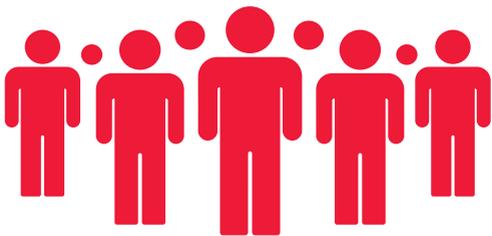


Not Alone

Trade union and co-operative solutions
for self-employed workers



Executive summary

There are now more self-employed workers than at any time since modern records began. Some 4.6 million people, around 15 per cent of the workforce, are now self-employed and data from the Office for National Statistics show that two thirds of new jobs in the UK created in recent years are down to self-employment.

The number of freelancers is likely to grow further during the tax year from April 2016, reflecting a significant and permanent change in the pattern of work in the economy. Survey research for this report suggests that one in four current employees in medium-sized firms (27%) in the UK would like to go self-employed (22% in small firms). Current projections are that by 2018 the number of people who are self-employed will outnumber those working in the public sector.

This report focuses on the needs of people in self-employment who face low income and social and economic insecurity – the ‘self-employed precariat’. Around four out of five people in self-employment (83%) are sole traders with no employees. The self-employed precariat is reflective of complex and diverse patterns of atypical work that is growing, ranging from casual working to temps, agency staff, own account workers and Uber drivers.

The self-employed precariat 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. To compound all this, many of the self-employed are among the lowest-paid workers in the country.

There are examples of freelancers coming together to form co-operatives for shared services, in some cases with support from entrepreneurial trade unions who see the opportunity to support members who are self-employed, not just those who are employed:

- In Swindon, 50 music teachers have come together to form a coop to market their services to schools, with support from the Musicians Union
- In London, interpreters came together in November 2012 in a co-op RICOL after changes in their terms and conditions when the firm Capita took on the contract to provide interpretation services in judicial courts.
- In Wales, the Oren Actors Management Co-op allows actors between roles to work as agents for other co-op member actors, marketing their services

However, compared to practice in some countries overseas, these initiatives look to be in their infancy:

- The Freelancers Union has been formed for the self-employed in the USA. It has attracted over 280,000 members which is indicative of the potential, but constitutionally it is a mutual and remains separate from mainstream union federations
- In the Netherlands and Spain general unions for self-employed workers have emerged and developed since the late 1990s. These provide a range of services as well as representation
- In Belgium, SMart is a co-operative with 60,000 members, supporting them by invoicing and collecting debts for them
- In France, legislation that came into force in January 2016 recognises the role of 72 business and employment co-operatives, supporting members with accounting and access to the sickness pay and benefits of conventional employees
- In India, the Self-employed Women's Association brings together 1.7 million members and acts as a service co-operative, for example providing micro-insurance, and as a trade union fighting for member rights

The key findings from examining these initiatives are:

- 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. There is considerable scope for the growth of similar, integrated services here in the UK, reducing the costs of using agencies or being excluded from services
- 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

The report calls for the cousins of the labour movement - co-operatives, trade unions and mutual organisations - once again to come together and help form cohesive institutions to unite the self-employed precariat, as illustrated in the model of a 'solidarity economy' partnership.

The four guiding objectives and recommendations for uniting self-employed workers are:

Recognition of the growing self-employed workforce, by developing organising strategies for self-employed workers, bringing together trade unions and the co-operative sector and operating with the support of national union centres such as the TUC.

The development of organising strategies will involve consideration of key priorities for action, including the:

- Primary sectors, such as the creative industries, care services and the green economy
- Primary services, such as a credit union for freelancers, provision of micro-insurance and related services such as debt collection, tax accounting and legal advice, the scope for platform co-operatives and sources of capital for co-operative business development

The interests of self-employed workers are not well represented in national policy-making, with the result that they face unnecessary regulatory burdens and barriers. The Department for Business, Innovation and Skills (BIS) should identify how to create a voice for self-employed workers at the heart of government, learning from the way in which wider small business has successfully become recognised over time, in business policy, regulatory interventions and commissioning design.

Two policy initiatives that are high priority, to unlock the potential for collaboration across self-employed workers, are: the development by the Treasury and Financial Conduct Authority of an appropriate regulatory treatment for Mutual Guarantee Societies; and exploration by the Department for Work and Pensions of the potential for business and employment co-operatives for people on benefit.

The world of work is changing rapidly and in many ways we are returning to older structures when more forms of work were characterised by dispersed day-rate payment and job payment. In the nineteenth century working class self-help organisations included craftsmen's guilds, co-operatives, friendly societies and the first unions. Together they collaborated and proliferated to improve working conditions, to secure rights and status and to maintain standards of living for workers. In an age of economic insecurity and rapid changes in technology there is now the opportunity to reinvent democratic self-help for the twenty-first century in order to widen participation on a fair basis for all in work.

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