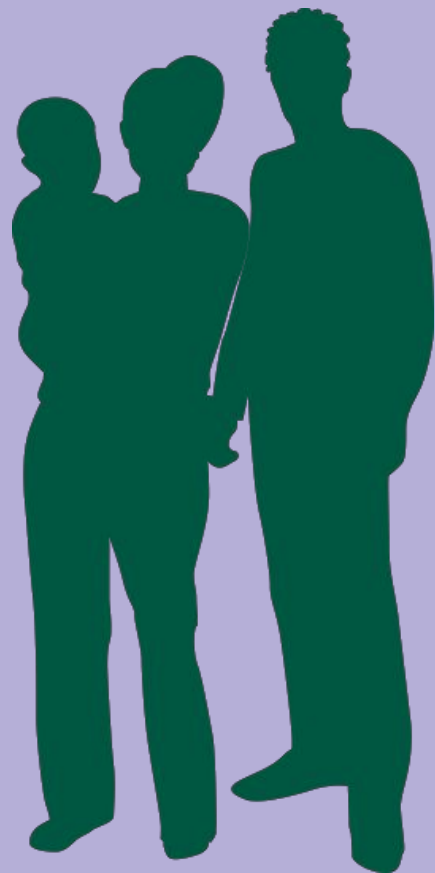


# Who's the Boss?

An exploration of the family lives of self-employed people



**citizens  
advice**

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# Executive Summary

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Self-employed people are happy with the choice they have made to become self-employed, and are more likely to report high levels of job satisfaction than employees. This extends to self-employed parents, who tend to find that self-employment enables them to split their time more flexibly between their work and family to achieve a balance that suits them.

However, they have varying degrees of success in achieving a good balance. Some are unwilling to compromise on spending time with their family which can lead to lack of time invested in their work. Others find that investing too much time in their work may lead to missed family events, holidays cut short or taking little time off at all.

Self-employment brings additional challenges for families such as learning to manage the household's finances on a fluctuating income and deciding when and how much time to take off, for instance for family holidays. We found that self-employed people take much less time off for annual leave or for the birth of a new baby than employed people. Our research suggests that for some this is driven by the prospect of having no income for the time they take off. However, amongst those trying to establish a business, the potential negative impact that taking leave can have on business outweighs the loss of wages.

Crucially, although our research suggests that while self-employed people are more likely to work longer hours and to work weekends than employees are, the number of hours that they spend at work is less significant to them than how much control they feel they have over the nature of their work and their working patterns. Some of our participants have found creative solutions to help balance their work and home lives, while for some control has been eroded, if it was ever there at all. It is when control is lost that either business or family ties may begin to languish.

The recommendations that we make in this report will help self-employed people to gain control of their work and family lives, and to re-establish it if it has been lost. They focus on improvements that government, self-employment networks and self-employed individuals can implement to help self-employed people thrive both at work and at home.

We recommend:

- **Recommendation 1:** Support through the parental leave system should be aligned for employed and self-employed parents.
- **Recommendation 2:** The creation of “trusted cover” referral databases for work substitutes.
- **Recommendation 3:** The development of networks for self-employed parents to make arrangements for childcare.
- **Recommendation 4:** The creation and expansion of training for self-employed people on ‘softer’ business skills.
- **Recommendation 5:** Development of creative workspace solutions across the country.
- **Recommendation 6:** Reaching out to self-employed people regarding tax free childcare.

# Introduction

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Our recent report, *Who are the self-employed?*<sup>1</sup> found that the face of self-employment has changed in the last decade. We found that while self-employment grew, incomes among self-employed people fell. The report also suggested a significant increase in self-employment as the only income within a household. 200,000 more children are living in families with a self-employed head of household than a decade ago, and reflecting the national housing picture, there are significantly more self-employed families now living in private rented accommodation.

Our latest research<sup>2</sup> has also found that the self-employed population is far from homogenous. Reflecting this diversity, people who pursue self-employment do so for a variety of reasons; some are keen to start their own business, others are having difficulty finding a job, and for others self-employment is largely dictated by their skills or industry. However, we know that self-employment brings with it its own challenges and difficulties. People who become self-employed with fewer skills and less money available for start-up tend to find it more difficult to make their business thrive, and the stakes are higher if they fail.

These trends raise important questions about security for self-employed families. We wanted to find out more about what it's like to be self-employed and the impact this has on people's lives, with a view to helping ensure that self-employment is a secure, viable option for those who pursue it.

Specifically we set out to explore self-employment and;

- family life;
- pensions, and
- debt.

This report, exploring the impact of self-employment on family life, is the first in this series. It seeks to explore the motivations and priorities of self-employed families and to identify areas in which they could be better supported.

In order to explore these issues we commissioned the New Policy Institute (NPI) to conduct fresh analysis of large, national datasets such as Understanding Society and the Labour Force Survey. We also commissioned polling research among

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<sup>1</sup> Citizens Advice and NPI. [Who are the self-employed?](#), 2015.

<sup>2</sup> Citizens Advice. [Going Solo: the journeys of self-employed people](#), 2015.

employees and self-employed people and conducted qualitative research among self-employed families.

## **Acknowledgements**

We would like to thank; the New Policy Institute (NPI) for their analysis, and YouGov and BMG Research for carrying out the polling. We would like to thank colleagues at Citizens Advice and from local Citizens Advice offices who provided input, advice and guidance.

We would also like to thank all respondents to the surveys and those who participated in the in-depth interviews, without whom this research would not have been possible.

# Methodology

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This report is the first in a series of three. The two reports to follow explore self-employed people's perceptions of pensions and their experiences of debt. These will be published in early 2016.

## Aims and objectives

This study used a mixture of quantitative and qualitative research in order to fully explore the ways in which self-employed people with children balance their work and family lives. Specifically it aimed to explore:

- Perceptions of control and flexibility regarding working patterns, and how this impacts on their ability to be able to achieve a good work-life balance; and
- The extent to which self-employed people are willing and able to take time off to spend with their families, including attitudes towards taking parental leave when their child/ren were born.

## Quantitative approach

Citizens Advice commissioned the New Policy Institute (NPI), to analyse national data relating to self-employment. The data sets used in this report are taken from the Labour Force Survey (2014/15) and Understanding Society (Wave 4).<sup>3</sup>

Citizens Advice also commissioned YouGov to undertake an online poll of 1,303 working adults between the 9th and 15th November, 2015. The achieved sample consists of 653 employees and 650 self-employed people, enabling us to compare findings between the two samples.

To help ensure robustness of the sample, YouGov set quotas on age, gender and region for the self-employed sample, and on gender and type of business (private / public / voluntary sector) among employees. Data were not weighted.

Our questionnaire asked respondents about:

- Their perception of their work-life balance;
- How much, if any, maternity / paternity leave they had taken when their child/ren were born;
- The amount of annual leave taken during the past 12 months and their perceived impact of this;
- The number of family holidays they had taken over the past 12 months; and

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<sup>3</sup> Both ONS publications.

- Which, if any, important events they had missed due to work in the past 12 months.

## Qualitative approach

In addition to the quantitative work, to explore these issues in more detail we undertook 12 in-depth qualitative family interviews<sup>4</sup> among self-employed people who have dependent children living with them. All interviews took place between August and October 2015.

Qualitative research is intended to be illustrative rather than statistically representative - it is not, and cannot attempt to be, representative of any given population. However using quota sampling, participants were carefully recruited to *reflect* the characteristics of the self-employed population as much as possible. To further help ensure robustness of the sample, eight of the 12 families were recruited by Criteria Fieldwork, and we recruited the remaining four using social media and 'free finding' techniques. All participants were members of the public who had not necessarily had prior contact with Citizens Advice.

Most interviews were conducted face-to-face. Interviews were clustered in three regions to ensure a reasonable geographical spread: London, Nottingham and south Wales. One interview was conducted over the telephone, due to long travel distances.

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<sup>4</sup> This involved paired in-depth in-home interviews with both partners.



# 1: Working patterns

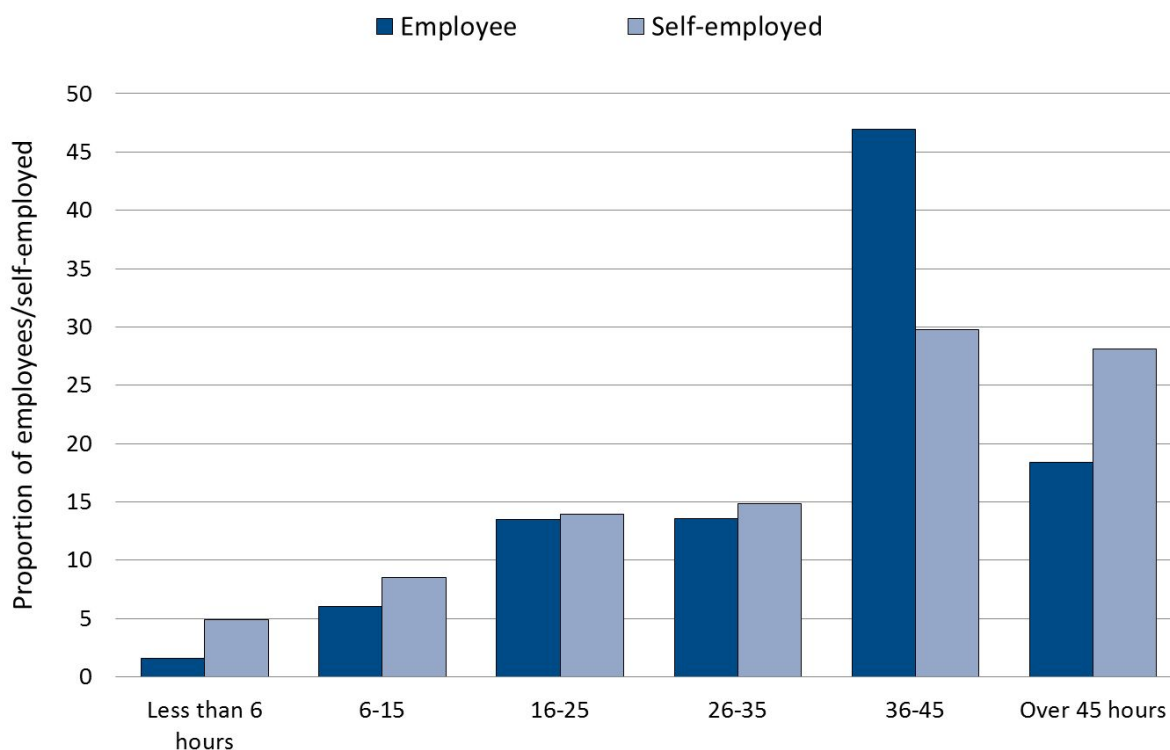
This chapter discusses self-employed people's working patterns, explores the factors that contribute to job satisfaction, and explores the extent to which people are able to achieve a good work-life balance. As well as considering the degree of flexibility and control people feel they have over their working lives, it will also discuss the varied and innovative childcare solutions that many self-employed people are using.

## Working patterns

Despite the recent shift towards part-time self-employment, self-employed people are still more likely to work longer hours than employees. Figure 1 shows that over a quarter (28%) of self-employed people typically work at least 45 hours a week, compared to less than one in five (18%) of employees.

*"I think when you're self employed... you have to do the hours "* Todd, Builder, London

**Figure 1: Usual hours worked each week (main job) including overtime**

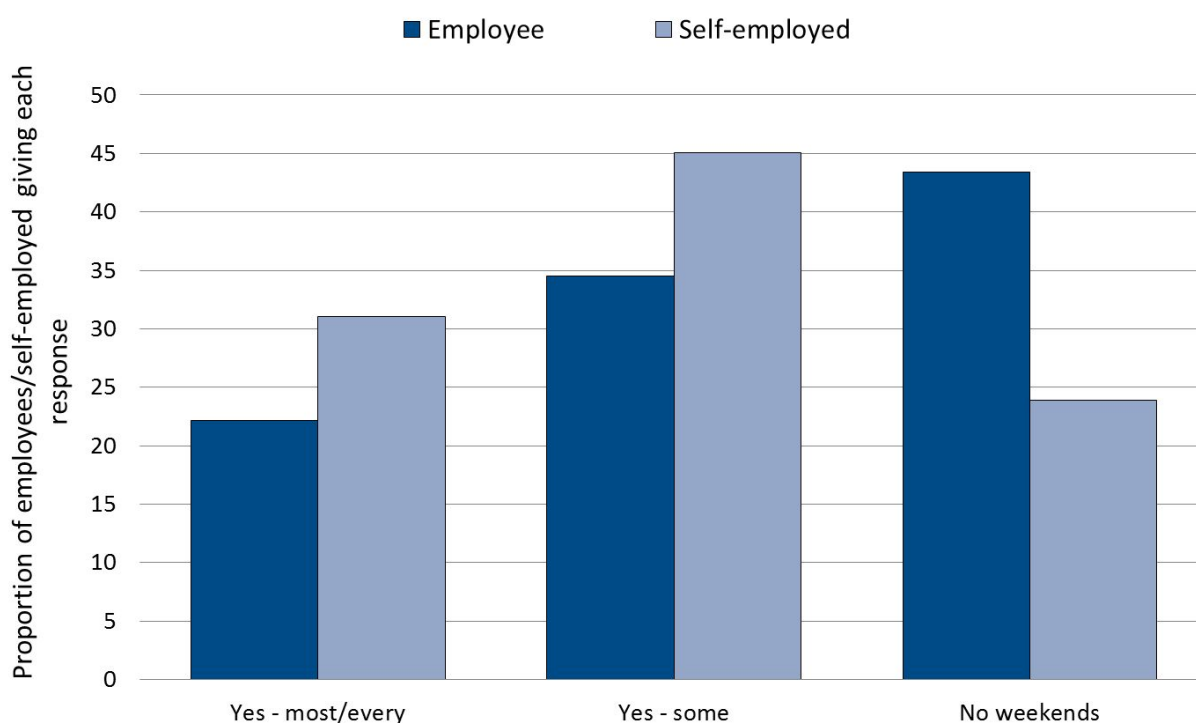


Source: NPI analysis of LFS four quarter averages 2014/15; excludes people who did not state usual weekly hours

However, Figure 2 shows when people tend to work, and illustrates that the working week is less clearly defined for self-employed people than employees.

We can see that the majority of self-employed people work at the weekend: over three-quarters (76%) reported that they worked most or some weekends, including approaching a third (31%) who said they tended to work most weekends. In contrast, only 57% of employees said they worked at least some weekends.

**Figure 2: Do people ever work at weekends?**



Source: NPI analysis of Understanding Society, Wave 4, 2012/13

## Flexibility and control

One of the advantages of being self-employed is being able to choose how to structure your working week - which jobs to take on and, often, when to do them. While some self-employed people do not have control of their work hours within individual projects, for instance in a construction setting, most can control how many clients they have and whether to take on more work or whether to turn work down.

This may help to explain why self-employed people are more likely to report feeling satisfied with their work than employees<sup>5</sup>. As well as feeling more satisfied, two thirds (67%) of self-employed people reported that they never or only occasionally felt stressed about their job, compared to 58% of employees.

Perhaps due to the flexibility that self-employment can offer, enabling people to juggle their home and working lives, self-employed people are less likely to miss

<sup>5</sup> NPI analysis of Understanding Society Wave 4. 84% are satisfied compared with 77% of employees

important events such as their children's school nativity play or sports days than employees. This is despite the fact that they take much less annual leave than employees. Less than half (49%) of full-time self-employed adults with children say they have missed at least one such event due to work commitments over the past 12 months compared to over half (55%) of employees. While these figures are heartening and suggest that self-employed people are enjoying a good work-life balance, our research uncovers a more mixed, complex story.

The family interviews revealed great variation in how self-employed people are structure their working week and in the level of choice and control they have over their work. Many do not experience much control over their working patterns. Some had fixed hours and days that they did not deviate from, through their own choice, while some had fixed hours that they needed to work due to client needs.

*"My normal shift is 7.30 to 5 if it's for a big contractor. It all depends how quick I get jobs done. I can get home early if I get it done."* Vladimir, Plasterer, Nottingham

For some, lack of control could be a temporary problem associated with a particular project, client or time of year. For others, the self-employed person may be aware that, although they had notional control over their working hours, they are unable to organise themselves to achieve a satisfactory work-life balance or feel unable to turn work away. These participants, who had little control over their working patterns, tended to find themselves working for longer hours or working on days when they had planned to be spending time with their family. Under both sets of circumstances, participants tended to feel resigned to this, but were noticeably less satisfied with their working and home lives.

Among those who had more control over their working patterns, many were very organised and methodical when structuring their time with their family and their work hours, which seemed to have a positive impact on their work-life balance. In order to help manage this, some placed self-imposed boundaries on their working hours (for instance not working on Sundays or after a certain time in the evenings). Others committed to spending a minimum amount of time off with their family, for instance taking at least one family holiday a year (see Chapter 3 for more details).

Broadly speaking, those who had some degree of control over their working patterns and who were able to consciously set aside time for work and time for family reported greater job satisfaction. They felt more positive about their working patterns, even if they sometimes worked long hours and / or worked at unsociable times.

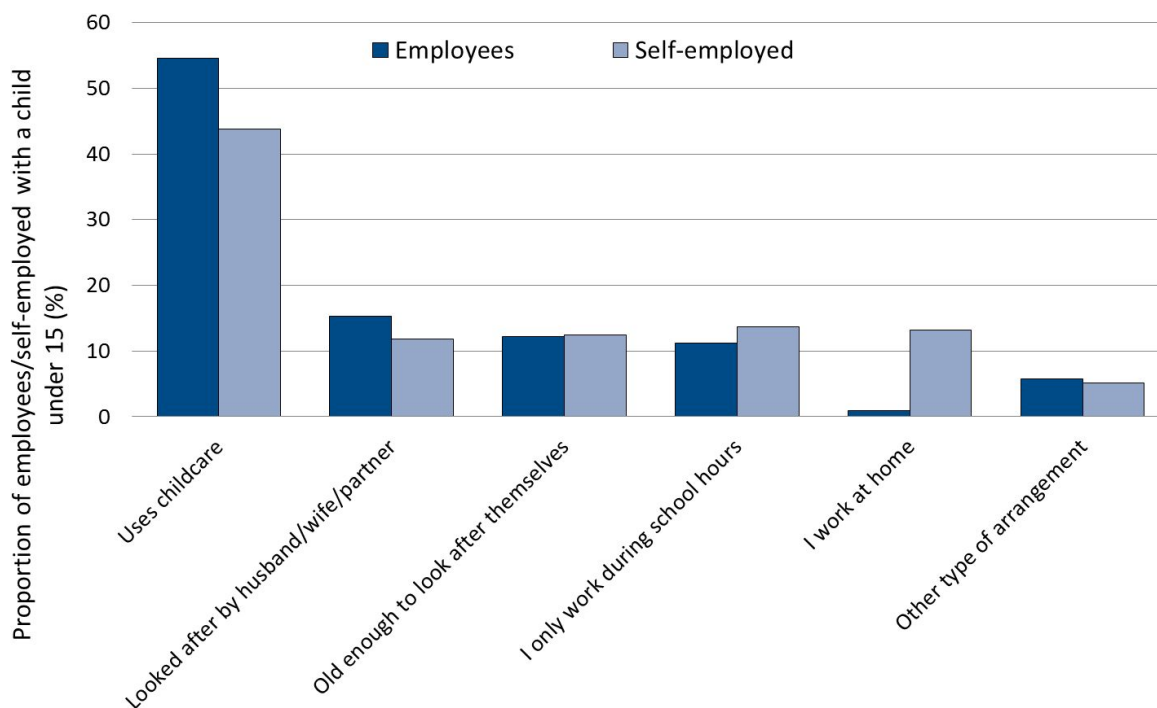
*"I went down that route [self-employment] because I thought I can fit it 'round my family, rather than it being the other way around, having to fit my family around work."* Leona, Consultant, Nottingham

## Juggling work with childcare

When it comes to looking after the children, the following chart (Figure 3) from the Understanding Society survey data suggests that self-employed people are less likely to use childcare than their employed counterparts (45% and 55% respectively). In this instance childcare is defined as care that is provided by someone other than the respondent or their partner, i.e. care provided by other members of the family would count as childcare.

We can see that 13% of self-employed people with children don't use childcare and rely on homeworking in order to juggle their childcare responsibilities, and a further 14% don't use childcare but say they work only during school hours. While this is a partial picture, it suggests that self-employment offers some parents greater flexibility in terms of shaping their working hours around their caring commitments. However, it also suggests that for some, caring responsibilities may be hindering the quantity and quality of time they are able to spend working.

**Figure 3: Caring arrangements whilst in work, 2012/13**



Source: Understanding Society, Wave 4; childcare is defined in the survey as care carried out by someone other than the respondent or their partner

The family interviews shed further light on the diversity of childcare arrangements that self-employed people are using. We found that for many, the cost of formal childcare is considered to be prohibitively high. Self-employed people feel at a disadvantage here as they are not eligible for childcare vouchers, meaning that they have to pay tax on childcare. This situation is due to change in early 2017 with the introduction of Tax Free Childcare and self-employed people earning under £100,000 per annum will have the same entitlements as employees in the future.<sup>6</sup>

***We recommend that the government take active steps to communicate these changes to self-employed people in order to ensure that they can take advantage of the new measures.***

With this in mind, in order to minimise their reliance on formal childcare providers some couples are arranging their working hours so that one of them is always around to look after the children - indeed some became self-employed primarily to allow them to spend time looking after the children. Some of those who had sufficient control over their work patterns found that they preferred to work on weekends and in the evenings after their children had gone to bed.

*"We work around it. If I'm out Hakim's in and if Hakim's out I'm in, so it works between us really"* Hakim's partner, Darla (both self-employed), Nottingham

While working in the evenings and on weekends does keep the cost of childcare down for these families, it can also result in them spending very little time together as a family. Some of these participants found that they saw little of their partner or the family as a whole.

*"It's not ideal that we are not getting to spend as much time together as we would if I was doing a 9-5 job, but it does help with the childcare costs"*

Rebecca, Dance teacher, Nottingham

Others rely heavily on informal childcare provided by friends and family. Where work is ad-hoc and sometimes last-minute, this can be particularly helpful as formal childcare providers do not tend to offer childcare on an ad-hoc basis - nearly two thirds of childcare providers need at least a month's notice to change or end arrangements.<sup>7</sup> In other families where childcare is felt to be prohibitively expensive, one partner (usually the mother) stays at home. This all leads to some participants feeling that they would welcome more support with juggling the demands of self-employment and their family lives.

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<sup>6</sup> The scheme adds 20% to money spent by parents on childcare costs up to a cost of £2000 per child (or £4000 if the child is disabled). A parent would need to be earning £100 per week to qualify. Source: HMRC. [Tax-Free Childcare: 10 things parents should know](#), 2015.

<sup>7</sup> Citizens Advice. [Practicalities of childcare an overlooked part of the puzzle?](#), 2014.

*"You need support and people to talk to about problems. That's a problem and there's less help out there now than when I started"*

**Peter, Marketing manager, Devon**

The problems surrounding short-notice and ad-hoc childcare arrangements are currently preventing many self-employed people from being able to balance their work and home lives. ***We therefore recommend the creation of online networks for self-employed parents to enable them to share information and recommendations on flexible childcare providers in their local areas.***

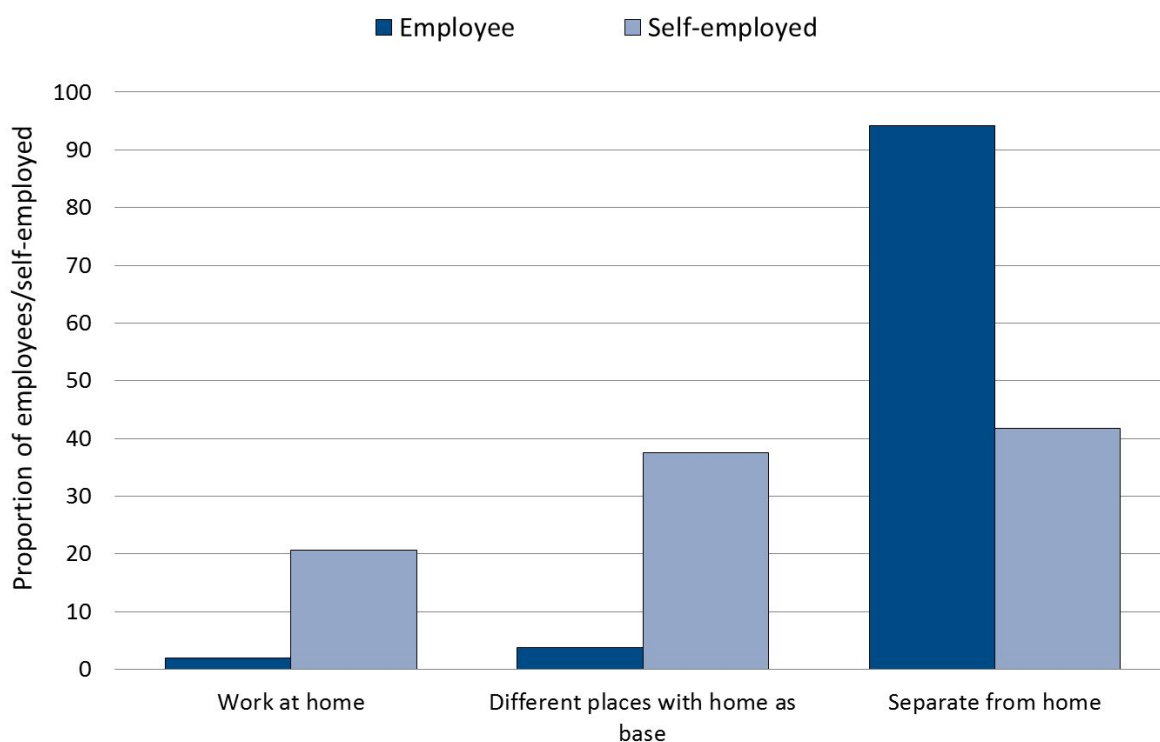
As children grow older, and there is less reliance on childcare, self-employment still seems to be a favoured option for most of the participants. For some this is about looking forward to being able to spend more time growing the business. Some still valued the flexibility self employment offered, which enables them to be around more for the children physically - such as the practicalities of being around to drive them between activities - and emotionally.

## Home Working

The following chart (Figure 4) shows that most employees work somewhere separate from where they live, whilst the majority of self-employed workers either work from home or use their home as their working base. In 2014/15, approaching three in five (58%) self-employed people were doing this compared to just 6% of employees.

Among our participants the same was true, with half doing at least some of their work from home. Our qualitative work suggest this is often due a mix of their work enabling them to work from home, coupled in some cases with being unwilling or unable to rent premises.

**Figure 4: Whether mainly work from home in main job**



Source: LFS four quarter average, 2014/15

Whilst the expectation would perhaps be that working from home affords the maximum flexibility, and therefore satisfaction, for self-employed people we found that for most participants with young children, working from home could cause problems. These stemmed from distractions while at home (including being expected to engage in childcare while working), feeling as though they were “in the way” and challenges around separating out their home and work lives where they did not have a dedicated space for work.

Some participants, sensing that their work-space arrangements were not working well for them, created dedicated spaces within the house where they could work without causing tension with the family. For instance, one participant built a “work shed” and another moved into dedicated office space as quickly as he could, to the relief of both partners.

Not all self-employed people have the resources to create office space or rent permanent premises. **For this reason we recommend further development of creative workspace solutions for flexible working such as office sharing schemes and time-banking.**

Despite these challenges, a few participants spoke positively about working from home. In one case, both partners were self-employed and they found that working

around the house and each other helped to create a daily rhythm that suited them both.

## Family first?

For many, self-employment enables the individual to successfully fit work commitments around their family life. Our polling research suggests that self-employment holds particular appeal for people who have children - 44% of the public who have dependent children in their household say they would like to be self-employed compared to 39% who do not have dependent children.<sup>8</sup> Reflecting these findings, we found that some of our participants specifically became self-employed so that they could have the flexibility to spend more time with their family.

However, in some cases the participants who had other motivations for entering self-employment, such as redundancy, or a lack of other available options, found that their family lives limited the amount of work that they could do. They dealt with this challenge in one of two ways: they either worked at the business regardless and accepted a fractured family life, or they restricted their work output and, potentially, their earning power. This is especially true of one participant, Barbara, who would not compromise on being able to do the school run, meaning that she is restricted to working between the hours of 10am and 3pm. She neither could, nor desired to, work more than this, but this means that, as a cleaner, her earning potential is restricted to a maximum of 25 hours per week. Barbara's priority was to her family and, so long as her work remains viable, she had little ambition to develop it further. The control that she had over her decisions meant that she felt satisfied with both her family life and her work.

It tends to be when self-employed people feel that the caring responsibilities associated with having a young family are having a detrimental impact on their work that frustration and friction can sometimes result, meaning that neither home nor work lives remain satisfactory or sustainable.

## Work first?

As illustrated above, some of our participants considered their family to be their first priority and would not allow work to encroach on time spent with them. However, this is not always the case and for many self-employed people, work and family are a careful balancing act.

It is always a risk that a self-employed person may be working so hard to ensure they are earning enough and have enough work lined up, that time with the family becomes secondary. Some families found that they must make compromises,

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<sup>8</sup> BMG polling for Citizens Advice. 11th-17th November 2015. Base size: 801 respondents.



especially around important events such as a birth of a new baby (which is discussed in Chapter 3). This means that some self-employed people are coming up with inventive solutions to ensure that they can maximise time with their family while continue to work and ensuring their business thrives. Eli, who runs his own property management business, carefully manages his time and considers any time that he is not either working or spending time with his family as time wasted:

*"The most important thing for me is spending time with the children. I imagine there's a lot of people that work 9-5 in an office who sit there doing nothing, bored, messing about on Facebook or doing something on the computer, or nothing in particular. If I'm here, there something I need to do around the house or something I need to do with the kids or pick them up or take them to the football or something else. I think it means I have less time not doing anything."*

**Eli, Property manager, London**

He has become skilled at adapting every day to the work he needs to do and working out how much time this means he can spend with his family. He feels as though he has limited control over his working hours, but sufficient control to ensure that he can make up for lost family time.

For some self-employed people, their earning potential and their work are their priorities and they are willing to sacrifice family time in order to ensure this is a success.

*"I can work on the weekend if we don't have anything planned, but then I miss out on family time"* **Colin, Bricklayer, South Wales**

As may be expected, this can cause some tension between partners, especially if one partner feels as though they are being left to look after the children and run the household with little or no support. But, this was equally likely to occur in households where an employed partner was overworked and is perhaps a problem of long hours rather than a problem particular to self-employment. Nevertheless, self-employed individuals are more likely to have a degree of control over their work that is often unavailable to employees in the same position.

For self-employed people who are struggling to manage their time effectively, ***we recommend that increased training be made available for people who are starting out in self-employment. Training should focus on skills such as time management, handling client expectations and identifying and coping with stress.***

## Chapter 2 - Managing household finances

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The nature of self-employment is that of fluctuating incomes and financial uncertainty. When a self-employed person is the chief income earner and has children living at home, managing finances are at the forefront of the family's daily life. This chapter explores how self-employed households manage these challenges.

### Coping with a fluctuating Income

Families deal with changes in income in different ways, and some face greater challenges than others. Household finances can be a source of conflict, but also a source of unity when partners work together to plan what to spend and what to save. This can ultimately determine the success or failure of a business as few self-employed people separate out their business accounts from their home accounts.

Participants had different ways of dealing with fluctuating household income driven by their personal circumstances. Of the people we interviewed, most were either the chief income earner or both partners were self-employed. In the other households, the partner was the main income earner, which relieved much of the financial pressure from the family, as the employment income was regular and was used to pay recurring bills.

*"I wouldn't have been able to stop work and set up as I did if it wasn't for the security of [Nick's] job"* **Rebecca, Dance school owner, Nottingham**

*"I have to work full time because of mortgages and bills to pay, you have to have regular income coming in so even though it can be flexible, it can be inconsistent, so we could never rely on Sean's income to pay our monthly bills. There are a certain amount of outgoings every month that he is not necessarily going to meet."* **Mary, Evan's partner, full-time employed, South Wales**

Families in which both partners are self-employed were more likely to experience significant financial peaks and troughs, which can lead some to struggle financially. This led one participant to take on employed work part-time, to supplement their income.

*"I started [employment] simply because from about December through to March there's not a lot of work that comes in anyway so it's more of a safety net to cover my winter."* **Hakim, car repairer, Nottingham**

For some self-employed couples, taking on extra work as an employee is not a viable option because of the increased childcare costs that would arise.

For others participants, part of being self-employed meant being aware of financial instability and trying to mitigate for times when their income dips. The extent to which people are able to successfully manage this depends on their level of financial capability and their ability to organise their household and business accounts.

## When times are good

During times when incomes are higher, most of those we spoke to think very carefully about how best to use their cash flow. Most participants were necessarily cautious and risk averse with money. Some use extra income to pre-pay bills, set money aside or add to their saving, some participants had already fallen behind on their bills and essentials and had to use the extra money to catch up.

*"We never seem to get ahead of ourselves. We never get in a position where we can save money."* **Leona, Hotel consultant, Nottingham**

*"If you're not gonna be responsible, you're not sensible with money, you're better off working for somebody"* **Todd, Builder, London**

*"We only buy what we can afford."* **Evan, Plasterer, South Wales**

Most of the participants saved when they could in order to help see them through the leaner times. This required them to understand when the natural peaks and troughs of their sector occur, which takes time. One participant always set his household budget according the minimum income that he was likely to have in a given month so that any income beyond this could be set aside or saved. This ensured that the family did not overspend on leaner months. This kind of planning was common, but was an acquired skill.

A minority of participants preferred to spend any extra money they had on luxuries that they could not afford at other times. They would either purchase items that they would not otherwise be able to afford or would treat their children. This would sometimes lead to debt.

*"It was just one of those things, we wanted to have a good Christmas and didn't keep track of our spending."* **Colin, Bricklayer, South Wales**

Most of those we spoke consider saving to be putting money aside for the short to medium term, to help them deal with periods of low income. In fact, only one of our participants spoke about saving money for the long-term. The rest all felt that

they needed to keep the money easily accessible so that they could dip into it for difficult periods.

## When times are bad

Some low-income participants said they simply learned to live on a low income and were resigned to the idea that they would not be as affluent as if they were in employment.

*"My income has reduced by about 60% by becoming self-employed. I try to hoard away as much as I can, but we are really just living to our needs at the minute"*

**Rebecca, Dance school owner, Nottingham**

When incomes are low, some are able to draw upon money they have put aside for rainy days. However, not all are able to save. For these people, even on an average month, their income is so low that they would struggle to put any money aside to protect against further drops in income. These participants had a variety of ways of coping when their income falls. Some were used to calling creditors to request forbearance on bill payment, while others borrowed money from family and friends to tide them over. For them, precarious finances with periods of low income were a way of life and not something that they believed could be overcome.

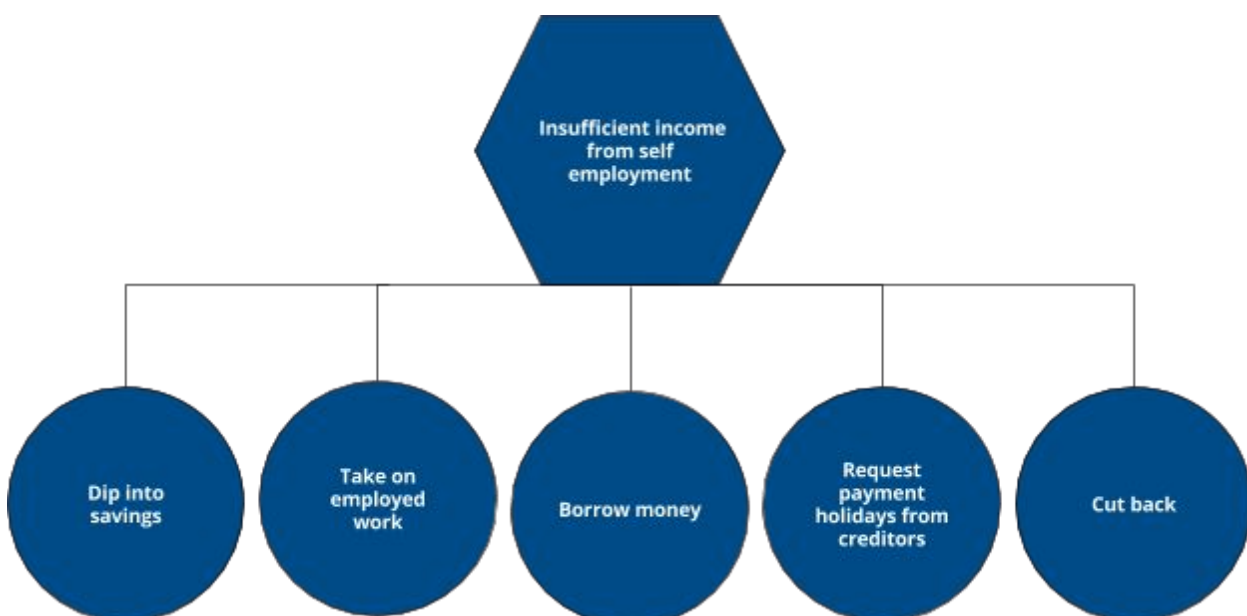
*"The amount I make just about covers expenses. It's on the wire, it's like living on the edge."*

**Vladimir, Plasterer, Nottingham**

*"Come Christmas time, not many people want plastering done"*

**Evan, Plasterer, South Wales**

**Figure 5: Options available to self-employed people when there is little work**



## Money Management

In some households, both partners were equally responsible for the family budget. In others, the employed partner dealt with all the household finance in the understanding that the self-employed individual dealt with the business finances separately. In some households, the distinction between household finances and business finances was clear cut. In others, the money all flowed into personal accounts and was then spent as required. This had the potential to cause problems when couples were less able to budget effectively and had less control over their finances as a result. This is corroborated by the Money Advice Trust who recommend 'improving access to banking facilities including a new basic business bank account'.<sup>9</sup>

Our research found that couples who felt they had sufficient control over their money were, at least to some extent, more likely to be satisfied with their finances, regardless of their income level. Several couples had a dedicated account and set up direct debits to ensure that all the bills were paid automatically, which this gave them a sense of control. Those who felt they had little or no control over their finances tended to be less satisfied and were in danger of falling into debt. We look at self-employment and debt in more detail in a forthcoming report.

*"When things don't go out on a regular basis, you might miss it and you might not plan for it. We might get penalised for being overdrawn"* Evan, Plasterer, South Wales

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<sup>9</sup> Money Advice Trust, [The cost of doing business](#), 2015.

# Chapter 3: Taking time off

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In this chapter, we explore what 'time off' means for self-employed people, their work and their families. We look at how much time off self-employed people tend to take to spend with their families at important times such as the birth of a new baby and when taking family holidays. We then go on to discuss the difficulties and barriers that many face to taking time off.

## Defining 'time off'

Taking time off can mean a variety of different things to self-employed people. Sometimes time off is by choice and must be earned, while sometimes it is simply a quieter time when they may have more time to spend with their family. Some self-employed people class any time when they are not engaged in their 'core business' as time off, although they may be working hard at marketing the business or on time-intensive administrative tasks.

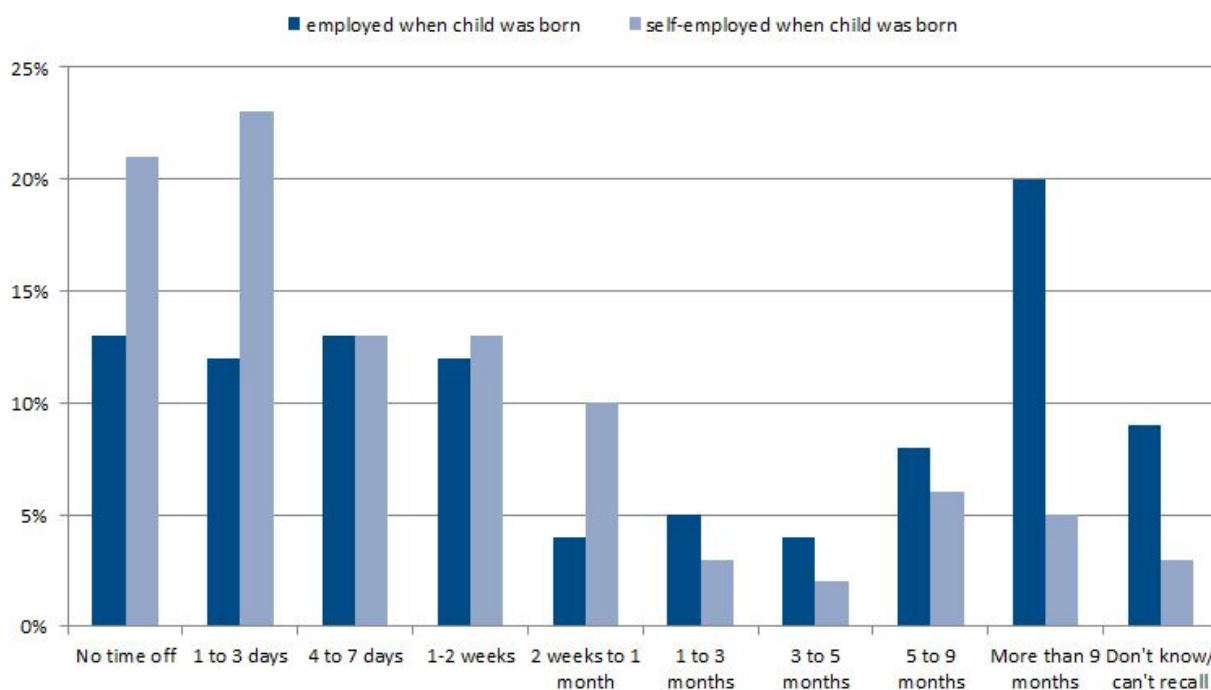
The distinction of taking time off is blurred for many self-employed people in a way that it is not for employees. In many of our interviews, participants spoke of times when they didn't have much work as 'time off', although this was unplanned and not necessarily time during which they could relax. In addition to this, many of our participants were continuing to work - responding to email and to telephone calls while taking 'time off' or going on holiday. True time away from work is a relatively rare commodity for a self-employed person.

*"It's difficult to say what time off is."* Eli, Property manager, London

## Becoming a parent

Approaching a quarter (23%) of respondents to our poll said they had been self-employed when at least one of their children was born. Of these 177 respondents, nearly half (44%) took three days or fewer off work, including 21% who say they took no time off at all when their child was born. Although base-sizes are small (just 43 people), the data also indicate that a small number of full-time self-employed women may be taking less than a week off work when their child is born. For those that were full-time self-employed, 63% took less than a week off, with 31% of men surveyed taking no time off at all.

**Figure 6: How much time taken off work after birth of their child**



Survey conducted by YouGov on 9-15 November 2015 Base: 177 self-employed, 571 employed

While over a third (36%) of self-employed people said they would have liked to have taken more time off at this time, their employed counterparts are even more likely to have wanted this (50%). It is worth noting however, that over a third (34%) of self-employed people neither agreed nor disagreed when asked whether they'd have liked to take more time off. Clearly, decisions about whether and how much leave to take when a child is born is a personal, complex issue for self-employed people. They have to weigh up the cost of taking time off, in terms of lost wages, but also considering the potential impact of loss of earnings and potential damage to future business.

### Attitudes to taking maternity leave

One of our female participants was self-employed when her child was born. Her story, in the following case-study, highlights the challenges some self-employed mothers face when making their decision about when to return to work, such as the longer-term effect that absence will have on their business:

#### Case-study: Rebecca, Dance school owner.

As Rebecca was employed when her first child was born, she feels the difference between being employed and self-employed acutely: "With Charlie I had nine months off as I was employed and I had two weeks full pay and then six months 90% pay and then three months as just the same as maternity allowance. Somebody else came in, took over my role, everything went on as normal and I didn't have to worry about anything. Whereas being self-employed, because it's my own business, I am still

answering calls and still heavily involved, even though I am not going out to work.

I also need to go back sooner because I need to make sure that I still have a business to go back to, so I can't leave it too long before I do go back" She plans to return to work when her baby is three months old. "My main reason for going back now, is that one of my teachers isn't doing very well and I don't want the class to die, so I want to go back to rescue it. But unfortunately if I go back to one class, that's me going back to work, so the maternity allowance stops. So there is no option of going back for one class. So I need to go back for all or nothing". For Rebecca her main driver for returning to work early is to ensure the survival of her business, however, this is clearly not her only consideration, as she points out "if I was on SMP I wouldn't worry so much. It would have been more money".

While she enjoys her work, she has some concerns about returning to work so soon; "It's not going to be a massive chore going back to work, but I am obviously missing out on the development of children - at this age it is so fast. So much happens in such a small space of time that I feel quite sad that I won't get to do all the things that I did with Charlie. For example, when he got to between four and six months, I spent quite a lot of time with Charlie with his feeding, weaning, making all homemade things, but because I am working it won't be the same as that. It will be someone else doing it and I am not going to know what he is eating and making sure that everything is how I want it. I am nervous and a bit sad, and this is a little person that we've created and we want to make sure that everything is fine with him".

Rebecca's partner adds "we made the decision for Rebecca to go self-employed again to make family life better, so that there was more time to spend with the kids and it wasn't all about work".

## Attitudes to taking paternity leave

Reflecting the diverse nature of the self-employed population, we found that more than half (54%) of self-employed men said they would be likely to take paternity leave in future if they were to have a child. The figure was very similar (55%) when respondents were asked if they would take paternity leave "if, for self-employed people, the government were to fund paternity leave at the rate of £140 a week for 2 weeks, or 90% of your average earnings (whichever is lower)..."

This raises an important question as to whether subsidising paternity leave would encourage or enable more self-employed fathers to take time off around the birth of a child. Our qualitative research sheds more light on this. It suggests that while it is not for everyone, paid leave would be welcomed by self-employed parents. In particular, our research suggests it would be well-received by those who are self-employed due to the nature of their job or industry - for example, by taxi drivers and construction workers. These participants felt that paid paternity leave would have enabled them to afford to take more time off to spend with the baby and support their partner following the birth of their child. In contrast, this was a more difficult and complex issue for those who are trying to build up a business.



Here we found that the impact of taking time off such as the potential loss of clients and knock-on effect on business to be more significant barriers to taking paternity leave than the loss of earnings.

In the qualitative work, most of the fathers who were self-employed when their children were born took just a couple of days off and then felt they had to go back to work. Those who had been able to take some paternity leave spoke positively of the time this had enabled them to spend with their partner and to bond with their child. One participant, Evan, was, by chance, able to take two weeks off as work wasn't busy at the time. He says that his partner appreciated the support and that for him it had been a special time:

*"I loved it, and I didn't want to go back to work."* **Evan, Plasterer, South Wales**

However, some - in particular those who were working in more knowledge-based industries - said they while they took some paternity leave they tended to work through this to some extent, at least checking emails to keep on top of things:

*"I had a week of paternity leave, but I worked through it, to be honest"*  
**Simon. Graphic Design company owner, Hertfordshire**

On the other hand, those who had not been able to take any, or who had taken just a couple of days paternity leave, spoke of the impact it had had on themselves and on their partner:

*"Joanne found it hard, especially when she had other children and a newborn. "*  
**Todd, Builder, London**

*"I missed an opportunity to spend more time with my wife & new child"*  
**Asif, Security guard, Leeds**

*"I didn't mind so much about that because I had family around to help. I was more disappointed for Colin because he wasn't around"*  
**Leslie, Colin's partner, part-time employed, South Wales**

One participant in particular found this very difficult. He was self-employed when his youngest was born. He had the weekend off but then had to go back to work. This was partly due to needing the money, but the boss he was contracting for urgently needed the work done. He was upset because his partner was ill following the birth: "I felt like a spare part because I was at work but my mind wasn't". His partner felt she had missed out on him being around to support her, which led to her stating that more support should be available for self-employed fathers:

*"I was a bit gutted because most men would have that two weeks off if you were employed. I felt a little bit hard done to really, not that it was his fault. Just felt a bit... didn't seem fair. I thought 'why can't there be something in place for self-employed people when their partner has a baby?' - a bit of help, you know. You still pay tax the same as everybody else."*

**Polly, Vladimir's partner, not in employment, Nottingham**

Most of those we spoke to were enthusiastic about the prospect of statutory paternity pay. Some felt that if statutory paternity had been paid they would have been happy to take this time off - some participants claim they would have "jumped at the chance", saying that it "would have been amazing". Those most keen on this tended to be working in industries such as construction rather than trying to build their own business up.

For those trying to build up a business, the prospect of paid paternity leave is less attractive. For these people, the bigger issue is the potential negative impact that taking two weeks off would have on their business.

*"Everyone remembers what you don't do "* **Todd, Builder, London**

Some were reticent to take time off even with a salary equivalent paternity package because they worried that the damage to their business would be severe and long-lasting.

Others, while they welcomed the concept, did not feel that the level of statutory paternity pay would be sufficient to allow them to justify taking the time off.

*"That [paternity allowance] wouldn't pay my rent"* **Todd, Builder, London**

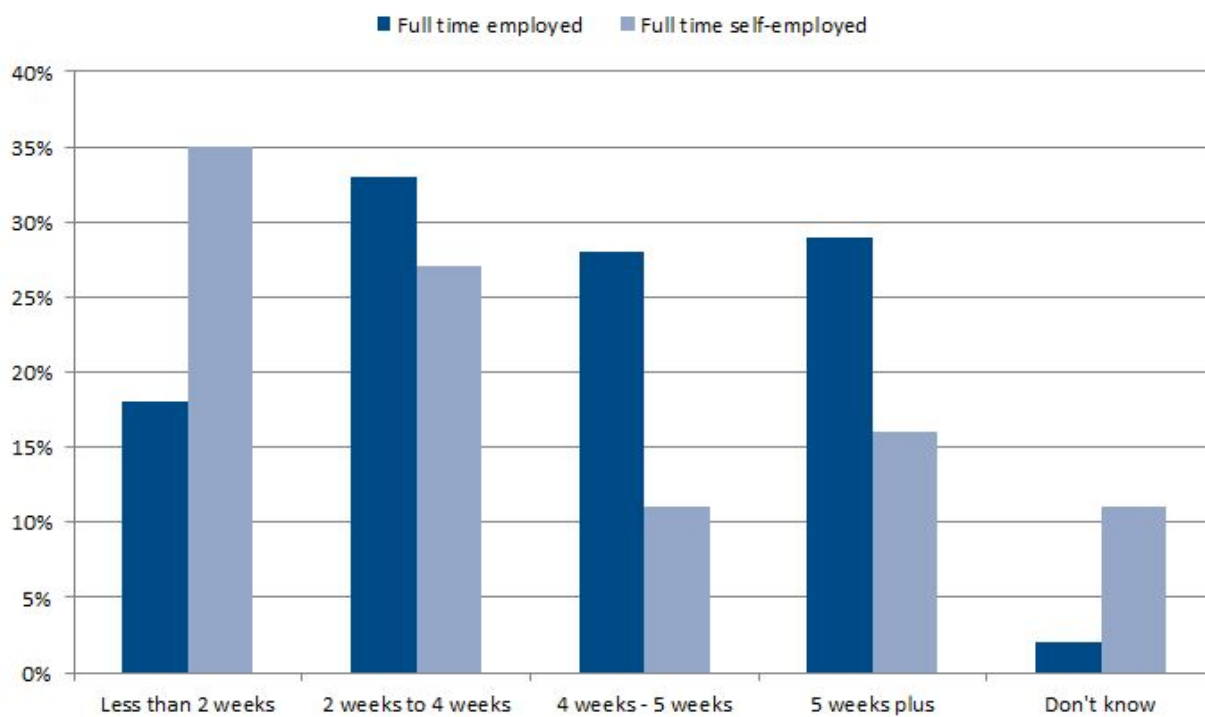
Ultimately, providing support through the parental leave system for self-employed parents is a question of ensuring the provision is there for those who want, and would benefit from, this. ***Thus in the future we recommend that policymakers consider measures to align support for employed and self-employed parents.***

## Going on Holiday

Figure 7 shows the stark contrast among full-time workers in terms of the amount of annual leave taken by self-employed people compared to their employed counterparts. Over a third of self-employed people (35%) have taken less than two weeks off (no more than ten days) in the past twelve months, including 14% who reported that they had not taken a single day off. Our calculations therefore suggest that this could equate to 1.17 million people who have taken less than two

weeks off over the past twelve months and 470,000 people who have not taken any time off at all.<sup>10</sup>

**Figure 7: Annual leave taken in the last 12 months**



*Survey conducted by YouGov on 9-15 November 2015 Base: 484 employed, 447 self-employed*

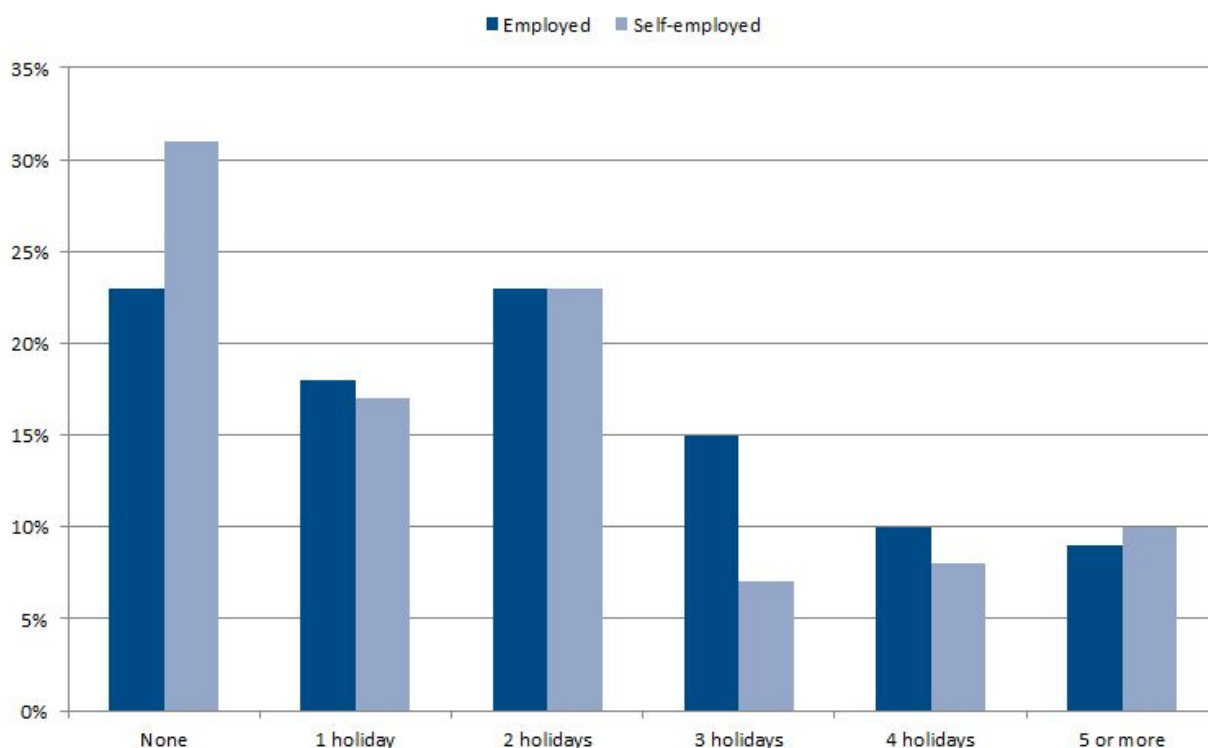
Many of our participants found it difficult to take extended time away from work due to the impact that this would have on their business and the costs involved. It is perhaps unsurprising, then, that planning and booking a family holiday is challenging. Overall, nearly a third (31%) of all self-employed respondents reported that they had not taken a family holiday<sup>11</sup> in the last year, compared to less than a quarter (23%) of employees. While it is worth noting that the pay disparity between employees and self-employed people may account for some of this difference, when our participants spoke of the difficulty of trying to plan a holiday they spoke of wider circumstances than simply the expense of a holiday.

Indeed, for many self-employed people, taking very little time off stemmed from a feeling of paying a “double penalty”. Like everyone else they pay for the holiday however, as self-employed people they are also not paid for any leave that they take unlike employees who are entitled to 28 days paid leave by law.

<sup>10</sup> Calculated by Citizens Advice: ONS Labour market statistics August 2014 show that 4.59 million people were self-employed. 72.8% of these work full-time (3.34 million). 35.12% (or 1.17 million) of these full-time self-employed people are estimated to be taking fewer than 10 days annual leave. 14.09% (or 470,000) of these are estimated to have taken no time off at all in the past twelve months.

<sup>11</sup> A “family holiday” was defined as a holiday taken away from home for at least 1 week.

**Figure 8: Number of holidays taken in the last 12 months**



Survey conducted by YouGov on 9-15 November 2015 Base: 653 employed, 650 self-employed

*"If I want to go on holiday, I need to work twice as hard to take the time off"*

**Colin, Bricklayer, South Wales**

*"I think that's another difference between employed and self-employed. Nick can book time off and the business does continue, whereas when I book a week off, the classes stop because I am not doing them. There is no income, whereas Nick had holiday pay"* **Rebecca, Dance school owner, Nottingham**

Furthermore, for those looking to build up their business, taking a holiday or even taking any time off at all is potentially damaging. Self-employed people express concern that prospective clients may see them as unreliable or unavailable and take their custom elsewhere. For many, the anxiety of leaving their work for even short periods far outstrips the anxiety surrounding lack of income while on leave. As such, the double penalty became a triple penalty when participants began considering the impact of leaving their business unattended.

*"As a self-employed person, you always have to be a bit careful that if you do say no, if they get somebody else to do it, then you think maybe you'll lose the business. I'm a little bit conscious of that."* **Eli, Property manager, London**



Participants took a variety of steps in order to mitigate the effects of going on holiday. Some took on more work before going on holiday, in order to cushion the financial blow. Others tended to take long-weekends rather than longer breaks (breaks of 3-4 days were common amongst our participants), and for others last-minute holidays were a solution, fitting in to the times when they have no work on.

*"It's down to affordability as well, so we haven't been on a major holiday. The longest holiday we've had was to Eurodisney for four days last year"*

**Evan, Plasterer, South Wales**

Couples in which both partners were self-employed found it the most difficult to take time off to be together as a family as the problems inherent with one self-employment were compounded. As well as difficulties coordinating their time off, when two self-employed parents take time off, the household income is likely to fall to zero.

*"We have problems coordinating our diaries so we can both go away"*

**Gemma, Peter's partner, self-employed, Devon**

These participants tended to feel, to an extent, resigned about this and felt that having fewer holidays was the price they paid in order to be self-employed.

While the cost of taking time off can be mitigated, it is much more difficult for self-employed people to deal with the loss of business while they are away. For this reason, ***we recommend the creation of substitution networks which would enable self-employed people to find someone to cover their work when they are unavailable.***

***We also recommend creation and expansion of free or low-cost training to help self-employed people develop skills in negotiating with clients i.e. knowing how and when to turn work down, and understanding which jobs to prioritise.***

However, some participants felt that since being self-employed and doing a job they enjoy, their overall quality of life had improved, and they did not feel the need for breaks as frequently.

*"Because I am doing something that I love, I never think that I really need a holiday, I never get to that point. It's obviously really nice to go away and spend a*

*week together, but I don't feel that I am desperate for it all the time"*  
**Rebecca, Dance school owner, Nottingham**

# Chapter 4: Looking to the Future

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Self-employment is considered by most self-employed people as a permanent choice. Recent analysis of self-employment outflows suggest that most are remaining in self-employment in the long-term.<sup>12</sup> For many this is due to choice, however others can find it difficult to move into employment. This chapter explores participants' feelings about their future in self-employment.

## Long-term plans

Most participants felt positively about remaining self-employed. While most felt that self-employment suited them and their lifestyles, they thought they might move into employment at some point in the future if self-employment stopped 'working' for them.

Some of our participants were looking forward to the future, and being able to work more hours, or expand their business, especially as their children got older and more independent.

*"Every year it has been getting busier so maybe in the future I could have someone working alongside me and take some more time off"*

**Evan, Plasterer, South Wales**

*"When my child is a bit older, I might be able to work more"*

**Barbra, Cleaner, London**

*"As soon as [the baby] gets bigger and can do longer away from me, I want to do more classes, keep expanding it"*

**Rebecca, Dance school owner, Nottingham**

While others planned to remain in self-employment, they were thinking about retraining and considering changing the sector they work in. For instance, one participant, who was doing manual work, was aware that he would not be able to continue to do this kind of work indefinitely and had plans to move to a less physically demanding role in the same industry.

However, several of the lower income participants were less certain about remaining in self-employment, and were considering moving into employment. This was predominantly motivated by the prospect of increased income - they were unsure if they would be able to continue to support their family if they continued in

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<sup>12</sup> NPI's analysis of ONS data. Source: ONS. [Self-employment rises as fewer people leave](#), News Release, 2014.

self-employment. In some cases, participants' partners were also planning to help by either entering employment or increasing their hours as self-employed.

However, others simply rejected the idea of working again for an employer because of the value that they placed on the flexibility that self-employment gives them. For them, financial success was less important than being able to work flexibly around their families. Less positively, a few felt that the decision to stay in self-employment had been taken out of their hands. They felt essentially locked into self-employment as they either thought that childcare would be too expensive if they were employed, or that no employer would allow them to work flexibly enough for them to be able to spend adequate time with their family when it matters most.

### A future in self-employment?

Many of the participants, when asked if they would like their children to be self-employed in the future, were positive about the idea but felt that they would need to be trained in the skills needed to create a thriving business. Even those who had experienced difficulties with self-employment themselves were positive, with one participant suggesting that the children would understand the hardships of self-employment through having experienced it for themselves through their parents.

However, despite the attractions of self-employment, participants felt that their children may want to be employed for the benefits this brings, namely annual leave, sick pay and automatic enrolment into a workplace pension.

Overall, they felt they had been underprepared for the realities of self-employment - many expressed concern that they had had to learn how to run a business with little support, training or guidance and suggested that in future self-employed people should have improved access to such help, enabling their children to be better prepared for this.



# Conclusions and Recommendations

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When self-employment works, it can be the ideal solution for people looking for a fulfilling job coupled with the flexibility and freedom to spend quality time with their families. As this report highlights though, the nature of self-employment can bring challenges and self-employed people would benefit from greater support to help ensure they can successfully balance their work and home lives.

Due to the diversity of the self-employed population and the ways in which they work, not all of the following recommendations will work for everyone. However, our research suggests that many self-employed people are likely to benefit from at least one of these recommendations and, taken as whole, they are likely to significantly improve the family lives of most.

## Recommendation 1: Support through the parental leave system should be aligned for employed and self-employed parents

Nearly half of self-employed parents reported taking three days or less off work when their child was born. This means that many self-employed people are missing out on bonding with their child during the the few crucial first weeks and months of their children's lives. It may also weaken the appeal of freelancing or setting up a business for parents and second earners. In the future we recommend that policymakers consider measures to level the playing field and align support for employed and self-employed parents.

## Recommendation 2: Creation of 'trusted cover' referral databases for work substitutes

Many self-employed people fear or are struggling to take time off because they work on their own and risk losing clients if there is no-one available to do the work. We therefore recommend that organisations such as local chambers of commerce explore hosting local 'trusted cover' databases that self-employed people can use to find a reliable substitute for when they need to take time off work. This could particularly help skilled tradespeople or those relocating their business. The databases should include facilities such as draft contracts, as well as customer reviews and recommendations. Self-employed people would also be able to use this database in order to advertise their services if they are available to cover for others.

### Recommendation 3: Creation of networks for self-employed parents to make arrangements for childcare

Currently, self-employed parents can find it difficult to access flexible childcare to fit with their fluctuating working patterns. As some of our previous research shows, many childcare providers - sometimes self-employed themselves - work fixed hours (mostly weekday daytimes) and are unable to provide the flexibility for self-employed people who may need childcare at short notice or during the evenings or at weekends.

Given local authorities' statutory duties around childcare, they need to give due consideration to self-employed people as a specific group with specific needs when developing their childcare strategies. We encourage local authorities to work with chambers of commerce, membership organisations and self-employed people themselves to create platforms which would enable them to share information. For instance this could give information on which local childcare providers supply 'out of hours' childcare, or accept work on an ad-hoc basis, as well as potentially enabling people to arrange 'nanny-shares' and, importantly to share personal childcare recommendations.

### Recommendation 4: Creation and expansion of training for self-employed people on 'softer' business skills

Whilst training is available for self-employed people on many practical aspects of running a business, there are very few opportunities for self-employed people to develop a better understanding of the daily challenges of running a business.

As is shown throughout this report, when self-employed people are juggling their work with family life, they benefit from having some degree of control their working patterns. However, many people feel unable to take time off to spend with family due to the impact it may have on their work. Training in some of the 'softer' business skills such as, for instance; negotiation skills, communications skills - understanding how and when to turn work away - which jobs to prioritise, as well as effective time management, and recognising and coping with stress may help enable these people to better manage their workload and achieve a better work-life balance.

Such courses should be free or low cost to ensure they are attractive and affordable, as very few self-employed people start out with a lot of capital. These should be offered ideally from people who have some experience of self-employment, both through Jobcentre Plus - for people entering self-employment from job seeking, and through membership organisations,

chambers of commerce and local business associations - for those who enter self-employment in other ways.

## Recommendation 5: Development of creative workspace solutions across the country

As our research shows, self-employed people who do not have a dedicated workspace tend to feel that their work-life balance can suffer as a result. Self-employed people benefit from having a space where they can work undisturbed. Currently, several membership organisations offer discounts for their members on shared work spaces. This is good practice. However, these are only for certain franchises and only in certain locations. If more membership organisations set these up, we believe they would be popular with self-employed people. As well as providing a dedicated workspace, they would encourage the development of networks where people can work alongside each other.

In addition, there are a number of timebank schemes that operate around the UK. Timebank schemes allow individuals to offer services in return for resources that they are lacking. This could be used creatively to allow, for instance, a self-employed person to use an office that is underused by an organisation in return for some business skills. Again, if more schemes were to take this initiative we believe this would be welcomed by many self-employed people.

## Recommendation 6: Reaching out to self-employed people regarding tax free childcare

Tax-free childcare will be welcomed by self-employed families when it comes in, in 2017. This will be welcomed by self-employed people. However, there is a risk that many self-employed people who would potentially benefit from this will not know about it unless it is communicated effectively. We welcome HMRC's research on 'using and communicating tax free childcare'<sup>13</sup> and would recommend that further consideration is given to the most effective and appropriate timing and methods of communicating this to self-employed people.

The policy should be publicised in ways that will reach out easily to self-employed people, for instance this could be done when they are completing their tax return, via, for instance, a 'pop-up' on the HMRC website, and in hard copy where these documents are being sent through the post.

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<sup>13</sup> HMRC. [Using and Communicating Tax Free Childcare](#). 2014

## Appendix:

### Breakdown of participant demographics

Category	Description	Number interviewed
<b>Gender</b>	Women	9
	Men	3
<b>Household Type</b>	Single with dependent children	1
	Couple with dependent children	11
<b>Work Status</b>	Full time	8
	Part time	4
<b>Occupation type</b>	Professional	1
	Associate Professional	4
	Skilled Trade	5
	Elementary	2
<b>Children</b>	Number with children under 5	4
	Number with children 5-10	6
	Number with children 11+	2

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