

# Organising Precarious Workers: Trade Union and Co-operative Strategies

**A report for the TUC from Co-operatives UK and the  
Co-operative College**



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**Pat Conaty (Co-operatives UK), Alex Bird (consultancy.coop) and Cilla Ross (The Co-operative College)**

# Foreword

The trade union movement faces a number of big challenges as it seeks to continue to be a genuine and effective voice for working people. Not least amongst these is how trade unions organise and represent the ever increasing number of people in vulnerable or precarious employment. One emerging way to help vulnerable workers make their jobs better is through the formation of worker co-operatives.

The TUC, as part of its Rethinking Organising series, asked Co-operatives UK and the Co-operative College to report on the good practice examples of vulnerable and self-employed workers self-organising and working with trade unions in the UK, Europe and in the United States and to set out their recommendations on how this work between trade unions and co-operatives can be developed and widened.

The TUC is grateful to the report authors Pat Conaty, Cilla Ross and Alex Bird and thanks Co-operatives UK and the Co-operative College for the work that went into producing this report. We would also like to thank those TUC affiliates and union officers who spoke to the authors.

**Carl Roper, TUC National Organiser**

# Precarious workers: Who they are and what they need.

The world of work is changing in dramatic ways. The three main types of insecure work, casual, zero-hours and self-employment, are all on the increase.<sup>1</sup>

Ongoing labour market deregulation, the impact of information technology and the new gig economy means income, hours, days or even work locations can no longer be guaranteed as employment rights are eroded. More and more workers are becoming socially isolated. This and flexible working raises barriers for organising the rapidly growing precarious workforce.

Our aim in this report is to explore how trade unions and co-operatives can work together to challenge precarity and secure decent work.

## **Towards a trade union and co-operative alliance**

The world of work in the 21st century has a markedly different pattern from that of the 20th century. The two-tiered structure that has emerged since 2007 out of austerity and automation has been well described as an hour-glass. In the top half there is a shrinking traditional workforce with standard 40 hour contracts, residual pensions and full employment rights and below, lies what Martin Smith of the GMB described as:<sup>2</sup>

‘a second growing group where technology creates an on demand working culture dominated by their smart phone of precarious work, low paid, zero hours, tiny hours, agency, self-employed jobs.’

The aim of this report is to describe more clearly the plight of the growing precariat and to identify and capture examples of best practice where unions and co-operatives are working together to challenge the erosion of political, social, economic and cultural rights.

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<sup>1</sup> TUC (2016) Living on the Edge: The rise of job insecurity in Britain, Economic Report Series 2016

[https://www.tuc.org.uk/sites/default/files/Living per cent20on per cent20the per cent20Edge per cent202016.pdf](https://www.tuc.org.uk/sites/default/files/Living%20on%20the%20Edge%202016.pdf)

<sup>2</sup> Martin Smith (2016) ‘Union.Net - Building our unions in the 21st century World of Work’.

Guy Standing and his work on A Precariat Charter describes why a loss of 'social income' won by trade union struggles over decades characterises most clearly the plight of the precariat in the 21st century: their conversion from full citizens into denizens with curtailed rights.<sup>3</sup>

'The precariat lacks access to non-wage perks such as paid vacations, medical leave, company pensions and so on. It also lacks rights-based state benefits, linked to legal entitlements, leaving it dependent on discretionary insecure benefits, if any. And it lacks access to community benefits, in the form of a strong commons (public services and amenities).'

GMB commissioned research that interviewed precarious workers and found:<sup>4</sup>

- Unions remain deeply supported and identified as being on their side.
- Traditional forms of collective bargaining are largely seen as inaccessible within a realistic timeframe of an organising campaign.
- Union approaches are best focused around meeting their needs.
- Union messaging that works best include: 'Britain needs a pay rise', 'Work you can build a life on', and 'Fair treatment at work.'

For this report we have surveyed and interviewed numerous officers and members of UK and other trade unions abroad as well as those working in co-operatives. A consultation day was held in Manchester and four case studies have been put together in the next four sections to highlight innovative practices. Though it is early days, these organising strategies are either emerging in the UK or, with focused support from the trade union or co-operative movements, could emerge and be embedded.

The report illustrates each organising strategy and draws together broader and crosscutting findings and recommendations.

### **Employment status, rights and categories of worker**

Precarious work is not a legal category however it has been used historically to describe work in the 'informal economy', especially in developing countries. Today it can describe the experience of many types of worker. The law in the UK recognises three types of employment status: employees; workers (including most agency workers, short-term casual workers and some freelancers); and the self-employed. When people are defined as employees or workers, employers are obliged by law to deduct income tax and national insurance contributions and all

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<sup>3</sup> Guy Standing (2014) A Precariat Charter - From Denizens to Citizens, Bloomsbury, p.19.

<sup>4</sup> Martin Smith (2016) op.cit.

are entitled to core statutory employment rights such as maternity leave, statutory redundancy pay and an itemised pay slip.<sup>5</sup>

Those working as self-employed (whether taxi drivers, artists, musicians or researchers) do not have a similar entitlement. Such workers are often described as 'own account workers' because they have to handle their own tax and national insurance and have to source and manage their own work. The greater self-management freedom of the self-employed comes at the expense of a lack of legal protection and a wide range of rights.

Guy Standing has described how the term precariat was originally used in the late 1980s to describe low-paid temporary and seasonal workers in France.<sup>6</sup> In observing the spread and growth of informal economy work in North America and Europe over the past decade, Standing argues that the precariat is becoming 'the new normal'. Austerity, automation and the application of digital technology are leading, he argues, to a situation whereby the number of citizens with full employment rights is declining and those working without such rights are becoming 'the new normal' and second-class citizens. There is evidence in support of this view.

While UK unemployment stood at 4.8 per cent in 2016, the figures fail to reflect the underemployment rate of more than 10 per cent of the working population with 3.5 million people wanting to work longer hours and many having to get by with multiple jobs.

Automation is another undermining factor. Deloitte's analysis indicates that 60 per cent of retail jobs may be eliminated by 2025.<sup>7</sup> Research by the Bank of England suggests that 15 million jobs may be lost through automation over the next few decades.<sup>8</sup> Those most at risk are workers in administrative and clerical roles, transport and storage, health and social care and production tasks.

### **On-demand work, the gig economy and digital platforms**

In addition millions of workers are likely to experience a decline in decent work as the 'gig economy' and diverse forms of digital platform labour spreads. There are numerous indicators already of this new world of work.

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<sup>5</sup> Employment Status - Gov.UK

<sup>6</sup> Guy Standing (2011) *The Precariat - The New Dangerous Class*, Bloomsbury.

<sup>7</sup> Deloitte (2016) *Transformers: How machines are changing every sector of the UK economy*.

<sup>8</sup> Andrew Haldane (2015) *Labour's Share*, speech by chief economist at the Bank of England to the TUC on 12 November 2015.

Beyond Uber there is a growing fleet of online labour-sourcing corporations including: TaskRabbit for small jobs, Handy for residential cleaning, Clickworker for 'surveys, data management, etc.', MyBuilder for household repairs and extensions, Deliveroo for take-away meal delivery, Upwork for higher skilled freelancers, Teacherin for supply teachers and SuperCarers for home care.

Promoted as the 'sharing economy', these digital companies operate to extract value via a 'black box' system that blocks any direct relationships between producers and consumers. Decision making in respect of pricing, policies and profits are definitely not shared by the platform owners. Command and control is the old name of this rapidly growing money making game.

A Chartered Institute for Personnel and Development's survey has highlighted that about 4 per cent of the workforce are involved in the 'gig economy' via online platforms.<sup>9</sup> Ursula Huws estimates that up to 2.5 million people in the UK are already dependent on work through online platforms with 1.2 million earning more than half their income this way.<sup>10</sup>

By engaging self-employed workers there are no employer overheads. This is an immediate saving of as much as 30 per cent on labour costs.<sup>11</sup> Debt collection, insurance, the provision of tools and equipment are also off-loaded onto the workers.

The platform corporation business models maximise labour market flexibility by 'hollowing' out the corporation. In the 1980s Nike and Apple showed how to offshore production to China and India. Today Upwork has become the EBay for jobs and the largest digital labour provider globally with a capital value of \$46 billion. Its specialisation is skilled freelancers including engineers, architects, lawyers, accountants and management consultants. It employs only 250 staff in the USA to broker an international army of 10 million contractors who bid against each other for work.<sup>12</sup>

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<http://www2.cipd.co.uk/pm/peoplemanagement/b/weblog/archive/2017/03/17/gig-economy-not-a-viable-form-of-income-finds-cipd-survey.aspx>

10 Ursula Huws (2014) Labor in the Global Digital Economy - The Cybertariat Comes of Age, Monthly Review Press. See also <https://www.opendemocracy.net/neweconomics/the-key-criticisms-of-basic-income-and-how-to-overcome-them/>

11 Steven Hill (2016) The California Challenge: How (not) to regulate disruptive business models, September 2016, Friedrich Ebert Stiftung.

12 Trebor Scholz (2017) Uberworked and Underpaid, Polity Press.

Such cut-throat practice is unleashing a global race to the bottom with some platform corporations reporting paying half (\$2 to \$3 per hour) the US minimum wage. There is evidence to show that digital labour will replace other traditional forms of outsourced labour because the platform business model cuts the labour intermediary costs by half.<sup>13</sup>

The new corporate language for 'on demand' workers emphasises how precarious labour can be turned on and off like a tap. Descriptions include: 'crowd sourced labour,' 'micro-tasking', 'body sourcing' and 'liquid labour'. The performance of digital labour is constantly tracked through the platform to push for hyper-efficiency and surveillance systems are becoming more widespread.

There are three parties involved in platform capitalism: end customers including corporations, the digital corporation intermediary and the workers. A separate case can be made for each party as the 'employer' and this ambiguity provides a legal loophole for massive profit-making by the intermediaries. Classifying all workers as self-employed as a condition of trading on the platform is a prima facie denial of worker rights. There is a legal case that the digital platforms are in fact operating as online employment agencies but the European Union has not yet formed an agreed view. In the US the situation is similar but lawsuits there and in the UK are increasingly challenging the digital corporation's argument that the workforce are all independent contractors.

### The trade union response

So where does this leave workers and what should unions do?

The International Trade Union Confederation (ITUC), the TUC and its members are committed to effective strategies to recruit and organise the precariat.<sup>14</sup> However implementing such a strategy is a complex challenge.

#### ILO Recommendation 193 - An Agenda for Decent work

One instrument that both trade unions and co-operatives can draw upon in the challenging task of securing decent labour standards for precarious workers is the International Labour Organisation (ILO) Recommendation 193 on Promoting Co-operatives. This recommendation is part of the Decent Work agenda.

Recommendation 193 builds on the rich tradition of solidarity, social dialogue and joint purpose between trade unions and co-operatives in the UK when co-operative goods were promoted as produced under 'trade union terms and conditions'. This shared history includes the joint formation of Co-operative Co-partnership Productive Societies of 5000 workers - who 'must have trade union membership'

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<sup>13</sup> Ibid.

<sup>14</sup> ITUC Constitution 2006, amended June 2010: Article I, page 7.



and were employed by 45 co-operative societies. These societies were a form of workers' control, which would secure, according to the AEU in 1948, 'the control of industry in the interests of the community'.<sup>15</sup>

This tradition of solidarity and social dialogue of this kind continues. A recent example is the joint formal agreement reached with trade unions and co-operatives on the 670 co-operative schools. Joint education programmes like the trade union/co-operative Shared Values and Common Roots workshops delivered by the Co-operative College helps to facilitate solidarity working.

#### Further European research

Maarten Keune conducted a review of trade union work with precarious workers in seven European countries. He found a similar cluster of disadvantages associated with precarious work in each country including: low pay, limited legal protection, high insecurity, limited control, limited social security and pension entitlement, limited collective representation, limited access to loans and mortgages and limited possibilities for planning a family.<sup>16</sup>

The response of European trade unions to the growth of atypical employment has been mixed, and for most unions the focus has been on opposition to deregulation, and to improve conditions by enforcing labour regulations. Some unions in Europe have actively opened membership up to the self-employed, but many have not. For the latter group there is an awareness that separate organising strategies are needed but that these are more costly and challenging to implement effectively.

Keune concluded that for the wider group of precarious workers, an effective set of strategies requires the integration of several actions.<sup>17</sup> These include campaigns to raise awareness; mobilisation drives in specific sectors; provision of services designed to meet workers' needs; collective agreements; legal action; policy formation; advocacy for new laws; and creative use of a range of media.

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<sup>15</sup> Co-operative Co-Partnership Propaganda Committee (1948) Co-operate for prosperity: the Trade Unions and Co-operative Partnership, Leicester: Derby Printers.

<sup>16</sup> Keune, M. (2013) Trade union responses to precarious work in seven European countries  
[http://www.iza.org/conference\\_files/EmpCompPersp2013/keune\\_m7578.pdf](http://www.iza.org/conference_files/EmpCompPersp2013/keune_m7578.pdf)

<sup>17</sup> This provides for equal treatment after a 12-week qualifying period in pay, working time, annual leave and maternity rights. This was formally agreed by the TUC and the CBI in 2008 and then introduced through the Agency Workers Regulations 2010.

As the Not Alone report showed, there is good trade union practice in the UK and across Europe for organising freelance workers in the entertainment and media sector.<sup>18</sup> The Federation of Entertainment Unions (FEU), including the NUJ, BECTU, Equity, the Musicians Union and the Writers Guild are leading examples. There is scope to extend this media sector expertise to assist other unions and there are successes in organising in transport and logistics.

The Not Alone report also showed that strategic trade union partnerships with co-operative organisations are crucial to successful organising of informal economy workers, as was the case before 1945, when both movements worked in solidarity. ILO Recommendation 193 passed in 2002 shows how trade union co-promotion of co-operatives has aided organising strategies in developing countries over recent decades.

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<sup>18</sup> Pat Conaty, Alex Bird and Philip Ross (2016) Not Alone - Trade Union and co-operative solutions for self-employed workers, Co-operatives UK, The Wales Co-operative Centre and Unity Trust Bank.

# Taxi Coops

The GMB has recently been campaigning on the rights of the self-employed to 'worker' status, alongside the long-term relationship they and Unite have representing and negotiating for taxi drivers across the UK.

Taxi-drivers are almost all self-employed. Many drive their own cabs but many others rent cabs by the day from private entrepreneurs who also control the radio networks and routing systems.

Many taxi co-ops have come and gone over the years, often because of lack of support from the local authorities that issue the licences, combined with the unfavourable terms imposed by the radio network operators. The network operators usually charge a percentage of fares taken and may also impose additional requirements such as an obligation to rent or buy the cabs from specified sources or even to purchase fuel from selected garages.

Taxi co-ops have been around for a long time in Birmingham, Southend-on-Sea, Bridgnorth and in Dunbartonshire in Scotland. However, while some have slipped away through demutualisation, new taxi co-ops continue to replace them.

One city where they have had a long term presence, though, is Edinburgh, where the taxi business is dominated by two taxi co-ops; City Cabs<sup>19</sup>, which was established in 1925, and Central Taxis<sup>20</sup>, which has been in operation since 1971. City has 400 members and 1,100 registered drivers, whilst Central also has 400 members and 1,300 registered drivers.

City Cabs was formed when twenty-five taxi drivers got together in September 1925 and decided to form an Association to benefit the Edinburgh Taxi Trade and its drivers. There were originally 87 members and the joining fee was 1 Guinea. The original minutes for the inaugural meeting held on 13th September 1925 are kept at the City Cabs office in Edinburgh. As Les McVay, the City Cabs Company Secretary put it:-

"In 1925 the Labour and TU movement was weak, so the original members, who wanted to control their own destiny, simply took control of their own lives."

Both co-ops, as well as the third operator, Singapore owned Com Cabs, work closely with Unite to negotiate with the City Council over rates and license conditions. The number of licenced cabs is strictly regulated in Edinburgh, and has been so for a long time, apart from a period between 1985 and 1995. Consequently, hackney cab

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<sup>19</sup> <http://www.citycabs.co.uk/about>

<sup>20</sup> <http://taxis-edinburgh.co.uk/about/our-community>

plate<sup>21</sup> numbers are limited, and are only transferable for a cost of £30,000. This ensures that all owners have made a serious financial commitment, and are therefore encouraged to invest in their vehicles as well.

The Green Taxi Coop<sup>22</sup> in Denver, is a co-op that is fully unionised. Founded in response to the "Uberisation" of the taxi market in Denver, Green Taxi is the biggest taxi company in the city with 800 drivers, from 37 different nationalities, and 37 per cent of the market. It is now the second largest worker co-operative in the United States.

"These monopolies [Metro, Colorado Springs shuttle and Dashabout Roadrunner shuttle] rig the game for their own benefit. On the other hand, the choice between a monopoly and Uber, who has very little interest in securing the passenger or sustainably supporting the driver, between that is a huge opportunity and that's where Green Taxi fits in," said Jason Wiener, lawyer for Green Taxi.

Worker-owned taxi co-operatives already had a foothold in Colorado. Union Taxi<sup>23</sup> of Denver, founded in 2008, had 264 drivers. But as they looked for ways to reach a scale that can compete with Uber and Lyft (there are approximately seven times more Uber drivers in Denver than regulated taxis), they ran up against transportation licensing laws in Colorado, which made it easier to form a new firm than expanding Union Taxi.

With the support of Communications Workers of America Local 7777 (CWA)<sup>24</sup>, which even included offering members rent-free accommodation in the union offices, the new Green Taxi Coop was formed in the summer of 2014.

Michael Peck of the '1Worker1Vote' campaign in the USA has confirmed that further work on replicating the Green Taxi model is also underway in Philadelphia, Boston, Baltimore, New York and San Francisco.

### Using technology

Green Taxi Co-operative uses a tailored app. There is a thriving market in these tailored apps, and examples include Cordic, used by both Central Taxis and City Cabs in Edinburgh, Cabgo which has been developed by Paul McCormack of Phoenix Taxi

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<sup>21</sup> The vehicle license, which is linked to a strict specification and a regular MOT style testing regime. This is separate to the driver's license, which is issued to the individual driver.

<sup>22</sup> <http://greentaxico-op.com>

<sup>23</sup> <http://www.uniontaxidenver.net>

<sup>24</sup> <http://cwa7777.org/index.cfm>

Co-op in Liverpool, AutoCab used by Green Taxi Co-op in Denver, whilst Union Taxi Co-op in Denver have developed their own.

Our understanding, talking to app developers, is that it would be technically very easy for a co-op or trade union to licence an off-the-shelf app like the ones listed, and set it up to work across the entire UK, thus undermining the advantage that Uber and Lyft have in the taxi market – their geographic reach.

All it needs is for the co-ops or unions to work together to broker a contract for such a system across the co-ops/companies, and by licensing in this way, the upfront costs would be modest.

## Learning from others

IndyCube 25 is a Wales based supplier and developer of shared workspace, established in 2010 as a Community Interest Company; it has recently converted into a not-for-profit co-operative. They have established 28 locations across Wales and have now opened their first in England.

IndyCube is working closely with Community trade union to launch a joint venture which will lead to further growth and a strong partnership offer of membership of both the union and the co-operative.

“We see this as the way to grow with Community’s resources, capacity and knowledge, and provides an opportunity for third party representation of our self-employed members.” Mark Hooper, co-founder of IndyCube.

Developing new workspace and back-office services

As most of IndyCube’s membership is at present from the creative industries, its shared workspace is office based. Community’s membership is largely craft based, so they require entirely different types of workspace – co-making space.

This new partnership will not only see the development of workspace within Community’s own properties, but also the creation of shared co-making spaces, with access to shared tools and workshop space for trades people to use. Community is planning to invest considerable funds in this new approach, which will also include the deployment of a large number of union advocates to recruit new self-employed members.

Payment and back-office services

Both parties recognise the need for other services. These include:-

Automated invoicing, bookkeeping and accounting services

Late payment management and debt collection

Insurance

Contract and other legal advice

Representation and lobbying

They plan to research the possibility of an online back-office management system for their self-employed members.

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<sup>25</sup> <http://indycube.cymru/location>

“The recent report from the Federation of Small Businesses (FSB) shows that the self-employed and small and medium enterprises (SMEs) are generally the last to be paid. We shall be working on a digital platform to offer a range of services, include the factoring of debts to ensure our members are paid on time<sup>26</sup>” John Park, Assistant Gen. Secretary, Community

As part of this process of development, they plan to use the best ideas from elsewhere. Although the legal system and status of trade unions is different in Belgium, they intend to look at the Cooperatives d’Activités et d’Emploi (Business and Enterprise Co-operative - BEC) model, which has developed in France and francophone Belgium over the last 20+ years.

The first Cooperatives d’Activités et d’Emploi (CAE) was started in Lyon in 1995 as a way to help the unemployed off benefits and back into work. It offers a basic salary, paid as an employee via the French equivalent of a proper contract and PAYE. When a claimant joins their local CAE, they are offered training and support whilst continuing to claim benefits. They can then start up their “business” inside the CAE’s legal structure, which also provides any necessary insurance, whilst continuing to claim benefits as they are not being paid at that point. Once they reach 25 hours paid work per week, the CAE starts to pay them a salary based on their earnings and they have to sign off from receiving benefits.

The CAE also handles invoicing and debt collection for them, and deducts and pays their Tax and NI equivalent. It can also, if requested, smooth out the payments so they get a regular amount each month to make personal budgeting easier.

Because the individual is paid as an “employee” they are entitled to all the benefits of a normal employee, but they have no guaranteed salary, and are paid according to what work they can find. They can leave the CAE and go it alone after two years, or they can continue as a member paying a percentage fee for the service provided.

The Belgian SMart (Société Mutuelle d’Artistes) has produced a system that is essentially the same as the CAEs, with the individual being an “employee” of SMart, but without any guaranteed wage. By doing so they pay the Belgian equivalent of PAYE and NI, thus allowing their members to obtain the benefits usually reserved for employees (such as for example access to unemployment benefit) and as in the CAEs, SMart handles the invoicing, salary deductions and tax payments for them.

Since 2001, SMart has guaranteed payment for all work invoiced through the system, underwritten by mutual funds built up within the organisation. Members are paid within seven days, and don’t have to worry about defaulters.

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<sup>26</sup> Time to Act: The economic impact of poor payment practice

<http://www.fsb.org.uk/media-centre/press-releases/fsb-report-shows-stopping-late-payments-could-save-50-000-small-businesses>

SMart also provides members with professional liability, accident at work, and mobility insurances, which comes as part of the package. One contract through the system per year is enough to ensure coverage by SMart's insurance all year.

SMart is not subsidised in any way, and so charges a levy of 6.5 per cent of the invoiced fee to cover the cost of all its services including the insurance and payment guarantee. This, plus workspace rental, is the organisation's only income, and is sufficient to break even and also put some funds into reserves and future growth.



# Cooperative Partnerships: Education Sector

In the UK a commitment to a large public sector has, until recently, secured stable employment for peripatetic and classroom based teachers and those working in post-16 education. Now a constellation of factors: the academisation of schools, the so called austerity agenda and an ideological shift to marketisation have coalesced into an increasingly precarious situation for education workers across the sector from pre-school to higher education.<sup>27</sup>

In response to academisation, the Co-operative Group and Co-operative College, Manchester, established a co-operative school network<sup>28</sup> and a Co-operative Trust model whose governance, curriculum, and pedagogy is informed by the International Co-operative Alliance's Values and Principles. Importantly an early action was to co-produce, with trade unions, a formal agreement on teacher terms and conditions – the National Agreement and Statement of Joint Principles (2013) which was signed off by the Schools Co-operative Society, the Co-operative College, the TUC and the unions representing those working in schools: ATL, NASUWT, NUT, GMB, UNISON and Unite.

This agreement aims to ensure that employees who are transferred from local authority schools to Co-operative Trusts and Academies, are TUPE'd <sup>29</sup> across to the new arrangements. The agreement makes explicit reference to ILO Recommendation 193, which is concerned with the role of co-operatives in decent work, and a National Joint Forum meets three times a year to agree policies and how they should be implemented.<sup>30</sup> Agreements of this kind are fundamental to union/co-operative joint working and are a powerful 'decent work' instrument.

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<sup>27</sup> O'Hara M (2015) *Austerity Bites: A Journey to the Sharp End of Cuts in the UK*; London: Policy Press.

<sup>28</sup> There are now 650 Co-operative Schools

<sup>29</sup> TUPE refers to the "Transfer of Undertakings (Protection of Employment) Regulations 2006" The TUPE rules protect employees' rights when the organisation or service they work for transfers to a new employer.

<sup>30</sup> Interview with NASUWT Officer 2016

The Musicians Union (MU) is pursuing policies to challenge precarity in the teaching profession. One response was the launch of Swindon Music Co-operative in 1998. According to the Borough's director of music at the time:

"We needed to find a solution that retained a sense of unity and common purpose while reducing the cost of provision and a co-op was an ideal solution".

The MU was active in supporting the formation of the co-operative which is now the main provider of instrumental and vocal tuition in over 70 local schools with more than 50 members.<sup>31</sup> The co-operative charges a fixed fee for an hour of the teacher's time to local authorities or parents, and a small percentage is paid back into the co-operative, typically £2.00, to cover its costs. The co-operative manages DBS checks, gathers feedback from clients, and ensures regular continuing professional development for members.

The MU has recently worked with Co-operatives UK on a jointly produced guide (*Altogether Now*, 2015)<sup>32</sup> which provides teachers with advice on setting up a co-operative. A total of 8 music co-operatives are now in existence.

The experience of MU members in co-operatives has been a positive one. One explained why, under threat of redundancy, she and her colleagues considered a co-operative model:

"What we were really concerned about was to stay together as a group. We are now a professional organisation that has a professional feeling. So our main need was preserving some kind of togetherness without the loneliness or isolation of being a sole trader".

Four additional strengths of the co-operative model were identified in our interviews. First is the fact that the co-operative is union organised (though not all members of the co-operative are MU members). The second is the teachers' ability to share a 'central service' in the form of an employed administrator. The third is that there is now a cluster of music teacher co-operatives and a critical mass means mutually supportive and solidarity based relationships. Fourthly, the support of the union and the continuous co-operative collaboration with other co-operatives helps the Chair and Board of Directors address challenges such as the need to ensure quality.

The support for the formation of music co-operatives by the MU is both pragmatic and visionary and acknowledges the changing nature of work and labour market change.

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<sup>31</sup> <http://www.swindonmusiccoop.co.uk/teachers.php>

<sup>32</sup> <http://www.musiciansunion.org.uk/Files/Guides/Education/Altogether-Now-a-guide-to-forming-music-teacher-co>

Ideally the MU would like to see a National Association of Music Co-operatives develop to enable 'Unions to step back and help co-operatives become self-responsible'. At present however there is a growing interest in the model and the MU will continue to explore co-operation as a fundamental and practical response to precarity.

But what about other teachers? Might the teacher-led, union-organised music co-operative approach have relevance for other classroom supply teachers who are currently experiencing increasingly disadvantageous employment relations?

Historically all supply teachers were employed directly by local authorities in local authority supply teacher pools or, on an ad hoc basis, directly by schools maintained by the local authority.

Where teachers are directly employed by schools maintained by the local authority, they are employed on national pay and conditions set out in the School Teachers' Pay & Conditions Document (STPCD). This model does not, however, apply in the increasing number of academies and free schools, which can set their own pay rates. And, in any case, local authority supply pools have largely died out and been replaced by supply teacher agencies. These operate as the "employer" paying less than the national pay rates and charging an additional fee to schools. A recent NUT survey (2016) reported that although 25 per cent of supply teachers say they are still employed directly in schools, this figure is falling. Only 10 per cent of agency-employed respondents were paid according to the STPCD. Supply teachers therefore find their terms and conditions continuously undercut as 65 percent now work in academies and free schools and/ or through a supply teacher agencies.

A further complication is the growth of the 'umbrella company', which is separate to the agency. These have come about due to changes in taxation law. They act as the employer and manage the invoicing, deduct tax, NI and other contributions, and pay the teacher's wages. The NUT survey showed that over 42 per cent of NUT affiliated supply teachers were employed through these means.

One interview with a senior union officer described a further problem; non-qualified support staff called "cover supervisors" are increasingly used by schools in an effort to save money and to avoid committing to pension arrangements.

The response of one education union has been to look at platform solutions (an apps based register model) developed by the Northern Ireland Education Service. The aim of the scheme is to remove agencies from the employment relationship. Currently agencies liaise with schools but this new software allows teachers to register with the Service and have their references and DBS (CRB) checks conducted. Schools are then able to log in, submit their requirements and generate a list of suitable teachers. There is now a proliferation of commercial supply teacher apps (e.g. TeacherIn which is currently launching in the UK). There is a good case for the Co-operative movement to enter this space to encourage a co-operative approach in the use of the technology.

One concern for the teaching union however is that unlike in Northern Ireland, where there is a mandatory pay structure and portability of pay and conditions, many schools in England can set their own pay rates and others are now permitted to pay less to new appointees than they received in their previous school. In naming their price on registration, schools may attempt to bid the teacher down. However the system does exclude agencies from taking money out of schools and eliminates the finder's fees demanded by introduction agencies.

The union officer interviewed for this report stresses that the union remains 100 per cent committed to direct contracted employment, statutory rates and access to the TPS. However he also acknowledged that union-organised supply teacher co-operatives with strong relationships with local authorities might offer a compelling alternative model for teachers finding themselves in irregular employment relationships.

Education unions acknowledge that co-operatives work to a clear set of values and principles though not paying to scale is likely to remain an issue. Yet the music teachers' co-operative model may have traction, scalability and transferability 'down the line' should supply teachers' situation worsen. It would be up to the co-operative movement and trade unions to work together to make this a viable model, which delivers decent work for teachers with Co-operative Councils being the most likely incubators for the STC model.

## Care services and social cooperatives

While the UK independent care sector is dominated almost entirely by the private sector, in Italy it is the co-operative movement, working closely with the state, which is the main independent provider.

The Italian co-operative movement is successful in providing social care through both worker and social co-operatives. The second model makes it possible for workers, family carers and service users to all be members of the co-operative. A national trade union agreement with the co-operative movement was extended in the early 1990s to cover the second model after a new Social Co-operatives law was passed in 1991 that both supported care services innovation and provided an enabling framework.

Social co-operatives in Italy, like social firms in the UK, also create decent work for disabled people and other disadvantaged groups recovering from addiction or homelessness, as well as for offenders on leaving prison.

With the benefit of enabling legislation and tax incentives, the Italian social co-operative movement has grown from about 1,000 care and job creation co-operatives in 1990 to 14,000 today, many of them being small with about 25 employees. Social co-operatives offer both home care and residential care services.

The social co-operative sector accounts for more than 360,000 of the 1 million co-operative jobs in Italy with over half of all social co-operatives affiliated to Co-operative Confederations. The three main Confederations have national collective bargaining agreements with the Italian trade unions who represent 60 per cent of all social and worker co-operative members. Legislation passed in 2003 and shaped by a social dialogue with trade unions defines the rights of a worker within a co-operative and sets out the protection afforded to employees of co-operatives and also the position of worker owners in relation to worker co-operatives.

### **UNISON's Ethical Care Charter**

Where could we make a start developing similar models in the U.K.?

To appraise the quality of home care services from the perspective of its members, Unison carried out a survey of home care workers in 2012 that revealed:<sup>33</sup>

- 79.1 per cent experienced 'call cramming' and were given too many clients to see in too short a time to meet the client's needs.
- 57.8 per cent of care workers were not paid for their travel time between visits
- 56.1 per cent had seen their pay worsen over the previous year
- 59.7 per cent had their hours adversely changed
- 52.1 per cent had been given more duties
- 43.7 per cent (less than half) see a fellow home care worker on a daily basis
- 41.1 per cent are not give specialist training to deal with dementia and stroke conditions.

To campaign to address these serious issues, UNISON developed an Ethical Care Charter in 2012. Twenty-nine local authorities have signed up and committed themselves to abide by the charter.<sup>34</sup>

As there is very little overlap between the local authorities who have signed up to the Unison's Ethical Charter and those who are members of the Co-operative Councils Innovation Network (CCIN), there is considerable scope to get CCIN members to sign up to the Charter.

### **Social co-operatives emerging in England and Wales**

Co-operatives UK and the Wales Co-operative Centre are currently supporting networks and Forums in England and Wales focused on developing the social co-operative model in the UK. There is some existing good practice.

The Foster Care Co-operative (FCC) was established in 1999 as a multi-stakeholder co-operative and foster care agency with assets held in common ownership. It currently supports children and young people placed in foster care from more than 50 local authorities in England and Wales with offices in Malvern and Cardiff. It is

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<sup>33</sup> Unison (2012) Unison's Ethical Care Charter  
<https://www.unison.org.uk/content/uploads/2013/11/On-line-Catalogue220142.pdf>

<sup>34</sup> The councils are both large and small ranging from Nottingham, Leeds, Islington, Brighton & Hove and Camden to the Wirral, Cheshire West & Chester and Redcar & Cleveland.

the only registered co-op in the foster care sector and its turnover was over £6 million in 2016. FCC's founder Laurie Gregory is a member of UNISON and they provide support for staff to join.

CASA is not a worker co-operative but an employee ownership business where all the workers have a vote and voice.<sup>35</sup> They provide home care for the elderly as well as adults with a range of disabilities. CASA's 1,000 worker owners deliver over 24,000 care hours per week in eight North of England cities and towns.

CASA refuses to enter into inhumane contracts which feature strict 'payment by the minute' clauses. 15 minute visits are only used for prompting medication, and not to deliver personal care.

CASA has an annual turnover of £17 million and shares profits with staff both annually and quarterly. It also operates financial transparency so workers can see where the money goes. The regular profit shares enhance the wages.<sup>36</sup> The new larger and unified business structure increased the worker ownership stake to 83 per cent.<sup>37</sup>

CASA has established its own Training Academy to award Care Certificates but also to develop apprenticeships and offer a career progression. It is seeking to move away from zero-hour contracts but this is difficult as most care commissioners still operate on a time and task basis, and indeed many CASA Support Workers actually favour the flexibility of zero hour contracts. However it is running two pilots currently in Warrington and Newcastle with salaried workers. It hopes this will catch on with other local authorities it contracts with. CASA has members that belong to UNISON and welcomes links to public sector unions.

Community Lives Consortium (CLC) has operated as a social co-operative since 2001. It provides housing and social care services for severely disabled adults in Swansea, Neath and Port Talbot. It has 780 staff and about 300 are members of

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<sup>35</sup> All employees exercise one member one vote to elect worker representatives onto the General Council that is called the Voice of CASA. Branch managers also elect one representative to the General Council. The General Council holds the board of CASA to account, approves the business plan, has to approve investment and borrowing and any redundancies.

<sup>36</sup> The CASA Employment Ownership Trust has 55 per cent ownership, the CASA Employee Benefit Trust owns 28 per cent and for workers with more than 12 months service, CASA awards them shares tax free, in addition to paying a profit share. Quarterly profit share is taxable and allocated based on branch performance in securing trading surpluses with workers receiving one third of these.

<sup>37</sup> Robin Murray (2013) 'Notes on Health and Social Care pathways for social co-operatives', unpublished paper, April 2013.

Unison. Unison has supported the development of the social co-operative since 2001 and has a place on the 12 member board of directors.<sup>38</sup> Rick Wilson, the CLC manager, is an active member of UNISON.

Cartrefi Cymru Co-operative is a national organisation in Wales providing care and support services for adults with learning disabilities. It has 1200 staff, an annual turnover of £20 million and operates across Wales. In 2017 it modified its legal structure to become a social co-operative and to give votes and voice to its staff, its service users and community supporters.

Like Community Lives Consortium, it will recruit members and the members will elect a Council with the power to appoint the board of directors.<sup>39</sup> Cartrefi Cymru Co-operative has a union recognition agreement with UNISON, operates joint consultative meetings and pays for a national convenor.

### **Social Co-operative partnership potential with public sector unions**

Social co-operative development could be aligned well by beginning with a commitment to the UNISON charter and seeking partnerships with those local authorities already signed up. Paul Bell of UNISON flagged up some challenges for new social co-operatives.

‘A serious challenge for new social co-operatives is that EU procurement rules require all contracts above €209k must go out to tender, so securing a contract in the first place will be tough. Moreover to drive out new competition the private sector is willing to run services at a loss and it is very difficult for co-ops to challenge this and enter the field.’

Bell explained that Unison would be supportive of ‘social co-operatives and willing to collaborate for them to take on the private sector’. He added that ‘the Italian social co-operative model where a number of smaller local care co-operatives work through a consortium with a shared back office and payroll, a shared bidding team, shared training, shared development etc. does make great sense.’ What Unison is completely against are ‘public sector mutuals that are created by a spinning-out of in-house, public services.’ Bell also raised concerns about social enterprises and

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<sup>38</sup> Over the past three to four years, CLC has initiated a co-production process to involve its staff, the people it supports and their families to work on initiatives to make their lives better. This has generated local groups of 30-40 participants in action networks. 190 people overall have become involved and they organise social activities, set up events, and develop skill development support systems.

<sup>39</sup> This is currently required as the organisation is a charity. But once membership has grown and the system is working well, Cartrefi Cymru Co-operative will seek support from the Charity Commission for members to directly elect the board of directors.



employee ownership models 'where workers do not get controlling votes and as these bodies get bigger they behave more like bigger housing groups who in some cases are failing to do the basics for their residents'.<sup>40</sup>

Respondents from the Foster Care Co-operative, Community Lives Consortium, CASA and Cartrefi Cymru Co-operative agreed that the Unison Ethical Care Charter is a sound starting point for a social dialogue between the emerging social co-operative networks of practitioners in England and Wales, Unison, Unite, the GMB and other trade unions, local authorities signed up to the Unison Charter and other members of the Co-operative Councils Innovation Network.

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<sup>40</sup> <https://www.theguardian.com/society/2017/apr/11/housing-associations-face-storm-of-complaints-over-new-build-homes>

# Recommendations for Trade Union and Cooperative Action

As this report has shown, there is growing best practice in the UK, Europe and the USA that illustrates how decent work can be secured through unions and co-operatives building alliances.

We have identified four different solutions that can tackle precarious work through different forms of trade union action and co-operative ownership. These are:

## **Union backed Taxi Co-ops, legal campaigns and City Council licensing:**

Success in the court cases taken up by trade unions is growing; ‘false self-employment’ has been exposed and workers’ rights secured. The trade union lawsuits against Uber and CitySprint upheld by the Employment Tribunal are landmark decisions. The 2016 local ordinance in Seattle to give collective bargaining rights to Uber and Lyft drivers is a major breakthrough that other local authorities need to consider. The success of Trade union work to advance taxi co-ops in the USA is spreading from Union Taxis and Green Taxis in Denver to other cities. There is good practice in Edinburgh between Taxi co-ops and trade unions.

**Business and Employment Co-operatives:** This co-operative innovation developed in France over the past 20 years and replicated in Belgium by SMart, has shown how co-operatives can enable freelance workers to secure decent work, low cost insurance, ‘worker rights’, access benefits and have their needs collectively met through the co-operative. The developing partnership in the UK between Community Union and the co-operative IndyCube has the potential to replicate the business and employment co-operative model with full trade union service linkages.

**Co-operative Employment Partnerships:** There are a good range of examples in the media and creative industries where trade unions and co-ops for freelancers provide complementary solutions. Equity, for example, has developed close partnership work with the 30 Actor Co-op members of the Co-operative Personal Management Association (CPMA).<sup>41</sup> Co-operatives can replace for-profit labour intermediaries and share the economic benefits with their worker owners.

The Musicians Union success in assisting in the development of Musicians Co-ops could provide guidance for the development of supply teacher co-operatives. This approach provides solidarity, community, professional support and development, and collective power for traditionally self-employed people. The MU example shows how these benefits can be afforded to music teachers who have lost their

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<sup>41</sup> Pat Conaty, Alex Bird and Philip Ross (2015) op.cit.

employment rights. The same journey may be relevant to supply teachers who find themselves caught in agency working with poorer terms and conditions compared to their employed peers.

**Social Co-operatives:** The number of co-operative care services is growing across Europe. In Italy the co-operative care sector is the largest provider of social care. There is a national trade union agreement with the three co-operative federal trade bodies and national collective bargaining agreements are in place for many services. There are a small but growing number of social co-operatives in England and Wales. There is considerable scope for further development that learns from the successful partnership with trade unions in Italy.

## **Recommendations from Coops UK and the Cooperative College**

Joint work is needed to design and implement democratic solutions to provide decent work for the precariat. These recommendations are offered to stimulate the development of a social dialogue among trade union, co-operative and local authority partners.

### **Seek to create legislation that supports the rights of self-employed workers to Decent Work**

Legal creativity in the USA led by trade unions has highlighted that ‘Laws are not just made in Westminster.’ Thanks to the legal support and lobbying by Communication Workers of America (CWA), the law in Denver on taxi companies has been changed to level the playing field for taxi co-ops to expand and gain market share. In New York City the “Freelancing is not Free” Act promoted by the Freelancers Union has enabled self-employed workers to gain rights to contracts and proper payment on time. The Seattle Ordinance instigated by the Teamsters Union that allows Uber and Lyft drivers to secure Collective Bargaining Rights is the equivalent of a UK By-law made by local authorities. Moreover the devolved administrations in the UK have many law making powers as well.

### **Trade Unions to support the development of Union Co-ops for freelancers, providing services and co-working spaces:**

Business and Employment Co-ops in France and Belgium provide hot desk space, back-office and financial services to self-employed workers. They also secure worker rights and access to benefits. Initially most of these had no links to trade unions, largely because the unions weren’t focussed on the self-employed, but that is starting to change. SMart, a large-scale service and co-workspace co-op in Belgium is in dialogue with the trade unions. Community Union’s agreement with IndyCube that has launched a joint back office, finance support, legal service package and workspace with full union and co-op membership is innovative. This collaborative

partnership will look at the development of SMart and learn key lessons for guidance. This will be the first union co-op in the UK seeking to operate at scale. Other trade unions could follow the Community Union lead.

Trade union support for the development of Worker Co-ops for taxi-drivers: These have been around for many years, but many have come and gone. However, where they have become established they have been very successful. In Edinburgh the taxi trade is completely dominated by two co-ops. City Cabs and Central Taxis. Both taxi co-ops work closely with Unite to negotiate rates and license conditions with the City Council. The success in Denver by the CWA to develop Union affiliated Taxi Co-ops is being replicated in many other cities of the USA and under the leadership of other trade unions. There is the need for a trade union and co-operative strategy for development to be agreed for the UK.

#### **Creating Co-operative Employment Partnerships:**

The Musicians Union, Equity, BECTU and some teachers unions have supported the development of co-operatives which organise, secure work for, and service their trade union members. The expertise of these unions needs to be brought together to develop a co-operative model that can be easily replicated, uses IT to reduce overheads and enables co-operatives to compete against commercial agencies on price whilst maintaining a quality service and good terms and conditions for worker members.

#### **Supporting the development of Social Co-operatives for care services:**

There is immense potential to develop social co-operatives in the UK for care services in the light of current government policy. Like in Italy, this should be done in close partnership with public sector trade unions. Unison's Ethical Care Charter provides a key guide for Decent Work and can aid the development of social co-operatives with the support of the 29 local authorities signed up plus additional local authorities within the Co-operative Councils Innovation Network. The success of the educational sector trade unions to work with the Co-operative College to develop the Co-operative Schools model is a key precedent for trade union and co-operative alliance building and joint action.

#### **Supporting the development of a trade union/co-operative solidarity working group:**

A working group consisting of trade union and co-operative representatives should be established which has a remit to achieve a better quality of working life through constructive action. The working group would consider ways of challenging precarity through joint union and co-operative organising. An important focus would be the role of education in re-building union/co-operative solidarity.

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