

ipse

The Association of
Independent Professionals
and the Self Employed



Confidence Index

Q4 2017

In association with:

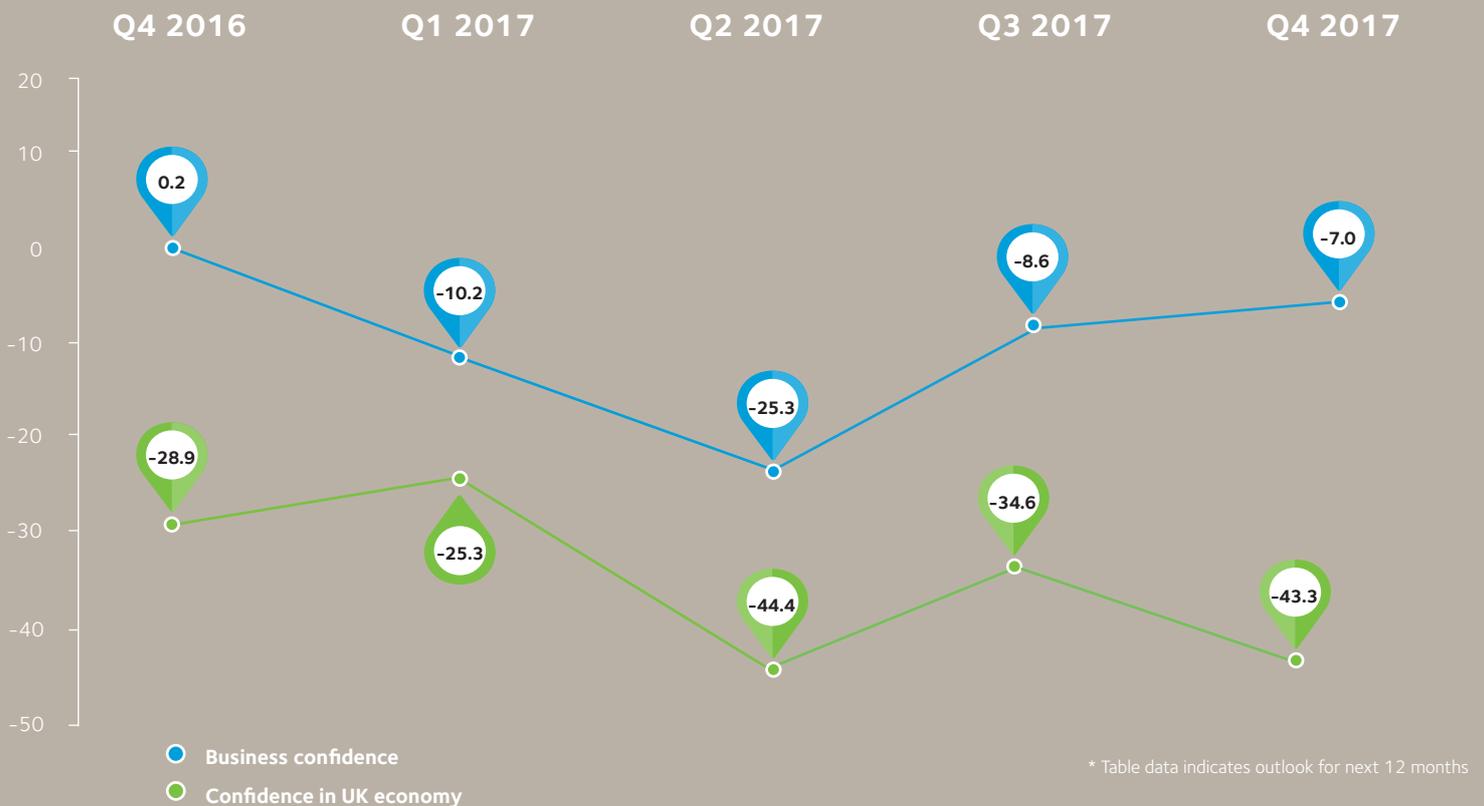


Brexit pushes the freelance business sector into recession

Freelancer Confidence Index:

-7.0

(From -100 to +100)



Business cost

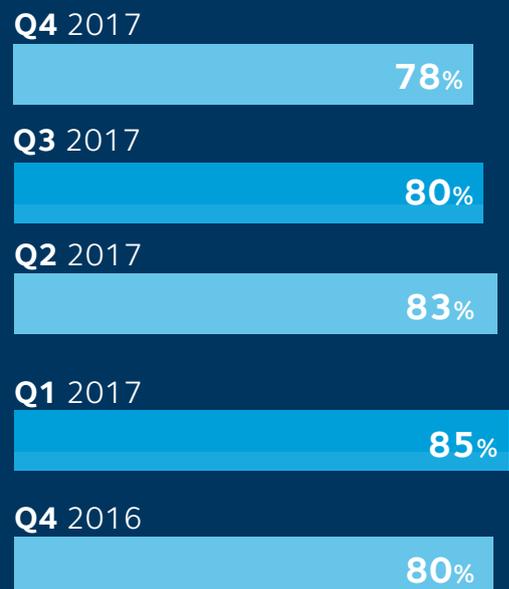
81%

of freelancers believe their costs will **increase**



Demand for freelance work

Amount of time freelancers have been on assignment



Top factors lowering business performance in Q4 2017



Outcome of the EU referendum



Government's fiscal policy relating to freelancing



Government regulation relating to hiring freelancers

Over the last **12 months** freelancers have been on assignment for, on average, **82%** of the time

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).

Executive Summary

Freelancer Business Confidence Index

- Freelancers expect their businesses' performance to continue to decline over the next 12 months.
- Freelancers now see the result of the EU referendum as the main factor negatively influencing their businesses' performance.
- Brand/reputation building, followed by innovation in service offerings and targeting new markets are seen as the top three positive influences on freelancers' business performance.

Freelancer UK Economy Confidence Index

- Freelancers' lack of confidence in the UK economy has deepened, with most expecting the economic slowdown to continue in 2018.

Day Rates

- Freelancers experienced a sharp 17 per cent fall in their day rates in the last quarter of 2017, leading to a three per cent decline over the last 12 months.

Capacity Utilisation

- Capacity utilisation continues to fall and now stands at 78 per cent, which is the second lowest score on record.

Quarterly Earnings

- Quarterly earnings are down 17 per cent since last quarter and down by four per cent on the same quarter last year. The freelance business sector has now moved into recession after two consecutive quarters of negative growth.
- Nevertheless, freelancers still earn more than twice as much as equivalent employees.

Freelancers' Business Costs

- Freelancers expect a 10.3 per cent increase in their business costs during 2018.



Economist's Perspective

In the final quarter of 2017, freelancers' confidence in the UK economy fell once more, with Brexit cited as the biggest factor behind their declining economic outlook.

When the Chancellor delivered the Autumn Budget in November, freelancers managed to escape much of the damage that had been widely predicted in the weeks prior. The off-payroll IR35 reforms – implemented in the public sector last April 2017 – will be subject to a review before a possible rollout to the private sector. Meanwhile, media speculation about lowering the VAT threshold did not come to anything.

On the other hand, however, the Budget also offered an insight into the economic growth of the UK and the outlook was not good. As a result of poorer than anticipated productivity levels, economic growth has been downgraded once again, with the average growth rate expected to be 1.4 per cent. As a result, the Chancellor's fiscal headroom has now been halved.

Elsewhere, following a period of high inflation, the Bank of England voted to raise interest rates from 0.25 to 0.5 per cent. The rise in interest rates was the first since before the financial crisis and acts as a mechanism to control elements of the economy, but also symbolises that 10 years on, we may be heading towards normal economic times again.

Rising interest rates were expected to strengthen the pound and, therefore, ease inflationary pressures from imports. What we have seen, however, is inflation continue to climb with food and transport prices driving it to 3.1 per cent in November. If inflation continues to hover around this mark, there will be renewed pressure on the Bank of England to raise interest rates further. In turn, this would increase borrowing costs for freelancers who use debt to fund their business.

Freelancers are seeing their business costs increasing and average day rates decreasing, which is causing problems within the workforce. Eighty per cent of freelancers expect their business costs to rise over the next 12 months. Day rates are trending downwards, however, the scale of the decrease since Q3 2018 from £489 to £407 is probably overstated due to a change in sample size which includes a greater proportion of lower paid freelancers. Earnings have not kept pace with inflation for a prolonged period of time now, so any political intervention that does not deal with this issue will probably be met with some opposition.

Freelancers can take some good news away from quarter four (Q4) and in to 2018. With the Brexit 'divorce bill' now agreed upon, the long and protracted negotiations have now moved onto phase two. The next phase of discussions will focus on the trade relationship between the UK and EU following Britain's eventual departure in March 2019. This may prove fruitful for freelancers who have stated that targeting new markets is enhancing their business confidence. A transitional period is expected, but most businesses merely want clarity so that they can make investment decisions prior to the UK's exit.

The Government must now stand up and help to instil confidence within the freelance workforce. Two of the key reasons which explain the lack of confidence is Government regulation relating to hiring freelancers and fiscal policy relating to freelancing. The contribution of freelancers to the UK economy is £119 billion, so it is important that this part of the labour market becomes confident once again.



Freelancer Business Confidence Index

Before the EU referendum, freelancers reported positive business confidence scores, predicting an upturn in business performance both over the next three months and the next 12 months. Since then negative index scores have dominated both of these confidence indices. This pattern persisted in this quarter. Freelancers' predictions of declining business performance have now been proved correct. It is therefore concerning that this new trend has endured into the last quarter of 2017.

This quarter's three-month business confidence index has dipped back into marginally negative territory after reaching a modestly positive score last quarter (Table 1). This was mainly driven by SOC 2 freelancers (professional occupations), whose index score declined from -3.8 to -8.2. By contrast, SOC 1 freelancers are becoming more optimistic, with a rise in their three-month business confidence score from 6.5 to 10.0. SOC 3 freelancers (associate professional and technical occupations) had a fall in confidence, but overall, they are marginally positive about their business prospects over the next three months. Combined, these varied confidence levels almost cancel each other out to give a near-zero negative score of -0.1.

Table 1: Freelancer confidence indices for their businesses over the next three months

	SOC1	SOC2	SOC3	Weighted Average SOC1-3
Quarter 4: 2017	10.0	-8.2	1.1	-0.1
Quarter 3: 2017	6.5	-3.8	6.5	2.8
Quarter 2: 2017	-11.4	-10.5	-14.3	-12.2
Quarter 1: 2017	-6.4	-6.6	-1.4	-4.5
Quarter 4: 2016	15.6	-4.3	11.4	6.7

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 2016.

Any glimmer of optimism one might take from the three-month business confidence outlook is dashed when we turn to the 12-month outlook. Here we see a much more categorical lack of business confidence, with a negative score that suggests that most freelancers expect their business performance to decline over the course of the next year.

The 12-month business confidence score is -7.0, which is only marginally better than last quarter when it stood at -8.6 (Table 2). Normally, this might be viewed as a slightly positive finding but the fact, as we see later in this report, that freelancers' quarterly earnings, day rates and capacity utilisation have all declined very significantly over the last half of 2017 should give some scope for catch-up or recovery.

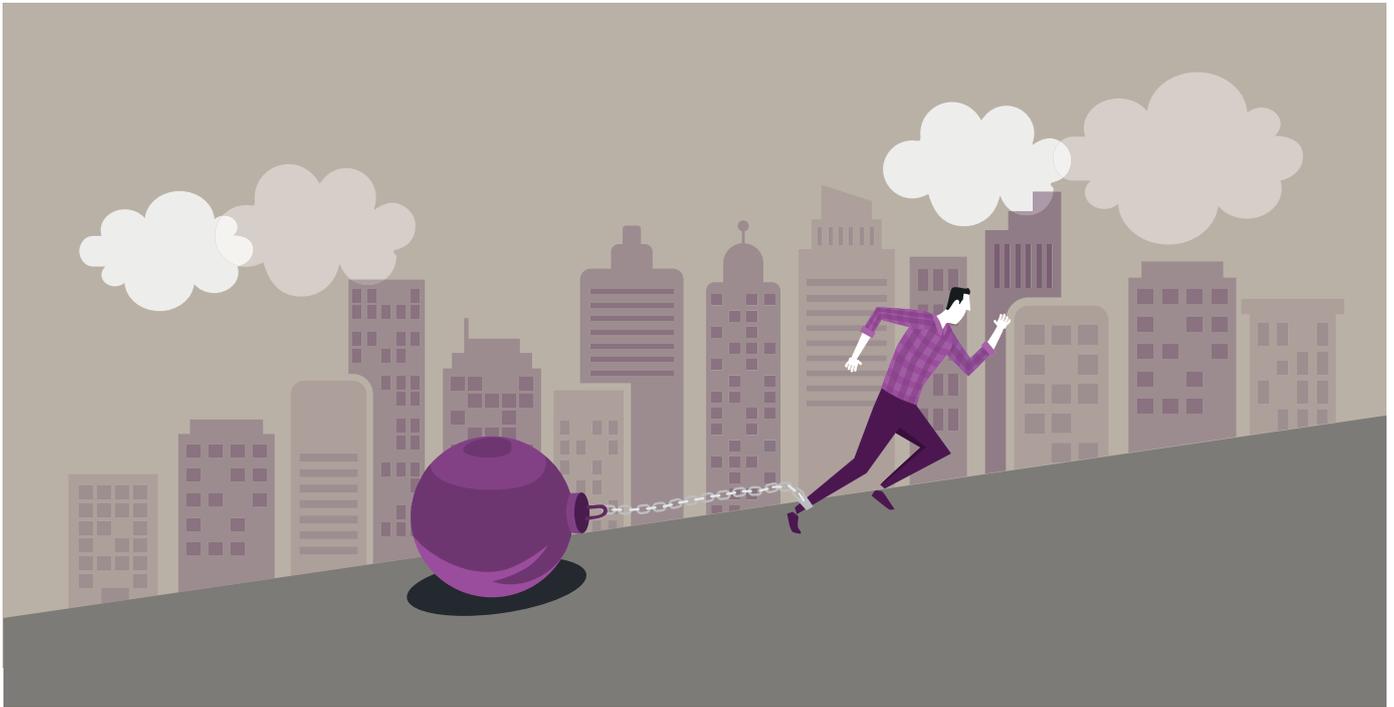
Instead, freelancers think more decline is yet to come. As with the three-month outlook, SOC 2 freelancers are mainly driving these results: there has been a major drop in their business confidence, illustrated by an index score of -20.9. Confidence also fell among SOC 3 freelancers, whose index score dropped from positive to marginally negative. Confidence for the next 12 months increased among SOC 1 freelancers, however, whose business confidence index score rose from negative to positive.

Overall, there is net negative freelancer business confidence for the next 12 months, with some variation in confidence levels across SOC 1-3.

Table 2: Freelancer confidence indices for their businesses over the next 12 months

	SOC1	SOC2	SOC3	Weighted Average SOC1-3
Quarter 4: 2017	3.8	-20.9	-0.8	-7.0
Quarter 3: 2017	-15.4	-17.6	4.0	-8.6
Quarter 2: 2017	-25.0	-24.2	-26.4	-25.3
Quarter 1: 2017	-13.1	-15.6	-3.4	-10.2
Quarter 4: 2016	2.9	-15.9	12.7	0.2

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 2016.



Factors Affecting Business Performance

Ever since the survey began, the impact of Government fiscal and regulatory policies on freelancing have been listed as among the top three factors holding back freelancers' business performance. Since the EU referendum, the prospect of Brexit has also been identified as a key negative influence. This pattern persisted into the last quarter of 2017. The difference, however, is that the impact of the EU referendum is now seen as the main negative influence on freelancers' business performance (Table 3).

Another key difference is that the performance of the UK economy is now listed among the top three negative factors by freelancers working in SOC1 and SOC3 occupations.

Freelancers accurately predicted the slowdown of the UK economy and now see it as a major constraint on their business performance. SOC 3 freelancers also identified increased competition in the freelance sector as a significant constraint on their business performance. Therefore, although the main three negative influences are the same as the last quarter, Brexit has now moved to the top of the list and there is some variation in the negative effects listed by each of the SOC 1-3 occupational groups. While Brexit was listed as one of the main three negative factors by all three occupational groups, only SOC 1 and SOC 2 freelancers had Government regulation relating to the hiring of freelancers in their top three.

Table 3: Top factors that lower freelancers' business performance

Rank	SOC1	SOC2	SOC3	Weighted Average SOC1-3
1	Government regulation relating to hiring freelancers (64.7%)	Government's fiscal policy relating to freelancing (74.4%)	Outcome of the EU referendum (60.3%)	Outcome of the EU referendum (60.8%)
2	UK GDP growth/state of UK economy (61.8%)	Government regulation relating to hiring freelancers (74.2%)	Level of competition from other freelancers (47.1%)	Government's fiscal policy relating to freelancing (58.1%)
3	Outcome of the EU referendum (58.8%)	Outcome of the EU referendum (62.6%)	UK GDP growth/state of UK economy (42.9%)	Government regulation relating to hiring freelancers (57.8%)

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.

There is less diversity in the factors freelancers said were enhancing their business performance. Across all SOC groupings both brand/reputation building and innovation in service offerings are seen as among the main three factors (Table 4). Freelancers in the SOC 1 and SOC3 groups also said that targeting new markets was one of the three main positive influences on their business performance.

The only significant variation is that SOC 2 freelancers rated making greater use of flexible workforces as one of the main positive influences on their business performance. Overall, the top three positive influences across all three SOC groups are strategic initiatives undertaken by freelancers themselves: brand/reputation building, followed by innovation of new service offerings and targeting new markets.

Table 4: Top factors enhancing freelancers’ business performance

Rank	SOC1	SOC2	SOC3	Weighted Average SOC1-3
1	My brand value/ reputation in the market (63.6%)	My brand value/ reputation in the market (62.6%)	My brand value/ reputation in the market (70.0%)	My brand value/ reputation in the market (65.8%)
2	Innovation in terms of the services I offer clients (50.0%)	Innovation in terms of the services I offer clients (55.4%)	Targeting new markets (58.3%)	Innovation in terms of the services I offer clients (54.3%)
3	Targeting new markets (50.0%)	Adoption of flexible working practices by organisations (52.2%)	Innovation in terms of the services I offer clients (55.8%)	Targeting new markets (48.8%)

Freelancers were asked to rate the importance of 15 factors which can affect the performance of their business over the last three months in categories from significantly positive and slightly positive, to no impact, slightly negative and significantly negative.



Freelancer UK Economy Confidence Index

In Q3 we noted that freelancers had predicted the slowdown of the economy in 2017, and their economic forecasts continued to be accurate in Q4.

In some respects, the accuracy of freelancers' economic forecasts is not surprising given that they are in a good position to see the early indicators of a slowing economy. Coming predominantly from managerial, professional, technological and technical occupations, they are typically contracted on projects involving business growth, innovation, technological change and entrepreneurship.

Therefore, freelancers have an early opportunity to see

whether their clients are planning to scale up or down, depending on how much growth they anticipate. Freelancers can use this access to inform their forecasts, often allowing them to make much more accurate predictions.

Freelancers expect a further slowdown in the UK economy in the first quarter of 2018 (Table 5). This view is uniform across all three SOC groups. The overall three-month economic confidence score also fell from -20.4 to -27.0 in the latest quarter.

Table 5: Freelancer confidence indices for the UK economy over the next three months

	SOC1	SOC2	SOC3	Weighted Average SOC1-3
Quarter 4: 2017	-18.3	-30.9	-28.7	-27.0
Quarter 3: 2017	-28.8	-21.7	-14.0	-20.4
Quarter 2: 2017	-37.0	-36.6	-29.7	-34.0
Quarter 1: 2017	-20.9	-15.6	-13.6	-16.1
Quarter 4: 2016	0	-22.8	-17.6	-15.5

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 2016.

As consistently reported ever since the outcome of the EU referendum, freelancers' 12-month economic outlook is more negative than their three-month outlook. In general, they have correctly predicted the gradual onset of an economic slowdown, and this continued in the final quarter of 2017.

The 12-month economy confidence index has fallen to its second lowest level on record (Table 6). This suggests that freelancers believe there is significant downward pressure on the economy. This negative outlook is consistent across all

three SOC groups.

It is important in this context to note that freelancers were not always pessimistic about the prospects for the UK economy. Until the announcement of the results of the EU referendum freelancers were mostly making positive and accurate predictions about future economic performance. Their emphatically pessimistic outlook is therefore a cause for concern.

Table 6: Freelancer confidence indices for the UK economy over the next 12 months

	SOC1	SOC2	SOC3	Weighted Average SOC1-3
Quarter 4: 2017	-34.1	-46.0	-46.3	-43.3
Quarter 3: 2017	-38.5	-37.0	-30.0	-34.6
Quarter 2: 2017	-54.3	-50.7	-32.4	-44.4
Quarter 1: 2017	-23.3	-27.2	-24.8	-25.3
Quarter 4: 2016	-16.7	-36.8	-28.7	-28.9

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 2016.



Freelancer Day Rates

There was a significant 17 per cent decrease in freelancer day rates in the last quarter of 2017, resulting in an overall three per cent fall since the same quarter last year (Table 7). There is a fall in day rates across all three SOC groups. The largest drop is reported by SOC 3 freelancers (33%). It is important to note that this is the only occupational group of freelancers who cited increased competition as one of the main three negative influences on their business performance (Table 3).

While we don't have many prior observations, Q4 has not previously been distinguished by lower freelance day rates than the rest of the annual cycle.* This, combined with the fall in day rates that began in Q3 of 2017 (and also supported by the decline in capacity utilisation explored later in this report) may suggest that the drop in day rates was caused by a fall in demand in the freelance business sector.

Table 7: Average day rates charged by freelancers over the last three months

	SOC1	SOC2	SOC3	Weighted Average SOC1-3
Quarter 4: 2017	£516	£493	£261	£407
Quarter 3: 2017	£591	£532	£387	£489
Quarter 2: 2017	£619	£542	£452	£525
Quarter 1: 2017	£539	£515	£465	£501
Quarter 4: 2016	£566	£479	£285	£419

The weighted average is based on the relative number of freelancers in the labour market in 2016.

**The sample for Q4 2017 includes a new contribution from People Per Hour freelancers. There has also been a noticeable variation in day rates and we will monitor it to determine whether this is a long-term trend.*

A slight majority (52%) of freelancers expected their day rates to improve in 2018 (Table 8a). Nearly a third of freelancers (30%) expected day rates to continue to fall and 18 per cent expected no change. The most upbeat group was SOC 3 freelancers, 71 per cent of whom expected their day rates to increase. Among SOC 1 and SOC 2 freelancers, 40 and 46 per cent respectively expected an increase.

The actual net percentage changes expected are reported in Table 8b, which shows that both SOC 1 and SOC 2 freelancers expected their day rates to decrease by

very modest amounts: -1.7 per cent and -0.4 per cent respectively. SOC 3 freelancers, by contrast, predicted their average day rate would increase by 10.2 per cent - this was predominantly caused by a minority of freelancers in this category predicting very large day rate increases. As a result, the average of the three occupational groups' predictions was a 3.5 per cent increase. If this proves accurate - and in light of the 3 per cent decline in 2017 - this means that there will have been virtually no increase in freelancers' day rates for two years by the end of 2018.

Table 8a: Expected change to freelancer day rates over the next 12 months

	SOC 1	SOC 2	SOC 3	Weighted Average SOC1-3
Increased	40%	46%	71%	52%
No change	25%	16%	14%	18%
Decreased	35%	37%	14%	30%

The weighted average is based on the relative number of freelancers in the labour market in 2016. Because of rounded percentages, the total may not always be 100.

Table 8b: Average freelancer day rate expected change over the next 12 months

	SOC 1	SOC 2	SOC 3	Weighted Average SOC1-3
Expected Change	-1.7%	-0.4%	10.2%	3.5%

The weighted average is based on the relative number of freelancers in the labour market in 2016. Because of rounded percentages, the total may not always be 100.



Capacity Utilisation

Freelancer capacity utilisation – measured as the number of weeks without work per quarter – reached the second highest level on record in the first quarter of 2017, but has fallen steadily since. Capacity utilisation fell again in this quarter. It now stands at 78 per cent, which is the second lowest level since the survey began. Overall, therefore, there was quite a reversal of fortunes in terms of freelancer capacity utilisation in 2017.

The drop in capacity utilisation has been driven entirely by SOC 3 freelancers, whose capacity utilisation fell from 86 per cent last quarter to 79 per cent this quarter. SOC 2 freelancers' capacity utilisation, by contrast, increased from 78 per cent to 81 per cent this quarter. SOC 1 freelancers' capacity utilisation remained unchanged since last quarter, but stands at the lower rate of 75 per cent.

Table 9: Freelancers' spare capacity: Number of weeks not working per quarter

	SOC1	SOC2	SOC3	Weighted Average SOC1-3
Quarter 4: 2017	3.3	2.5	2.7	2.8
Quarter 3: 2017	3.3	2.9	1.8	2.6
Quarter 2: 2017	1.2	2.2	2.9	2.2
Quarter 1: 2017	1.4	2.3	1.9	1.9
Quarter 4: 2016	2.4	2.4	3.0	2.6

The weighted average is based on the relative number of freelancers in the labour market in 2016.



Quarterly Earnings

Freelancers' quarterly earnings performed very well in the first half of 2017, with a 32 per cent increase. However, since then earnings have decreased. By Q4 of 2017 they had fallen by an average of four per cent over the last 12 months. The actual decline in earnings began in Q3 with a fall of 13 per cent, which reached 17 per cent in the final quarter of 2017.

In Q3 there was a fall in earnings across all three of the occupational groups. There was also an overall drop in earnings over the last twelve months for both SOC 1 and SOC 2 freelancers. SOC 2 freelancers actually experienced a very modest one per cent increase in earnings. However,

when combined with inflation levels of approximately 2.8 per cent (for 2017 according to the ONS), this represents a fall in real quarterly earnings.

Therefore, in terms of quarterly earnings, 2017 was something of a roller coaster ride for freelancers, with a negative overall outcome. Freelancers had a tough year, and as we noted earlier, their business confidence index scores suggest they do not expect their fortunes to improve in 2018. However, on a more positive note, freelancer quarterly earnings are still more than double those of equivalent employees.

Table 10: Freelancers' average quarterly earnings

	SOC1	SOC2	SOC3	Weighted Average SOC1-3
Quarter 4: 2017	£25,281	£25,854	£13,809	£20,970
Quarter 3: 2017	£27,785	£26,701	£22,174	£25,179
Quarter 2: 2017	£36,733	£29,313	£23,583	£28,847
Quarter 1: 2017	£31,395	£27,402	£26,168	£27,832
Quarter 4: 2016	£29,236	£25,595	£14,345	£21,805
Quarterly equivalent employee earnings 2017 (ONS estimates*)	£12,505	£9,550	£8,330	£9,783

*Employee earnings are based on Office for National Statistics (ONS) data on gross weekly earnings by employees from the provisional 2017 Annual Survey of Hours and Earnings, October 2017, the revised 2016 Annual Survey of Hours and Earnings, October 2017 and the revised Annual Survey of Hours and Earnings, October 2016 respectively.

The weighted average is based on the relative size of freelancers in the labour market in 2016.



Freelancers' Business Costs

In quarters 2 and 3 of 2017, freelancers made categorical predictions of a rise in the cost of their businesses (i.e. input price inflation). Ninety-two per cent predicted a rise in quarter 2 and 82 per cent predicted a rise in quarter 3. This trend continued into the last quarter of 2017, with 81 per cent of freelancers predicting a rise in their business costs. Just 4 per cent predicted falling costs. As table 11a shows, this view is fairly consistent across all three occupational groups. Only SOC 1 freelancers differed significantly by predicting a 0 per cent decrease in their input prices.

Table 11b shows that the actual expected net input price inflation is 10.3 per cent. This is over three and a half times the current rate of inflation, which suggests that freelancers are expecting some other source of input price pressure. We believe one factor they may have in mind is the cost of imported goods and services, which is now gradually increasing because of the large fall in the value of sterling since the EU referendum.

Table 11a: Freelancers' input cost change over the next 12 months

	SOC1	SOC2	SOC3	Weighted Average SOC1-3
Increased	90%	79%	77%	81%
No change	10%	16%	17%	15%
Decreased	0%	6%	6%	4%

The weighted average is based on the relative number of freelancers in the labour market in 2016. Because of rounding percentages, the totals may not add up to 100.

Table 11b: Freelancer input cost change over the next 12 months

	SOC1	SOC2	SOC3	Weighted Average SOC1-3
Expected Change	12.5%	9.1%	10.0%	10.3%

The weighted average is based on the relative number of freelancers in the labour market in 2016. Because of rounding percentages, the totals may not add up to 100.

Summary

Since the start of 2017, freelancers have been predicting that their business performance would worsen over the following 12 months. These predictions proved accurate because in the third quarter of 2017, freelancers' day rates and quarterly earnings started to decline. And, in the last quarter of 2017, the freelance business sector slipped into recession after two consecutive quarters of negative growth.

In fact, the downturn in the freelance business sector accelerated, with a huge 17 per cent fall both in day rates and quarterly earnings. And freelancers still believe the worst is yet to come: the 12-month freelancer business confidence index is still in negative values, suggesting the majority of freelancers expect their business performance to decline.

Freelancers' income has also fallen by three per cent since the same quarter last year, and they expect it will grow by just 3.5 per cent in 2018. This may suggest that freelancer nominal income growth will have been close to zero for the two-year period 2017 and 2018 (and real income will have in fact declined). Input prices (the cost of doing freelance business) are expected to rise by around 10 per cent over the next year, which, taken with almost flat earnings, will mean a squeeze on freelancers' profit margins.

Freelancers believe Brexit is the main cause of the downturn in their sector's performance. Some of this may be because of the reduced investment in new projects caused by Brexit, as well as the disinvestment caused by the relocation of business

activities to other EU countries. Although the significant fall in the value of sterling might have been expected to increase the UK's international competitiveness, this does not seem to have offset these negative effects. Instead, the fall in sterling seems to have helped drive up freelancers' business costs, thus contributing to their 10 per cent business inflation prediction for 2018.

Until the second half of 2017, freelancers were able to drive growth in their businesses through their own strategic initiatives, including innovation, finding new targets and – mainly – brand building. Throughout this period, they rated Government policy as the main constraint on their business performance – specifically: fiscal policy, regulations affecting freelancers and the impact of the decision to leave the EU. It now seems that these negative policy effects have overpowered the ability of freelancers to drive growth through their own strategic initiatives.

As previously noted, freelancers are frequently involved in activities that are leading economic indicators. These range from projects involving investment, business transformation and growth to innovation and entrepreneurship. It is for this reason that their predictive power is so accurate: they are usually the first to see the business activity associated with a shift in economic performance. It is therefore concerning that their business confidence in the UK economy continues to fall and now stands at the second lowest level on record.

The Sample

The Confidence Index report for Q4 of 2017 was compiled from 740 IPSE members and PeoplePerHour (PPH) freelancers who replied to an online survey. The survey is conducted every quarter. In Q4 2017, the composition of the survey's respondents was: 29 per cent female and 69 per cent male, with an average age of 47. They had been

freelancing for an average of 8.2 years and were highly educated: 31 per cent had been educated up to postgraduate degree level, while 53 per cent had an undergraduate degree as their highest qualification.

Authors and acknowledgements

Professor Andrew Burke

Dean of Trinity Business School,
Trinity College, Dublin & Chair
of the Centre for Research on
Self-Employment

Dr Samuel Vigne

Assistant Professor, Queen's
Management School, Queen's
University Belfast

Tom Purvis

Political and Economic Adviser,
The Association of Independent
Professionals and the Self-Employed

Inna Yordanova

Research Officer,
The Association of Independent
Professionals and the Self-Employed

About IPSE

IPSE is the largest association of independent professionals in the EU, representing over 67,000 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 premier enabler, providing an unparalleled platform for niche experts and potential employers to find each other.

Launched in 2007 by entrepreneur Xenios Thrasyvoulou, PeoplePerHour has experienced exponential growth and unprecedented success, with 1.5m users visiting the site every single month.

Originally launched in Athens, the company now has offices in London, New York and Berlin, and users based in 226 countries throughout the world.