



Summary of key points

- There are indicators to suggest that the social economy is a fair work sector. Research shows that 78% of social businesses pay the Living Wage, almost nine in ten involve their staff in decision making and pay ratios tend to be smaller.
- Trade Union and co-operative solutions for self-employed workers can help to address the growing issue of precarious work practices among self-employed workers and freelancers.
- We believe that there is still a focus on cost in public sector procurement at the expense of wider social value and quality. While we welcome the focus on Community Benefits in the Welsh Government's procurement policy statement, this could be strengthened.
- Public procurement should be revised to take advantage of opportunities created by the revised EU Directive on public procurement to ensure that public sector contractors meet high standards, including high standards of employment practices. This includes increasing the use of reserved contracts.
- We welcome Welsh Government's commitment to social partnership and tripartite arrangements. We would welcome the opportunity for social business representatives to play a role in these partnerships.
- We support collective bargaining between trade unions and employers as the main way to ensure fair work.
- Other forms of effective worker representation can include worker co-operatives and employee owned businesses. These are businesses that involve staff and give everyone a stake in the company. Trade Unions and co-operatives can also work collaboratively to maximise worker voice and representation.
- Learning from how fair and decent work is monitored and measured internationally should inform the Commission's development of indicators for Wales. This could include the European Commission recommended statistical indicators for measuring decent work and the European Working Conditions Survey.

About the Wales Co-operative Centre

The Wales Co-operative Centre welcomes the opportunity to respond to the Fair Work Commission's call for evidence. The Wales Co-operative Centre is a not-for-

profit co-operative organisation that supports people in Wales to improve their lives and livelihoods.

We are working for a fairer economy. We help to create and retain wealth within our communities through the growth of co-operatives and social businesses and by providing people with the skills to take more control of their own lives and strengthen their communities.

Our projects include:

- Social Business Wales provides intensive, one-to-one support to social businesses which have ambitions to grow and a viable business proposal.
- Digital Communities Wales tackles digital exclusion by providing training, support and encouragement to organisations to help them support digitally excluded people.
- Our Co-operative Housing project offers business support and advice to new and existing organisations looking to develop housing co-operative schemes.
- Our Community Shares Wales project helps community groups raise funds from within their local communities to fund the running of community projects and assets.
- Our Care to Co-operate (CtoC) team provides support to people in Wales who want to set up or run well-being services in a more collaborative, co-operative and inclusive way. We believe that services are better when the people who need support and the people who provide support work closely together.

The social economy and fair work

There are indicators to suggest that the social economy is a fair work sector. For example, the most recent State of the Sector Report for the UK¹ found that:

- 78% of social enterprises reported being a Living Wage employer
- Almost nine in ten (88%) social enterprises involve their staff actively in decision-making, and eight out of ten (79%) also believe they invest well in staff training and development.
- More than two-thirds are supporting individuals from disadvantaged groups, and more than four in ten employ them
- The survey also asked about remuneration of the chief executive or highest paid person, revealing that the average (mean) rate of pay of a social

¹ THE FUTURE OF BUSINESS: State of Social Enterprise Survey 2017
<https://www.socialenterprise.org.uk/Handlers/Download.ashx?IDMF=a1051b2c-21a4-461a-896c-aca6701cc441>

enterprise CEO is £36,115. This means that the ratio between the average of highest paid to lowest paid is just 2.7:1. This is somewhat indicative of the larger proportion of smaller social enterprises but even for the largest social enterprises pay ratio would be 7.6:1, far below the likes of FTSE 100 chief executives (129:1).

Indicators and measurements

Key indicators for monitoring and assessing fair work

Learning from how fair and decent work is measured internationally should inform the Commission's development of indicators for Wales. The European Commission recommended statistical indicators for measuring decent work include intrinsic job quality, skills and lifelong learning, gender equality, health and safety at work, flexibility and security, inclusion and access to the labour market, work organisation and work-life balance, social dialogue and worker participation, diversity and non-discrimination, and overall work performance.

We support the Wales TUC's suggestion that the indicators used in the European Working Conditions Survey could be used to assess fair work. The survey measures:

- physical and psychosocial risk factors
- working time: duration, organisation, predictability and flexibility; work-life balance
- place of work
- speed of work, pace determinants
- employee participation, human resource policies and work organisation (such as task rotation), employee representation
- skills use, cognitive dimensions of work, decision-making authority and learning in work
- employment conditions: job security and insecurity
- social relations at work: support, trust, cooperation, discrimination, violence
- gender issues: segregation, household composition, unpaid work, extent of women in supervisory positions
- well-being and health, earnings and financial security

Fair work and self-employment

There is a growing trend towards freelance, self-employed work. Across the UK, around 15% of the workforce is self employed with two-thirds of new jobs created down to self-employment. Many of these do not enjoy employment rights and protections at work, or any of the implicit services associated with being an employee, such as payroll or workplace insurance - let alone pension or sick pay. In addition, their potential income is indirectly eroded by other costs such as agency

fees. They face additional challenges related to being paid on time and the right to a contract.

Trade Union and co-operative solutions for self-employed workers have been the focus of two recent reports – [Working Together](#) and [Not Alone](#).

Not Alone demonstrated examples of freelancers coming together to form co-operatives for shared services, in some cases with support from entrepreneurial trade unions who saw the opportunity to support self-employed members. Key findings from the report included:

- Collective bargaining for the self-employed is complicated by competition law, which seeks to restrict the sharing of sensitive information across businesses, potentially restricting the extent to which groups of self-employed people can work together around general or minimum rates of charges for their work. Where they are members of a co-operative, and not in a position of market dominance, this risk is reduced
- Some key services, such as mutual guarantee societies, which help freelancers to leverage low-cost loan funds from banks, have a proven track record in 20 EU countries, but face unintended regulatory barriers in the UK
- The release of untapped potential in the UK would be helped by partnership with the trade union movement. Good examples are already found in Equity and the Musicians' Union, both of which actively work closely with co-ops such as [Denbighshire Music Co-operative](#).
- The best services offer back-office support, debt management, contract advice, access to finance, sickness insurance, the shared use of equipment and access to workspace.

A good example of where this is happening in Wales can be found in the partnership between IndyCube and Community Union. IndyCube is a Welsh co-operative offering co-working hubs across UK. IndyCube also works in partnership with Community Union to provide services, representation, and a collective voice, for self-employed workers across the UK.

The Working Together report built upon this research to identify the eight most positive innovations in terms of technology, co-operation and self-organisation by workers in the UK. These included:

- Freelance co-operatives: There are good models in creative industries that have been pioneered in the UK by actors and musicians. They are supported by the Federation of Entertainment Unions and by trade unionists in Equity and the Musicians' Union.
- Platform co-operatives: This is a new innovation with huge potential. Support by the CWA union in the USA for taxi drivers in Denver, Colorado has developed mobile apps that have supported the emergence of Green Taxis and Union Taxis as co-operatives and whose members can access trade union

services. In the UK, the New Economics Foundation is supporting the development of [Driver Co-op](#) – an online co-operative platform app owned by private hire drivers.

- Social co-operatives: These co-operatives provide social care, community health and education services widely in Italy and are the leading provider of social care.

Promoting fair work

Procurement

Public procurement in Wales is facing a series of well documented challenges. We believe that there is still a focus on cost in public sector procurement at the expense of wider social value and quality. Shifting the focus from cost alone presents an opportunity to embed fair work practices and to make procurement more accessible for fair work organisations.

For example, one area of procurement practice that could be reformed to help deliver a fair work nation is community benefits. This helps to deliver fair work principles by providing good quality work and ensuring that progression not disadvantaged by reason of gender, race, disability, sexuality or other work-irrelevant characteristics

This includes:

- Employment of long-term unemployed, young people and people who are disadvantaged in gaining employment.
- Apprenticeships, vocational or other qualifications
- Work experience placements

While we welcome the focus on community benefits in the Welsh Government's procurement policy statement, this could be strengthened. For example:

- Updating the Community Benefits Toolkit produced in 2014 to include reference to good practice in fair work across Wales.
- Ensure that Community Benefits requirements in public tenders are scored and enforced, particularly for those that are voluntary agreements or in sub-contracts.
- Include capital expenditure and outsourced services: With considerable expenditure anticipated on everything from the south Wales Metro to the second M4, there are major opportunities to secure benefits, such as elements of fair work, by extending community benefits to these types of contracts.
- Public bodies could appoint community benefit champions

We also echo the Wales TUC's position that public procurement should be revised to take advantage of opportunities created by the revised EU Directive on public procurement to ensure that public sector contractors meet high standards, including high standards of employment practices. This includes increasing the use of reserved contracts. The regulations introduce a new opportunity to reserve contracts for certain services for social enterprises and mutuals. These businesses can support disadvantaged workers into sustainable employment, creating jobs for disadvantaged workers with decent wages and good conditions.

Economic contract

We welcome the approach outlined in Welsh Government's Economic Contract which requires businesses seeking financial support will to contribute to at least one of the five Calls to Action including fair work. We believe this is a step in the right direction but we would welcome clarification on how this would be monitored. The Contract will also only apply to the £50 million economic futures fund in the first instance and we would welcome it being broadened out beyond this.

Social partnership and tri-partite arrangements

We welcome Welsh Government's commitment to social partnership and tri-partite arrangements. We would welcome the opportunity for social business representatives, not just traditional private sector businesses, to play a role in these partnerships.

Collective bargaining

We support and encourage the extension of collective bargaining, trade union membership and access to unions in the workplace. Collective bargaining could be extended through supportive procurement policy which values the protection of worker's rights, the enforcement of collectively-bargained terms and conditions and the extension of trade union recognition.

Collective bargaining also sits well with and complements other forms of worker voice and representation. Co-operative structures allow for worker representation and collective bargaining. Our own organisation is an example of how this can work. We are a co-operative and our employees can become members of the co-operative. We also have a recognition agreement with the GMB union for collective bargaining on behalf of our employees.

Worker voice and representation

As businesses owned and managed by their employees, worker representation is built into worker co-operatives and employee owned businesses. They involve staff in decision making and give everyone a stake in the company. This is demonstrated through businesses such as Gateway Dental Practice.

The Gateway Dental Practice in Abergavenny uses a structure similar to the John Lewis Partnership, with 100% of the organisation's shares now owned by a trust on behalf of the employees. All 17 members of staff have an equal stake in the business, with the trust overseeing the practice to ensure it is run in their best interest. The trust is run by three trustees – the first is a director of the practice; the second is a non-director member of staff; and the third is an external trustee with valuable business experience. Day to day management is undertaken by a Board of five directors who are all employees at the practice from all areas of the business; a dental therapist, dental nurses and dentists.

Trade Unions and co-operatives can also work collaboratively to maximise worker voice and representation. This was highlighted above in the work of IndyCube. Other examples include Denbighshire Music Co-operative. When the local authority announced plans to scrap its music service, making 22 tutors redundant and closing the orchestras they ran for children, several tutors joined together to form Denbighshire Music Co-operative. The co-operative is owned and run by the tutors for the benefit of all pupils in Denbighshire. They were supported by the Musicians' Union which had been actively pursuing policies to challenge precarious employment practices in teaching. This included supporting the formation of co-operatives and publishing supporting documentation for music co-operatives in the form of templates of legal documents.

What else can Welsh Government do to encourage fair work?

Fair work should be integrated into the business advice and support services funded by Welsh Government. This can include offering support on developing fair work practices in your business. The Wales Co-operative Centre delivers the Social Business Wales service which provides advice and support to social businesses across Wales. The service includes support to develop equalities and sustainable development policies.

For further information on this response, please contact:

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The Wales Co-operative Centre is happy to provide any further information on the points raised in our response, and for our response to be in the public domain.