

Self-employment in deprived communities

A report to the Bank of England

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Summary and conclusions

The level of self-employment is lower in deprived areas¹ than it is elsewhere in Britain, both as a proportion of the overall adult population and also of those actually working. The size of businesses (measured by the number of employees) does not, however, differ.

Moreover, the household incomes of self-employed people² are about 10 per cent lower in deprived areas. Despite this, self-employment makes a much greater contribution to household incomes in such areas. A larger proportion of the self-employed in deprived areas work full-time, and among the part-timers there are many more men and people who are the main breadwinner in their household.

Deprived areas include greater proportions of blue-collar workers and ethnic minorities among the self-employed. They are also more likely to be sole traders and businesses in the retail, transport and community service sectors – which tend not to be covered by the Small Firms Guarantee Fund.

An important finding is the low proportion of self-employed people in deprived areas with a separate current bank account for their business. Indeed 12 per cent did not have a current account at all – twice the proportion elsewhere. This has clear implications for access to business finance from banks since six in ten self-employed people in deprived areas have no business relationship with their bank.

Also important is the low level of asset-holding among self-employed people in deprived areas. Compared with their counterparts in less deprived areas, they are less likely to be home owners and the homes that are owned are more commonly in one of the lowest council tax bands. They also have lower levels of liquid assets – measured both in terms of the types of savings and investments held and the overall level of savings. In other words, compared with self-employed people elsewhere, those in deprived areas have less to offer as collateral for loans and less money to invest themselves.

Finally, more self-employed people in deprived areas did not have financial accounts for their business at the time they were interviewed – yet another hurdle to acquiring finance from banks.

In summary, this analysis has highlighted some important differences between self-employment in the most deprived areas and other parts of Britain, even though it was preliminary in nature and, through necessity, could only be undertaken at district council level. In particular, there are a number of characteristics of self-employment in deprived areas that would tend to reduce access to bank finance. With finer tuning of the definition

¹ The 40 district councils, London Boroughs or unitary authorities that are classified as being among the 5 per cent most deprived on at least one of the DTLR six indicators of deprivation (or its equivalent for Wales and Scotland). See appendix 1 for details.

² The remainder of the analysis relates only to self-employed people with fewer than 25 employees

of deprived areas (using a smaller unit of analysis) these differences would almost certainly be greater.

Detailed findings and tables

Introduction

The aim of this analysis was to identify differences in the extent and nature of self-employment in deprived areas of Britain, compared with localities that are less deprived. In particular, it sought to identify the distinguishing characteristics of self-employed people living in deprived communities in terms of:

- their business
- their personal and economic circumstances
- their level of asset-holding
- the area in which they are based
- and their incomes.

The analysis was undertaken using the 1999 and 2000 *Family Resources Survey* datasets, which were combined to increase the sample size. The analysis was restricted to people who were self-employed in their main job, if they had more than one, and who had fewer than 25 employees. This gave a total sample size of 5,393 self-employed people: 744 of whom were located in the most deprived areas; 4,649 in less deprived areas. Ideally, the analysis would have been restricted to businesses with fewer than five employees, but the *Family Resources Survey* data does not allow for this.

A new binary variable was created indicating the most deprived district level local authorities (ie district council, London borough or unitary authority) in Britain. This was based on the DTLR index of deprivation in England and the Welsh and Scottish equivalents³. This was the smallest geographical area that the *Family Resources Survey* can be used to identify and it is almost certain that the differences reported below would have been even greater if analysis could have been undertaken for smaller geographical areas.

There were statistically significant differences between deprived and less deprived areas for just about all the characteristics studied and, moreover, most of these were highly significant (at the 99 per cent level or above). Significance levels are given in all the tables below.

Extent of self-employment

The proportion of people who were self-employed was a good deal lower in the most deprived areas, than elsewhere in Britain. Just 4.8 per cent of the adult population of deprived areas was self-employed, compared with 7.1 per cent elsewhere. As might be expected, deprived areas also included fewer people who were in work, but this did not account for the lower levels of self-employment. Even among workers, levels of self-

³ These include 40 district councils, London Boroughs or unitary authorities in England that are classified as being among the 5 per cent most deprived on at least one of the DTLR six indicators of deprivation. There is not a single set of indicators covering local authorities across the whole of Britain. Consequently, the assessment was made separately for England, Wales and Scotland. See appendix 1 for details.

employment were appreciably lower in deprived areas (6.0 per cent compared with 8.8 per cent elsewhere).

There was, however, no statistically significant difference between the size of companies in deprived areas, and those in other parts of Britain. But the *Family Resources Survey* measure of the number of employees is broad based, and only allows classification into three categories: working alone or with a partner only, 1-24 employees, and 25 or more employees. It is possible, therefore, that there are differences that we were unable to identify.

The remainder of this report concentrates just on those people who were self-employed in their main job *and* have fewer than 25 employees.

Business characteristics

There were some highly significant differences between small businesses in the most deprived areas and those run elsewhere. Overall they were disproportionately likely to be full-time, blue-collar, sole owners (Table 2).

More businesses in deprived areas were run by people who worked in them full-time (84 per cent compared with 77 per cent in less deprived areas) with correspondingly fewer working part-time. There was, however, no difference in the proportions with second jobs. In fact, only 5 per cent of self-employed people in deprived areas had a second job – compared with 23 per cent who worked part-time.

Deprived areas included a greater proportion of self-employed people who were sole owners of their business (83 per cent compared with 76 per cent) and rather fewer had business partners. There was, however, no statistically significant difference between deprived and less deprived areas in the number of employees. Putting these two aspects together, shows that two thirds of all self-employed people in deprived areas worked alone – that is they had neither a business partner nor did they employ anyone. A further 14 per cent were sole owners with employees. The remaining 18 per cent were split evenly between businesses run by partners who employed no-one else and those run by partners but also had one or more employees.

The *Family Resources Survey* provides three classifications for self-employed people: the Standard Industrial Classification (SIC) which classifies the type of business they run and the Standard Occupational Classification (SOC) and Social Class, which classify the nature of the work undertaken by the self-employed person. There were statistically significant differences on all three measures.

Deprived areas included more businesses in the retail, transport and ‘other community, social and personal service’ (eg hairdressers, laundries, discotheques and clubs) sectors than were found elsewhere. It is notable that these are all sectors that are not covered by the Small Firms Guarantee Fund. As might be expected, agricultural businesses were under-represented in deprived areas, which tended to be urban.

As for the types of work undertaken by self-employed people, those in deprived areas were more likely to be manual workers (both skilled and partly skilled), with correspondingly fewer in white collar jobs. They included fewer people classified as 'professional' 'clerical and secretarial' and 'craft and related' workers but there was a larger proportion of 'process, plant and machine operatives' (which includes drivers and driving instructors as well as people in manufacturing) compared with self-employed people in less deprived areas.

There were, however, no statistically significant differences between deprived and less deprived areas either in the size of the business or whether the self-employed person worked from home or had separate business premises.

Personal characteristics

There were also some important, and statistically highly significant, differences in the types of people who were self-employed in deprived areas, when compared to other areas of Britain. They included more men, were younger, were drawn disproportionately from ethnic minority communities and were more likely to be renting their home from a social landlord (Table 3).

Given that people working full- rather than part-time were over-represented among self-employed people in deprived areas, it was not altogether surprising to find that a greater proportion of them were men (75 per cent compared with 70 per cent elsewhere). Further analysis showed that this gender difference only applied to part-timers and that deprived areas included a much greater proportion of men who worked part-time (49 per cent, compared with 37 per cent in less deprived areas). As we shall see below, this had important implications for household incomes as most of them did not have second jobs.

Self-employed people in deprived areas were also rather younger than their counterparts in other localities. People aged between 25 and 44 were over-represented while those aged 45 or more were under-represented.

This age difference was reflected in their household circumstances. Self-employed people in deprived areas were more likely either to be single people under retirement age who lived alone or to be part of households containing three or more adults – typically families with adult children still living at home. In contrast, self-employed people in less deprived areas included more pensioners living with a spouse and more younger people living with a spouse and dependent children only.

Although the majority of self-employed people in deprived areas were buying their home on a mortgage, they included twice as many social tenants, compared with their counterparts in less deprived localities (12 per cent compared with 6 per cent). However, compared with the rest of the population living in deprived areas, those who were self-employed were much more likely to be home owners and much less likely to be tenants in

the social rented sector. We return to the significance of this in the section dealing with asset-holding below.

Deprived areas also included four times as many self-employed people from ethnic minority communities (16 per cent compared with 4 per cent). African Caribbeans, Indians, Pakistanis and Bangladeshis were all greatly over-represented, compared with their numbers in the self-employed population elsewhere. For example, 7 per cent of self-employed people in deprived areas were Pakistani or Bangladeshi, compared with just 1 per cent in less deprived areas. This over-representation was explained by two factors. First, these Black and South Asian people were over-represented in the general population of deprived areas (12 per cent compared with 4 per cent elsewhere). Secondly, in deprived areas they were much more likely to be self-employed than their white neighbours (7 per cent compared with 5 per cent). In contrast, in less deprived areas there was no difference at all in the level of self-employment between these ethnic groups and the white population – in both cases the proportion was 7 per cent. Interestingly, the level of self-employment among Black and South Asian people did not differ between deprived and less deprived areas. In other words, the lower level of self-employment in deprived areas, that was noted at the beginning in this report, is attributable to fewer white people setting up businesses.

The findings with regard to educational levels are difficult to interpret and did not, in any case, reach the same level of statistical significance as the personal characteristics already discussed. For this reason, they should not be given undue attention. On the whole, they indicate that deprived areas included slightly more people at the extremes of the educational spectrum – that is university graduates or people with no educational qualifications at all. But they included fewer people educated to age 17-19, who had left school with GCSEs, A levels or their equivalents. Given the younger age profile of self-employed people in deprived areas compared with their peers elsewhere, we might have expected even fewer of them to have only a basic education than was actually the case. It should be remembered, however, that the analysis was carried out at district council level and many of the local authorities identified as being especially deprived would, nevertheless, include pockets of relative affluence. Had it been possible to undertake the analysis of deprivation on smaller geographical areas, we might well have found lower levels of educational attainment in deprived areas.

Asset and current account holding

Levels of asset-holding were a good deal lower among self-employed people in deprived areas. Indeed, this is perhaps, one of the most important findings of this analysis. They were less likely to have collateral for loans and had less in liquid assets that they could invest in their businesses. Just as importantly, fewer of them had a business relationship with their bank in the form of a current account (Table 4).

Surprisingly one in eight self-employed people in deprived areas did not have a current account for either personal or business use. This was twice the proportion found in less deprived areas. Moreover, fewer than half of those who *did* have a current account had a

separate one for their business – which was rather less than in other parts of Britain. Putting these two findings together, about four in ten self-employed people in deprived areas had a current account for their business, compared with half of self-employed people elsewhere. This is an important point in the context of access to small business finance, as the majority of self-employed people in deprived areas have no business relationship with their bank.

We noted above that deprived areas included fewer self-employed people who were home owners (81 per cent compared with 85 per cent). Although this finding was highly significant statistically, the difference was not especially large. Much more important, however, was the very big difference in the council tax bands of the homes that self-employed people in deprived areas owned. They were four times as likely as their counterparts in less deprived areas to live in a home that was in the lowest council tax band (23 per cent compared with 6 per cent). And they were two and a half times *less* likely to have a home that was in one of the top three bands (10 per cent compared with 24 per cent). In fact, self-employed homeowners in deprived areas were over-represented in the bottom three council tax bands (A to C) and under-represented in bands D to H. As a consequence six in ten self-employed home owners in deprived areas had homes that were in bands A to C while two thirds of their counterparts living elsewhere had homes in bands D to H. This finding, along with the higher proportion of tenants and lower proportion of outright owners, demonstrates a considerable link between the deprivation of an area and the level of housing equity of self-employed people.

Self-employed people in deprived areas were less likely to have savings products of just about every kind, including bank or building society savings accounts, TESSAs and PEPs, Premium Bonds, stocks and shares and unit trusts. They also had less money saved or invested than their counterparts living in other localities. More than four in ten (42 per cent) of them had less than £1,500 while only two in ten (18 per cent) had over £20,000. The comparable figures for self-employed people who did not live in one of the most deprived areas were 35 per cent having less than £1,500 and 28 per cent with over £20,000.

Area characteristics

The great majority of self-employed people in deprived areas lived in urban conurbations and those in England lived predominantly in the North (Table 5).

The analysis by geographical area is, of course, largely a reflection of the deprivation categorisation of local authorities. Consequently, only 5 per cent of self-employed people in deprived areas lived in a rural area, compared with 31 per cent who were in less deprived localities.

Within England, there was also a heavy concentration of self-employed people in deprived areas in the North (especially in the Yorkshire/Humberside and North West regions) and very few in the South East or South West.

Had it been possible to analyse the data for smaller geographical areas, these results would almost certainly show a slightly different picture.

Incomes

On the whole, incomes from self-employment were lower in deprived areas than they were elsewhere. Just as importantly, these differences fed through into the household incomes of self-employed people (Tables 6, 7 and 8).

Initial analysis found no statistically significant difference between the level of personal income from self-employment in deprived and less deprived areas. However, as we saw above, deprived areas included rather more people who were full-time self-employed and correspondingly fewer working part-time. The analysis of income was, therefore, undertaken separately for full-time and part-time self-employed people with some interesting findings. This showed that there was no statistically significant difference in the incomes from self-employment of those who worked part-time, but full-timers had somewhat lower incomes in deprived areas than elsewhere (median incomes £174 compared with £202) (Table 6).

The *Family Resources Survey* is primarily a survey of individual and household incomes and consequently the information on small business profit and loss is limited as it only relates to the share of it that is attributable to the people interviewed and not to their business partners' share. For this reason we have analysed the data separately for sole-traders, for whom the figures relate to the business as a whole, and people with partnerships, where we cannot gross up for the business as a whole because we do not know how many partners there are. In any case, this separate analysis would have been desirable since the proportion of sole traders was higher in deprived areas. Again the analysis was undertaken separately for full-time and part-timers and the only statistically significant differences related to those working full-time.

Two things stand out from this analysis (Table 6). First, profits were, on the whole, somewhat lower in deprived areas - for both sole traders and partnerships. Secondly, fewer full-time self-employed people in deprived areas had business accounts - 24 per cent of sole traders and 13 per cent of partnerships in deprived areas could not produce business accounts for the previous year when asked for them by the interviewer. This compares with 18 per cent of sole traders and 9 per cent of partnerships in less deprived areas. Like bank account and asset-holding, this, too, would have important implications for gaining access to finance from banks.

Although personal incomes of all self-employed people living in deprived areas (that is including part-timers as well as those working full-time) were little different from those of their peers in less deprived areas, they did live in households with lower incomes (Table 7). They included more who were in the lowest income quintile (25 per cent compared with 20 per cent) and fewer in the highest income quintile (25 per cent compared with 30 per cent). It is customary in analysis of this kind to consider incomes both before and after housing costs to take account of any tenure differences. This would

be important for the current analysis as self-employed people in deprived areas included fewer who were outright owners with no mortgage to pay. On the other hand, they also included more tenants who might qualify for housing benefit and more homeowners living in lower council tax band homes – both of which might be expected to reduce their housing costs. In fact, the analysis of household incomes *after* housing costs produced a broadly similar picture.

Although the proportions were small, twice as many self-employed people in deprived areas were in receipt of means-tested benefits of some kind (7 per cent compared with 4 per cent) and the difference was highly significant statistically. Take-up of such financial assistance is, however, notoriously low among self-employed people .

As we have seen above, overall personal incomes from self-employment (full-time and part-time) did not differ significantly between deprived and less deprived areas, but there *was* a statistically significant difference in the household incomes of self-employed people. To gain a better understanding of this Table 8 provides a breakdown of the sources of incomes, first of all self-employed people and then separately for full-time and part-time workers.

Taking overall incomes first, we can see that self-employed people in deprived areas had gross household incomes that were, on average, £69 a week lower than those in less deprived areas. The great bulk of that difference lay in the fact that the household income from self-employment was lower by £49 a week. The fact that personal incomes from self-employment barely differed between deprived and less deprived areas but their household incomes from self-employment did, suggests that in less deprived areas it was more common for other family members to be self-employed as well.

The average income that self-employed people in deprived areas got from personal pensions was £11 lower (reflecting the smaller proportion of people over pension age) and, on average they received £13 a week less from other sources, which would be principally income from savings and investments. On the other hand, their incomes from state benefits were £7 higher, reflecting their higher level of receipt of means tested benefits and the larger proportion of families with children (and therefore receiving Child Benefit).

Again, we have looked separately at the incomes of full-time and part-time self-employed people, because the proportions vary between deprived and less deprived areas. Taking full-timers first, the average gross household income of those living in deprived areas was £54 a week less than their counterparts living elsewhere. Just about all this difference was in the form of self-employed earnings and, moreover, was derived from their own personal incomes from self-employment.

Turning now to those working part-time in self-employment, a somewhat different picture emerges. First of all, while in deprived areas part-timers had lower gross household incomes than full-timers; in less deprived areas their gross household incomes were actually higher. This suggests that in deprived areas, self-employed people who

worked part-time were more likely to be the main breadwinner; those in less deprived areas were more often second earners in the household. This would be consistent with the fact that part-timers in deprived areas were also more likely to be single people living alone and included a greater proportion of men.

Secondly, gross household incomes of the part-time self-employed were £137 lower in deprived areas than they were in less deprived ones. A range of factors contributed to this large difference. The largest contribution to this difference was in the form of lower incomes from self-employment (£95). However, as noted above, there was no statistically significant difference in the personal incomes from self-employment of part-timers in deprived and less deprived areas. In other words, household incomes from self-employment were much lower in deprived areas because fewer of the self-employed people also had a spouse who was self-employed. Beyond that there were some other interesting differences. Earned incomes were, on average, £9 a week higher in deprived areas and an additional £5 income came from state benefits. On the other hand, incomes from personal pensions were £36 lower and £22 less income came from savings and investments.

Taken together this suggests that part-time self-employment plays a much bigger role in the maintenance of living standards of households in deprived areas, whereas in less deprived areas part-timers are more commonly second earners (perhaps explaining the greater proportion of partnerships) or they are retired people with a personal pension.

Tables

Table 1 Extent of self-employment in deprived and less deprived areas

	Deprived areas	Other areas	All self-employed
Economic activity (whole population)			
Self-employed	5	7	7
Employed	45	51	50
Not in work	50	42	44
Economic activity (all of working age)			
Self-employed	6	9	8
Employed	58	66	64
Not in work	36	25	27
<i>Base (whole population)</i>	<i>16,188</i>	<i>68,505</i>	<i>84,693</i>
<i>Base (all or working age)</i>	<i>12,341</i>	<i>51,191</i>	<i>63,532</i>

Table 2 Business and employment characteristics of self-employed people in deprived and less deprived areas

	<i>Column percentages</i>		
	Deprived areas	Other areas	All self-employed
Full or Part-time**			
Full-time	84	77	78
Part-time	16	23	22
Number of jobs held ns			
One	95	94	94
Two or more	5	6	6
Ownership of business**			
Sole Owner	83	76	77
Has partners	17	24	23
Place of work ns			
Works from home	27	29	29
Varies, no usual place	29	32	31
Works away from home	44	39	40
Number of employees ns			
Works on own/with a partner	77	75	76
Has 1-24 employees	23	25	24
Standard Occupational Classification**			
Managers and administrators	22	23	23
Professional	11	13	12
Associate professional and technical	13	13	13
Clerical and secretarial	2	4	4
Craft and related	24	27	26
Personal and protective service	5	5	5
Sales	5	4	4
Process, plant and machine operatives	13	6	7
Other	4	5	5
Social class*			
Professional	10	10	10
Managerial and technical	31	33	33
Skilled non-manual	10	14	13
Skilled manual	33	28	29
Partly skilled	13	11	11
Unskilled	3	4	4
Standard Industrial Classification**			
Agriculture, Forestry	1	6	5
Manufacturing	10	10	10
Construction	19	20	20
Wholesale and retail	17	14	14
Hotels and restaurants	3	4	4
Transport	11	6	7
Real estate	15	17	16
Education	2	3	3
Health and social services	7	7	7
Other community	12	9	9
Other	3	4	4
<i>Base</i>	<i>744</i>	<i>4649</i>	<i>5393</i>

Source: Family Resources Survey 1998/99 and 1999/2000

** significant at the 99% level or above

* significant at the 95% level

ns not statistically significant

Table 3 Personal characteristics of self-employed people in deprived and less deprived areas

Column percentages

	Deprived areas	Other areas	All self-employed
Gender **			
Men	75	70	71
Women	25	30	29
Age**			
16-24	3	3	3
25-34	21	17	18
35-44	32	27	28
45-54	26	28	28
55-64	15	19	18
65 and over	3	6	5
Average age (in years)	43	46	45
Household circumstances**			
Single pensioner	1	1	1
Couple pensioner	5	9	9
Single non-pensioner, no children	11	8	8
Couple non-pensioner, no children	25	26	26
Lone parent	2	2	2
Couple with children	32	35	35
3 or more adults, no children	14	12	12
3 or more adults, with children	10	7	7
Housing tenure**			
Mortgagor	57	59	59
Outright owner	24	26	26
Local authority tenant	9	4	5
Housing association tenant	3	2	2
Private tenant	7	8	8
Ethnicity**			
White	84	96	94
African Caribbean/Black	3	1	1
Indian	5	2	2
Pakistani/Bangladeshi	7	1	1
Other	2	2	2
Age left full-time education*			
16 or less	61	60	60
17-19	18	22	21
20 or over	20	18	19
Highest qualification*			
Degree or above	23	21	21
Other	54	60	59
None	23	20	20
<i>Base</i>	744	4649	5393

Source: Family Resources Survey 1998/99 and 1999/2000

** significant at the 99% level or above

* significant at the 95% level

Table 4 Asset and current account-holding of self-employed people in deprived and less deprived areas

Column percentages

	Deprived	Other Areas	All self-employed
Current account holding**			
Separate business account	43	52	51
Personal account only	45	42	42
No account	12	6	7
Homeowner**			
Yes	81	85	85
No	19	15	15
Council Tax Band (home owners only)**			
A lowest	23	6	8
B	17	12	12
C	21	18	19
D	16	23	22
E	12	17	16
F	6	12	11
G/H highest	4	12	11
Total savings and investments**			
No savings products/accounts	4	2	2
Less than £1,500	42	35	36
£1,500-£8,000	18	19	19
£8,000-£20,000	8	9	9
over £20,000	18	28	27
Didn't want to say	10	7	7
Type of savings**			
Bank or building society account	50	61	60
PEPs	11	16	16
TESSAs	8	14	13
Premium Bonds	16	25	24
Stocks/shares	21	28	27
Unit Trusts	3	6	6
<i>Base - all</i>	774	4649	5393
<i>Base - all homeowners</i>	604	3969	4573

Source: Family Resources Survey 1998/99 and 1999/2000

** significant at the 99% level or above

* significant at the 95% level

Table 5 Type of area of self-employed people in deprived and less deprived areas

	<i>Column percentages</i>		
	Deprived areas	Other areas	All self-employed
Type of Area**			
Rural	5	31	27
Urban	95	69	73
Standard region (England only)**			
North	8	4	4
Yorkshire/Humberside	32	5	9
North West	28	8	11
East Midlands	4	9	8
West Midlands	10	8	8
East Anglia	1	6	5
Greater London	14	13	13
South East	-	33	27
South West	3	15	13
<i>Base - all</i>	<i>744</i>	<i>4649</i>	<i>5393</i>
<i>Base - all in England</i>	<i>725</i>	<i>4046</i>	<i>4771</i>

Source: Family Resources Survey 1998/99 and 1999/2000

** significant at the 99% level or above

Table 6 Incomes of full-time self-employed people in deprived and less deprived areas

	<i>Column percentages</i>		
	Deprived areas	Other areas	All self-employed
Personal net income from self-employment**			
Loss of income	6	7	7
No income	1	2	1
£1-50	8	7	7
£51-100	14	11	11
£101-150	13	11	11
£151-200	15	13	13
£201-300	19	19	19
£301-400	9	11	11
£401-500	5	6	6
£500 or more	10	14	13
Median net income from self-employment in £s ¹	£174	£202	£199
Gross profit/loss of business			
Sole trader**			
Loss	1	3	2
Profit			
up to £5,000	18	13	14
£5,000 - £10,000	14	14	14
£10,000 - £20,000	24	26	26
£20,000 - £30,000	8	9	9
£30,000 - £50,000	3	6	6
over £50,000	3	4	4
No business accounts	11	7	8
No business accounts yet	13	11	11
Unable to give gross figure	5	6	5
Partnership (personal share of profit/loss)**			
Loss	5	3	3
Profit			
up to £5,000	11	13	13
£5,000 - £10,000	20	14	15
£10,000 - £20,000	22	24	24
£20,000 - £30,000	13	12	12
£30,000 - £50,000	4	11	10
over £50,000	7	9	9
No business accounts	2	1	1
No business accounts yet	11	8	8
Unable to give gross figure	5	5	5
<i>Base - all FT self-employed</i>	<i>628</i>	<i>3564</i>	<i>4192</i>
<i>Base - FT sole traders</i>	<i>514</i>	<i>2625</i>	<i>3139</i>
<i>Base - FT partnerships</i>	<i>114</i>	<i>939</i>	<i>1053</i>

Source: Family Resources Survey 1998/99 and 1999/2000

¹ including those with no income or a loss. The median income from self-employment for employees is based solely on those with an income from self-employment

** significant at the 99% level or above

Table 7 Household incomes of self-employed people in deprived and less deprived areas

Column percentages

	Deprived areas	Other areas	All self-employed
Household net income quintiles, before housing costs **			
1 (lowest)	25	20	20
2	14	13	13
3	19	18	18
4	17	19	18
5 (highest)	25	31	30
Household net income quintiles, after housing costs **			
1 (lowest)	24	19	20
2	15	15	15
3	18	17	17
4	17	19	19
5 (highest)	25	31	30
Whether receives income-related benefits **			
Yes	7	4	4
No	93	96	96
<i>Base</i>	<i>744</i>	<i>4651</i>	<i>5395</i>

Source: Family Resources Survey 1998/99 and 1999/2000

** significant at the 99% level or above

Table 8 Income decomposition of self-employed people in deprived and less deprived areas

	Deprived areas	Other areas	All self-employed
Mean gross household income - all			
Self-employment earnings	£343	£392	£385
<i>Own income</i>	£252	£252	£252
<i>Partner's income</i>	£91	£140	£133
Income from employment	£174	£177	£176
Benefit income	£35	£30	£31
Pension income	£17	£28	£27
Other income	£27	£40	£36
Total income	£596	£665	£656
Mean gross household income – full-time			
Self-employment earnings	£371	£425	£417
<i>Own income</i>	£276	£287	£285
<i>Partner's income</i>	£95	£138	£132
Income from employment	£161	£161	£161
Benefit income	£32	£25	£26
Pension income	£14	£14	£14
Other income	£26	£32	£31
Total income	£604	£658	£650
Mean gross household income – part-time			
Self-employment earnings	£190	£285	£275
<i>Own income</i>	£125	£138	£137
<i>Partner's income</i>	£65	£147	£138
Income from employment	£238	£227	£228
Benefit income	£52	£47	£48
Pension income	£37	£73	£70
Other income	£35	£57	£55
Total income	£553	£690	£677
<i>Base – all</i>	744	4651	5395
<i>Base – all full-time self-employed</i>	628	3564	4192
<i>Base – all part-time self-employed</i>	116	1087	1203

Source: Family Resources Survey 1998/99 and 1999/2000

Appendix Local authorities included in the 5 per cent most deprived areas

England

Barnsley MD
Birmingham MD
Blackburn with Darwen UA
Bradford MD
Bristol UA
Doncaster MD

Easington CD
Great YarmouthCD
Hakney LB
Halton UA
Hartlepool UA
Islington LB
Kinston –upon-Hill UA
Kirklees MD
Knowsley MD

Lambeth LB
Leeds MD
Leicester UA
Liverpool MD
Manchester MD
Middlesborough UA
Newcastle-upon-Tyne MD
Newham LB
Nottingham UA
Oldham MD
Redcar and Cleveland UA
Rochdale MD

Sanwell MD
Sefton MD
Sheffield MD
South Tyneside MD
Southwark LB
Sunderland MD
Tower Hamlets LB
Wakefield MD
Wansbeck CD
Wigan MD
Wirral MD

Wales
Merthyr Tydfil UA

Scotland
City of Glasgow