DRAFT: DO NOT CITE WITHOUT PERMISSION FROM THE AUTHOR

Can worker co-operatives provide decent work for paid care workers in personalised care systems?

Fiona Macdonald, RMIT University, Melbourne

Symposium 2: Innovation for sustainable care: International perspectives from industry and practice, *4th Transforming Care Conference – Changing priorities: The making of care policy and practices*, 24-26 June 2019, Eigtveds Pakhus, Copenhagen.

Author contact details: Dr Fiona Macdonald, Senior Research Fellow, RMIT University, Melbourne, Australia (fiona.macdonald@rmit.edu.au)

Keywords: Social enterprise, co-operatives, personalisation, paid care work, working conditions

---

There are major challenges to providing quality care and ensuring decent jobs for care workers in individualised care markets. Worker co-operatives may be a solution, including in the emerging growing platform or 'gig economy' of care work. This paper investigates some recent initiatives.

Introduction

New interest in 'social enterprises' for social care provision has accompanied the implementation of personalisation in social care in both the United Kingdom and, more recently, in Australia. Some of this interest is located within discourses of shifting accountability from the state to the individual, family and community. However, interest in social enterprises – including co-operatives – is also for their potential to create better quality services and better jobs for care workers. In this presentation I examine the potential for social care co-operatives to provide solutions to the problems experienced by social care workers in market-based personalised or consumer-directed care systems.

In this presentation I address the following three questions:

- What claims are made for social enterprises, including co-operatives, in regard to benefits for care workers in the context of personalised social care in liberal market economies?
- What kind of problems are created for decent work for care workers in personalised social care systems?
- What is the evidence that social care worker co-operatives can provide a solution to these problems?

To address the first question I examine recent public policy statements of advocacy, industry and government bodies in the United Kingdom and Australia concerning the potential for care co-operatives to benefit care workers in the context of personalised social care in those two countries. To do this I draw on publicly available documents such as commissioned research reports, submissions and public statements. My choice of the United Kingdom and Australia is because both have both been considered to be liberal welfare regimes and there is considerable transfer of social

policy between these two states. They have much in common in regard to current developments in social care and government interest in social enterprise. My empirical research has been focused on Australia in this comparative perspective.

To address the second question I draw on findings from my own and colleagues' research conducted over the last four years examining the workforce challenges of Australia's new personalised disability support system – the National Disability Insurance Scheme (NDIS). My research into the labour market, workforce and working lives of disability support workers under the NDIS has involved over 60 interviews with workers, 30 interviews with service providers and 10 interviews with other industry actors including trade union representatives (see Cortis et al. 2017; Macdonald & Charlesworth 2016; Macdonald, Bentham and Malone 2018).

The NDIS case is an important one for a number of reasons. While the Australian NDIS has much in common with adult social care in the UK the NDIS completely individualises all support services for people with disability. The NDIS involves the rapid transition to a deregulated market in which one significant development has been the emergence of for-profit Uber-type care 'gig economy' platforms. In the UK central government policy leaves local authorities responsible for developing the supply-side of the competitive market for services through commissioning (Burns et al 2016). In the Australian NDIS the demand side of the market is expected to be constructed through the system of individual budgets or direct payments allocated according to an assessment of need, with the government currently capping prices for supports. There is very little government accountability for the supply-side of the market (Malbon et al 2017: 8).

To address the third question I draw on the broader international experience from published research on care co-operatives in recent years. I also draw on findings from my empirical research which includes interviews with a small number of industry representatives in England and with managers, owners and workers in three co-operatives – two in England and one in Australia.

In the next section, after providing some definitions, I turn to my first question regarding the claims made for the potential of social enterprises, including co-operatives, to benefits for care workers in the context of personalisation of adult social care in liberal market economies.

1. Why care co-operatives?

Co-operatives and public service mutuals

The International Co-operative Alliance (2019) defines co-operatives as follows:

> Cooperatives are people-centred enterprises jointly owned and democratically controlled by and for their members to realise their common socio-economic needs and aspirations. As enterprises based on values and principles, they put fairness and equality first allowing people to create sustainable enterprises that generate long-term jobs and prosperity. Managed by producers, users or workers, cooperatives are run according to the 'one member, one vote' rule. (see https://www.ica.coop/en/cooperatives/what-is-a-cooperative)

As suggested a co-operative's membership may be a group of producers, users/consumers or workers or it may be a 'multi-stakeholder organisation. In the academic and policy literature co-operatives providing social care are sometimes referred to as 'social co-operatives' (Conaty 2014). In this paper I use the term 'care co-operative' (Matthew 2017).

Public service mutuals are much discussed in public discussions of social care social enterprises. Public service mutuals are generally understood to be 'organisations that have left the public sector but continue delivering public services' and, in literature promoting these organisations it is usually noted that 'employee control plays a significant role in their operation' (LeGrand and Mutuals Taskforce, 2012:9). Public service mutuals are relevant here as they can also be co-operatives and also because, as discussed below, contemporary interest in care co-operatives is strongly linked to the 'marketisation' of public sector services, on the grounds of greater efficiency, but also to create services that are more responsive to service user's needs (Hazenberg and Hall 2016).

Social enterprises and co-operatives in personalised social care

In public policy discussions of personalised or individualised adult social care in Australia, as in the United Kingdom, it is not difficult to find reference to the need for social enterprise, social innovation and new business models – including co-operatives – to meet the demands of new markets for personalised care and support services. Much of the interest in co-operatives appears to be based on their apparent potential for facilitating co-production of services; empowering service users and enabling them to have more control over their care and support services. [1] Consumer and worker co-operatives are both presented as having benefits for workers.

Worker co-operatives are presented as business models with benefits for service users in personalised care systems, as suggested in the quote below from an executive of a recently established Australian industry body the Business Council of Co-operatives and Mutuals (BCCM):

> These (co-operative service) providers are generally agile and flexible in meeting the needs of their members and adapting to market changes. An employee owned business has a vested interest in providing quality services to (people with a disability requiring support services). These organisations are also proven to have higher rates of workforce retention, allowing people with disability to maintain long-term relationships with their support staff. Having more co-operatives and mutuals in the NDIS is a great outcome for (service users). (McFee, 2018)

In relation to supporting quality jobs for care workers this comment by the chief executive officer of the BCCM suggests that co-operatives increase job satisfaction through enabling care workers to do their best, as well as by distributing profits:

> "Carers are frequently highly altruistic individuals motivated by more than remuneration alone. Co-operative models offer carers the autonomy and flexibility to serve the people in their care as best they can, … . "Worker co-operatives … also incentivise traditionally low-paid care work by giving the carers a share in the business. They can get on with the work

[1] See BCCM, Pro Bono

they are already doing in helping other Australians." (Wednesday, 9th May 2018 at 6:18 pm Wendy Williams, Pro Bono re-posted from DSC)

Critiques of contemporary claims

The recent interest in social enterprise has been accompanied by a critique of the promotion of social enterprise in social services, including of social enterprise in the context of personalised care. This is part of a broader critique of personalisation policies in social care.

The critique relates to the neo-liberal aims of marketisation including the 'self-management of risk' inherent in personalised social care, that is especially present in the UK system (Roulstone and Hwang 2015: 850). In the UK the promotion of social enterprise emerged with public sector reforms under the Blair Labor Government. Some of the key benefits of social enterprises were seen by policy makers to be *'innovation; having a better understanding of, and responding to local needs; offering models that better involved the users in the design of services; providing improved choice and personalisation of services; and being more sustainable given their ability to reinvest any surplus into community or social purposes*' (Needham 2011, citing Hewitt 2006). According to Needham (2011) social enterprise became 'a normative aspirational form (for not-for-profits) as trading in markets not only helped bring financial sustainability, it also made organisations more innovative and responsive to local needs'. Under the later Conservative Government's 'Big Society' initiative interest in innovation in not-for-profits continued while further personalisation of social services was accompanied by very significant spending cuts. These type of changes – marketising social services – have been identified as part of a broader trend, not just in the low-spending liberal welfare regimes, but also in some higher spending social democratic and conservative regimes, described by Henriksen et al. (2016:231) as *… increasing competition among social service providers including the growing presence of for-profit firms in service categories previously dominated by either government or the non-profit sector; a widespread interest in social enterprise and mixed nonprofit/for-profit models of service delivery; and new models of user and citizen engagement in service delivery, including more co-production and personalization of care.*

In Australia the conservative Liberal-National coalition government has promoted 'limited government' and the expansion of social enterprises – including public service mutuals – to replace public service providers in social services. In 2014 the Minister for Social Services at the time said: '*Rather than the cumbersome one-size-fits-all heavy hand of government regulation from on high, (the industry body) fosters flexible, adaptable grass roots solutions that respond to individual needs.* (Andrews, speech to BCCM 12 September 2014). The government-supported industry body the Minister was referring to, the Business Council for Co-operatives and Mutuals (BCCM), is highly active in promoting social enterprise as an alternative to public service provision.

2. How do care workers fare in personalised social care systems?

What kind of problems are created for decent work for care workers in personalised social care?

The NDIS: Individualising and marketising care work

The NDIS is a national system of support for people with permanent and significant disability. A person's support needs are determined by a professional assessment and a individual budget allocation is made to meet those needs. The person can choose to have the national authority, the NDIA, manage their funding while they select their preferred service providers; they can opt to manage their funding and arrange their own supports; or they can appoint a person or organisation to manage their funding and supports.

The new system was lauded for its investment/insurance approach requiring funding more than double previous public funding levels for support for people with disability. However, while the NDIS entails a large increase in overall government funding, the regulated price (per hour of labour) for individualised care and support does not cover the costs of providing some disability support services and the pricing formula assumes workers are unskilled. In particular, the set price for personal support and care does not provide for: the real costs of meeting workers' minimum employment entitlements; workers' time spent performing necessary tasks other than face-to-face support (the price is based on 93% worker-client face-to-face time) ; and time for supervision and training (Cortis et al. 2017; NDS 2018a; VCOSS 2017).

Prior to the NDIS most (85%) services were provided by a large number of (mainly) small not-for-profit organisations (NFPs) alongside a small public service provision by Australian State and territory governments. Most NFPs provided services under 'block funding' contracted arrangements with government to provide services to groups of people in specific locations over periods of one or more years. Now, under the NDIS, services to support people with disabilities are provided by registered and unregistered for-profit and NFP service providers (Note: service providers do not have to be registered where the person with disability chooses to manage their own funds ort have them managed by someone on their behalf).

With the creation of the NDIS market changes to the supply-side of the labour market for disability support services include:

- *NFP service providers*: Closures, mergers and acquisitions with the emergence of very large providers and a loss of small NFP providers. Emerging evidence that existing NFP business and service models are not sustainable due to funding shortfalls.
- *Government service providers*: withdrawal from service provision (closure/sale of publicly-owned services).
- *For-profit providers*: Entry of large financialised businesses including home care franchises.
- *New labour market intermediaries:*
    - New NFP web-based job board (closing in 2019)
    - For-profit labour hire agencies
    - For-profit online care platforms (e.g. UberCare, Mable) 'gig economy' of 'matching' agencies.

Service providers bear greatly increased financial risk under the NDIS and must manage this risk while also becoming more 'efficient' and 'innovative' (Productivity Commission 2017). The authors of a report commissioned by the national authority (the NDIA) responsible for the NDIS noted that in

2017 the price arrangements were challenging and many providers were unable to operate profitably (McKinsey & Company 2018:5, 6).[2] They identified profitable business models for disability support as 'low cost models' including online platforms and 'lean-operating model' based on casualised workforces.

In the personalised system it appears that service providers are devolving risks to their workforces and there is emerging evidence of downgrading of work (casualisation, working time fragmentation, working time and income insecurity) as well as risks to the quality of support and care being provided (Cortis et al. 2017; Macdonald and Charlesworth 2016; Macdonald, Bentham and Malone 2018; NDS 2017;2018; 2019).

Under the NDIS a new group of workers has emerged – these so-called 'sole-trader' support workers/self-employed care workers are excluded from protections and minimum standards provided under Australia's labour laws on the basis that they are independent entrepreneurs. In the low-paid disability support market such workers may rely on labour market 'intermediaries' or 'matching' services to access work. The lack of employment regulation covering these often vulnerable workers is exploited as organisations can avoid the responsibilities of an employer and The employment relationship is by-passed altogether, with support workers treated as self-employed or independent contractors bearing all the risks of service provision and employment. Recent developments since the introduction of the NDIS market include the emergence of a platform or 'gig' economy for disability support work with agencies operating as Uber-type organisations that 'match' NDIS participants with workers or that provide 'on-demand' labour (Yeh 2017). While some workers seeking work on these platforms appear to be able to charge rates that are consistent with or higher than the award pay rate (once all entitlements including superannuation are taken into account) websites also carry advertisements for disability support work to be performed by independent contractors at hourly pay rates that are below the relevant SCHADS Award rates for casuals, even before the agency fee is deducted and without taking superannuation and other costs into account. Growth in the 'self-employed contractor' disability support workforce will in part depend on the extent to which NDIS participants take up the option of self-managing or partly self-managing their plans. This proportion is increasing slowly and in the June 2018 quarter was 24% of NDIS participants who received a plan in that quarter (NDIS 2018, p. 10).

The Australian experience accords with the international experience of personalised and marketised care systems that suggests these systems may be built on large workforces of low-paid workers in insecure work with poor working conditions. The UK experience is significant in this regard, especially in the provision of care and support in the home (Christiano et al. 2016). In England, there is a growing body of evidence of poor pay and conditions, insecure work and underpayments of social care workers (refs). In that country there are severe cost pressures due to low levels of funding and it has been estimated that thousands of workers are not receiving the national minimum wage. Hayes (2015; 2017) identified key contributors to this situation as unpaid travel time, unpaid time spent in training and supervision, unpaid time assisting service users in emergencies, and overruns in support time beyond that time recognised in hourly prices.

[2] Minor increases in prices since then have not significantly changed the situation.

A small body of mainly qualitative studies of personalised support in the UK includes a common finding of increased job satisfaction arising in personalised care relationships where workers are directly employed as 'personal assistants' by people with disability (reviewed by Bentham, unpub.). There is less research concerned with working conditions in the direct employment context. A small study of migrant care workers by Christensen and Manthorpe (2016) investigated risks for workers in personalised care and found personalised risk of work insecurity and informality arising from reduced public accountability for the provision of care.

Informalisation?

Placing the contemporary changes to disability support work in Australia in an historical context highlights that the NDIS may be reversing a long trend of formalisation of this feminised care work and progress towards gender equality for care workers. Under the NDIS work appears to becoming informalised as care workers are moved back towards the margins of labour regulation where their employment is not effectively regulated; they face new barriers to collective organisation; and their work relationships are increasingly 'privatised' and hidden from public view. Workers are subject to greater market exploitation as risk is transferred to them.

It was not until the 1980s that trade unions obtained industrial recognition for Australia disability support and other community care workers. Gaining this industrial recognition for the largely female care workforce brought rights to bargain collectively for better wages and conditions and coverage by an industrial award, something comparable workers in male-dominated industries had had for many years (Briggs et al., 2007). In Australia coverage by an industrial award means employment is subject to a comprehensive set of rules and standards. Awards set out only minimum standards and workers have to bargaining at the enterprise level for wages and conditions above these. However, as low levels of government funding have always been a major constraint on improved pay and conditions in the social care sectors awards effectively set workers' pay and conditions, including specifying shift work and overtime arrangements and establishing a classification system enabling career progression within the industry. Unions representing care workers focussed their efforts on improving the award and, in 2013, they had an historic win with a successful equal remuneration case in Australia's Fair Work Commission. Community sector care workers were awarded significant pay increases to redress long-standing gender pay inequities.

When the changes affecting care workers as a result of the NDIS are considered in this context it is apparent that the NDIS is potentially de-professionalising much disability support work as it devolves risks to workers. While some of the negative impacts on workers are directly the result of employer actions and choices the NDIS individualised funding model and its pricing structure and levels establish very strong constraints on employer actions to even maintain previous pay and conditions. In addition to constraints on employers there is considerably reduced public accountability for workers in the NDIS especially where workers are directly employed or engaged as self-employed contractors.

Workers employed in service provider organisations have reduced access to training and development, reduced supervision, reduced opportunity for career or pay progression, increased vulnerability to unpaid overtime, overwork, fragmented working time, income insecurity

Workers directly employed by householders have fewer rights and benefits (including in some states and some circumstances less/ or no right to employer-paid superannuation (pension) payments, no right to coverage under anti-discrimination laws, less or no access to unfair dismissal provisions, no access to organisational mediation or support, no peers, no access to collective bargaining.

In the next section I review international literature to consider the role co-operatives have played in social care, with a particular focus on worker co-operatives and any role they play in providing good jobs for paid care workers.

3. Can worker co-operatives provide solutions to personalised risk?

What is the evidence that social care worker co-operatives can provide a solution to some of these problems?

Social care co-operatives: the international evidence

The literature relevant to assessing the potential of care co-operatives to provide decent work for care workers is 'fragmented and disjointed' (Matthew 2017:2). Matthew's (2017) recent literature review and collection of case studies for the International Labour Organisation (ILO) provides an overview of the international evidence of benefits for care workers of employment in cooperatives as well as examining evidence from recent case studies.

Matthew states 'the advantages of the co-operative model with respect to employees' wages and benefits repeatedly emerged as a salient theme' (2017: 6)' and she identifies reinvestment of profits into worker wages and benefits as almost universal and names Other benefits include, in some cases, higher wages, health insurance. guaranteed hours and retirement plans, noting these benefits 'are rare in the greater care sector'. She also notes that financial constraints may limit co-operatives' ability to provide higher wages and benefits. Other advantages for workers are:

- Improved retention.
- Formalisation of informal home-based care (in contexts where there are unregulated arrangements characterised by 'lack of social and legal protection and coverage. 'Worker rights abuses can be mitigated by introducing contracts, regularising work flow and providing vocational training certificates' Matthew 2017: 7).
- Care worker professionalisation and training.
- Facilitation of safer working conditions and environments (examples given include site visits, clients disclosure of conditions).

Case studies of cooperatives operating in the English and Australian personalised care contexts are i) provided by Matthew (2017), ii) presented in the Australian industry literature (BCCM, 2018) and iii) provided through my own research. Findings from these sources (note: they are actually the same co-operatives in all three sources) support the conclusions presented in the ILO review. Data from these case studies also suggest co-operatives can enhance job satisfaction through worker empowerment.

Yet, these advantages of co-operatives for workers do not necessarily mean co-operatives can be a solution to the problems of personalisation for care workers in a system such as Australia's, as outlined here:

- In my research, in accordance with Matthew's finding, financial constraints are significant in preventing improved worker wages and benefits. In the Australian case a co-operative home care service is in no better position to improve worker wages and benefits than are the not-for-profit care service providers. This includes a lack of capacity for training, for peer/team meetings, for advocacy for better services and better work.
- Notably, like the not-for-profits, under the NDIS tight funding and individualised funding arrangements workers are effectively 'on-demand'. Guaranteed minimum hours are only possible without guaranteed regularity of working time.
- There is a heavy reliance on unpaid work. Worker autonomy and increased flexibility to meet service users' needs are closely tied to unpaid work performed by the low-paid care workers and their willingness to: be 'on-call', travel unpaid, stretch their time with service users, offer extra services in their own time, use their own money to provide services, and attend meetings out of hours.

Co-operatives could have a place in future personalised social care provision in Australia and may be able to offer better employment for care workers than is available with other organisations. However there is little evidence to suggest co-operatives can provide solutions to many of the problems of personalisation for workers Many of the risks for care workers arising from a lack of public accountability for these workers (Christensen and Manthorpe, 2016; Dickinson et al. 2017) Further the progress made to formalise this feminised work will have stalled or been undone.

A new development that is not addressed in the care co-operatives literature is 'platform co-operativism'. These types of co-operatives are promoted in Australia by the BCCM (2018) as a worker-friendly solution to 'gig economy' online care platform work. There is no clear evidence as to the success of such platforms for addressing the types of problems faced by care workers in a personalised care system. However, co-operatives for platform-mediated work are proposed to be *producer* rather than *employee* co-operatives, leaving unchallenged the classification of care workers as independent contractors.

References

Briggs, C, Meagher, G and Healy, K (2007) Becoming an industry: the struggle of social and community workers for award coverage, 1976–2001, *Journal of Industrial Relations*, 49(4) 497–521.

Burns, D, Earle, J, Folkman, P, Froud, J, Hyde, P, Johal, S, Rees Jones, I, Killett, A and Williams, K (2016) 'Why we need social innovation in home care for older people' CRESC Public Interest Report.

Christensen, K and Manthorpe, J (2016) 'Personalised risk: new risk encounters facing migrant care workers', Health, Risk and Society, 18(3-4): 137-152.

Conaty, P (2014) Social co-operatives: a democratic co-production agenda for care services in the UK, Manchester, Co-operatives UK.

Cortis, N, Macdonald, F, Davidson, F and Bentham, E (2017), Reasonable, Necessary and Valued: Pricing Disability Services for Quality Support and Decent Jobs, Social Policy Research Centre, Sydney

Cortis, N and Meagher, G (2013) 'Recognition at last: care work and the Equal Remuneration Case' Journal of Industrial Relations 54(3): 377–385.

Hazenberg, R and Hall, K (2016) 'Public service mutuals: towards a theoretical understanding of the spin-out process', *Policy & Politics*, 44(3): 441-463

Henriksen L.S., Smith S.R., Thøgersen M., Zimmer A. (2016) 'On the road towards marketization? a comparative analysis of nonprofit sector involvement in social service delivery at the local level.' In: Kuhlmann S., Bouckaert G. (eds) *Local Public Sector Reforms in Times of Crisis. Governance and Public Management*. London. Palgrave Macmillan.

LeGrand, J. and Mutuals Taskforce, (2012), *Public Service Mutuals: The Next Steps*, London, Cabinet Office.

Macdonald, F, Bentham, E and Malone, J (2018), 'Wage theft, underpayment and unpaid work in marketised social care', *Economic and Labour Relations Review*, 29(1): 80–96.

Macdonald, F and Charlesworth, S (2016) 'Cash for care under the NDIS: shaping care workers' working conditions? *Journal of Industrial Relations*, 58(5): 627–64.

McFee, G http://www.powertopersuade.org.au/blog/ndis-co-ops-mutuals November 20th 2018

McKinsey & Company (2018), Independent Pricing Review: National Disability Insurance Agency, February, Department of Human Services, Canberra.

Malbon, E., Carey, G. and Dickinson, H. (2018) 'Accountability in public service quasi-markets: the case of the Australian National Disability Insurance Scheme', *Australian Journal of Public Administration,* 27(3): 468-481.

Matthew, L (2017) *Providing Care through Cooperatives 2: Literature Review and Case Studies*, Geneva, International Labour Office.

NDS (2017) Classification of disability support work in a high performance model of work organisation, NDS, Sydney.

Needham, C (2011) *Personalising Public Services: Understanding the Personalisation Narrative*, Bristol, Bristol University Press.

Nicholls, A and Teasdale, S (2017) 'Neoliberalism by stealth? Exploring continuity and change within the UK social enterprise policy paradigm', *Policy & Politics*, 45(3): 323–41.

Roulstone, A and S K, Hwang (2015) 'Disabled people, choices and collective organisation: examining the potential of co-operatives in future social support', *Disability & Society*, 30(6): 849-864.

Social Enterprise UK (2018) *Public Service Mutuals: The State of the Sector*. UK Government, available from https://www.gov.uk/government/publications/public-service-mutuals-state-of-the-sector-2018.

VCOSS (Victorian Council of Social Services) (2017), *VCOSS Submission to the NDIS 2017 Price Controls Review*, VCOSS, Melbourne.