



# Exploring the UK Freelance Workforce in 2015

## Executive Summary

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A professional portrait of a woman with shoulder-length, layered blonde hair and bangs. She is smiling warmly at the camera. She is wearing a white collared shirt under a grey blazer. The background is a plain, light blue-grey wall.

## Introduction

*Freelance workers are an important, but hidden, part of the small business population. United Kingdom (UK) official statistics do not classify workers explicitly as freelancers, but their numbers can be estimated using Labour Force Survey (LFS) categories.*

*The purpose of this report is to provide a quantitative 'snapshot' of the UK freelance workforce and important constituent sub-groups in early 2015. Building on previous publications (Kitching and Smallbone 2008, 2012<sup>1</sup>), this report presents data drawn from official UK government sources to develop a contemporary picture of the UK freelance workforce. The principal data source used is the LFS, but data from the Department for Business Innovation and Skills (BIS) Business Population Estimates for the UK and the Regions 2015 are also used. All LFS data refer to quarter two in the relevant years, unless otherwise stated.*

## Defining Freelance Status

No official, or widely accepted, definition of freelance status exists in the UK. The term 'freelance' is not a legal concept but, rather, a customary one used to describe particular kinds of worker or work relationships in particular occupational or industry settings. In this report, freelancers are defined as:

*Self-employed workers without employees working in a range of managerial, professional and technical occupations*

The LFS uses the UK Standard Occupational Classification (SOC) 2010 to categorise jobs, distinguishing nine major occupational groups according to skill level and specialisation (ONS 2010<sup>2</sup>). The definition of freelance status applied in this report, includes SOC major groups 1 to 3: managers, directors and senior officials; professional occupations; and associate professional and technical occupations. SOC major groups 1 to 3 include many occupations conventionally described as freelance, for example, in creative and media sectors (e.g. Baines 1999<sup>3</sup>). However, they also incorporate occupations where those working on a self-employed basis without employees are not conventionally described as freelance – instead, as contractors, consultants, interims and independent professionals.

## UK Freelance Workforce Size

LFS data suggest there are an estimated 1.91 million freelance workers in the UK. This figure comprises 1.65m working freelance in main jobs and a further 255,000 working freelance in second jobs; 13 per cent of all freelancers work freelance in a second job. Freelance workers constitute 6 per cent of all UK workers in employment.

Since 2008, freelancer numbers have increased from 1.40m to 1.91m, a rise of 36 per cent. This was a period of prolonged economic uncertainty precipitated by the global financial crisis of 2008–9. During this period, unemployment increased by almost 50 per cent before then falling by a third. Similarly, employment decreased sharply before turning upward. Freelance working has continued to rise throughout the period, suggesting that macroeconomic circumstances exert an influence on the demand for, and supply, of freelance workers. The benefits to end-users of hiring freelancers continue to be evident with the economic upturn.

Flows into, and out of, freelance working are an enduring feature of labour market activity in the UK. Individuals enter, and exit, freelancing as work opportunities enable or constrain job choices, and/or as individuals' preferences change. Freelance working is a 'high-churn' activity, with high levels of entry and exit. LFS data suggest that 72 per cent of those working freelance in main jobs in April–June 2015 were also freelancing a year previously, while 28 per cent were newcomers. Turning to those working freelance in 2014, 73 per cent remained freelancing in main jobs a year later. Overall, therefore, the freelance workforce is one of considerable churn with sizeable flows into, and out of, this way of working.

## Occupational Profile

Freelancers have a widespread, though uneven, presence across major occupational groups. This is partly for historical reasons – where occupations have traditionally been organised on a freelance basis – and partly because, more recently, employers have externalised jobs to achieve greater flexibility and cost savings, and to manage risk better in fast-changing market environments.

Associate professional and technical occupations include 784,000 freelance workers (41 per cent of the freelance workforce). This diverse group includes writers, artists and musicians, science and engineering technicians, sports and fitness occupations, and protective service occupations. There are 686,000 freelance workers (36 per cent) in professional occupations and a further 437,000 (23 per cent) work in managerial occupations.

Freelance workers are present in all 43 minor occupation groups covered by the LFS. The largest freelance groups are artistic, literary and media occupations with 328,000 freelancers (17 per cent), managers and proprietors in other services with 222,000 freelancers (12 per cent), and teaching and education professionals with 139,000 freelancers (7 per cent). These three occupational groups continue to be the most important numerically; they now constitute more than a third of all freelance workers.

Occupations vary in the proportion of workers working freelance. Among LFS minor occupational groups with more than 30,000 freelancers, artistic, literary and media occupations are, by far, the most likely to be undertaken freelance; two thirds of workers in this group do so. Four in ten of all people working in sports and fitness occupations work freelance. At the other end of the scale, fewer than one in ten teaching and educational professionals, public services and other associate professionals, and sales, marketing and related associate professionals work on a freelance basis.

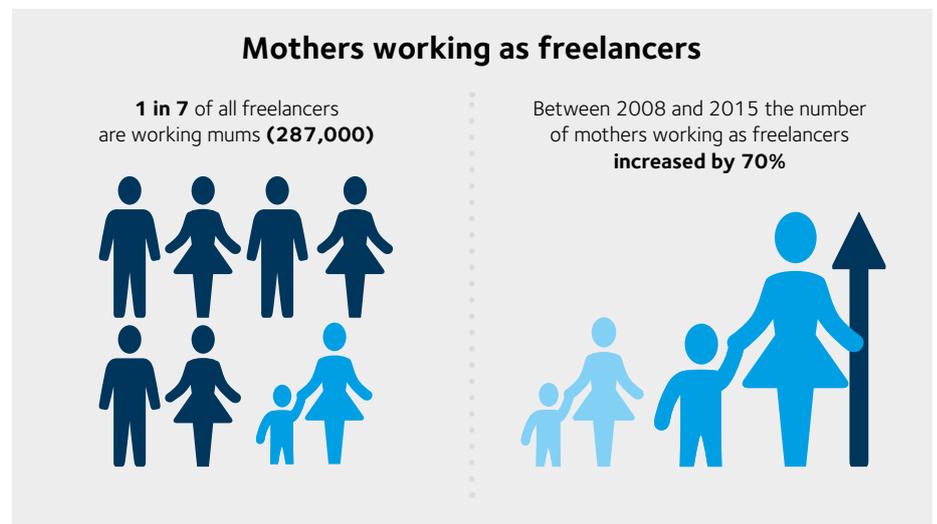
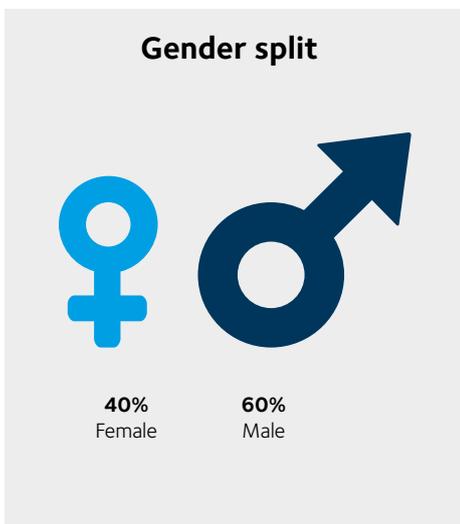
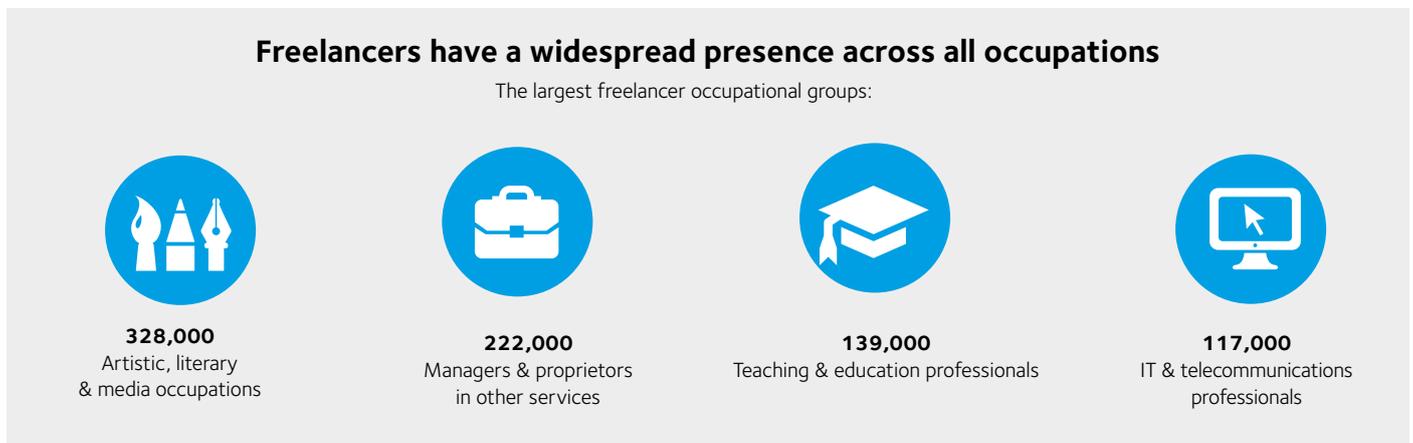
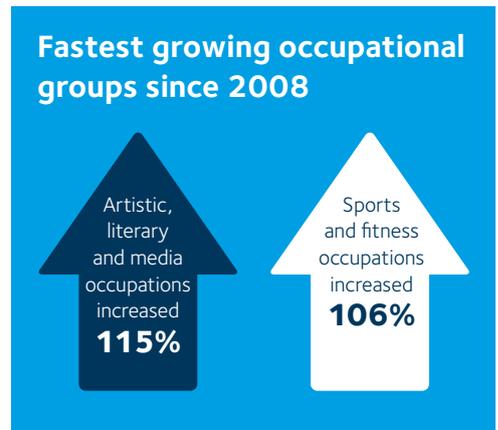
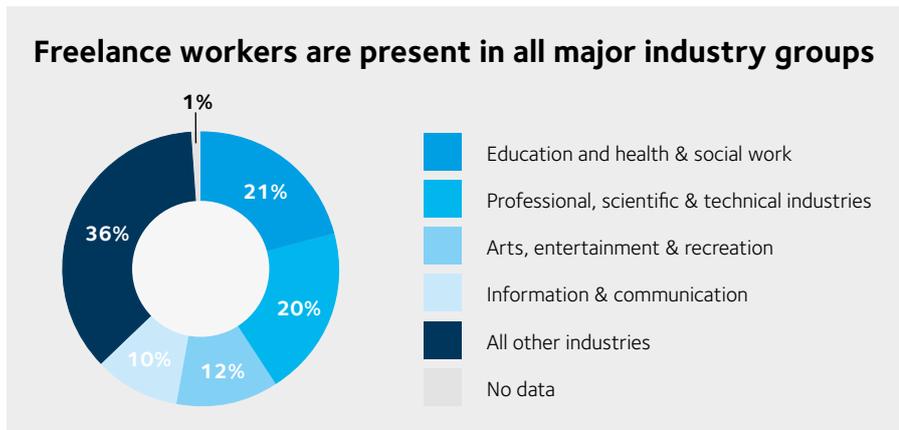
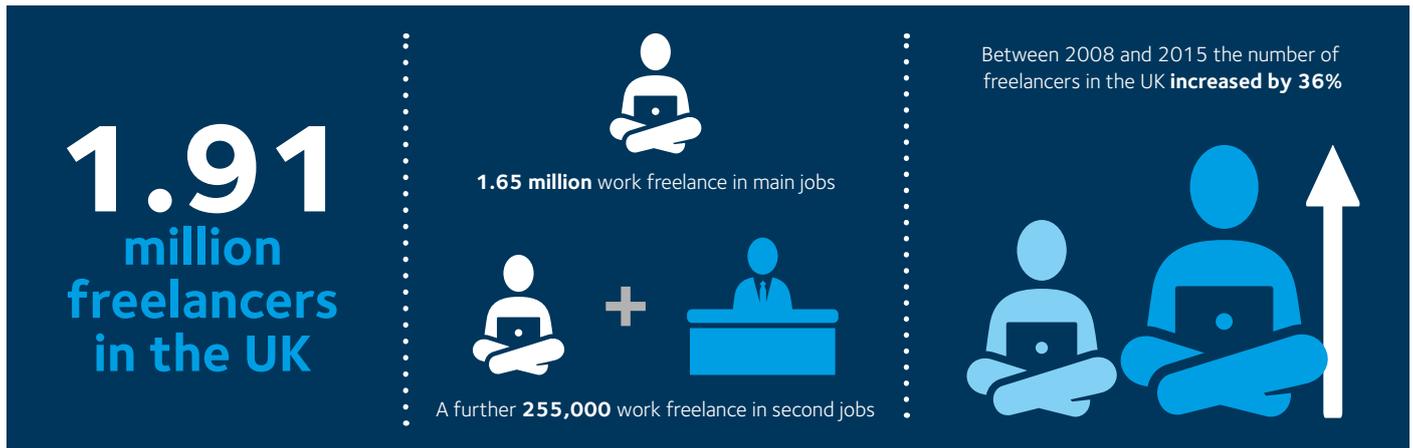
Trends in the occupational profile of freelance workers are highly variable. Some occupational groups have expanded substantially while others have decreased, although changes in classification mean that assessments of occupational change should be conducted carefully. Freelancer numbers more than doubled in artistic, literary and media occupations and in sports and fitness occupations over the 2008–15 period, while therapy professionals declined by almost half.

1. Kitching, J. and Smallbone, D. (2008) *Defining and Estimating the Size of the UK Freelance Workforce, a report for the Professional Contractors Group & Kitching, J. and Smallbone, D. (2012) Exploring the UK Freelance Workforce, 2011*. Online at: <https://www.ipse.co.uk/sites/default/files/documents/research/Kingston-Report-v1.pdf>.

2. Office for National Statistics (ONS) (2010) *Standard Occupational Classification 2010: Volume 1, Structure and Descriptions of Unit Groups*. Online at: <http://www.ons.gov.uk/ons/guide-method/classifications/current-standard-classifications/soc2010/soc2010-volume-1-structure-and-descriptions-of-unit-groups/index.html#1>

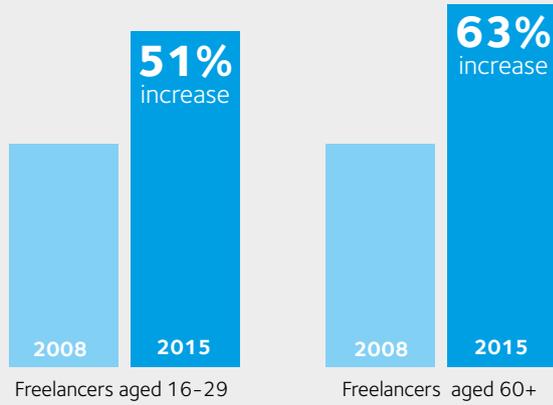
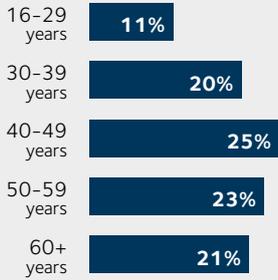
3. Baines, S. (1999) 'Servicing the media: freelancing, teleworking and "enterprising" careers'. *New Technology, Work and Employment*, 14 (1) 18–31.

# UK Freelance Workforce at a Glance

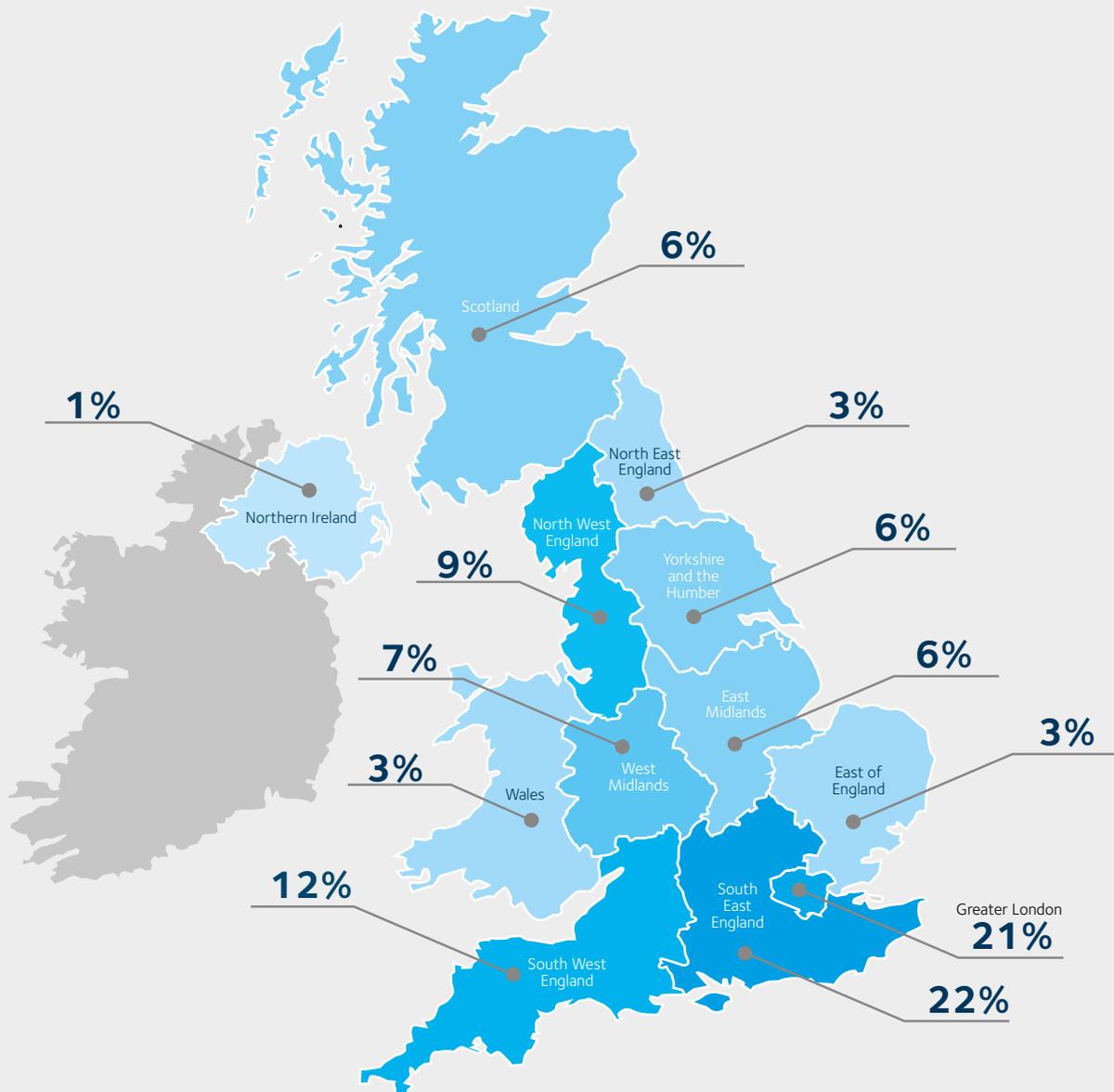


## Age distribution of freelancers

The largest proportion of freelancers are **40-49 years of age (25%)**



## Location of freelancers



Percentages do not sum to 100 due to rounding

## Industry Profile

Freelance workers are present in all major industry groups covered by the LFS, and are strongly represented in the professional, scientific and technical activities industry (20 per cent), with 384,000 people.

High numbers are also found in the education, and health and social work (21 per cent), arts, entertainment and recreation (12 per cent) and in information and communication (10 per cent) industries. Almost two thirds of all freelancers work in these four industry groups.

## Freelance Working and Gender

Six in ten freelancers are male, a higher proportion than among employees in comparable occupations (in SOC major groups 1 to 3). It would be interesting to explore whether this is because men have better access to the resources required to enter, and sustain, both freelance and senior employment positions and/or stronger preferences for freelance working.

Freelancers' occupational profiles vary by gender. Women are more highly represented in associate professional and technical occupations, where 44 per cent of freelance jobs are occupied by women. In managerial and professional occupations, the figures are 36 and 38 per cent respectively. This is consistent with research concerning the sex-typing of specific occupations and the barriers women experience in accessing jobs in management and the higher professions.

The number of mothers working as freelancers is 287,000, 15 per cent of all freelancers. This number has increased 70 per cent since 2008, approximately double the rate of increase in the freelance workforce as a whole. This continues the trend towards increased self-employment among women evident for the past two decades.

## Older and Younger Freelancers

Freelancers aged 60 and older comprise 21 per cent of freelance workers, a marginally higher proportion than in 2008. Men and women of retirement age who undertake paid work are more likely to do so as self-employed rather than as employees, in comparison with younger workers. Older individuals often choose self-employment for both economic and non-economic reasons and to avoid ageism in employment. In the context of rising life expectancy, the abolition of the Default Retirement Age, inadequate pension provision and planned increases in State Pensionable Age, the number of freelancers aged over 60 might be expected to increase in the coming years.

Younger freelancers aged 16–29 comprise just over one in ten of the freelance workforce. Younger freelancers are more likely to be over-represented among freelancers working in second jobs, among women and among those working in associate professional and technical occupations (SOC3). Young freelancers are particularly concentrated in sports and fitness occupations where they constitute 33 per cent of this occupational group.

## Self-Employment Duration

Despite being a population believed to be subject to high levels of churn, 16 per cent of freelance workers report first becoming self-employed more than 20 years ago and 35 per cent report becoming self-employed more than 10 years ago.

This high level of stability among a large subset of the self-employed population suggests both a strong preference for self-employment and might indicate that churn is a feature of particular subsets of the self-employed rather than characteristic of the entire population.

## Education and Training

Freelance workers and comparable employees (in SOC major groups 1 to 3) are educated to an equivalent level. More than two thirds of both groups are qualified to NQF Level 4 (post-compulsory schooling qualifications).

Continuing training and development is important for freelancers in order to keep abreast of technological, economic, legal and other issues in their respective occupational fields. There were large differences in the number of freelance workers and comparable employees reporting job-related training or education during the previous four week period and the previous three month period. Only about half the proportion of freelancers undertook such training: 18 per cent of freelancers compared to 33 per cent of employees reported training in the previous three months. The pattern of learning and training activity raises questions about whether freelancers engage in sufficient learning and training activity to support their skill development needs.

## Freelance Workers' Contribution to Business Turnover

It is possible to provide a speculative estimate of the economic contribution freelance workers make to the UK economy. Businesses without employees (excluding financial intermediation<sup>4</sup>) contributed an estimated £237 billion in sales in 2015, or approximately 6 per cent of private sector turnover.

Approximately 46 per cent of businesses without employees are freelancer-owned: 1.84m freelancers, of a wider group of 4.08m (excluding financial intermediation). If freelance workers contribute to turnover proportionate to their presence in the wider group of businesses without employees, their collective sales would be approximately £109bn.

Freelancer-owned businesses might be expected to generate greater revenues than other own-account businesses, owing to the more valuable knowledge and skills exercised, suggesting a slightly higher turnover figure, perhaps £120–125bn, approximately 3–4 per cent of business turnover.

4. Financial intermediation includes finance and insurance activities (SIC 2007: Section K). The freelance worker numbers used to estimate contribution to business turnover are reduced by the number of freelancers in finance and insurance (73,432).



## Conclusion

*Freelance workers continue to be an important component of the UK labour force, enabling organisational clients in a wide variety of industries and occupational settings to adapt labour practices flexibly to meet operational requirements. Growth in freelancer numbers has continued unabated during both the global financial crisis of 2008-9 and the subsequent economic upturn. The continued expansion of the freelance workforce indicates that access to a pool of suitably-skilled and well-motivated workers remains highly valued by organisational end-users.*

## 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.

With highly professional staff working for you, IPSE has the unique ability to demonstrate the economic value of freelancing to those in power and ensure freelancing is both considered and supported in all areas of regulation and policy. As well as being a campaigning body, IPSE provides a wide range of support services to help its members succeed in business, including tax and legal helplines, IR35 support, and compensation for illness/injury.

Founded in 1999 by a community of freelance contractors, IPSE has become the leading authority on freelancing in the UK. The association is governed by its members and any member is eligible to stand for election to the Consultative Council, and from there, for election to the Board of Directors.

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