



Self-employment: Stimulating economic growth

FSB one page briefing

As the economy is likely to remain unstable in 2011, self-employment will undoubtedly increase and it is vital that Government provides the right conditions for people to start and run their own business.

Self-employment is a key driver to achieving economic growth. A culture change is needed to ensure that people are encouraged to start a business.

FSB recommendations

- The Small Business Minister's portfolio must specifically include responsibility for self-employment and entrepreneurship
- There must be a cultural change at Jobcentre Plus (JCP) to better recognise self-employment as a viable alternative to employment.
- Government must ensure that access to the New Enterprise Allowance Scheme (NEAS) [this will be worth around £2,000 in benefits and training] is available to all potential applicants. This must take place as soon as an applicant has proved themselves to be capable of starting their own business.
- The FSB calls for full Job Seekers' Allowance (JSA) equivalent payments to be made for one year under the NEAS and for a guarantee of a loan of up to £2,000 for all credible applicants if required.
- Government must ensure that the self-employed are not disadvantaged by the benefit system throughout the life cycle of their business.
- All education institutions must develop a culture of entrepreneurship, with focused teaching on the basics of starting your own business at each educational stage
- The FSB would like to see the establishment of the right to decide to be self-employed. This could work through creating a simple register to eliminate the need to provide evidence of self-employed status to HMRC every year.

In the current climate, Government must ensure that self-employment and the concerns of small businesses are given the same status as high-growth businesses. It is essential to make the connection between the self-employed people of today and the wealth generators and job creators of tomorrow

Note: Under the NEAS, financial support will consist of a weekly allowance payable at a level broadly equivalent to JSA payments for three months, and then at half that rate for a further three months. If start-up capital is needed, a loan up to up to £1,000 may be available

Key Statistics

- 52% of young people have considered setting up their own business, but 7% have actually done so
- Self-employed people contribute £21 billion in added value to the UK's GDP every year
- There are 18 unemployed people chasing every job vacancy
- Self-employment is most pronounced in North America, with 26 per cent identifying themselves in this category, compared with 19 per cent in Asia Pacific, and 17 per cent in Europe
- People who became self-employed in the first six months of unemployment are more likely to survive two years after startup than those who remained unemployed for longer
- The New Enterprise Allowance scheme is available in England, Scotland and Wales for people who have been unemployed for six months or more.

For further information:
Marie-Claude Hemming
Marie-Claude.Hemming@fsb.org.uk
Tel: 020 7592 8100.