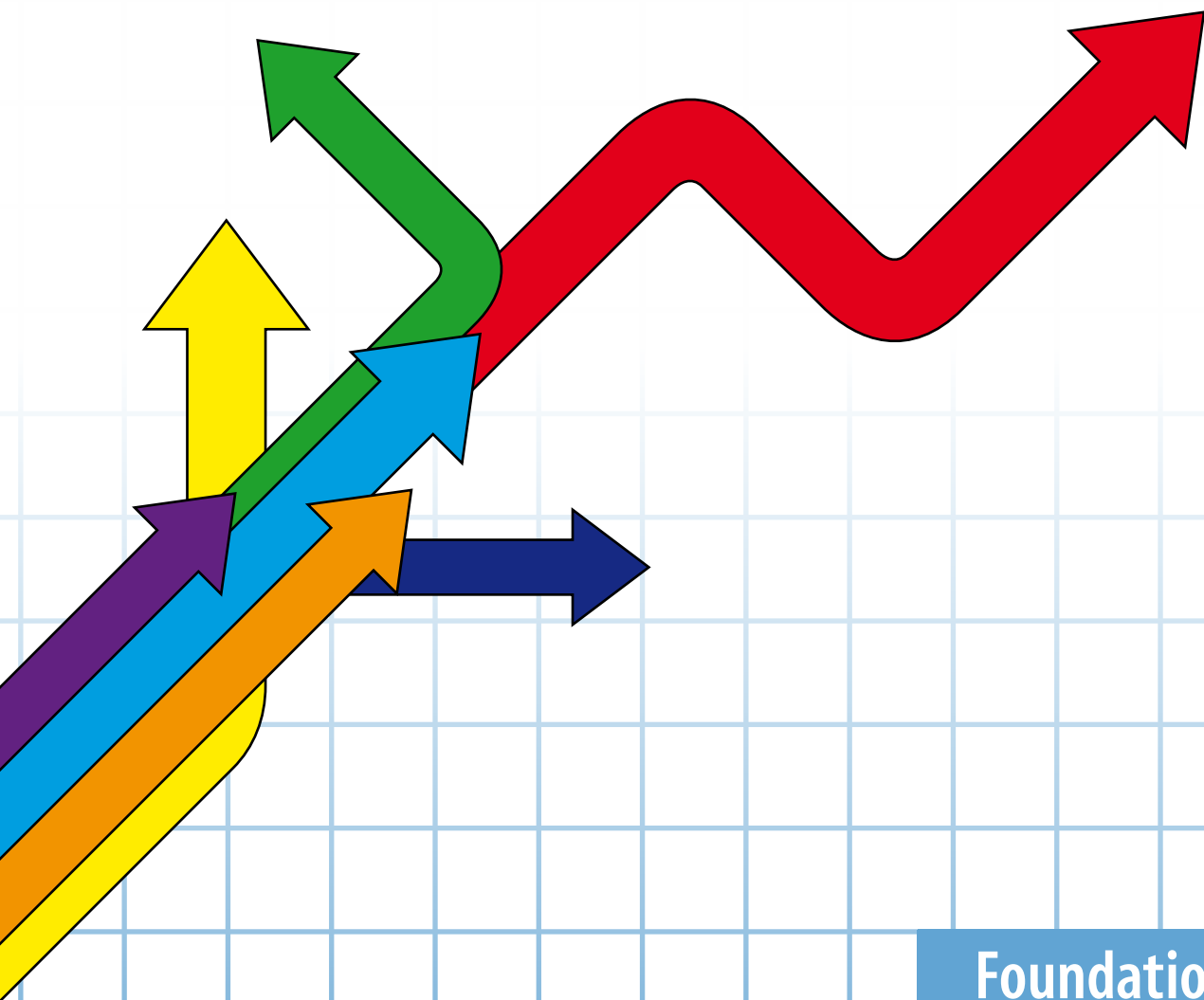


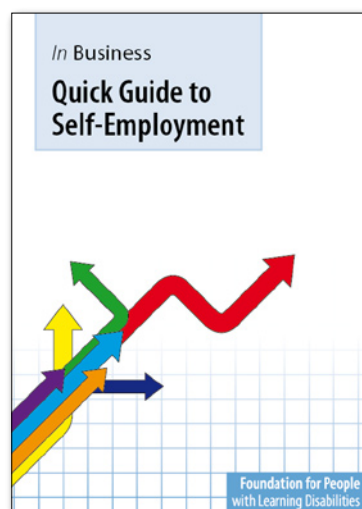
*In Business*

# Quick Guide to Self-Employment

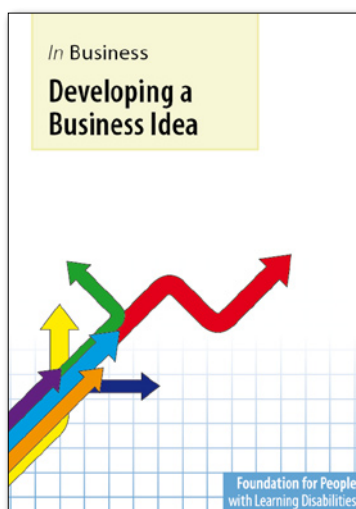


**Foundation for People  
with Learning Disabilities**

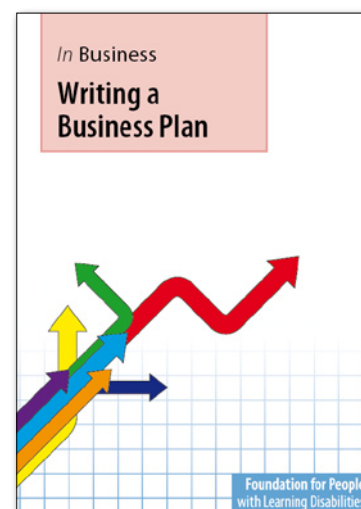
This publication is part of the In Business Easy Business Planning series, which includes:



**Quick Guide to Self-Employment**



**Developing a Business Idea**



**Writing a Business Plan**

To download copies of these and other helpful resources, tools and guides please visit our website at <http://www.learningdisabilities.org.uk/in-business/>

Our thanks go to the individuals and organisations that have helped us to create this guide. These have included people, their families and those that support them in exploring self employment as well as the Valuing People Support Team, Development Services, Business West and The Brandon Trust for their support in developing this guide.

Keith Bates is the project manager. The following Foundation staff have directly supported the development of this guide; Barbara McIntosh, Justin Pearce-Neudorf and Lucy Smith. All other staff team members have provided enormously useful contributions.

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# About the Quick Guide

This basic guide is meant to give you an idea of what you need to set up a business or be self employed. It is not possible to tell you everything in such a short guide so you must make sure you get lots of good advice. There is a list of places where you can go for help and advice on page 19.

This guide is written in plain English and there are key points for each section at the bottom of the page. Some words in the guide are difficult to understand. These words are in orange text. You can find out what these words mean on page 23.

You may not want to read the quick guide all at once. You may want to read one part at a time. If you need some extra help you could look at the guide with someone from your family, a friend or a supporter.

At the end of each part of the quick guide there is an action box. These action boxes have questions for you to answer that will help you plan your business.

This page tells you about the quick guide and how to use it.

# Introduction



Lots of people with a learning disability want to get a job. Even more people want to earn some money. There are a ways to do it:

- Most people get a job in a company by applying for a job when the company has a job they need someone for.
- Some people get help applying for a job from a **supported employment agency** or job coach. The people who support them help them to settle into the job and learn the tasks in the job.
- Others work in **social firms**. Companies like this make job opportunities for people that are finding it hard to get a job because of their disability. In these companies non-disabled people work with disabled people to offer a service or to make a product to sell.
- Another way to get a job or earn money is to start your own business. This can be called being **self-employed**. It means you are your own boss, you do all or most of the work yourself and you decide how you want to do things.



There are lots of different ways to get a job.

Working for your own business (being **self-employed**) can be good. It can also be hard work!



Being **self-employed** is not right for everyone. About 1 in 10 non-disabled people are **self-employed**. Many of them are builders or people who work with computers. It can be hard work. Sometimes it can mean working long hours, although you may be able to choose when to work those hours.

There are lots of good things about being **self-employed** or running your own small business. One good thing is being able to fit work around other things. You can choose when and where to work. Whatever happens, it is important to make sure it is right for you. It is important to get the support of family and friends around you too.

### **Actions**

1. Look at the different ways you can do work and earn money. Decide if self-employment is best for you.
2. Talk to people who know you and see if they think starting your own business is the sort of thing you would enjoy.
3. Ask yourself and other people questions like these:
  - Do you like new challenges and learning new skills?
  - Do you have any skills that a lot of other people do not have?
  - Are you good at getting on with tasks on your own?
  - Are you a hard worker?

# I have an idea



Deciding what kind of business to set up can be hard. There are lots of different ways of looking for ideas.

Most people start by thinking about what they are good at or what they are interested in. Thinking about it and talking to people about what ideas they have can also help. You can have an idea based on what goods or services you would find useful. You can find out if other people would find it useful too.

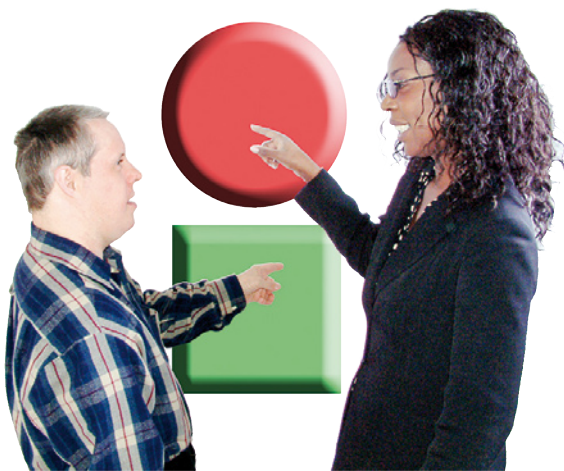
You can think about what is going on around you and try to solve an everyday problem. For example people are thinking about eating better food more and more – is there a way of helping people to do this?

It is possible to pay someone for an idea they have had, sometimes with training and support to run the business. One way of doing this is called **franchising**. In **franchising** you pay someone who has already set up the same kind of business. This way, many of the problems would have been sorted out although you may have to run the business the same way as other people, not your own way.

People get good ideas for a new business in different ways.

There is always a chance that a new business will go wrong.

It is very rare that a business idea comes from nowhere. Most of the time it is about looking for opportunities and perhaps trying a few ideas. Your best business idea is unlikely to be your first. The best idea is more likely to come when you start looking at what other businesses do and talking to people who could be your **customers**.



## **Risk**

It is really important to know that lots of businesses are not successful. Even if you plan your business idea really well things could still go wrong. People who set up a business often have to try some different ideas before they find the right one for them. You can make sure that if things go wrong, it will not be too bad, but you cannot avoid all the risk. Some people actually enjoy risk and feel that it is quite exciting! It is important that you think about this when deciding if setting up a business is right for you.

## **Actions**

1. If you are still looking for that really good idea, ask yourself these questions:
  - do you have any special skills or knowledge?
  - do you have a hobby that you could turn into a business?
  - have you ever needed a product or service that nobody else was selling?
2. Now write down any ideas you have about the answers to these questions.



# Test my idea



Once you have an idea of what to do, it is important to give a lot of thought to your idea. Ask yourself the question, 'will my idea work'?

Your idea may be a new invention or a new product or service. It might be a new way of doing something or a way to solve a problem. It is important to check that the idea fits your skills and how you want to work and is a good idea. This may mean getting some good advice about benefits as well as some help with the business. There is a list of places where you might get help on page 22.

Try to think about your business idea in more detail. This is often called a **feasibility study** and is meant to quickly find out if the idea will actually work.



It is important to think really carefully about your new business idea. This will help you to tell if your idea is likely to work well.

The following questions are important and will help you to think about your business idea in more detail (a **feasibility study**):

**1. A new business needs to be different enough to attract **customers**.**

- What is the idea?
- Has it been done before?
- What is different about your way?
- Is the service better, or quicker or cheaper than other services? Does it offer something new? Is anyone else doing the same thing in your local area?

**2. It is important to know about the **competition**.**

- Who else is doing the same type of business?
- How do they advertise?
- How do they offer their service?

**3. Think about who your **customers** will be.**

- Who are the **customers**?
- Will they buy from you and not someone else? Why? Are you better, cheaper, faster?

**4. Your business in practice.**

- How will it actually work?
- Will you need a special place to work in?

## **5. Think about when your business will run.**

- How often will it happen?
- Is your business working every day or is it something that just happens at weekends?

## **6. Think about what you can do with the time that you have.**

- How many different tasks could you do in an average day?
- How many products can you make or how many services can you offer?

## **7. Think about how much your business will cost and make.**

- How much will it cost?
- How much money will it make?
- What will you charge?
- How much will it cost you in materials, petrol etc?

When you have gathered all the information you need in the Business Planning Workbook, talked to lots of people and thought about their answers, you should be ready to see if your idea is going to work. Take your time, get some help and if you still think it is a good idea, it is time to do lots more planning.

### **Actions**

1. Think very hard at this stage about your business idea.
2. Take time to do your research to make sure your idea is a good one.
3. Use the Business Planning Workbook to help you think about your business and collect all the information you need.

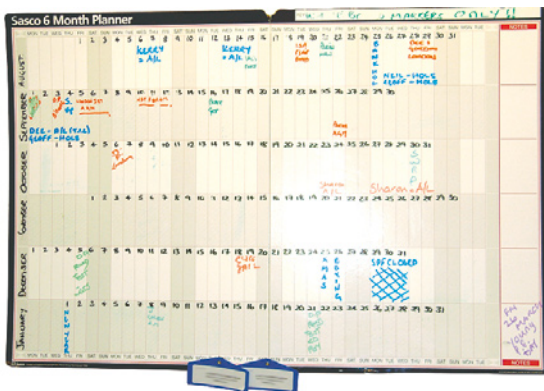
# Plan my idea



Once you have completed the **feasibility study** (see page 10) and answered the question, 'will my business idea work?', the **business planning** is the next thing to do. This is where all the information is put together on paper to show 'how my business will work'.

The plan is a document which sets out all the information you have collected and works on how all the bits fit together. It should show people how you will start the business and give you a way to check if your business is developing along the right. It will be like a map and will need to be updated and changed regularly as things develop.

This may seem complicated at first but most of it is quite simple really. You just need to make sure you have thought of all the things needed to run your business. For example, if your idea means that you have to buy some equipment or rent some space, it makes sense to know how much this will cost, where it will come from and to make sure that you can afford it. All these things need to be put into the part of your business plan called your financial plan.



Writing a **business plan** will help you to make sure you have remembered all of the important information you need to plan your idea.



## Money

One of the most important parts of a business is to make sure it earns enough money to pay the bills and to buy new products or materials. It will be important to know when your **customers** will pay you. Will they pay straight away like in a shop or will you give them an invoice later? It is important to make sure that there is enough cash in the bank to keep the business going. In the same way, it is important to know when you will have to pay for things.

Often, being **self-employed** is really simple. Often there are no other people involved and not much to pay for. If you keep making money and write down what you have earned there should not be many problems.

To plan your business well it is important to know when you will get money from your **customers**.

It is also important to know when you will need to spend money on your business.

## Actions

Start your **business plan**.

Your business plan will need to include sections that:

- Give a general description of the business and what it does
- Show how it all works, where it will be based and who the **customers** will be
- Describe how people will be told about the business and what it offers. This may be a website, leaflets or an advert
- Show how much it will cost and how much money it could make (financial plan)
- Any other things that are important to the business.

## Actions

1. Get a sheet of paper or use the computer to write down the next 12 months.
2. Under each month, list what you will have to pay for and what you expect to earn.

You can start to see what will happen to your cash. You can also work out how much money you need to get started with. This is called a **cash flow forecast**.



# Money to get started



It is possible that you will need some money to get started. You may need money to buy some materials, work clothes, a computer, or something else.

It is possible to get some money to get your own business started or 'raise finance' in a number of ways:

- Go to the bank to borrow it
- Save the money yourself
- Borrow from friends and family
- Try to get a grant.

A good place to start is your local enterprise agency or Business Link (see page 22). The Prince's Royal Trust may also help with information (see page 23).

There are lots of ways that the Government tries to help disabled people get into work. These ways also help people setting up their own business.



**Permitted work rules** allow a person to work for a limited number of hours and to earn some money without losing their benefits. Sometimes these rules change the amount of Income Support you can receive. You can get more information about Income Support and work by talking to someone at Job Centre Plus.

There are ways that you may be able get some money to start your business.

You can apply for Tax Credit which offers support to top up wages if they are low. To apply for Tax Credit, call into your nearest HMRC Enquiry Centre or Jobcentre Plus Office or call the helpline on 0845 300 3900 or text phone 0845 300 3909.

Access to Work is a fund which can help towards the costs of employment for a disabled person in work or **self-employment**. It makes a contribution to the costs of travel to work, changes to the work place or a personal assistant. To make use of Access to Work contact your local Disability Employment Adviser (DEA) through your nearest Jobcentre Plus Office or Jobcentre. The DEA will put you in touch with an Access to Work Adviser who will discuss your particular circumstances with you.

A direct payment or In Control is money from your local social services department. It may also help you to buy in support to help you and your business succeed. You will need to be assessed as to how much care and what type of care you need as well as your eligibility for a direct payment. Look also on the internet at <http://www.in-control.org.uk> or on your local Council website.



# Personal plan



When you have written your **business plan** and it is clear that the idea will have a good chance of working, it is time to think about personal issues and the impact that setting up a small business will have.

When you are turning an idea into a business it is important to make sure you get lots of good advice. By now you should have spoken to people about your benefits and know what your options are. It is now time to take that further and decide your next steps.

## Registering as **self-employed**

Often the easiest way is to register that you are **self-employed**. As a person on disability benefits you will need to tell two departments that you want to be **self-employed**; Your local Job Centre Plus needs to know because of your benefits and Her Majesty's Revenue and Customs (HMRC) needs to know because of your tax and National Insurance payments.

HMRC say that you must tell them within three months of being **self-employed**. You can tell them by filling in a simple form. This is called a CWF1.



To make an idea into a business you will need lots of good advice.

If you want to work for your own business (be **self-employed**) you have to tell the Job Centre Plus and Her Majesty's Revenue and Customs (HMRC).

Once you have registered as **self-employed**, HMRC will arrange for you to start paying **self-employed** flat rate (class 2) tax contributions. These contributions are currently £2.20 every week.

If you will not earn much money you do not have to pay these contributions. Instead you can apply for a Certificate of Earnings Exception if your total earnings are expected to be less than £4,635 (in the tax year April 2007 to April 2008). To get a Certificate of Earnings Exception fill in form CF10.

More information on forms can be found on page 25.



## Benefits

Part of your planning will have involved looking into your benefits and how working will change them. You may be able to keep your benefits. It depends on the number of hours you work and the money you get. One way is to think about registering your work under the **permitted work rules** to begin with as this can help protect benefits in some cases.

You should talk to Job Centre Plus early on to get a good idea of what other help may be available. There are schemes such as New Deal for the Self-Employed that may be right for you and help you.

There are also rules about housing benefit. You may be able to get housing benefit for a while after you start your business. You must tell the Local Authority within four weeks of starting.

There are lots of rules about getting benefits at the same time as working.

You can get advice about benefits and working from different places.

When you are happy that everything is sorted out, you have a good business idea that looks like it might work, you have planned how to set up your business and decided that your personal plan is right for you, you are ready to start.

### **Records and paperwork**



Being **self-employed** means there are rules to follow and a few forms to fill in each year. The main one is the tax return (self assessment). This will be sent to you by HMRC in April every year and you have to fill it in and send it back.

Most **self-employed people** (disabled and non-disabled) get help from an accountant. If you do need an accountant to help you make sure you ask how much this would cost at the start and add the cost of this into your plan.

### **Keeping a record about your business**

The law says you must keep records about your business. It is important to do this anyway because you would find it difficult to fill in your tax return without them. Bank statements, receipts and cash transaction records are all vital for working out your profits for the year. HMRC use this information to calculate your tax and National Insurance which you must pay on any profits your business makes.

When you work for yourself (**self-employed**) you have to fill in some forms every year.

There are plenty of ways to keep records. You can buy a ready made cash book, make your own cash book or set up a spreadsheet on the computer. All the costs for the business must be only for the business and not for your personal use.

You must pick a date for the end of your financial year. HMRC uses April 5th as the year end. Although it is up to you when your financial year ends, it is sometimes easier to use the same as HMRC. An accountant can help you.



### **Bank accounts**

It is useful to set up a bank account for your business. A few banks offer free banking.

### **Business Support**

All the way through, it is important to get good support at every stage. Support to think about an idea, support to plan, support to work out benefits, support to fill out tax forms, support to do the accounts and support to make sure things go smoothly generally.

If you have your own business you have to keep some papers like bank statements and write down information like how much money you spend.

# Information and help



There is plenty of help out there and some of it is free!. Here's a list that might help but you must be prepared to ask. Not all of them are in all areas of the UK so it is best to find out what's happening in your local area.

## **British Franchise Association**

*Gives information about franchising.*

Unit A2

Oxford Business Village

Langford Lane

Oxford

OX5 1LQ

0149 157 8050

[www.thebfa.org](http://www.thebfa.org)

65 Petty France

London

SW1H 9EU

0207 654 5800

[info@britishchambers.org.uk](mailto:info@britishchambers.org.uk)

## **Co-operatives UK**

*Central membership organisation for co-operative enterprise in the UK.*

Holyoake House

Hanover Street

Manchester

M60 0AS

0161 246 2900

[info@cooperatives-uk.coop](mailto:info@cooperatives-uk.coop)

[www.cooperatives-uk.coop](http://www.cooperatives-uk.coop)

## **Business Link**

*Information, advice and support about your business. To find your nearest*

*Business Link:*

0845 600 9006

[www.businesslink.gov.uk](http://www.businesslink.gov.uk)

## **Citizens Advice Bureau**

*Free information and advice. To find your nearest office:*

[www.citizensadvice.org.uk](http://www.citizensadvice.org.uk)

## **The British Chambers of Commerce**

London office

## **Disabled Entrepreneurs Network**

*(England and Scotland only)*

*The aim of DEN is to give networking opportunities and information for self-employed disabled people.*

[info@disabled-entrepreneurs.net](mailto:info@disabled-entrepreneurs.net)

[www.disabled-entrepreneurs.net](http://www.disabled-entrepreneurs.net)

Here is some information about where you can get help and support for your business.

## **Inbiz**

*(England only)*

*InBiz helps people to develop their business skills and start and run their own business.*

[www.inbiz.co.uk](http://www.inbiz.co.uk)

## **Prince's Trust**

*Gives practical support including training, mentoring and financial assistance, to 14-30 year olds.*

Head Office

18 Park Square East

London

NW1 4LH

0207 543 1234

[www.princes-trust.org.uk](http://www.princes-trust.org.uk)

## **National Federation of Small Businesses**

*Promotes and protects the interests of people who are self-employed or small business owners in the UK.*

Blackpool Business Park

Sir Frank Whittle Way

Blackpool

FY4 2FE

0125 333 6000

[ho@fsb.org.uk](mailto:ho@fsb.org.uk)

[www.fsb.org.uk](http://www.fsb.org.uk)

*Helps 16-30 year olds to start and develop their own business.*

Design Works Unit 15

William Street

Felling

Gateshead

Tyne & Wear

NE10 0JP

0845 757 3252

[enquiries@shell-livewire.org](mailto:enquiries@shell-livewire.org)

[www.shell-livewire.org](http://www.shell-livewire.org)

## **You could also contact your local:**

*Banks*

*Local authority economic development unit*

*Local enterprise agencies (England,*

*Wales and Northern Ireland only)*

## **Shell LiveWIRE**



# Questions and answers



## **Do I have to pay National Insurance?**

If you are **self-employed**, you may need to pay Class 2 and Class 4 National Insurance. You can ask not to pay Class 2 National Insurance if your business is very small but you will have to pay Class 4 National Insurance if you make a profit.

## **Can I be on permitted earnings?**

It is possible to be self-employed and still to apply for permitted earnings. You must speak to Job Centre Plus to get their approval.

## **Can I get Tax Credits?**

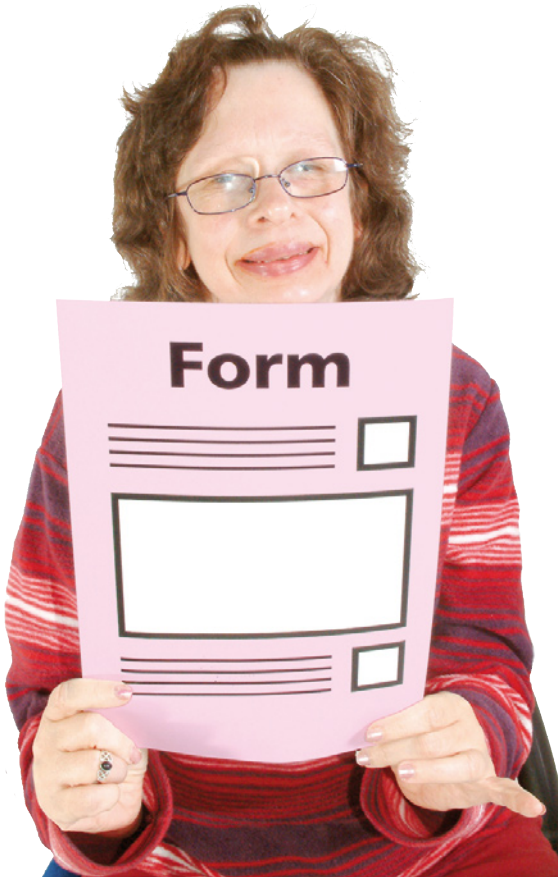
You can get Tax Credits if you set up your own business but you will need to meet the other requirements as well.

## **What records must I keep?**

It is important to keep all records about your business. Every time you spend money on the business, write it down or write it in a spreadsheet. Keep the receipt. Every time you earn some money, make sure you keep a note of what it was for, when you earned it and how much you earned. Keep this money separate from your own personal spending money.

Here are some questions and answers that might help you when reading this guide and planning your business.

## What forms might be useful?



PW1 (Permitted Work)

*This tells the Jobcentre about the work you do if you want to use **permitted earnings rules**. You can get this at your local Jobcentre Plus or download it from <http://www.jobcentreplus.gov.uk>.*

CWF1 (register as **self employed**)

*You can get this form from Her Majesties Revenue and Customs (HMRC) by calling 0845 915 4515 or text phone 0845 915 3296. The form can be downloaded from [www.hmrc.gov.uk](http://www.hmrc.gov.uk).*

Form CF10 (Application for exception for liability for class 2 contributions)

*It can be found in the back of the booklet "**Self-employed** people with small earnings" (CA 02). You can get this form from Her Majesties Revenue and Customs (HMRC) by calling 0845 915 4515 or text phone 0845 915 3296. The form can be downloaded from [www.hmrc.gov.uk](http://www.hmrc.gov.uk).*



# Difficult words

**Business plan** – the business plan is where you bring all the different bits of planning and research together and show ‘how my business will work’.

**Cash flow forecast** – this is a kind of plan that makes sure that you will have enough money to pay your bills and to buy new products. It tries to show when people will pay you and how much they will pay.

**Competition** – these are the other people and businesses who offer a similar product or service in the same area as you.

**Customers** – these are the people who will buy your goods or services. Customers can be people or other businesses.

**Feasibility study** – this is a test to see if your business idea will work. It will explore what you will sell, who you will sell to and look at how much money you could earn. It will also think about where you are and what other similar businesses are in the area. It is asking the question ‘will my idea work?’

Here are some words that you might think are difficult to understand. You can find out here what they mean.

**Franchise** – this is a business that people can set up by being shown everything they need to know about that business by someone who has done it before. You would normally pay for the training, advice and guidance and have to follow their rules closely.

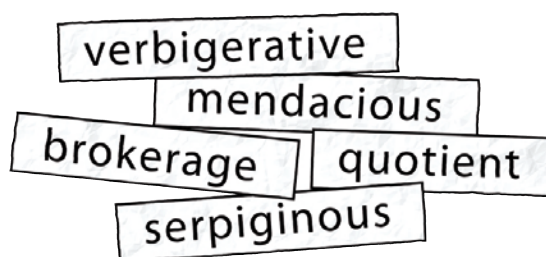
**Permitted work rules** – they are set up by the Department of Work and Pensions and allow someone on Incapacity Benefits to do a limited amount of work, (normally less than 16 hours per week), and to earn a limited amount of money.

**Personal plan** – this sets out what you want from work from your point of view. It talks about the number of hours you want to work and the amount of money that would be ideal. It lists all your likes and dislikes to do with how you work.

**Self-employed** – this is where you work for yourself, with support from other people, make all the decisions and possibly do all the work. You must tell HMRC if you are self-employed

**Social firms** – they are businesses set up to give employment opportunities for people with a disability. They normally employ disabled and non disabled people.

**Supported employment agency** – they help people with disabilities to get and keep paid jobs. They do this by giving the support and training needed to make sure the job is right for them and then support them to learn the tasks needed.





## About the Foundation for People with Learning Disabilities

We promote the rights, quality of life and opportunities of people with learning disabilities and their families. We do this by working with people with learning disabilities, their families and those who support them to:

- do research and develop projects that promote social inclusion and citizenship
- support local communities and services to include people with learning disabilities
- make practical improvements in services for people with learning disabilities
- spread knowledge and information.

If you would like to find out more about our work, please contact us:

Foundation for People with Learning Disabilities  
Sea Containers House  
20 Upper Ground  
London SE1 9QB

Tel 020 7803 1100  
Email [fpld@fpld.org.uk](mailto:fpld@fpld.org.uk)  
Web [www.learningdisabilities.org.uk](http://www.learningdisabilities.org.uk)

The Foundation for People with Learning Disabilities  
is a part of the Mental Health Foundation,  
registered charity number 801130 (England) & SC 039714 (Scotland).

**Foundation for People  
with Learning Disabilities**