

York Carers Centre

Carers and Self employment

York Carers Centre,
17 Priory Street
York
YO1 6ET

Telephone: (01904) 715490

Email: enquiries@yorkcarerscentre.co.uk

Website: www.yorkcarerscentre.co.uk

York Carers Centre is a charity. Charity registration number 1127644
Company registration number 06760783

Carers and Self Employment

You are a carer and have a skill that you want to use or service you want to offer that will give you an outside interest and, maybe, make some money. And we all know that extra money is always useful. In a nutshell, you are thinking of becoming self employed.

This guide is written by Stephen, who has been a carer for over 10 years. He is also self employed and a partner in a small business. The views here are passed on by him from his direct experience of being self employed, a parent and a carer.

What does this article include?

This article cannot include everything. It is meant to highlight the sort of things that people often overlook. When you have read this there will still be things you need to seek advice about. Depending on what those things are, you may need specialist advice which we cannot give (as we are not specialist business advisers). We may be able to point you in the right direction. On some things, like benefits, we can advise.

The purpose of this article

A number of carers have mentioned the idea of becoming self employed and wanted to know more about it. This article is intended to help these carers to think carefully **before** they decide to pursue their idea and commit time, energy, and money to their idea of self employment. It is not meant to deter but it is a reminder that self employment can be far harder than many people think (although it can also produce all kinds of rewards, beyond the financial.)

Before you start

Before you get into the detail about becoming self employed you should ask yourself two questions:

1. Why are you considering self employment?

As carers, we all have various reasons for considering self employment that might include:

- You feel the pressure of being a carer and need or want an outside interest.
- As a new carer, you have skills from your previous employment that you want to use (so that you do not lose them).
- Although fairly reliant on benefits, you have children and want to show them that it is still possible to do some work as well as being a full time carer. You want to set an example.
- You think it will make you wealthy.
- You want to do something and this is the only practical choice you think you have.
- You know that there may be a time when your caring responsibilities will end. You either want to have been self employed (so it will enhance your CV) or you know that you will then have more time to devote to self employment (and, as you have already set the basics in place on a small scale, you could then expand).

2. Do you have time to do this?

We all know there are 24 hours in the day but how many of those hours can you be certain of being able to work if you become self employed? Only you will know the answer to this and there are many things that will affect your answer:

- Is there another adult who can help you and what pressures are there on their time?
- Do you have children to look after? You will need to factor in school holidays. For our business we anticipated and planned for school holidays. It even influenced our choice of business as we looked at various other businesses, checked them against our parenting and caring responsibilities and decided it was too uncertain to take the risk.
- Does the condition of the person you care for change depending on the time of year?
- Is your idea something that you can stop the moment your caring responsibilities kick in and then go back to later without having to start from scratch again? If you are prepared to start again from scratch, is that realistic?

The 4 key steps to becoming self employed

Let's assume that you have decided to start up as self employed, understanding that while you remain a carer it is unlikely you will make a lot of money and looking at the time you have available, you think you can do it. So, what are the next steps?

There are 4 steps to this.

1. Planning your business idea.
2. How to put your business plan into practice?
3. Consider how your self employment will affect any benefits
4. Who you need to tell about your new business (such as the taxman)

1. Planning you business idea

This is the most time consuming, sometimes thrilling, boring or simply scary part of the process, and also the most important.

You will probably need to come back to this time and again before you get it right and it may take weeks. Generally, if it only takes you an evening or even a few days you've got it wrong and need to start again.

This is where you test each and every aspect of what you would need to have and do to run your business. No matter how small, test it. Don't assume, test.

Being self employed is not the same as being an employee (because there your employer provided so much for you – you just had to be there to do your job, for the agreed hours, be paid and that was that).

Being self employed, everything (absolutely everything) is down to you and you have to plan for it and make certain it is done.

For most people, it is far better to start off really small. It is more manageable, probably less costly and if it fails (and it might) then it is easier and cheaper to clear up.

Why isn't someone else doing it?

A good question to ask about your idea is: why isn't someone else doing it?

- It could be that you have a specific expertise that other people don't have.
- It could be really simple – you live on the edge of the city, there are only 70 houses within half mile of you, nearly everyone is at work during the day, so no window cleaner has come out this far.
- It could be that there is an existing market, but not enough people in it – and you think there is room for you.
- It could be that there is no market.
- It could be that there was a market but some rules have changed and those rule changes have made it either illegal or too expensive.
- It could be that you have seen a precise, even if very small, gap in the particular market.
- It could be that what you offer is as good or better than others – but much cheaper.

Have you got everything you need now – or will you need to spend money to get things?

- If you need to spend money, have you got that money?
- If you haven't then can you get it?
- How much will it cost to borrow?
- When does it have to be repaid?
- What happens if the business doesn't produce the income – will you be able to afford to repay?

How will people (customers) know about your business?

Even cards in shop windows, not only cost money but also you have to have the time to travel to those shops and, unless within walking distance, there is the cost of travel. What will it cost you to let (potential customers) know? Do you want anyone to know or just your particular market?

What is your market?

However good your product or service, are people prepared to pay for it? How do you know that? **A good product or service that people will not pay for is no basis for a business.** That you think it is brilliant doesn't matter – does the person paying for it think it is worth buying? That is what matters.

What could go wrong?

It is useful to ask yourself the question of 'assume I get this up and running, what is there that might cause problems and hinder or damage the business?' Things can and do go wrong, so it is useful to try and anticipate them. When you have identified them individually, work out 4 things:

1. How likely is that possible problem to occur?
2. If it does occur, what impact will it have on the proposed business?
3. Is there any way of getting round that problem?
4. If there is a way round the possible problem what will be the cost, in money and time?

What business name will you use?

If it is your own, there is unlikely to be a problem. With any other business name you will want to consider:

- Is it going to be confused with another business?
- Does your business name say anything about your business?
- If you are going to use an email address, can you get the name of your business as an email address?

What permissions or registrations do you need?

- Do you need to register with/ obtain a Data Protection Act Licence?
- Are there any other licences/ permissions that you need for your specific business?
- Would you need planning permission?
- Will you need to get permission from your landlord or Building Society/lender?

- Is the nature of your business such that you need or want to have terms and conditions? If so, what are they? Who will prepare them and at what cost?

What insurance so you need?

Do you need insurance cover for Public Liability, negligence, employers, product liability, business contents, loss of Records/ computers:

- How much do they cost (get numerous quotes)?
- Is it cheaper to buy them all from one place or individually
- Do any of them come free or cheaply with membership of a society or professional body?
- Do you have to pay the premiums up front (and can you afford that?) or not.
- If you are using a motor vehicle, does your current car insurance allow business use?
- If so, how much business use?
- What does your current home insurance cover?

Being paid

How can you be certain that you will be paid? Unless it is a cash transaction (or debit/ credit card transaction) you will be taking some risk of not being paid. Be sensible about that risk. If you have to chase debts due to you, that will take time (and some money?) and even then you may not be paid.

2. How to put the business plan into practice?

[And if it all goes wrong can you cope with that and the consequences of that?]

You have your idea, you've planned it thoroughly, and you've checked, double checked and checked again.

Now it is useful to split things into 2 parts

- a) What you need to have in place **before you start** doing any work that will produce an income;
- b) What you will need **to actually start** the work that will produce some income.

a) Before you start:

- You will have completed your business planning!
- Have you done a cash flow projection? (being gloomy is normally a better assumption than being optimistic).
- Advertising is ready.
- All the letterheads, standard letters and standard invoices exist or can be printed quickly by you.
- A website is ready, if you are going to have one.
- All the equipment/ tools you need exist and work.
- You have worked out where you can safely store any tools/ equipment.
- Any permissions or licences you need are in place.
- You have decided exactly how you are going to keep your business and personal finances separate (this includes what you spend on the business as well as your business income).
- You have systems in place to keep business and personal finances apart.
- Any insurances you need are in place.

b) To actually start the work

- Consider, if your work allows this, doing a trial run (if it throws up snags, better to know that before you start; if there are no snags, that's reassuring).
- Start your marketing/ advertising, even if that only amounts to letting it be known to those friends/ acquaintances who know you had the idea that the idea is now a reality.
- Remember, it may be a slow start. That's alright. Indeed it is probably better to have a slightly slow start as that allows you to get used to being self employed.
- However good the planning, still be prepared for the unexpected.

3. How self employment will affect any Benefits?

Everyone's situation is different. When you have planned your business idea you should contact York Carers Centre for specific advice on your situation. That may mean a personal visit by you or someone from York Carers.

Getting benefits rarely (if ever) stops you from starting self employment.

4. Who do you need to tell?

This is the administrative bit. This is fairly easy, by comparison with the rest:

- You have to tell HMRC (the taxman) that you have started a business. This is normally done by registering either to pay or be exempt from paying Class 2 National Insurance contributions.
- Tell the DWP or the local council who pay any benefits, preferably in writing, that you have started self employment.

The harder part is that they will need to be told what income and expenses you have from the business at the end of your financial year. That means you have to keep (accurate) financial records. This is a legal requirement. Depending on the type of business you set up this can be quite easy or it can be difficult. You will also have to file a tax return for your business, which is made much easier if your financial records are both accurate and in good order.

Feedback

Any feedback you want to give will be most welcome.

York Carers Centre,
17 Priory Street
York
YO1 6ET

Telephone: (01904) 715490

Email: enquiries@yorkcarerscentre.co.uk

Useful contacts

Business link

Business Link is government's online resource for businesses. It is the primary support service. It will be enhanced with new, easy-to-use information to help you start up, improve and grow your business.

www.businesslink.gov.uk/bdotg/action/home

North Yorkshire Tax Office for the self-employed

0845 300 0627

Textphone: 0845 302 1408.

A textphone allows you to type what you want to say rather than speaking into a mouthpiece. You can use a textphone instead of a voice telephone if you are deaf or have problems with your speech.

Postal address: Self Assessment, PO Box 4000, Cardiff CF14 8HR

Department for Work and Pensions

www.dwp.gov.uk