

**ipse**

CONFIDENCE

**index**

Q2  
2020

A quarterly survey that tracks the business performance and economic outlook of freelancers in the UK.



# Mission statement

IPSE's Confidence Index is a quarterly report that tracks the business performance and economic outlook of freelancers across the UK. It is the only established index of its kind, using rigorously tested methodology and a representative sample of the freelance sector.

The index was created both to inform policy on freelancers and to ensure that their vital contribution is understood and recognised. The aim is for the Confidence Index to be the authoritative indicator used by policymakers at the heart of industry and government.



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# Defining freelance status

\*For more information on the SOC groups, please refer to page 23.



Managers, directors  
and senior officials

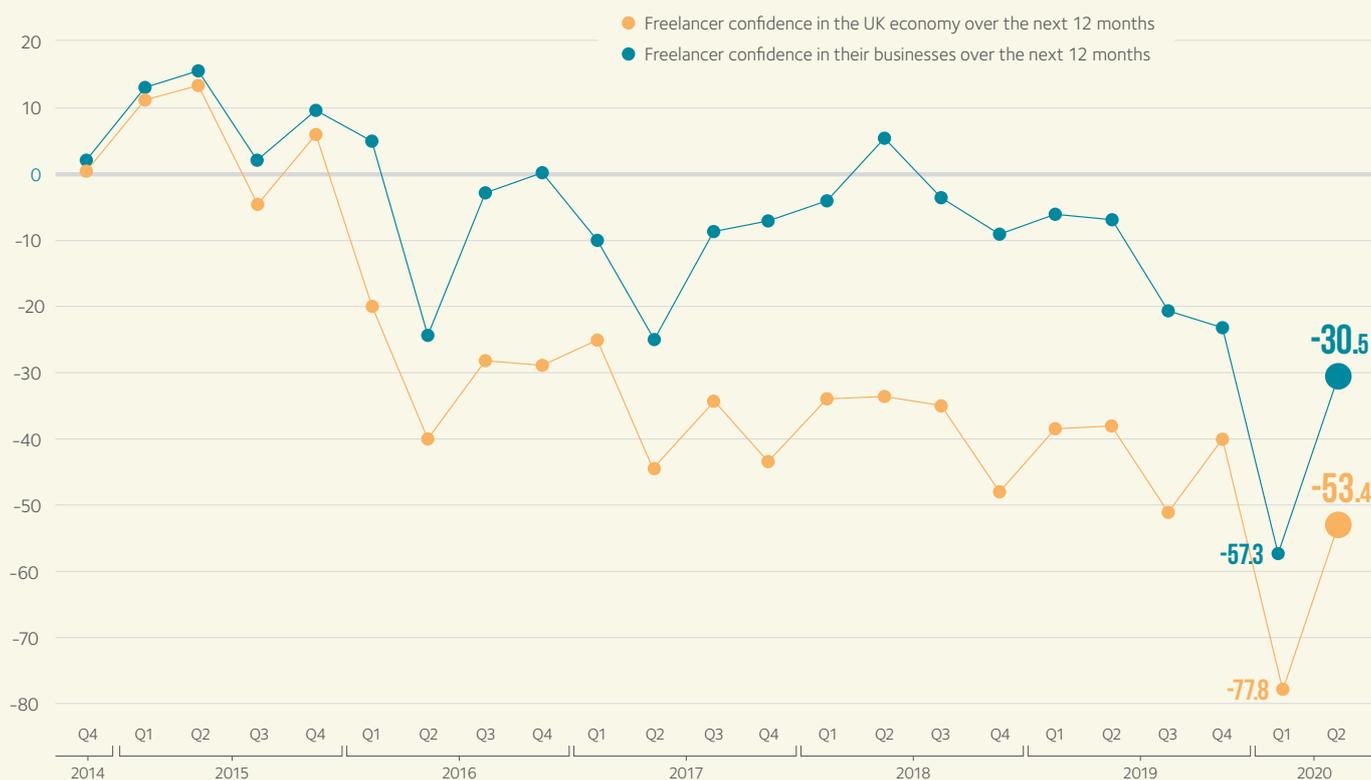


Professional  
occupations



Associate professional  
and technical occupations

## Freelancers' confidence in their businesses and the UK economy



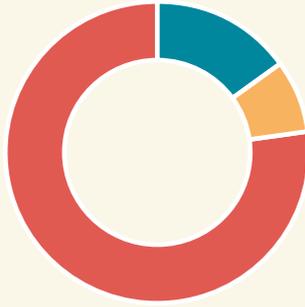
\*Table indicates outlook for the next 12 months

## Confidence in the UK economy for the next 12 months

**More Confident**  
(15%)

**As Confident**  
(8%)

**Less Confident**  
(77%)

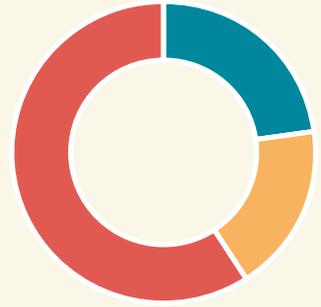


## Confidence in their business for the next 12 months

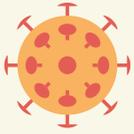
**More Confident**  
(23%)

**As Confident**  
(18%)

**Less Confident**  
(59%)



## Top factors lowering business performance in Q2 2020



Coronavirus pandemic

**81%**



State of the UK economy

**80%**



Government tax policy relating to freelancing

**61%**



Brand value and reputation in the market

**59%**



Innovation in the services offered to clients

**57%**



Adoption of flexible working practices by organisations

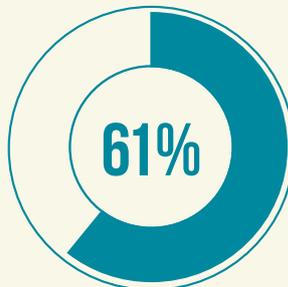
**49%**

\*Freelancers were asked to rate the importance of 15 different factors affecting the performance of their business in categories ranging from significantly positive and slightly positive, to no impact, slightly negative and significantly negative. The list of factors was updated in Q2 2020.

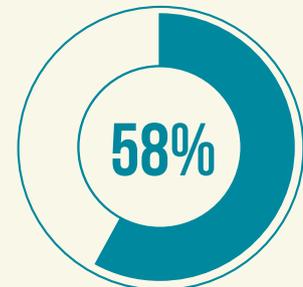
**10.6 %**



Freelancers expect an average **decrease of 10.6%** in their day rates over the next 12 months

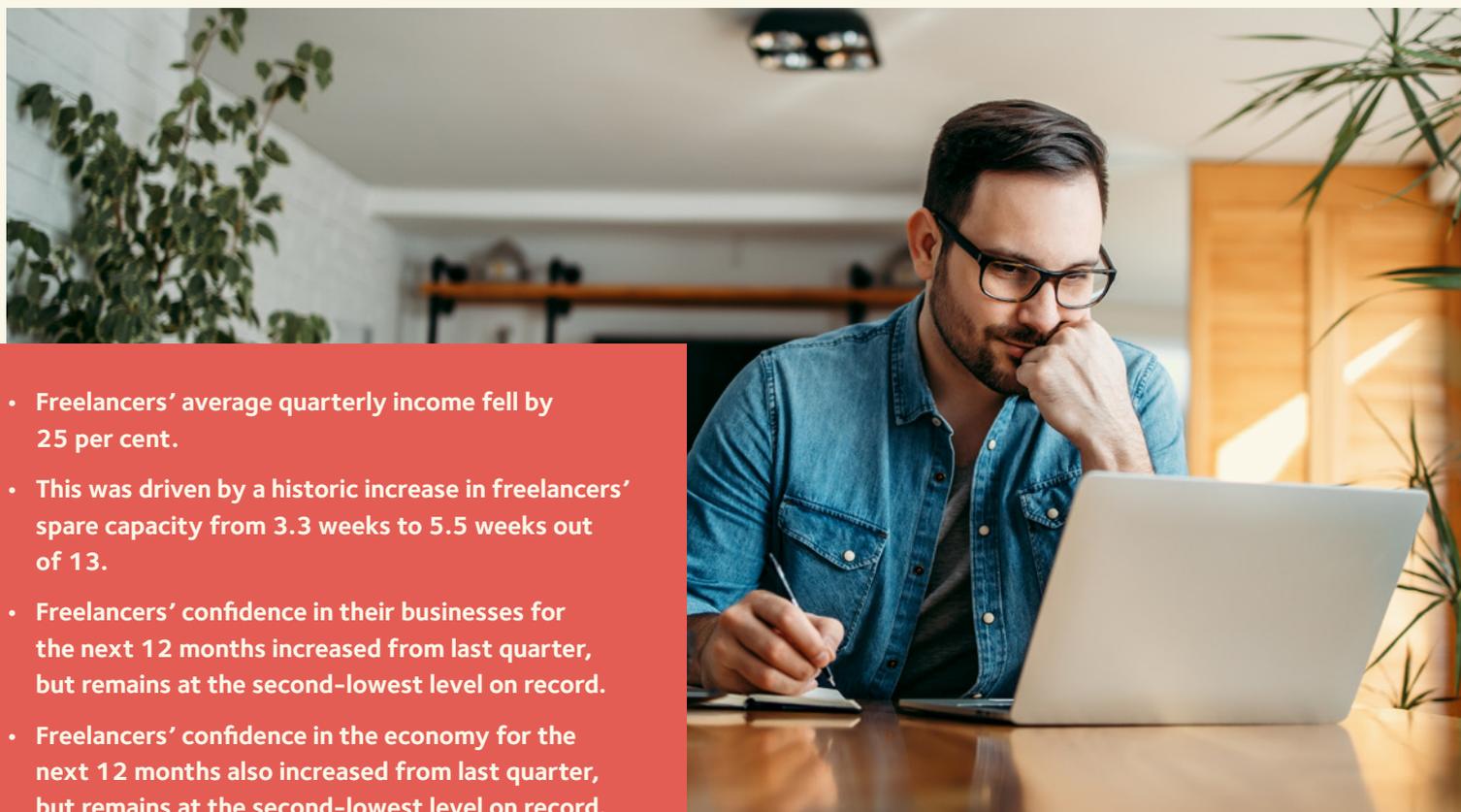


**61% of freelancers** believe their business costs will increase in the next 12 months



Over the last quarter, freelancers have been on assignment for, on average **58% of the time**

# Executive summary



- Freelancers' average quarterly income fell by 25 per cent.
- This was driven by a historic increase in freelancers' spare capacity from 3.3 weeks to 5.5 weeks out of 13.
- Freelancers' confidence in their businesses for the next 12 months increased from last quarter, but remains at the second-lowest level on record.
- Freelancers' confidence in the economy for the next 12 months also increased from last quarter, but remains at the second-lowest level on record.

In the second quarter (Q2) of 2020, freelancers' average income dropped by 25 per cent from £20,821 to £15,709. This was driven by the historic decrease in the amount they worked this quarter because, while average day rates fell by just three per cent, their amount of spare capacity rose from 3.3 weeks out of 13 to 5.5 weeks.

As they did last quarter, freelancers expect this situation to worsen: 61 per cent expect to see a decrease in their day rates in the next 12 months, by an average of 11 per cent. This is slightly less pessimistic than last quarter, when they predicted an average fall of 20 per cent. This may be because they have already seen some of the feared decrease this quarter. Freelancers are also pessimistic about the cost of running their businesses: they expect an average increase of 6.1 per cent in business costs over the next year.

With this stark drop in income, freelancers are understandably pessimistic about their business performance over the next three months. Although this measure increased somewhat from the record low of -62.6 last quarter, at -20.4 it is still the second-lowest score since the Confidence Index began in 2014.

Freelancers were even more pessimistic about the performance of their business over the next 12 months. This score also increased from the lowest on record to the second-lowest on record: from -57.3 to -30.5. The score may be lower due to fears of a second wave and renewed lockdown later in the year, as well as freelancers' concerns about the changes to IR35 due to take effect in April next year. Accordingly, freelancers cited the coronavirus pandemic and the resultant state of the UK economy as the two factors doing most harm to their businesses, closely followed by government tax policy relating to freelancing.

Freelancers' confidence in the wider economy also recovered slightly but remained in deep negative territory this quarter. Confidence in the economy over the next three months recovered from the record low of -86.6 but remained in deep negative territory at -37.5. Similarly to business confidence, freelancers' confidence in the economy over the next 12 months rose from a historic low of -77.8, but remained lower than confidence over the next three months at -53.4.

# Economist perspective

Looking at this quarter's data, the key finding is how little highly skilled freelancers have been able to work, and therefore earn. In the last quarter, coronavirus and the lockdown led to a huge knock in confidence. It was apparent then, writing in March, that we would have to wait until now for an understanding of how badly earnings might be affected.

There are several different stories to focus on in this quarter's data. In terms of the confidence figures, the bounce back to numbers closer to the post-EU referendum average suggests that the previous quarter's record lows were due to uncertainty. 12-month economic confidence is, however, still the second lowest on record.

The dips in confidence around elections and the two main Brexit deadlines (March and October 2019) can be attributed to the same socioeconomic mechanism. Plainly, people cannot be confident in the economy or their business if they don't know what is coming next. This changes a person's economic behaviour and leads them to cut costs, change their prices and probably spend less. It goes for both businesses and the general public.

An election provides some information on what to expect, so induces a small dip in confidence. A 'no deal' Brexit is perhaps a bit less predictable, so the dip in confidence might be larger. A global pandemic on a scale not seen for a century, accompanied by measures (both in terms of the lockdown and the government support packages) imposed to stop the spread of the virus induced a huge, sharp fall in confidence. Especially as many of the self-employed, such as limited company directors and those new to self-employment, have had no access to government support. Freelance business owners have therefore changed their behaviour to accommodate this.

Loan packages and industry grants have been set out to help soften the blow of coronavirus. However, with the government grant package, the Self-Employment Income Support Scheme, unavailable to directors of limited companies and the newly self-employed, many will have turned to their savings, often those set aside to pay their taxes. Loans will just add to the problem, baking in a further liquidity problem further down the line. However, take-up of government business loans has been lower

than many predicted. Thousands of freelancers will have packed up their businesses, or suspended working instead.

If we turn to the earnings data, this last point is illustrated by the differences in each SOC group. The rates freelancers are charging have barely changed, with SOC2 freelancers actually charging more, but nearly exactly the same as in the last quarter of 2019. The real change comes in how much freelancers are working.

Each group is working at least two weeks less per quarter (out of 13 weeks). This is by far the largest ever jump in spare capacity, with SOC1 working two and a half weeks less. This is the key metric behind the 25 per cent drop in average earnings for all three groups. Though SOC1 in particular may be made up of higher earners in senior positions, this could be enough to tip their businesses into the red. Another quarter of depressed earnings on this scale will see many businesses fold.

SOC3 is the lowest earning group and people in it are most likely to be doing work connected to the media and culture industries. This group, however, has had the most stable earnings over the last year. SOC3 contains many people who will have been negatively affected by the lockdown, but also many who will have been able to work from home and source new opportunities. They are also more likely to benefit from a government grant as most of them are registered as sole traders rather than limited companies.

This recession is unprecedented. Since it is unusual and actually sanctioned to stop something else, economists, politicians and therefore freelancers, only have limited information about where we might be in several months. While this is uncertain, however, the roll-out of IR35 next year is likely to compound problems with finding work – especially for SOC1 and SOC2 freelancers.

There is some cause for optimism, however. Economic recessions generally lead to a surge in freelancing and a surge in opportunities for freelancers. The government is now pivoting its agenda on how to stimulate the economy after the coronavirus crisis. In every green job, in every aspect of their levelling-up agenda and in every regional infrastructure project, freelancers can provide their expertise, knowledge and passion to get Britain's economy up and moving once again.



# Freelancer business confidence index

The 3-month business confidence index has improved from

**-62.6**  
in Q1 2020 to

**-20.4** in Q2 2020

While freelancers' business confidence has been low since the outcome of the 2016 EU referendum was announced, the COVID-19 health emergency and economic lockdown, that began in Q1 2020, caused business confidence indices to fall to unprecedented lows.

In Q1 2020, the 3-month freelancer business confidence index fell by almost 50 points to its lowest level on record (-62.6). This quarter, there has been a substantial recovery of the index to -20.4, indicating that freelancers believe that the severe impact of the crisis on their businesses will improve in the next quarter of the year.

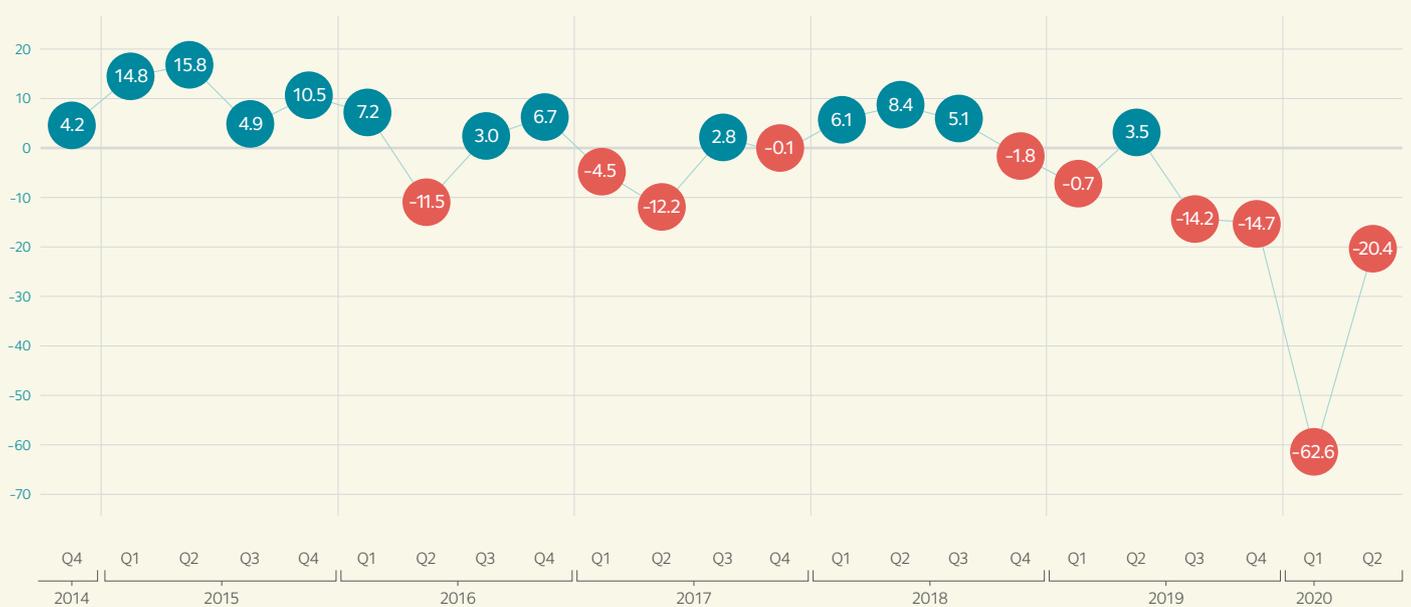
However, the value of freelancers' 3-month confidence index in Q2 2020 is still the second lowest on record, showing the

greater extent of the impact of the crisis on their businesses in comparison to other political and economic events of the last seven years.

The large fall in confidence that occurred across the whole skilled freelancer sector in Q1 2020 drove 3-month confidence to very similar levels for all the three Standard Occupational Categories (SOCs). In Q2 2020, this is no longer the case with SOC2 professional freelancers (-27.5) being substantially more negative about the prospects for their businesses for the next three months, in comparison with SOC1 managerial (-15.6) and SOC3 associate professional and technical freelancers (-17.0).



## Freelancer confidence index for their businesses over the next three months



\*Freelancers were asked to identify their confidence levels for the future, relative to current performance in one of five categories: more confident, slightly more confident, as confident, slightly less confident, and a lot less confident. The confidence index was created by scoring each of the five answers with 100, 50, 0, -50 and -100 respectively, and then taking the weighted average score for the sample. The weighted average is based on the relative proportion of freelancers in the labour market in 2019.

Freelancers' business confidence for the next year recovered from the unprecedented lows recorded in Q1 2020

**-57.3**  
to

**-30.5**

As with their 3-month confidence index, freelancers' business confidence for the next year recovered from the unprecedented lows recorded in Q1 2020 (-57.3) to -30.5 in Q2 2020. However, the index remains in deeper negative territory than the 3-month one, showing that freelancers feel more negative about the prospects for their businesses in the next year in comparison with the next 3 months.

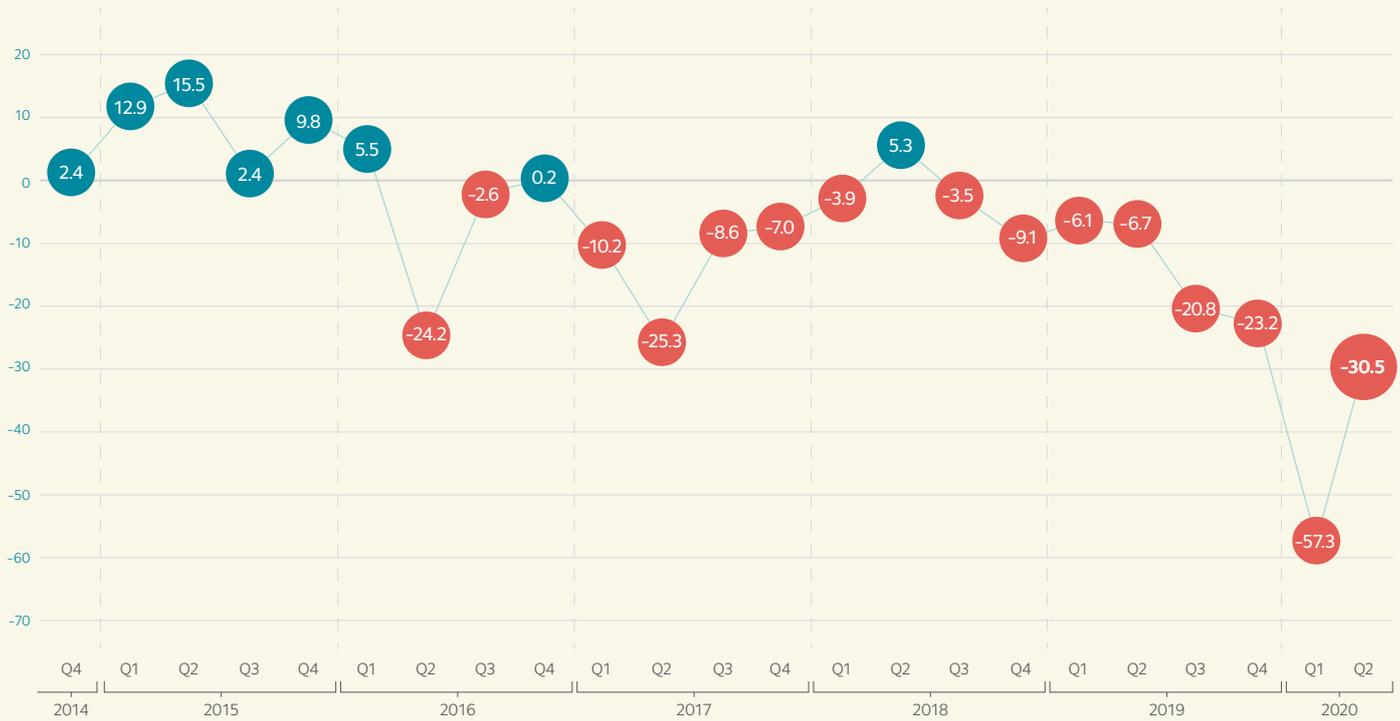
This could potentially illustrate not only the compounding effect of the COVID-19 crisis and an expectation for it to continue over the next year, but also sensitivity to other

policy changes coming in the next 12 months around Brexit and the introduction of IR35 in the private sector as will be discussed in the next section of the report.

While the effect of the COVID-19 crisis last quarter eliminated differences between the three freelancer occupational groups, in Q2 2020 those differences are back in place with SOC2 professional freelancers (-44.8) being most negative about the prospects for the businesses in the next year, followed by SOC1 managerial (-28.0) and SOC3 technical freelancers (-18.7).



## Freelancer confidence index for their businesses over the next 12 months

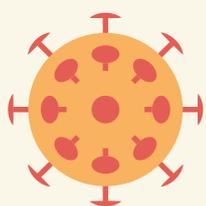


\*Freelancers were asked to identify their confidence levels for future relative to current performance in one of five categories comprising: more confident, slightly more confident, as confident, slightly less confident, and a lot less confident. The confidence index is created by scoring each of five answers with 100, 50, 0, -50 and -100 respectively and then taking the weighted average score for the sample. The weighted average is based on the relative number of freelancers in the labour market in 2019.



# Factors affecting business performance

## Top factors lowering business performance in Q2 2020



81%



Coronavirus pandemic



80%



State of the UK economy



61%



Government tax policy relating to freelancing

The top factor negatively influencing freelancers' business performance changed since the last quarter with the introduction of the coronavirus pandemic as an option in the Freelancer Confidence Index survey.

The coronavirus pandemic (81.1%) is now not only the top negative influence on freelancers' businesses, but it is also selected as a top factor by all three freelancer occupational groups. This is hardly surprising given that a recent report by the University of Edinburgh Business School in association with IPSE found that the pandemic has led to an 80 per cent increase in freelancers' stress levels, 74 per cent of them losing income and 69 per cent having cashflow problems.

The second key factor having a detrimental effect on freelancers' businesses this quarter is the state of the UK economy, selected by four-fifths of freelancers (79.6%), and cited as the second most detrimental factor by all three freelancer occupational groups.

As mentioned in the last quarter, the COVID-19 health emergency had a huge contracting effect on the economy through lockdown and restrictions on businesses. This involved both supply-side restrictions on business operations and demand-side restrictions on consumers' reduced ability/willingness to purchase in a period where lockdown, social distancing, wage reductions, layoffs and financial uncertainty occurred.

Previous IPSE research showed that freelancers were at the front line of cuts to labour costs in many sectors and the COVID-19-related economic crisis has created a negative business shock for them, with 69 per cent of freelancers saying the demand for the freelance work they do has decreased as a result of the crisis.

In this tough external business and economic environment, other negative factors affecting freelancers' businesses have not gone away. The third most detrimental factor affecting the sector is government tax policy, selected by three in five freelancers (60.9%). Therefore, even though the changes to IR35 in the private sector have been delayed until April 2021, they still seem to be a key concern for freelancers, especially those working in SOC2 professional occupations (76.1%).

Looking at the other two occupational categories, SOC1 freelancers working in managerial occupations (68.0%) cite Brexit as a third most detrimental factor on their businesses, while SOC3 professional freelancers (59.1%) cite competition from other freelancers.

\*Freelancers were asked to rate the importance of 15 different factors affecting the performance of their business in categories ranging from significantly positive and slightly positive, to no impact, slightly negative and significantly negative. The list of factors was updated in Q2 2020.

<sup>1</sup> *Falling through the Cracks: the economic costs of the coronavirus pandemic for the UK's freelancers*, University of Edinburgh Business School in association with IPSE, June 2020.

<sup>2</sup> IPSE, Coronavirus report, April 2020.

## Top factors enhancing business performance in Q2 2020



▲  
59%

Brand value and reputation in the market



▲  
57%

Innovation in the services offered to clients



▲  
49%

Adoption of flexible working practices by organisations

Turning to the positive factors influencing business performance, the major change this quarter is the emergence of 'adoption of flexible working practices by organisations' as a new entrant, cited as the third key positive factor overall and selected by almost half (49.2%) of freelancers.

This factor has displaced 'collaboration with other freelancers', which remained the third highest positive influence only for SOC3 technical freelancers (52.2%). The survey shows that both SOC1 managerial (64.0%) and SOC2 professional (51.5%) freelancers have started to benefit from new trends in more flexible and remote working that have emerged as a result of the COVID-19 crisis, citing 'adoption of more flexible working practices' as their second most positive business influence.

The importance of building a brand/reputation (59.1%) is still viewed as the most important business strategy albeit down slightly in comparison with last quarter (61.0%). The second most important positive factor also remains unchanged since last quarter and is the innovation in terms of services offered to clients, selected by over half (57.1%) of freelancers.

As observed in previous surveys, freelancers are driving their business performance in adverse external conditions by taking their own initiative in brand building, innovation and strategies, which in Q2 2020 also involves exploiting the increase in remote working.

Because of this increased trend in remote working, it can be expected that a significant proportion of organisations will discover the business performance benefits of hiring freelancers and the sector will benefit from that structural change in the long run.

\*Freelancers were asked to rate the importance of 15 different factors affecting the performance of their business in categories ranging from significantly positive and slightly positive, to no impact, slightly negative and significantly negative. The list of factors was updated in Q2 2020.



# Freelancer UK economy confidence index



In Q2 2020 the 3-month  
freelancer economy confidence  
index recovered from the record  
lows recorded in Q1 2020

**-86.6**



although it remains in strong  
negative territory at

**-37.5**

Freelancers' confidence in the UK economy has been in negative territory since Q2 2016 when the outcome of the EU referendum was announced, only to reach even more unprecedented record lows in Q1 2020 with the outbreak of COVID-19. However, in Q2 2020 the 3-month freelancer economy confidence index recovered from the record lows recorded in Q1 2020 (-86.6), although it remains in strong negative territory at -37.5.

These results reflect a prediction freelancers made last quarter that the extreme economic costs from the lockdown and the subsequent social distancing measures introduced by the government to combat the spread of the COVID-19 virus would be felt most heavily in Q2 2020. Therefore, freelancers

predict the economic situation to improve over the summer with the ease of the lockdown measures to levels similar to the ones at the end of last year (Q4 2019).

Looking at differences between the three freelancer occupational categories, SOC3 technical freelancers who were the most optimistic about the prospects for their businesses for the next year, are the most negative about the prospects for the UK economy for the next three months, returning an index score of -41.3. SOC2 professional freelancers (-38.6) are slightly less pessimistic about the prospects for the UK economy for the next three months, followed by SOC1 managerial freelancers (-30.4).

## Freelancer confidence index for the UK economy over the next three months



\*Freelancers were asked to rate their confidence for the future in one of five categories: more confident, slightly more confident, as confident, slightly less confident, and a lot less confident. The confidence index was created by scoring each of the five answers with 100, 50, 0, -50 and -100 respectively, and then taking the weighted average score for the sample. The weighted average is based on the relative number of freelancers in the labour market in 2019.

The results show that the 12-month UK economy index recovered slightly from

**-77.8**

in Q1 2020 to

**-53.4**

in Q2 2020.

Beyond Q3 2020 freelancers expect the UK economy to deteriorate even further, with a 12-month UK economy index score of -53.4. While this marks an improvement since last quarter (-77.8), it illustrates freelancers' belief that some of the most negative consequences of the COVID-19-related economic crisis will be felt in the long-term, over the next year.

Overall, freelancers remain negative about the prospects for both their businesses and the UK economy for the next year, predicting the negative effects of the COVID-19 pandemic to continue to have an influence on the sector, alongside the underlying concerns they have about the impact of Brexit, and its impediments to economic growth.

All three freelancer occupational groups returned an improved 12-month economic confidence index score in comparison with Q1 2020. However, the index values for all groups remain in deep negative territory in the range between -48.0 for SOC3 technical freelancers to -59.5 for SOC2 professional freelancers.

## Freelancer confidence index for the UK economy over the next 12 months



\*Freelancers were asked to rate their confidence in the future of the UK economy in one of five categories: more confident, slightly more confident, as confident, slightly less confident, and a lot less confident. The confidence index was created by scoring each of the five answers with 100, 50, 0, -50 and -100 respectively, then taking the weighted average score for the sample. The weighted average is based on the relative number of freelancers in the labour market in 2019.

# Capacity utilisation

In Q2 2020, freelancers' spare capacity reached an unprecedented record high of **5.5 weeks**, increasing substantially since Q1 2020 when it was at **3.3 weeks**.

In Q2 2020, freelancers' spare capacity reached an unprecedented record high of 5.5 weeks, increasing substantially since Q1 2020 when it was at 3.3 weeks.

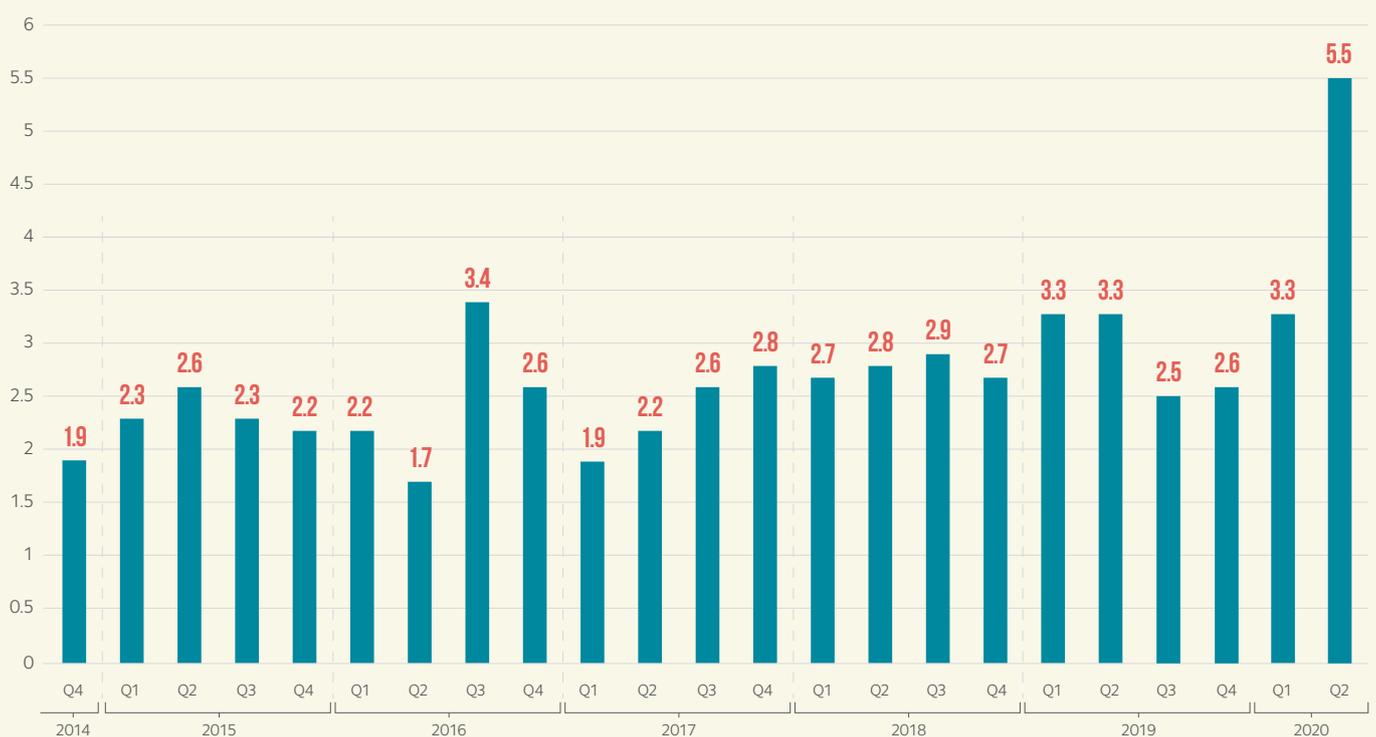
Spare capacity is measured by the number of weeks without work per quarter out of a maximum of 13 weeks. Therefore, this quarter, freelancers spent 42 per cent of their time without work, marking a 17 percentage points increase in spare capacity since Q1 2020.

This is hardly surprising with IPSE's coronavirus report showing that over two in three (69%) freelancers said that the demand

for the freelance work they do has decreased as a result of the coronavirus crisis, and over half (53%) said it had decreased substantially. Another 60 per cent also said that they had lost clients as a result of the crisis.

The rise in spare capacity occurs across all three SOC occupational groups, even though SOC1 managerial freelancers report the highest spare capacity (6.3 weeks or 49%), followed by SOC3 technical freelancers (5.3 weeks or 41%) and SOC2 professional freelancers (5.0 weeks or 39%).

## Freelancers' spare capacity: Number of weeks not working per quarter



\*The weighted average is based on the relative number of freelancers in the labour market in 2019.



# Freelancers' day rates and quarterly earnings

While freelancers' business volumes have declined substantially in the second quarter of 2020, their average day rates fell by just three per cent – from £430 to £416.

However, there has been a lot of variation across the different occupational groups. Similar to the wider sector, the day rates of SOC3 technical freelancers remained almost unchanged, with a rise of £1 from £262 to £263. SOC2 professional freelancers also managed to secure a minor four per cent increase in their day rates from £495 to £517.

However, SOC1 managerial freelancers who already experienced the highest drop in capacity utilisation, also experienced a 15 per cent decrease in their day rates from £584 to £498. Therefore, so far, only SOC1 managerial freelancers have felt the impact of the reduction in the demand for freelancers' services on their day rates.

The great decline in capacity utilisation alongside a slight fall in day rates led to a large 25 per cent drop in quarterly earnings from £20,821 in Q1 2020 to £15,709 in Q2 2020. In fact, this marks the lowest level of quarterly earnings recorded in the Confidence Index since 2014 when surveys began. It also marks a second consecutive quarter of negative growth in freelancers' earnings, bringing the sector into recession.

While the drop in quarterly earnings affected all three freelancer occupational categories, SOC1 managerial freelancers were most heavily affected with their earnings decreasing by 35 per cent from £26,616 to £17,380. SOC2 professional freelancers also experienced a 21 per cent drop in earnings (from £25,177 to £19,768), while SOC3 technical freelancers experienced a 16 per cent drop (from £12,730 to £10,720).

The fall in quarterly earnings is likely to continue and be relatively deep over the next year given the negative freelancer confidence index scores returned in Q2 2020, alongside the predicted 11 per cent fall in day rates, which is explored in the paragraphs below.

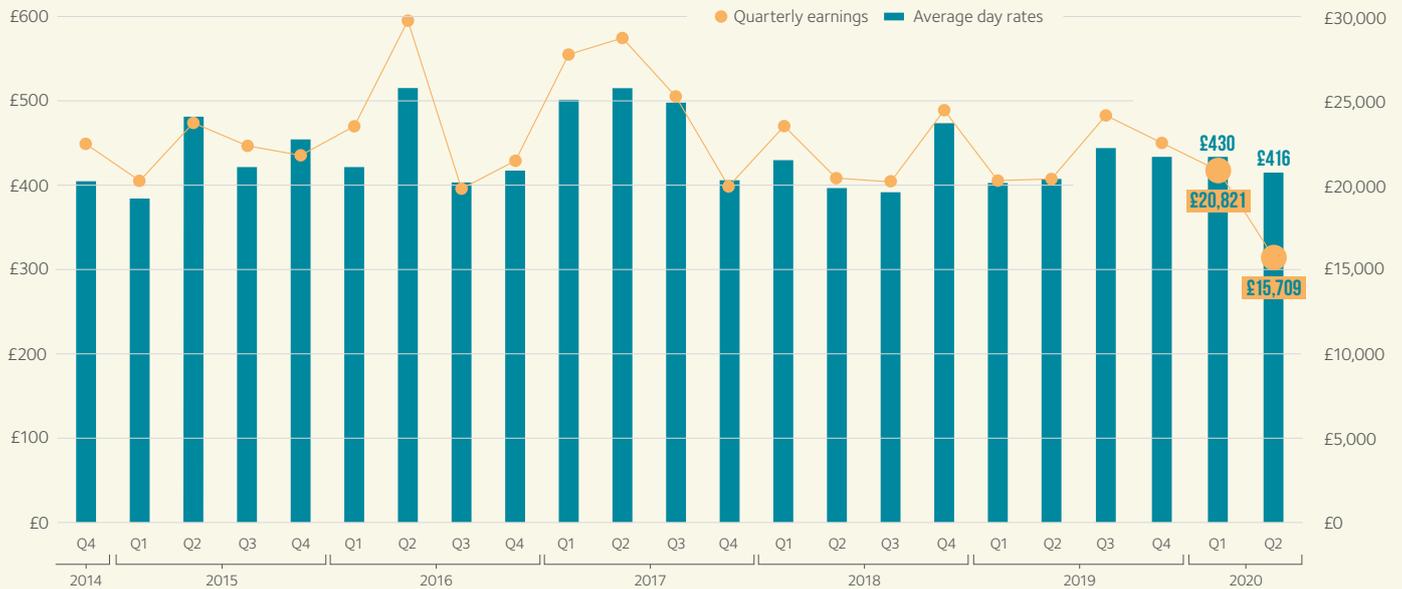
Looking ahead over the next year, freelancers expect a significant 11 per cent fall in their day rates, even though they are a bit less negative than last quarter when they predicted a 20 per cent fall. The reason behind that might be because some of the fall predicted last quarter already materialised in Q2 2020.

Well over half (61%) of freelancers expect their day rates to fall over the next 12 months, compared to just under a third (30%) who expect them to increase and one in ten (9%) expect them to remain the same.

There is a degree of divergence in the expectations of the three freelancer occupational groups when it comes to their day rates. SOC2 professional freelancers who managed to secure a minor increase in day rates this quarter expect this to balance out over the course of the next year and predict an 18 per cent decrease in their day rates over that period. SOC1 managerial freelancers and SOC3 technical freelancers are a bit less negative and expect a nine per cent and five per cent decrease in their day rates, respectively.

The scale of the fall is consistent with a view that the COVID-19 health emergency will have a year-lasting and strong negative effects on achievable day rates for freelancers, who are already experiencing a decreasing demand for the work they do and therefore higher competition for the products or services they provide.

## Freelancers' day rates and quarterly earnings



\*The weighted average is based on the relative number of freelancers in the labour market in 2019.



10.6 %

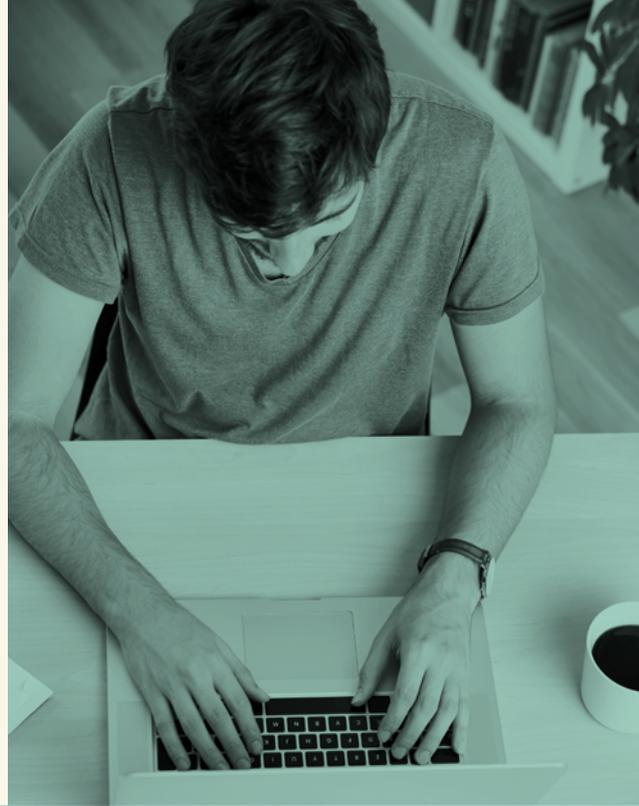
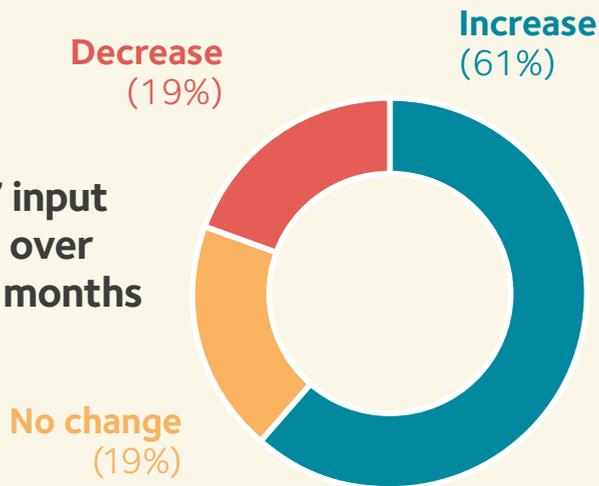


Freelancers expected an average decrease of 10.6% in their day rates over the next 12 months

# Freelancers' business costs



## Freelancers' input cost change over the next 12 months



6.1  
%

Freelancers expect an average **increase of 6.1%** in their business costs in the next 12 months

Freelancers' outlook for the cost of inputs to their businesses has changed since Q1 2020, when they expected a net decrease in input prices of 0.1 per cent. In Q2 2020, freelancers expect a substantial 6.1 per cent net increase in the input costs to their businesses.

In Q2 2020, 61 per cent of freelancers predicted the input costs to their businesses to increase in the next year in comparison with just over half (54%) who predicted an increase in Q1 2020. A fifth (19%) of freelancers also predict their prices to decrease over the next year in comparison with two-thirds of freelancers (30%) predicting a decrease in Q1 2020.

The net effect this quarter is a forecast of 6.1 per cent change in input prices over the next 12 months. The likely cause of this outlook is freelancers feeling that the lifting of the COVID-19 lockdown and social distancing measures will trigger an economic recovery with an inflationary effect.

These expectations about input price change are not uniform across the three highly skilled freelancer occupational groups. Both SOC1 managerial and SOC2 professional freelancers expect a relatively high input price inflation of 10.8 per cent and 5.7 per cent respectively. By contrast, SOC3 technical freelancers expect input prices to increase by just 3.3 per cent.

# Summary

This quarter's report paints a bleak year ahead for the freelance community. We do not know how a prolonged depression in demand will affect supply chains, and those working to administer them. If a second wave of the virus means a second lockdown – national or local – there is also some uncertainty about the level of support that will be provided.

The earnings data could be a picture of what to expect over the next year: working less, earning less and potentially charging lower rates to accommodate the fall in demand for work. SOC1 freelancers, traditionally working in the most senior and managerial roles, seem to have done this already, having dropped their prices in the last quarter to accommodate for coronavirus. SOC1 freelancers' rates normally fluctuate much more than the other two groups, but the current day rate they are charging is now nearly £200 less than last autumn (Q3 2019).

Moving to the next quarter, there are serious concerns. The government's support packages begin winding down from August. Already, redundancies and cost-cutting measures have been introduced in sectors affected: tourism, media and the high street. Freelancers attached to these sectors are likely to be in white-collar contract work, operating through limited companies and excluded from government support.

As the furlough scheme winds up this autumn, the changes in the economy will morph from short-term trends to long-term shifts and many businesses will likely close. With nearly 5 million self-employed in the UK today, whenever redundancies are announced and whenever businesses close, it is important to remember freelancers will be affected too, losing contracts and clients. Only as these long-term consequences unfold will we be able to get a real sense of the impact of the recession on freelancers across the UK.



# The sample

The quarterly Confidence Index report for Q2 2020 was compiled from 748 IPSE and PeoplePerHour members who replied to an online survey. The survey is conducted every quarter. In Q2 2020, the survey composition of respondents was: 35 per cent female and 63 per cent male, an average age of 46, have been freelancing for an average of 11.6 years and are highly educated – 33 per cent have a highest qualification at the postgraduate degree level while 53 per cent have a highest qualification at the undergraduate degree level.



## Defining freelance status

Freelancers are a sub-section of the wider self-employed workforce. For the purposes of this report, the category 'freelancer' includes the groups with the highest skill levels, the Standard Occupational Classification (SOC) Major Groups 1 - 3:

SOC1

### Managers, directors and senior officials

Individuals who have a significant amount of knowledge and experience of the production processes and service requirements associated with the efficient functioning of organisations and businesses (e.g., managers and proprietors in agriculture related services; transport and logistics; and health and care services).

SOC2

### Professional occupations

Individuals who have a degree or equivalent qualification, with some occupations requiring postgraduate qualifications and/or a formal period of experience-related training (e.g. professionals in science, research, engineering and technology; health; teaching and education; business, media and public service).

SOC3

### Associate professional and technical occupations

Individuals who have a high-level vocational qualification, often involving a substantial period of full-time training or further study. Some additional task-related training is usually provided through a formal period of induction (e.g. health and social care associate professionals; protective service occupations; culture, media and sports occupations).

# Authors and acknowledgements

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## 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 economy. It's a not-for-profit organisation owned and run by its members. We believe that flexibility in the labour market is crucial to Britain's economic success, and dedicate our work to improving the landscape for the freelance way of working through our active and influential voice in Government and industry.

IPSE aims to be the principal 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.

## About peopleperhour

PeoplePerHour is the UK's leading freelance marketplace. Founded in 2007 the site boasts over 2m users across 150+ countries, and has paid out in excess of £100m to freelancers since. Since its inception PeoplePerHour has become an invaluable resource for small businesses in the UK and outside,

allowing them to hire expert talent as and when needed, 'on-demand' thereby staying lean and flexible while they grow. The company's mission is to empower people worldwide to live their work dream, building their business from the ground up and becoming financially and professionally independent.