

# Eight ways to upskill the self-employed

# Eight ways to upskill the self-employed

The way we work is changing. Approaching the size of the public sector, one in seven of us now work for ourselves. Public policy has struggled to maintain pace with this change, leading to a lack of support to help the self-employed upskill.

The vulnerable self-employed are struggling as a result – unable to access training opportunities, they are at risk of becoming trapped in a cycle of low-pay. This is not only a problem for the self-employed, but for our economy as a whole. Training has been identified as key to both increasing earnings and tackling the UK's productivity problem.

To create an economy that can thrive in the future, IPSE has developed a bold strategy to enable the self-employed to invest in training at every stage of their careers.

## To support the low-income self-employed progress in their careers...

### 1 Fix the design faults in the New Enterprise Allowance (NEA) Scheme

Awareness of and access to the programme needs to be improved, payments should be reduced gradually, and more mentoring support needs to be offered after participants begin trading.

### 2 Introduce Adult Education Vouchers to incentivise lifelong learning among low-income groups

Government should grant targeted education vouchers that can be used with a range of approved providers.

## To make training more affordable...

### 3 Make apprenticeship levy funding available for employment agencies to subsidise training for the self-employed people they represent

Agencies that pay the apprenticeship levy should be able to use levy funding to subsidise training courses for the self-employed people they represent.

### 4 Make training for new skills tax-deductible for the self-employed

Tax-relief for training should be available for new skills, as it is for employees.

## To help the self-employed fit training around unpredictable schedules...

### 5 Establish a self-employment hub to improve signposting to trusted online training providers

The government should improve its self-employment support hub on gov.uk and signpost the self-employed to trusted online training providers.

### 6 Ensure the self-employed benefit from the new Flexible Learning Fund

Projects applying for grants from the fund should be assessed on how they will support the self-employed.

## To prepare young people for self-employment...

### 7 Introduce enterprise modules in higher and further education courses which produce a higher proportion of self-employed graduates

Entrepreneurship modules need to be embedded into vocational qualifications and university degrees that typically lead to self-employed careers.

## To ensure the construction industry has the skilled workforce it needs...

### 8 Urgently reform the Construction Industry Training Board (CIBT) levy

The CIBT levy has lost the support of the industry and needs fundamental reform.

# Support the low-income self-employed progress in their careers



While the vast majority of self-employed people enjoy their way of working, between nine and 13 per cent are at risk of being vulnerable – facing low earnings, a lack of autonomy and financial insecurity.

For the vulnerable self-employed, affordability can be a major obstacle to taking up training opportunities – both because they struggle to pay for training itself and because many cannot afford to take the time off for it. On top of this, government support is too often centred around business growth, and there is very little support for those at the lower-end of the spectrum.

This is concerning as training is vital for career progression: 30 per cent of those in low-paid self-employment who have training escape from low-pay one year later.

## 1 Fix the design faults in the New Enterprise Allowance Scheme

The New Enterprise Allowance (NEA) provides financial assistance, business advice and mentoring support to assist unemployed people. IPSE welcomes the government's recognition that self-employment is a viable route out of unemployment. However, to create a welfare system that is genuinely supportive of entrepreneurship, a number of design faults need to be fixed.

### 1. Open up NEA to more people who use Jobcentre Plus (JCP)

- There should be a simple way for people participating in other employment support programmes to transfer to the NEA.

- NEA is currently incompatible with a range of other benefits, leaving 93 per cent of JCP customers unable to apply for the programme.

## **2. Run awareness workshops for JCP work coaches**

- Business advisors from the NEA should be granted access to JCP to run workshops about the scheme for work coaches.
- Work coaches are responsible for referring those who are eligible and interested in self-employment to the NEA, although not all are aware that the programme exists.
- As the first port of call for JCP customers, JCP work coaches should be mandated to raise awareness of the scheme for those genuinely interested in self-employment, understanding that the flexibility of this option may particularly suit those with caring responsibilities or health conditions.

## **3. Provide mentoring support to help people expand and grow their business**

- The structured programme of catch-ups between mentors and participants should continue after businesses have started trading, with a focus on helping businesses grow.



- Over half of NEA-supported businesses turnover less than £1,000 each month. Given participants have found mentoring to be a valuable part of the scheme, it is disappointing to see this support falling away after businesses start trading.

## **4. Gradually reduce reductions in payments**

- Financial support to NEA-businesses should be reduced over a long period of time, rather than have an abrupt cliff-edge in payments.
- As it stands, payments are halved after three months and stopped completely after six months. This does not reflect the reality of time it takes for business to become profitable – the median monthly earnings for the self-employed are just £308 in the first year.

## **2 Introduce targeted Adult Education Vouchers to incentivise upskilling among low-income groups**

- Government should consider introducing continuing education vouchers to those on low-incomes, that can be redeemed at accredited providers as and when people have the opportunity.
- Targeted continuing education vouchers have become increasingly widespread in various European countries, creating a more flexible and accessible route for people to access lifelong learning.



# Make training more affordable

Cost is the greatest barrier to increasing the uptake of lifelong learning. This is particularly true for the self-employed, for whom taking time out to invest in training may mean passing up the next paid opportunity. This cost may be unaffordable for the vulnerable self-employed, prohibiting some from progressing in their careers.

## 3 Make apprenticeship levy funding available for employment agencies to subsidise training for the self-employed people they represent

- Funding from the apprenticeship levy should be made available so that agencies can offer subsidised training courses to those who they represent.

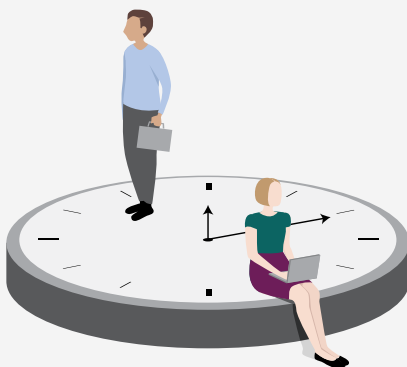
- Many employment agencies have to pay the apprenticeship levy, even though most of these agencies predominantly have self-employed people working through them.

## 4 Make training for new skills tax-deductible for the self-employed

- The government needs to make training for new skills tax-deductible for the self-employed, as it is for employees.
- The current system both unfairly disadvantages the self-employed and runs counter to the government's goal to create a flexible labour market that can adapt to rapid technological change.



# Help the self-employed fit training around unpredictable schedules



The self-employed typically have unpredictable work schedules, which can make finding a regular time to undertake training very challenging. Self-paced, online training is often better suited to the self-employed, enabling them to fit training around other commitments and minimise any loss to earnings.

## 5 Improve signposting to trusted online training providers through a dedicated self-employment hub on gov.uk

- To help the self-employed access high-quality online training, the government should collate trusted training courses delivered by the private sector and make them available in one simple place – including signposting the self-employed to IPSE’s own online training courses.
- There is already a dedicated self-employment information section of gov.uk which could be a suitable platform for collating this information.

This resource should be better promoted and made easier to find, becoming a valuable hub for self-employment advice for people at different stages of their self-employed careers.

## 6 Ensure the self-employed benefit from the new flexible learning fund

- The flexible learning fund provides grants of up to £1 million to projects that “design or enhance a method of delivering learning that is not currently widely available”. Funding projects which specifically demonstrate an ability to make learning easier to access is a positive step, and government should make this a permanent and well-funded scheme if the pilot is proven to work.
- Given that the nature of self-employment creates a specific need for flexible training, the government could consider asking how projects intend to support the self-employed as necessary measure when bidding for funding.

# Prepare young people for self-employment

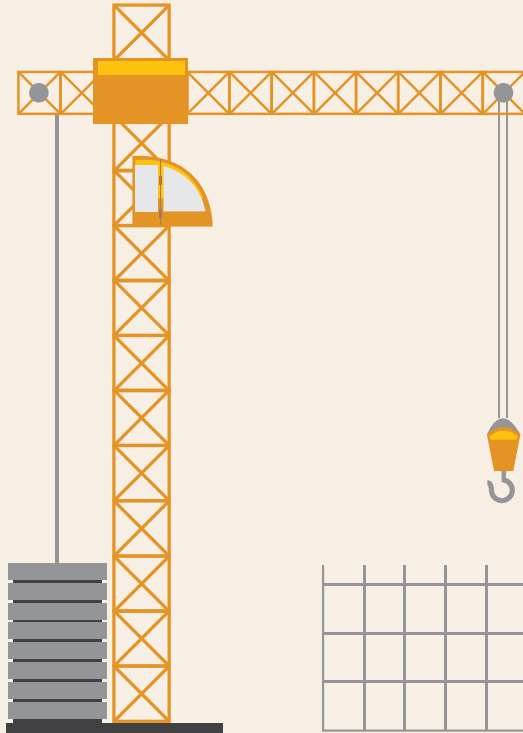
Rapid technological change is transforming the jobs market, and enterprise education is essential to ensure young people are prepared throughout their education for the future of work. However, the current provision of entrepreneurship education is disappointingly low, with only 24 per cent of those aged 25–34 participating in any course about entrepreneurship at school or university.

**7 Introduce enterprise modules in higher and further education courses which produce a higher proportion of self-employed graduates**

- Entrepreneurship education should be incorporated into higher and further education courses that are likely to lead to self-employed careers. For example, business modules should be incorporated into T-level in routes such as creative and design, construction, and health and beauty.
- With 56 per cent of students considering setting up their own business after university, University Careers Fairs should also cater to different ways of working. For example, exhibiting employers should be able to indicate whether they have freelance opportunities available, alongside internships, placements and graduate schemes.



# Ensure the construction industry has the skilled workforce it needs



Construction is one of the largest industries in the UK, and there are more self-employed people in this industry than any other – approximately one million in 2017. Upskilling the construction sector is crucial to improving productivity and realising the government’s ambitious programmes in both infrastructure and housing.

## 8 Urgently reform the Construction Industry Training Board (CITB) levy

- The Construction Industry Training Board (CITB) has lost the support of the industry. If the CITB levy and grant system is to continue, it will need urgent and fundamental reform.
- Research shows that the CITB has little or no impact on encouraging the provision of training – 71% say the possibility of a CITB grant to cover training does not influence decisions to send workers on a training course.



# 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. That's why we are dedicated to improving the business and political landscape for freelance working – through our active voice in both 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 deliver relevant, detailed empirical evidence about evolving market trends. This research supports our work with Government and industry, as well as providing key market intelligence to help our members with business planning.

## **IPSE**

Heron House, 10 Dean Farrar St, London SW1H 0DX

**T:** +44 (0) 20 8897 9970

**W:** [www.ipse.co.uk](http://www.ipse.co.uk)

