated by low pay and insecure work, micro-enterprise enables the high levels of autonomy and control promised by self-employment, but also with a degree of social support that is frequently lacking for self-employed workers.

This social support is enabled by the formation of local networks for micro-enterprises. In Somerset, for instance, with the help of a local coordinator, hundreds of micro-enterprises providing diverse care and support activities have come together into a self-organising network. The network comprises various different local groups which communicate via WhatsApp and meet once a month to support each other, share good practice, and introduce each other to people looking for care and support. One group in South Petherton has decided to set up as a care cooperative.

This approach depends on care workers being able to commit their free time to running and participating in networks, so it runs the risk of locking out those who have less financial security. It is not a silver bullet, but in a severely underfunded sector it is helping to improve both the quality of work and the quality of care.

CASE STUDY 2: COOPERATIVE MODELS TO SUPPORT SELF-EMPLOYMENT

Examples of cooperatives working in partnership with unions provide models for both material and social support for self-employed workers. Some of the most interesting examples come from those supporting low-income and socially marginalised people, providing a range of services. One of the most notable global examples is the Self-Employed Women's Association (SEWA) of India, which is cited by the International Labour Organization (ILO)⁶³ as being "one of the most successful examples of a multifaceted organisation which has specifically addressed the needs of women working within the informal economy". SEWA operates a hybrid model which is part cooperative, part union, and organises women to achieve full employment, which they define as "employment whereby workers obtain work security, income security, food security, and social security".

SMART cooperative, which operates in nine different European countries including Belgium, Spain and Italy, supports self-employed workers to "acquire social rights" as well as develop professionally. Services include a number of shared workspaces, insurance and administrative support, skills and development support, and even a wage-guarantee fund. Similar to informal collective savings schemes, each person "contributes to ensuring that all receive the same financial protection".⁶⁴

A similar example can be found in Britain with Indycube, a cooperative which provides affordable working spaces for the self-employed, alongside other low-cost services such as support with invoicing, legal issues, and HR advice. Similar to SEWA, Indycube was originally run in partnership with trade union Community, though Community is no longer involved with the organisation. However, while Indycube has successfully supported many low-income self-employed people, particularly women, they have encountered

barriers, such as a reluctance for involvement in organisations perceived to be a further drain on already limited time; a reluctance to break the ‘game face’ of confidence and success. In a NEF phone interview with Indycube, the prospect of public money was met with apprehension, as “the state likes to narrate a sense that self-employment is a route out of poverty, when in fact it is the reverse.”

Contextualising the barriers to growth faced by Indycube in terms of the findings of the focus group provides us with a gendered analysis of their roots. The widespread lack of confidence in working life reported by the group, alongside the failure to be supported in cases of (often gendered) workplace discrimination, provides an insight into the reasons behind such distrust and reluctance for involvement beyond accessing the co-working space. What’s more, the unpaid labour disproportionately expected of women renders the fear of a further drain on time unsurprising. Examples of successful support services might be better found in other global organisations. Nevertheless, the provision of affordable workspace is a key feature promoted by the latter two examples and offers a potential entry point for further access to, and engagement in, support for self-employed workers. Indycube reports having an usually high proportion of women accessing their workspaces, and as a demographic at the sharp end of the labour market, it should be a priority that women feel able to access the support available in future models. SMART cooperative and SEWA, as organisations addressing a multiplicity of needs for women workers, provide a useful starting point in how to develop this.

Similar examples of organisations providing support on a range of issues and tailored to the needs of oppressed demographics can be found in the USA, such as Miami Workers’ Centre, which works to build power on a range of social issues facing South Florida’s “most oppressed communities”, adopting an intersectional approach to its analysis and strategy.⁶⁵ The Independent Worker’s Union of Great Britain (IWGB), a trade union representing mainly low-paid migrant workers, provides a similar example in Britain, running drop-ins at community centres to support and advise on a range of issues.

CASE STUDY 3: MUTUAL INSURANCE SCHEMES

The service offered by the European network of SMART cooperatives of a wage-guarantee fund for self-employed workers who find themselves temporarily without income, has parallels elsewhere.

Financial support services for the self-employed are offered by cooperatives in various forms. One interesting example, pioneered in the Netherlands, is the model of bread funds that assist those without an employer or recourse to sick pay, and support their members throughout periods of ill-health by means of a mutual aid scheme.⁶⁶ Mutual guarantee societies are another mutual support service offered by a number of cooperatives across Europe, which support freelancers to access low-cost loans from banks. They are cooperatives formed of small businesses who guarantee each other’s loans, using their cash assets as collateral. Other examples of mutual aid can be found in credit unions, which provide savings and loan services.

The range and spread of such schemes are demonstrative of the need for a formalised security net, beyond family and friends, as well as the financial need of many self-employed people.⁶⁷ Affordable workspace is a particularly pressing need for low-income self-employed workers, and housing a range of financial services and support in such a location, as the SMART cooperatives do, is a natural fit.

CASE STUDY 4: CHILDCARE FOR FREELANCERS

Organisations such as SEWA, which address the needs of women in the informal economy in particular, draw attention to the critical issue of childcare for low-income self-employed women. SEWA provides childcare through workers’ cooperatives and local organisations for the workers it represents. SEWA members can enrol their children for Rs. 175 (GBP 1.99) per month. The centre provides an integrated approach to childcare so that children receive basic education and social skills, adequate nutrition, and basic health services. They are run according to parents’ working hours – for instance opening earlier in areas where the women work as vegetable vendors. Of the working mothers who use the SEWA centres, 64% said that they were able to increase their number of working

days due to the support from the childcare centre. Mothers of the children who attend the centres and the facilitators who run them are also shareholders and manage the cooperative. The cooperatives are part of a broader workers' movement through SEWA and are linked to the national Forum for Creches and Child Care (FORCES). FORCES brings together over 500 children's rights, women's rights, and workers' rights organisations all calling for quality public childcare services.⁶⁸

Birmingham Impact Hub, which provides workspace for social entrepreneurs and those working for social change, is a British example of childcare for self-employed workers. With a Children's Membership, workers using Impact Hub are able to access a weekly pop-up crèche lead by artists and early years practitioners, building a goal for supporting strong families and communities into the priorities of the organisation, rather than running the service as an add-on. This reaffirms that services for self-employed women must extend beyond a narrowly defined working life.

CASE STUDY 5: COLLECTIVE BARGAINING AMONG SELF-EMPLOYED WORKERS

Flexible employment models such as outsourcing and self-employment have undermined traditional approaches to workers organising, for example through trade unions. As a result, major unions have struggled to speak to the groups disproportionately affected by these changes: women, migrants, young workers in atypical employment, informal sector workers, and home workers.

But the past year has seen significant gains in this area with campaigns outside traditional union structures for new ways of organising based on a community-driven, worker-lead model. Examples include IWGB and GMB's efforts to organise self-employed gig economy workers including in transport and courier services in particular. In addition, with a long history in representing workers in "the original gig economy" trade unions such as Equity have struck bargaining agreements based on the worker status of many of their members. Equity's strategy includes defending the worker status of their members based on the provision of personal services and the

non-substitutable nature of their work, enabling organisers to secure better pay and conditions. The Federation of Entertainment Unions, meanwhile, covers a broad range of trade unions – including Equity – who have co-developed their strategies to better advocate for the rights of self-employed workers in the entertainment industry.⁶⁹

Policies required to strengthen collective bargaining would involve stimulating memberships of trade unions, rolling back anti-union legislation, strengthening trade union rights, introducing sectoral collective bargaining, supporting cooperative models, amending competition law to ensure it no longer threatens collective bargaining, and re-establishing the Ministry of Labour to enforce workers' rights, a policy advocated by the Labour party in the 2017 manifesto.

5. CONCLUSION AND RECOMMENDATIONS: A VISION FOR EMPOWERED SELF-EMPLOYMENT

The self-employed workforce is a significant and growing portion of our labour force. The government has an important role to play in stamping out illegitimate and exploitative forms of self-employed work, but part of this process includes empowering the self-employed workforce to determine for themselves the type of work and conditions they engage in.

As we have highlighted in this report, there is a raft of social and material infrastructure, as well as rights that are not accessible, or simply don't exist, for many people in self-employment. Access to resources provided by the private sector, such as co-working centres and childcare, are determined largely by income levels and social capital.

The lack of supportive infrastructure inhibits the ability of people in self-employment to enjoy the autonomy that this form of work promises. There is an urgent need to develop a progressive vision which meets the needs of this diverse and growing workforce. Our starting point for these proposals has been to examine the experiences and challenges faced by self-employed workers, in particular those of the increasing numbers of women who are moving into this form of work.

Our research highlights that self-employment is a form of work with the potential to provide an escape from some of the most damaging and oppressive elements of the traditional workplace, including discrimination, inequality, disempowerment, and lack of adequate material provision. We must therefore resist the reproduction of these in different forms.

New policy approaches to self-employment could instead provide an opportunity for innovation and the establishment of new standards that adapt to the rapidly evolving nature of the workforce, and

result in the development of more progressive, relevant policy and legislation in the round.

Our recommendations centre on three components:

1. Meeting the service and support needs of a growing self-employment workforce, in particular through the provision of new, high-street support centres.
2. Ensuring parity of rights and social security for a growing self-employment workforce.
3. Ensuring a collective voice and the enforcement of rights for a more transient workforce.

RECOMMENDATIONS

1. MEETING THE SERVICE AND SUPPORT NEEDS OF A GROWING SELF-EMPLOYMENT WORKFORCE

The traditional workplace provides its staff with the resources they need to carry out their roles. These resources include provisions such as a desk space, travel expenses, and materials required by the role, such as specific software. Workers in self-employment are often required to cover the costs of resources and overheads themselves, with the risk that these costs will not be recouped if their work is not lucrative. For those in low-paid forms of self-employment, or bogus forms of self-employment, the problem this poses is particularly acute. We recommend the following:

1.1 Provide new social infrastructure with the roll-out of self-employment centres

Using the existing evidence demonstrating a need for access to advisory services, accessible workspace, peer networks, and a collective voice, and building on successful models of physical, localised co-location of services in other sectors (eg Sure Start Children's Centres, libraries, one-stop-shop advice and guidance centres, and Law Centres) we recommend the establishment of a network of self-employment centres. These would be physical hubs which, once post-Covid-19 details on how to operate work and communal spaces are resolved, would:

- Help the millions of self-employed people left without work by the crisis – often the first to lose their jobs and probably among the last to find new employment – to pool and develop skills

and benefit from learning programmes tailored to help them re-establish self-employment if they choose this route back to work.⁷⁰

- Include access to local and national services, peer support, and union representation, as well as to material provision, such as work and meeting space or materials as appropriate.
- Provide tailored necessary advice services for self-employed workers, taking some of the burden off existing general advice services.
- Provide opportunities for people in similar types of self-employment to join up and share backroom services and to work collectively through cooperatives if they choose, as well as collectively provide childcare.
- Be commissioned by local authorities and seed-funded by emergency Covid funds, on an outcomes-based commissioning model through which relevant local organisations could develop tailored delivery models to suit the needs of the local self-employed population and make best use of the existing local infrastructure and assets.
- Repurpose civic space and revitalise even more beleaguered, post-pandemic high streets, by operating as a vital anchor institution around which other civic amenities could be clustered. The centres could be housed in existing or acquired council or community assets, building on innovative models of high street regeneration already in evidence across many town centres led both by councils and the community and social enterprise sector.^{71,72} But crucially, these must be adequately resourced by state funding, unlike disruptive and unsustainable pop-up spaces. The introduction of self-employment centres could be part of a new vision for communal and convivial use that isn't limited to retail, but includes free-at-the-point-of-need co-working spaces and modernised, face-to-face public services that meet the needs of today's workforce.
- Be run as public-social partnerships, with the expectation of a mixed funding model made up of central, post-Covid recovery seed-funding distributed through commissioning by Local Authorities; some degree of tiered membership fees, depending on the make-up of the local self-employment workforce; and a sustainable,

independent commercial revenue stream based on the use of physical assets. This revenue could be generated by the space operating as a social landlord for other service providers located within the self-employment centre and providing opportunities to run publically accessible commercial offers such as workspace, cafés, and back-office services.

- Run independently of direct Local Authority involvement, to effectively support the most vulnerable self-employed workers, for example by circumventing the reach of the Hostile Environment and immigration control.⁷³
- Cater to the full spectrum of self-employed workers through this mixed funding model. This will ensure that, unlike some of the existing workspace models based purely on commercial revenue (such as WeWork), workers within lower income sectors will be able to access services on a tiered-cost membership basis.
- Be fully exempt from business rates. Currently non-profit spaces run by charities benefit from an 80% reduction in business rates, with the payment of the remaining 20% at the discretion of the council. This should be changed to ensure all non-profit spaces without exception are able to benefit from business rate exemption.

The central government budget for 800 Sure Start centres in England and Wales in 2005/2006 was £473 million (around £690 million in 2019 prices).⁷⁴ This may be a useful guide as to the ordinal of government spending required to establish 100 pilot centres in locations put under particular stress by the post-pandemic economic crisis and where there were high concentrations of self-employed workers pre-pandemic (ie less than £1 million per centre). A more detailed investigation of the cost would be needed to take this forward.

While it is unlikely that tax rises are desirable as the UK economy recovers from the Covid-19 crisis, and the government is unlikely to be able to run a balanced fiscal budget as a consequence, possible sources of revenue to cover the modest costs of piloting and seed-funding self-employment centres – as cornerstones of revived high streets – are outlined in NEF's *New Rules for the Economy* (2019).⁷⁵ These include increasing wealth taxes to the same effective rate as income tax and scrapping the upper earnings limit on National Insurance

Contributions, which altogether we estimate could raise up to £60 billion in 2022/2023 terms.

1.2 Establish universal and flexible childcare to suit the schedules of self-employed workers

We propose that free or affordable,⁷⁶ high-quality childcare should be available for everyone,⁷⁷ from the end of maternity or shared parental leave, which should include ensuring flexible and drop-in services suitable for self-employed and part-time workers.

To meet the cost of this, and to rescue the childcare sector, which is in deep trouble as a result of the pandemic and lockdown, NEF proposes an emergency Childcare Infrastructure Fund to pay the salaries of childcare workers as the furlough schemes come to an end and provide places for children up to pre-pandemic levels by directly funding providers. We estimate this would cost £728 million for three months.⁷⁸

Longer term, expanding the provision of childcare in the UK, to meet the needs of more working parents, including those in self-employment, is an important investment that the government must make, addressing both the demand and supply sides of childcare. Clearly this could include the use of self-employment centres as shared hubs for nurseries, which would enable self-employed workers to take advantage of drop-in services as part of their membership, as well as playing a role in the governance of childcare. NEF is developing a model of low-cost childcare in South London where parents and nursery professionals are empowered through democratic governance and ownership.^{79, 80}

2. ENSURING PARITY OF RIGHTS AND AN ADEQUATE SOCIAL SAFETY NET SO THE CHOICE TO BECOME SELF-EMPLOYED IS MADE WITH REAL AGENCY

Though it is beyond the scope of this research to make detailed recommendations for changes to social security provision, and in particular an overhaul or reform of Universal Credit, we note the direct link to issues of pay and conditions for self-employed workers, as well as their ability to challenge these. NEF has supported proposals for the introduction of Universal Basic Services that address the issue of social security in the round,⁸¹ including the high costs of childcare, housing,

and social care that pose particular risks for the livelihoods of self-employed people in particular, who tend to have volatile earnings. In light of this, we recommend the following:

2.1 That the government increases the generosity of the benefits system now and in the aftermath of the crisis

Once the Covid-19 crisis is over, there will be several million more people unemployed and many of these will be people who were previously in one of the forms of self-employment highlighted in this report.

In the teeth of the crisis, NEF has proposed an emergency Minimum Income Guarantee to ensure those who lose employment but do not qualify for the government job guarantee schemes can receive a comparable level of support.⁸² Once the immediate crisis is over, NEF also argues for a permanent national guarantee of minimum income to replace Universal Credit,⁸³ and alongside this the introduction of a Weekly National Allowance for all, are needed to rebuild welfare and repair the UK's safety net.⁸⁴

2.2 Prioritise improvements to welfare that stand to benefit women and improve economic equality between genders

In proposing changes to the welfare system, it is important to prioritise resolving the iniquities inherent within the current system, which ensure continued economic inequality for women. This might include enhancing child benefits, restoring them to their real terms 2010/2011 to reverse the freeze;⁸⁵ and resisting the consolidation of family benefits being paid into a single bank account where the account holder is male (as is the case with Universal Credit payments).

2.3 Establish a shared parental leave levy

Self-employed individuals take around six weeks of parental leave, and one in six take no days of parental leave at all.⁸⁶ This compares to employees, who are entitled to 37 weeks of parental leave between them. Sectors with high rates of self-employment should collectively contribute towards a fund from which self-employed individuals in that sector can draw down parental leave payments, as recommended by Equity.⁸⁷ Additionally, we support Equity's campaign for Maternity Allowance to be extended to self-employed workers.⁸⁸

2.4 Support access to pensions for the self-employed

We support the Association of Independent Professionals and the Self-Employed (IPSE) policy recommendations⁸⁹ for improving access to pensions for the self-employed, including developing a sidecar pension scheme which divides contributions between a pension and a rainy-day fund, and tax relief for lower-income self-employed workers saving for pensions. We also support models of strong trade unions for self-employed workers supporting their members through pension schemes. There is a precedent for this in other countries, where unions see it as one of the “most vital” parts of their role.⁹⁰

2.5 Take action to prevent late payment of invoices

The government announced measures to prevent late payment in June 2019,⁹¹ including new powers for the Small Business Commissioner to tackle late payments through fines and binding payment plans, alongside responsibility to oversee the Prompt Payment Code. Company boards are also to be held accountable for supply chain payment practices for the first time. We welcome these proposals, and support IPSE’s recommendation for their swift implementation without delay, and for the government to look into maximum legal payment terms.⁹²

3. ENSURING A COLLECTIVE VOICE AND THE ENFORCEMENT OF RIGHTS FOR A MOVING WORKFORCE

Within current policy proposals being put forward to support self-employed workers, there is a very limited focus on addressing the need for *security*, whilst enabling worker *autonomy and control* to work flexibly if needed. Greater worker power through union representation and collective bargaining structures that include self-employed workers and the growth of other associations of people in self-employed work, are likely to support this. We recommend the following:

3.1 Provision of access and meeting space for trade unions and self-employment associations

Given that one of the main barriers to low levels of union membership today is face-to-face access with workforces, and that this is a particularly significant issue for a growing portion of the self-employed workforce who work largely from home carrying out tasks and communicating with clients digitally, this could be supported through the newly established self-employment centres.

3.2 Strengthen trade unions and collective bargaining structures

This should be done through stimulating memberships of trade unions, rolling back anti-union legislation, strengthening trade union rights, introducing sectoral collective bargaining, supporting cooperative models, amending competition law to ensure it no longer threatens collective bargaining, and re-establishing the Ministry of Labour to enforce workers’ rights, a policy advocated by the Labour party in the 2017 manifesto.

3.4 Encourage and enforce local laws to prohibit late payment of invoices

This would build on government proposals, and IPSE recommendations, mentioned in the previous section (point 2.5), as well as establishing and circulating a “rogue contractor” list at local level.

3.5 Creating an environment supportive of increased leisure

Increasing leisure time for self-employed workers will likely require a different path than for employees. However, Self-Employment Centres can contribute towards shifting norms and expectations in the direction of shorter working hours, for example in the form of a four-day week. They can do this through providing additional advice and information around the benefits of shorter hours, and recommendations on how to reduce hours in the most suitable way.

**PROTECTING THE MOST MARGINALISED:
HOW TO SUPPORT CRIMINALISED
WORKERS⁹³**

In making recommendations to support marginalised workers, it is crucial to avoid the creation of a two-tier system in which those with the most precarious relationship to the state are left unsupported and at the mercy of a shadow system, where standards are even lower and more punitive due to an inability to access state services.

This is particularly relevant to members of the self-employed workforce who are criminalised by the state, such as undocumented migrants and sex workers.

To ensure that undocumented migrants can access the support services provided by self-employment centres, care would need to be taken in order to establish firewalls between the Local Authority and the service users. One possible way of doing this would be to limit Local Authority funding to the building itself, which could circumvent the need to report sensitive data back to the Local Authority in funding reports. This could threaten such service users, preventing them from accessing the service or even leading to deportations. Other ways of supporting undocumented migrants could be explored through piloting the self-employment centres in a Local Authority who does not operationalise a hostile environment. Local Authority policies in Britain are incredibly fragmented, and some distance themselves from the hostile environment. It is advisable that a specific policy be stipulated by self-employment centres, stating that the centres do not discriminate on the grounds of immigration, or ask about status.

When considering benefit support and advice, consideration would need to be made for how advice workers are employed. For example, avoiding directly employing these workers by the Local Authority might be necessary.

To support sex workers while avoiding risk of prosecution, a clear statement would need to be generated explaining that self-employment centres are not liable for activity on the premises – sex workers booking transport for one another, for example, can be seen as a criminal offence. Liability statements used by Internet cafés could provide a good model on which to base such a statement.

APPENDIX

These focus groups, roundtables, and interviews were taken from both primary and secondary sources. The script for the Sheffield Focus Group, conducted for this project with a group of self-employed women in August 2019, can be found below.

The two secondary sources were as follows:

- A roundtable held by the London Plus for the London Good Work Commission, launched in 2019.
- A focus group for a working paper series on *Financialisation, social provisioning and well-being in five EU countries*: No. 176; from November 2016

SHEFFIELD FOCUS GROUP SCRIPT

Format: questions with topic prompts.

QUESTIONS:

1. What were your expectations of self-employment before you went into it? Did you have an idea already about what it would be like?
(People take a few minutes to reflect, some people share)
Discussion with topic prompts
2. What has the reality been?
Whole group discussion, with topic prompts
3. What would your perfect vision of self-employment be?
People to reflect on a few key features – suggest that people think about material/financial issues, social experience, other conditions required outside of work. A few people to share.

TOPIC PROMPTS

Conditions in and out of work

- What are your experiences of working hours in self-employment?
- What is your sense of power/control as a self-employed worker?
- Do you feel anything is provided to you to support you in self-employment? (Government or otherwise)
- How do you feel about managing the tax system as a self-employed worker?

Skills development

- Do you have long term goals for where you'd like to be, and do you know of any idea of training or support to help you get there?

Culture/social experience

- How do people respond when you tell them you're self-employed? Do you tell people, or is it something that doesn't tend to come up?
- What do your family and friends think about you being self-employed?
- What do you miss, if anything, and if applicable, about being in a physical workplace?

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WWW.NEWECONOMICS.ORG

info@neweconomics.org
+44 (0)20 7820 6300 @NEF
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WRITTEN BY:

Emily Scurrah (Lead), Alice Martin,
Aidan Harper, Rachel Laurence

