



# The self-employed landscape

Small Business  
Research Centre  
Kingston University London

**ipse** The Association of  
Independent Professionals  
and the Self-Employed

2 0 1 9 I N R E V I E W

# About IPSE

IPSE is the largest association of independent professionals in the EU, representing over 74,000 freelancers, contractors and consultants from every sector of the UK economy. It's a not-for-profit organisation owned and run by its members.

Flexibility in the labour market is crucial to Britain's social and economic success. We are dedicated to using our voice in industry and government to improve the landscape for freelancers.

We also aim to be the principle and definitive source of knowledge about freelancing and self-employment in the UK. We work with leading academic institutions and research agencies to provide empirical evidence about evolving market trends. This research supports our work with government and industry and delivers key market intelligence to help our members with business planning.

This report was written by Chloé Jepps, Head of Research at IPSE.

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# Executive summary

- The fastest growing solo self-employed age group is the over 60s. The number of over 60 self-employed has grown by 73% since 2008 and grew by 11% in 2019 alone.
- The number of 60 plus freelancers also grew by 7 per cent in 2019.
- Across the UK, the number of self-employed is growing fastest in the North East; there has also been rapid growth in Scotland.
- The freelance occupation that grew most in the last year was teaching and educational professionals – a rise of 24 per cent.

The number of solo self-employed and freelancers across the UK continued to rise throughout 2019 – with the biggest growth among over 60s. The number of solo self-employed in this age group rose by 11 per cent, while the number of freelancers rose by 7 per cent.

These increases helped to drive up the age of the average solo self-employed worker to 47 – one year older than in 2018. The average freelancer age also rose by a year to 48. This is compared to an average age of 41 among UK employees.

As the self-employed population is on average older, a growing proportion of self-employed people are now approaching retirement age. This is increasingly worrying because recent research has shown that 30 per cent of the self-employed are not saving for their retirement, while 56 per cent of those over 55 are concerned about saving for later life.

Another group that has grown sharply in the last year is freelancers aged 16–29. The number in this group grew by 12 per cent, while the overall number of young solo self-employed people increased by four per cent. 16–29-year-olds remain, however, the smallest group among both freelancers and the solo self-employed.

Another major area of growth was the regions. Although London and the South East still have the largest of the freelance and self-employed populations, the number of freelancers grew fastest in Scotland (24% increase since 2018), while the number of self-employed people grew most quickly in the North East of England (19% since 2018). By contrast, the number of freelancers in London dropped by 6 per cent and the number of overall solo self-employed fell by 1 per cent.

In 2019, the top freelancer occupations were artistic, literary and media occupations (16% of all freelancers), managers and proprietors (10%), teaching and educational professionals (8%), functional managers and directors (7%) and information technology and telecommunication professionals (5%). These all grew or remained stable throughout the year. The largest growth was among teaching and educational professionals: this group increased by 24 per cent in 2019.

Among the solo self-employed, the top occupations were construction and building trades (444,000), road transport drivers (337,000), artistic, literary and media occupations (336,000) and agricultural and related trades (222,000).

## Introduction

Employment and self-employment rose to record highs last year, according to the Office for National Statistics (ONS). The solo self-employed sector now represents 14 per cent of the UK's workforce, which helps to account for the employment rate rising to 76.1 per cent, the highest since records began in 1974.

Research shows that people are moving into self-employment predominantly for the freedom and flexibility it offers, both in terms of where and when people work, as well as the types of projects people work on.<sup>1</sup>

These increases have come despite twelve months of political and economic uncertainty driven by Brexit and the sluggish global economy. 2019 was an eventful year politically, with several delays to the UK's departure from the European Union and the first winter general election in nearly a century.

This turbulence suppressed economic and business confidence, as illustrated by IPSE's Confidence Index. In quarter 3, freelancers' confidence both in their businesses and in the wider economy dropped to the lowest on record.<sup>2</sup> This held back investment and, as the year went on, hiring decisions across a range of sectors.

It wasn't all bad for the self-employed community, however, because it benefitted from the need for firms to hire skilled professionals quickly.

The self-employed are a growing and economically significant sector of the UK workforce. In fact, in 2019 alone, they contributed an estimated £305bn to the UK economy. Government are therefore starting to take notice of them. During the 2019 General Election, all the main parties acknowledged the importance of self-employment in their manifestos and pledged to support it.

As self-employment continues to grow in size and significance, it is vital that we strive to better understand this section of the UK working population. That is why IPSE and Kingston University produce an annual report on the demographics and characteristics of the solo self-employed.

This is the eleventh year of IPSE and Kingston University's joint report, and as ever, it produced some interesting and significant results.

# UK solo self-employed

## Who are they?

This first section looks at the UK's solo self-employed population. These are people who are running their own business, operating as a sole trader, limited company or in a partnership and do not have any employees.

This population has grown to almost 4.6 million people and has increased by four per cent in the last year alone. The solo self-employed sector accounts for 14 per cent of the entire UK workforce.

Since 2008 the sector has grown by 40 per cent and this increase has been largely driven by the expansion of the freelance sector. Freelancers are a subsection of the solo self-employed who are working in highly skilled managerial, professional and technical occupations; this includes occupations from lawyers and accountants, doctors and scientists, writers and designers to high level managers and directors, to list a few. The freelance subsection continues to thrive and has grown by over 50 per cent since 2008 (53% increase).

## Skill profile

The skill profile of the UK's solo self-employed is based on the Standard Occupational Classifications (SOCs), an internationally recognised system that classifies occupations according to the skill level required for them. There are currently nine major levels of SOC codes ranging from managers, directors and senior officials at the top end (SOC1) to elementary occupations in SOC9, which generally require a minimum level of education.

Like previous years, almost half (46%) of the UK solo self-employed are in the top three occupational categories. These include managers and directors, as well as both professional and technical occupations. People in these three categories are also, on average, educated to a higher level.

The group with the highest percentage of solo self-employed people remains SOC5 and includes skilled trades occupations ranging from construction and agriculture to textiles and food preparation. This group accounts for a quarter (24%) of the total solo self-employed population. Despite it being the largest group with over one million people working in SOC5, it has seen the lowest increase since 2008 and even saw a decrease of three per cent over the last year.

The group that has seen the highest increase over the last year, with a 16 per cent rise, is SOC8 which includes process, plant and machine operatives.

SOC7, which includes sales and customer service occupations, is the only group that has decreased in size over the last 10 years, shrinking by 18 per cent and has seen further decreases in the last year with a drop of one per cent.

## Top occupations

In the one to nine major SOC groups there are over 90 minor occupational categories. Looking closely at these can give a more detailed understanding of the kinds of roles solo self-employed people are working in.

The highest proportion of the UK's solo self-employed is working in the construction and building trades (444,000), as road transport drivers (337,000), in artistic, literary and media occupations (336,000) and in agricultural and related trades (222,000).

increase  
since 2018

4%

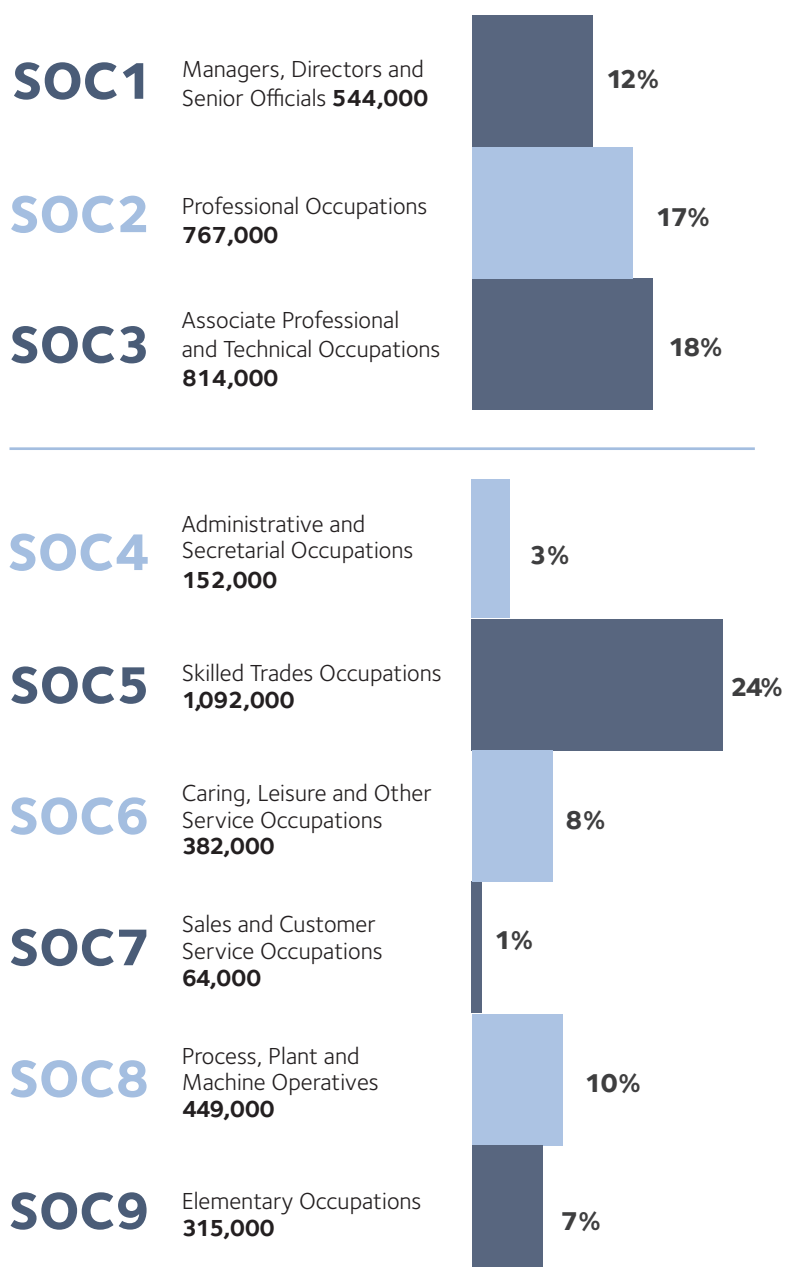
4,582,000

The overall solo  
self-employed sector

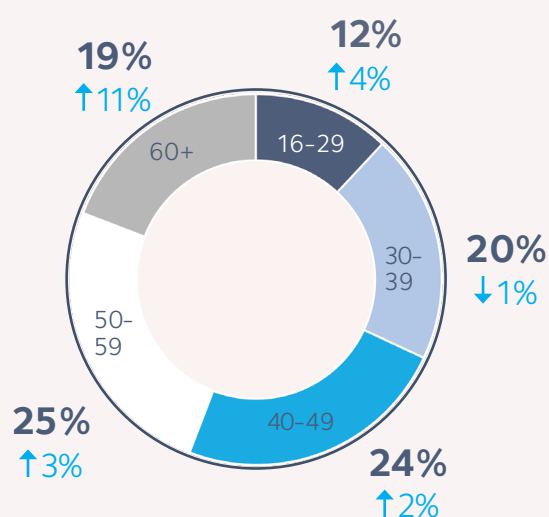


## SOLO SELF-EMPLOYED CONTRIBUTION TO THE UK ECONOMY

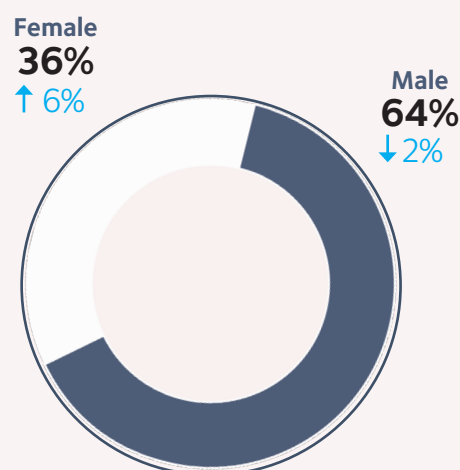
### Occupations



### Age



### Gender



KEY  
↑ = % increase/  
↓ = decrease in size  
since 2018



## Gender

The gender distribution of the UK's self-employed workforce remains uneven, but has seen a small shift in the last year in favour of women. The population is now 64 per cent male and 36 per cent female.

There is a more even gender distribution in the higher occupational categories (SOC1 to SOC3), where 42 per cent are female and 58 per cent are male – unchanged since 2018.

Men dominate in most of the occupational categories, however, there are higher proportions of women in medium skilled occupations such as SOC4 (administrative and secretarial occupations – 79% female) and SOC6 (caring, leisure and other service occupations, including hairdressing and housekeeping – 87% female).

The lowest proportion of females can be found in the largest occupational group, SOC8 (process, plant and machine operatives – 9% female). The fact that men dominate the largest occupational groups explains the overall gender imbalance in the solo self-employed population.

Despite this, there have been large increases in the number of self-employed women since 2008. In fact, the number of women has risen by 67 per cent, while the number of men increased by just 28 per cent over the same period.

The number of women increased remarkably over the last decade and has continued to increase at a faster rate than men over the last year with a six per cent increase in women compared to a two per cent increase in the number of men.

## Working mothers

In the UK there are a total of 611,000 solo self-employed mothers, just under half of whom are working in SOC1 to SOC3 highly skilled occupations. This means that one in eight of all solo self-employed people are now working mothers<sup>1</sup>.

The number of solo self-employed mothers has increased by a total of 61 per cent since 2008. Mothers are most likely to be working in SOC6 (caring, leisure and other service occupations including caring, leisure and travel – 147,000), SOC3 (associate professional and technical occupational groups – 124,000) and SOC2 (professional occupations – 110,000).

Between 2018 and 2019 the number of self-employed mothers has continued to increase (4% increase). However, there was a small decrease of one per cent in mothers working in highly skilled occupations over the last year.

## Age

The average age of the UK's solo self-employed is 47 years old, one year older than in 2018. The largest age groups in 2019 are 40–49 years (1,083,000) and 50–59 years (1,167,000). Combined, these two groups account for almost 50 per cent of the whole solo self-employed population.

The smallest proportion of the solo self-employed workforce is in the 16–29 age group and accounts for 12 per cent of the sector. This group has, however, grown by four per cent over the last year in line with the overall growth.

The highest growth has been in the 60-plus age range which has seen an increase of 73 per cent since 2008 and an increase of 11 per cent in the last year alone.

These figures reveal that an ever-growing proportion of the self-employment population are rapidly approaching retirement age. Given that recent research has shown that 30 per cent of the self-employed are currently not saving for later life and 67 per cent are concerned about their savings, this is increasingly worrying.<sup>3</sup>

## Ethnicity

A total of 89 per cent of solo self-employed people are white which is slightly higher than the overall UK population that stands at 87 per cent. The other most prominent ethnic groups in the solo self-employment sector include Pakistani (2.4%), Black/African/Caribbean/Black British (2.4%) and Indian (2.2%). In fact, self-employed people from Indian backgrounds have over doubled since 2008 and increased by 18 per cent in the last year alone.

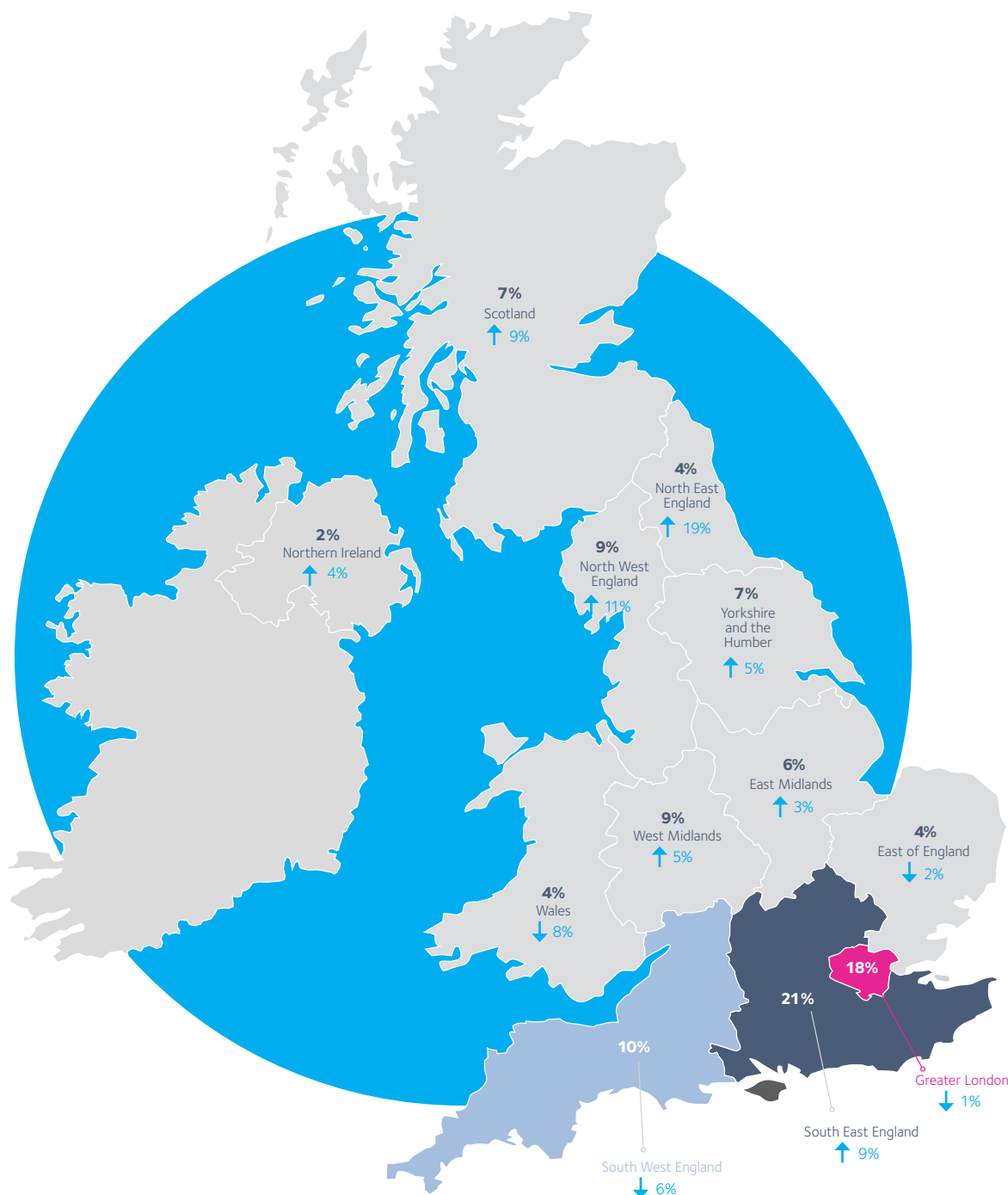
## Disability

A recent report by IPSE revealed that in 2018 there were 611,000 solo self-employed people in the UK who were considered disabled under the Equality Act 2010. The research revealed that these individuals were on the whole choosing self-employment for positive reasons, including better job satisfaction, improved working conditions and to enable them to work effectively around their disability.

The figures reveal that this sector has grown by a further eight per cent in 2019 alone to over 662,000 people.



<sup>1</sup> Working mothers are defined as women with dependent children aged 16 or under.



## Location

The solo self-employed can be found in all UK regions, but they are most concentrated in the South East (21%), Greater London (18%) and the South West (10%). Together, these areas account for almost half of the entire sector.

Between 2018 and 2019 the largest increase in the number of solo self-employed people was in the North East, which saw a rise of 19 per cent. Despite this, however, the solo self-employed in this area make up only four per cent of the total working population.

Wales has seen the largest decrease over the last year with a drop of eight per cent. It is also one of the areas with the lowest growth since 2008, with an increase of just 17 per cent.

KEY    % increase/  
 ↓ ↑    decrease in size  
       since 2018





# The UK's freelance workforce



## The highly skilled self-employed workforce

Freelancers are a subset of the solo self-employed population who are working in the top three highest skilled occupational categories (SOC1 to SOC3). This includes managers and directors, professionals and associate/technical professionals.

In 2019 there were more than 2.1 million freelancers in the UK. Over 1.9 million stated that freelancing is their main job with a further 234,000 people doing freelancing as a side hustler alongside other employment.

Similar to previous years, freelancers account for 46 per cent of the 4.6 million-strong solo self-employed population and represent six per cent of the entire UK workforce. Since 2008, the freelance sector has seen a 53 per cent increase, while in the last year it grew by a further four per cent. There has been higher growth across the sector in 2018-19 as compared to 2017-18.

## Skill profile

The largest group of freelancers, accounting for 814,000 people or 38 per cent, are those working in associate professional and technical occupations (SOC3). This group contains a wide range of occupations including artists, writers, health associates, designers, sales and marketing professionals and business and finance associate professionals.

A total of 767,000 freelancers work in professional occupations (SOC2) and the remaining 548,000 work in managerial occupations (SOC1).

Although SOC3 remains the largest group, SOC1 and SOC2 have seen the largest increases since 2008 (53% and 86% respectively) and are largely responsible for the overall growth of the freelance population in this period. SOC2 has also seen an increase of 12 per cent in the last year, the largest annual increase of any freelancer group.

## Top occupations

Looking at the occupational categories in more detail reveals that freelancers are most likely to work in artistic, literary and media occupations (16%), as managers and proprietors (10%), teaching and educational professionals (8%), functional managers and directors (7%), and information technology and telecommunication professionals (5%). This is a largely similar pattern to previous years and amounts to 46 per cent of all freelancers.

All of the occupations in these top five categories have grown or remained stable between 2018 and 2019. Teaching and educational professionals have seen the largest growth with an increase of 24 per cent in the last year alone.

The occupational groups that have seen the most growth in the last year were welfare and housing associate professionals (79%), legal professionals (66%) and public service associates (35%). Functional managers and directors, artistic, literary and media occupations and sports and fitness occupations and sales and marketing associate professionals have all more than doubled since 2008.

increase  
since 2018

4%

2,140,000

freelancers



## Freelancers' contribution to the UK economy in 2019

Top **FIVE** occupations account for almost **50%** of all freelancers



Artistic, literary  
& media  
occupations



Managers &  
proprietors in other  
services



Teaching &  
education  
professionals



Functional managers  
& directors



Information technology  
& telecommunications  
professionals

2019	336,000	213,000	178,000	143,000	114,000
% of freelancers	16%	10%	8%	7%	5%
change from 2018	↑ 5%	↑ 7%	↑ 24%	– 0%	– 0%

### Contribution

Research has shown that freelancers play a vital role in the economy by driving innovation and providing greater flexibility and efficiency. This, in turn, has led directly to a boost in economic output as the freelance sector has grown.<sup>4</sup>

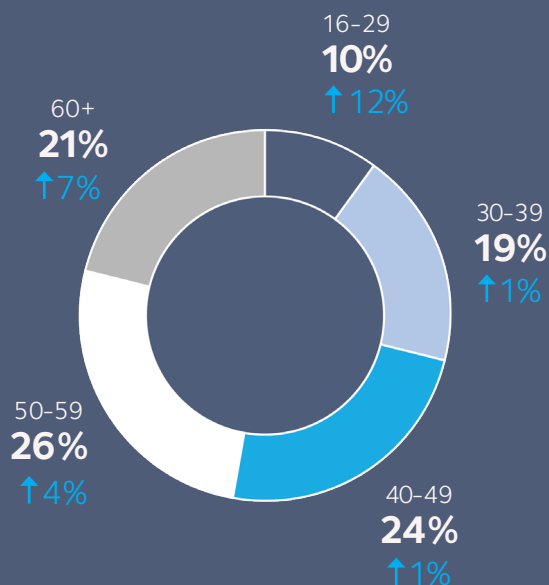
There are no official statistics directly measuring freelancers' contribution to the economy. It is, however, possible to provide a speculative estimate. If freelancers' contribution to turnover is proportionate to their presence in the wider group of businesses without employees, their collective sales would be approximately £144bn. That equates to 47 per cent of the £305bn contributed by the wider UK's solo self-employed workforce.

This figure could be even higher as freelancer-owned businesses may be expected to generate greater revenues than businesses in the lower skilled occupational categories because of their level of knowledge and skill. Their contribution to the UK economy in 2019 could even be as high as £160bn.

The estimated contribution of self-employed people to the economy continues to grow year on year with an increase of 11 per cent in the last year alone.

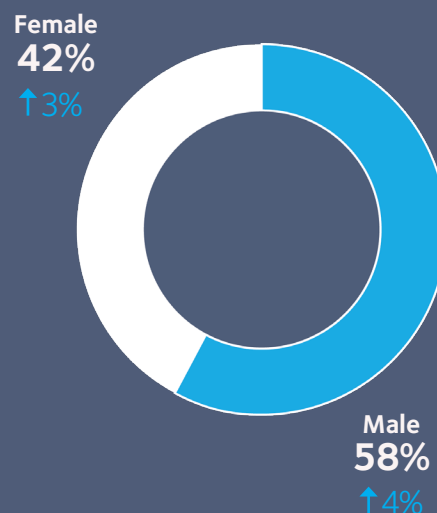
## Age 2019 (%)

Change from 2018 (%)



## Gender 2019 (%)

Change from 2018 (%)



**14% of freelancers  
are working mums  
(302,000)**

### Gender

The UK's freelance population is made up of 58 per cent males and 42 per cent females. This is a more even distribution than the overall UK solo self-employed population, which is 64 per cent male and 36 per cent female.

Similar to last year, females account for 42 per cent of SOC2 and 44 per cent of SOC3 freelancers. However, the proportion of women drops to 38 per cent in SOC1 occupations. This demonstrates that female freelancers remain less likely to work in the highest skilled occupational group than men.

The growth of the freelance sector has been driven largely by female freelancers who have seen an increase of 69 per cent since 2008. This is compared to a 43 per cent increase in the number of male freelancers over the same time period.

### Working mothers

There are currently 302,000 freelance mothers in the UK, accounting for around 14 per cent of the total freelancer population. In fact, one in seven of all freelancers are working mothers.

There are large numbers of mothers across all freelancer occupational groups, including managerial and senior positions (69,000), professional occupations (110,000) and associate professional and technical occupations (124,000).

The number of freelance mothers has grown by approximately 79 per cent since 2008, but saw a small decrease of one per cent over the last year. The decrease is mainly in SOC3 occupations, with SOC2 occupations actually seeing an increase of six percent.





## Age

As with the wider solo self-employed population, among freelancers the largest age groups are 40-49 (505,000) and 50-59 (557,000). Combined, these groups account for 50 per cent of all freelancers. As a result, the average age of UK freelancers is 48 years old – one year older than the overall solo self-employed average.

The largest increases over the last year were seen in the age groups at both ends of the spectrum, with an increase of 12 per cent in the 16-29 age band and an increase of seven per cent in the 60-plus age group.

Despite increases in the last year, the 16-29-year-old group accounts for only 10 per cent of freelancers, making them the smallest freelancer age group with around 223,000 individuals.

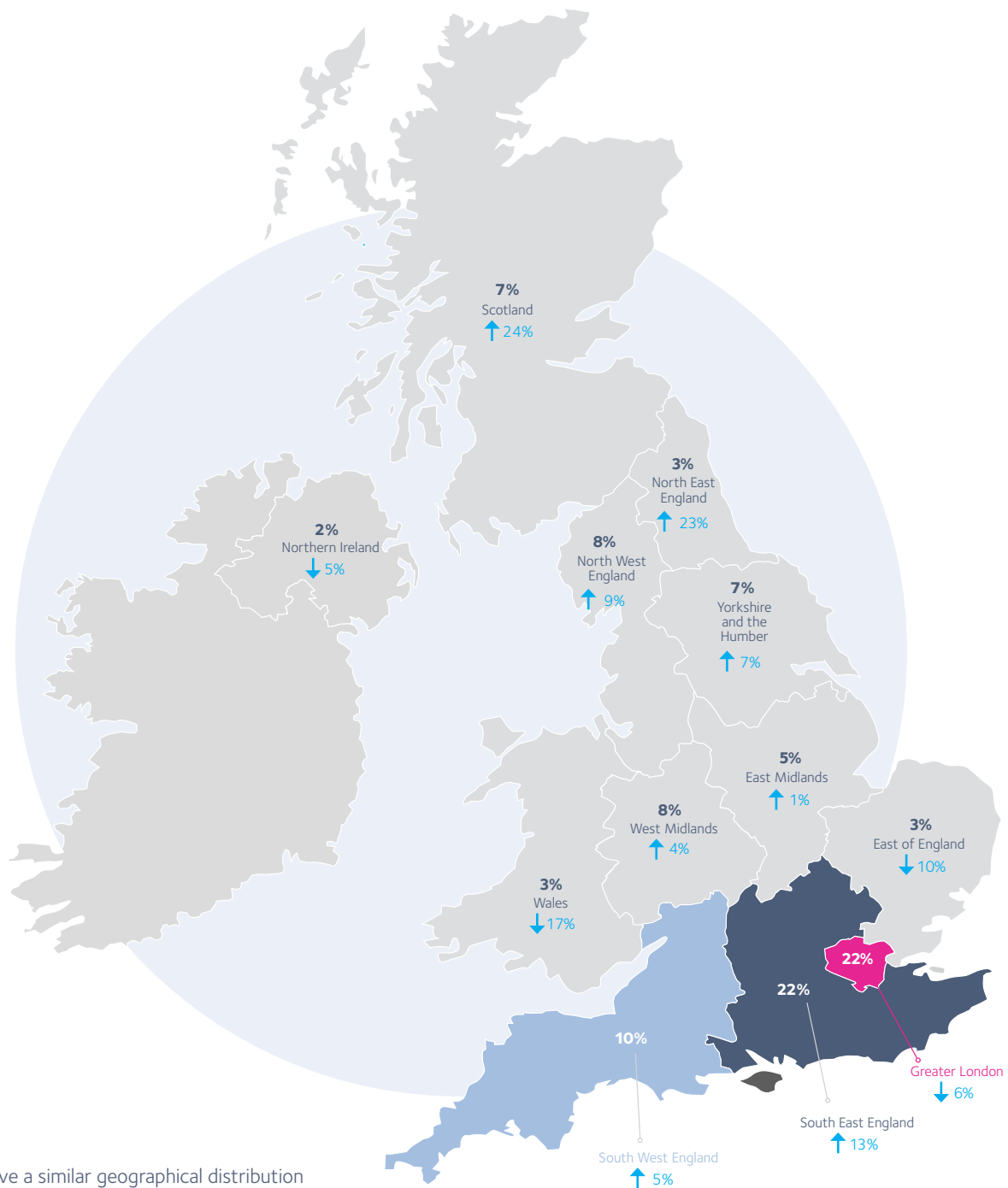
## Ethnicity

There are very few differences between freelancers and the overall solo self-employed population in terms of ethnicity with 88 per cent of freelancers identifying as white.

Certain ethnic groups have seen large increases over the last year. For example, freelancers who identify as Bangladeshi have over doubled in the last year alone, with an increase of 123 per cent. Freelancers of Pakistani ethnicity have also increased by 29 per cent in the last year.

## Disability

This year the numbers of highly skilled freelancers considered as disabled under the Equality Act 2010 was almost 294,000 or 44 per cent of the total number of disabled self-employed individuals. In contrast, only 38 per cent of employees classified as disabled under the Equality Act are working in the top three occupational categories.



## Location

Freelancers have a similar geographical distribution to the overall solo self-employed population. However, a larger proportion of them live in Greater London (22% compared to 18% of the overall solo self-employed).

Interestingly, Greater London has seen one of the largest decreases in freelancers over the last year with numbers dropping by six per cent; this in contrast to the 20 per cent growth in freelancers London saw the previous year.

Some regions have seen large increases in freelancers over the last year. For example, Scotland is now home to 144,000 freelancers, an increase of 24 per cent since 2018. The North East of England also saw an increase of 23 per cent, raising the total number of freelancers in this region to 74,000.

KEY    % increase/  
 ↓ ↑    = decrease in size  
          since 2018



# Conclusion

Following the trends of the last decade the solo self-employment sector is continuing to thrive and grow. At almost 4.6 million, a 40 per cent increase since 2008 and now accounting for 14 per cent of the UK workforce. This figure also includes 2.1 million highly skilled freelancers working in a range of occupations across different industries.

Between 2017 and 2018, this sectoral growth showed signs of slowing with only one per cent growth. However, in the last year alone the solo self-employment sector has increased by four per cent.

This growth has been driven largely by women entering the sector with an increase of 67 per cent since 2008 and six per cent in the last year alone. Those over 60 have also seen large increase since 2008 (73%) and in the last year (11%) which has in turn increased the average age of solo self-employed people to 47 years.

This year there has also been a surprising growth in the number of highly skilled younger freelancers with those in the 16-29 age group seeing a 12 per cent growth, the highest of any age group.

These increases have come despite twelve months of political and economic uncertainty due to Brexit and the sluggish global economy.

In this adverse climate, the solo self-employed also continue to contribute a large amount to the economy. In 2019 alone, it is estimated that they contributed no less than £305bn to the UK economy.





## Data sources and methodology

Building on the previous publication, *Self-employment in the Modern Economy in 2018*<sup>5</sup>, the principal data source used is the Office for National Statistics (ONS) Labour Force Survey (LFS). The data was extracted by Professor John Kitching from Kingston University's Small Business Research Centre in November 2019. All the LFS data refers to quarter two of the relevant years unless otherwise stated. The Business Populations Estimates for the UK and Regions (BPE) data source was also used to calculate contribution to the economy. The analysis has been completed by IPSE.

## Estimating freelancers' contribution to business turnover

The self-employed numbers used to estimate the contribution to business turnover are reduced by the number of freelancers in finance and insurance activities (67,000). Therefore, businesses without employees (excluding finance and insurance activities) contributed an estimated £305 billion in sales in 2019. It is important to note that this number is a conservative estimate of the economic contribution of the 4.6 million solo self-employed, as the BPE data source used excludes employee-directors.

When estimating the economic contribution of freelancers, the report takes into account that approximately 47 per cent of businesses without employees are freelancer-owned: 2.1m freelancers, of a wider group of 4.4m (excluding financial intermediation). Assuming freelance workers' contribution to turnover is proportionate to their presence in the wider group of businesses without employees, their collective sales would be approximately £144bn. Freelancer-owned business, however, might be expected to generate greater revenues than other own-account businesses because of their more valuable knowledge and skills, and this would suggest a slightly higher turnover – perhaps as much as £160bn.

## References

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