



## **Self-help and mutual aid**

A mutual for the self-employed –  
underpinning local economies across Britain

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**nef** (the new economics foundation) is a registered charity founded in 1986 by the leaders of The Other Economic Summit (TOES), which forced issues such as international debt onto the agenda of the G8 summit meetings. It has taken a lead in helping establish new coalitions and organisations such as the Jubilee 2000 debt campaign; the Ethical Trading Initiative; the UK Social Investment Forum; and new ways to measure social and economic well-being.

## Summary

Microbusinesses (employing less than 5 people) and the self-employed form a large and crucial part of the UK economy. They make a major contribution to the vitality of local economies and to their communities and to culture. Very often, they define the character of a place. They provide the small shops, services and crafts that are the economic lifeblood of local communities across the UK. Their dealings with each other give life to an urban neighbourhood or a rural village. Community life is unthinkable without their contribution.

According to the most recently available composite data, taken as a whole, the micro-enterprise sector in the UK employs 6.4 million people – more than 20 per cent of the 29-million-strong UK workforce. To put this in context, Tesco, one of the UK's largest private sector employers, employs just 280,000 people in the UK.

Self-employment is the timeless and vernacular form of work. Globally, the vast majority of workers earn a living this way. According to the International Labour Organisation (ILO), self-employment is at the heart of the informal economic sector globally. The informal economy includes many forms of non-institutionalised work including the self-employed, family businesses, paid workers of micro-enterprises, unpaid workers of family businesses, casual workers without a fixed employer and sub-contract workers linked to formal or informal enterprises. In developing countries, the informal business sector accounts for over 80 per cent of employment.

In the European Union (EU), 15 per cent of the working population across all member states are self-employed: 10 per cent of those in work are sole traders with no employees. The national self-employment rates ranges from below 10 per cent in Scandinavian countries to above 20 per cent in Italy and Portugal, and to over 40 per cent in Greece. Four out of ten workers in the EU are not covered by employment law, because they are either quasi-self-employed (many temporary and casual workers), self-employed or otherwise working in the informal sector with few rights and little social protection. This is a growing concern among EU member states.

This joint research project by **nef** (the new economics foundation) and the National Association of Credit Union Workers (NACUW) reviewed extensively the current national policy context for self-employed workers in the UK. The study also reviewed the latest EU policy in relation to new ways to meet the needs of those working in the informal sector. Fieldwork studies were also conducted by **nef** and NACUW to look at the needs of women in the informal business sector in four subregions of England and Wales. This summary report sets out the main issues and findings and proposes a mutual model for providing better advice, support, financial services and an advocacy voice to address the significant gaps in service provision and social protection for those working in the informal enterprise sector.

## Background: Self-employment trends in the UK and EU social protection

In a little over 25 years, the self-employed sector in the UK has doubled from 6.6 per cent in 1979 to 13 per cent in 2007. Among many ethnic minority and immigrant groups, self-employment rates are higher – often double the national average. In rural areas, levels of self-employment are also higher than average – in England rural self-employment is 37 per cent higher than urban self-employment, and in Wales it is 56 per cent higher. Taken as a whole, the micro-enterprise sector in the UK now employs 6.4 million people – more than one in five of the 29 million UK workforce.

In the UK seven in ten self-employed people are described as 'solo self-employed' meaning that they operate as sole traders with no employees. Commonly, these invisible workers are taken for granted by regeneration policy-makers, or worse, frequently dismissed as 'just lifestyle businesses.' Their contribution is undervalued, and creative thinking to support their potential is lacking.

The high-flying stereotype of entrepreneurial success celebrated by politicians masks the reality of a hard daily grind for the majority of micro-entrepreneurs working for themselves. Recent research shows that low pay, long hours and job insecurity are endemic for most traders in this sector. These findings reveal that:

- eighty-three per cent of the self-employed earn less than those in traditional employment;
- the median earnings are 20 per cent lower among the self-employed compared to the employed;
- the median income of the rural self-employed is 22 per cent below the median of the urban self-employed; and
- the self-employed work the longest hours in the UK, with one in two men and one in five women working over 45 hours per week.

Because of the informal nature of their businesses, most self-employed people lack much in the way of targeted support from the State because they fall outside the protection of the two separate, yet complementary, regulatory frameworks of employment law and company law. Thus, and most unfortunately, neither protective framework offers these workers security.

The findings of the Supiot and Perulli reports for the European Commission in 1999 and 2002 put a spotlight on this widespread lack of social protection for self-employed workers. People in formal employment benefit from the protection provided by a wide range of social welfare and employment legislation. In the UK, this body of legislation secures for employees the rights to:

- the national minimum wage;
- the right not to be unfairly dismissed;
- statutory sick pay;

- working time regulations including rest break entitlements and limits on night work;
- holiday pay;
- maternity, adoption and paternity leave; and
- statutory redundancy pay.

Legislation relating to redundancy and unfair dismissal is clearly not relevant for the self-employed, but the remainder of these legal rights are necessary and are not available to the self-employed. This means that numerous areas of social protection have to be privately funded. For the majority of self-employed people, most social protection available is either limited in scope or unaffordable.

In their report, Supiot and Perulli have called for self-employed workers in Europe to be equitably protected by broadening labour law to include them. They called for EU states to provide 'social drawing' rights for this growing workforce. The European Commission recognises that there is a growing sector of the labour force in the EU that may need greater protection including health and safety legislation, working time minimum requirements, updating of skills, social protection and equal treatment under the law. In the Commission's Green Paper on modernising labour law, member states have been consulted on reform measures and on a common definition of self-employment.

The Commission favours the adoption across the EU of a common model based on the Danish system of 'flexicurity'. This is a balanced three-sided model involving:

1. labour market flexibility;
2. social security protection for all those in work; and
3. active labour market policy with rights and obligations for the unemployed.

The key reform would be to ensure that labour market flexibility which is now widespread in Europe is underpinned by social protection measures. After a six-year battle, the Government, the Confederation of British Industry (CBI) and the Trades Union Congress (TUC) agreed in May 2008 to equalise the legal rights of 70 per cent of the UK's temporary and agency workers (i.e. those employed for over 12 weeks) with those of permanent employees.

No such relative equality for the self-employed is under discussion at present in Britain. The practicalities of extending social protection to the self-employed is difficult but some positive developments in the EU are showing how this can be done by a range of methods that could involve the use of guild practices in some cases, co-operative and mutual solutions and craft union approaches. This research explored how such a mutual aid approach to meeting the needs of self-employed women might work.

## Women in self-employment: Identifying needs and testing service delivery ideas

Our research fieldwork for this report focused on self-employed women in four subregions of England and Wales and sought to explore the strategic potential of a mutual aid approach involving a combination of microfinance, other support services, and advocacy to address their needs. Unlike standard delivery models by community finance providers, this alternative approach does not prioritise credit needs. This is not to say that working capital and loan finance are unimportant, but this study explored counter-intuitively the idea of social insurance-related financial services (instead of credit) as potentially the higher priority need of the self-employed on low income.

In light of the history of mutual insurance services and friendly societies in Britain, a key research objective was to investigate potential demand for a 'mutual', through which the self-employed could collectively meet their own business support and financial needs, and to examine how such a mutual might be structured.

In the UK labour market, the participation rates of women in employment by comparison to men have narrowed rapidly over the past 20 years and are now almost equal. Women represent 51 per cent of the UK population and comprise 47 per cent of those active in the labour market. The contrast for self-employment is significant, however – only one million women (7.6 per cent) are self-employed by comparison to 2.7 million men (17.4 per cent).

Only 15 per cent of businesses in the UK are majority female-owned, and the 27 per cent proportion of women amongst the self-employed has not changed in 15 years. By contrast, 30 per cent of US businesses are majority female-owned. If a comparable American level of female business proprietors could be achieved in the UK, the Department for Business, Enterprise and Regulatory Reform (BERR) forecasts the country would gain three-quarters of a million businesses. This success would create new jobs and have a positive local economic multiplier benefit.

A key barrier to securing this change would be to find ways to increase the number of business start-ups by women. 8.9 per cent of men enter self-employment each year, whereas the business start up rate of 3.8 per cent for women is less than half this level. If these rates could be equalised, then an additional 150,000 women-led start-ups could be secured each year.

Both the UK policy review and the fieldwork research evidence show that mitigating financial risk is key. This points to the relevance of social protection and insurance-related provision. Recent research studies show that the two major barriers to entering business for men and women are a fear of failure and the additional fear of debt.

Almost 36 per cent of people contemplating self-employment have a fear of failure. Women are commonly more vulnerable and have a greater fear of debt and failure than men. They are twice as likely to live in poverty compared to men, have greater caring responsibilities, and hence they risk more by coming off benefits. Eighty per cent of women compared to 17 per cent of men are responsible for looking after children or arranging childcare facilities.

Women with young children, however, are more likely to become self-employed, whereas men with young children are less likely to become self-employed. The available evidence suggests that self-employment is viewed by women as a means of achieving the flexibility needed to balance work and childcare commitments. Twenty-one per cent of women state that family commitments were a reason for becoming self-employed; only two per cent of men refer to this as a factor. Additionally, 54 per cent of women report that a motivation for starting a business has been to choose the hours they work.

A full-time private nursery place for a child under two costs over £7,000 per year. Childcare costs are not recognised as a business expense and are thus not tax-deductible. This may be one of the reasons why more than one in two women chooses to set up a business on a part-time basis.

### Practicing a trade and engaging with the community

Barbara is 52, and is in business as a french polisher, mostly for the antiques trade. She lives in a caravan on land owned by a car dealership; the land also houses her workshop and vegetable gardens. She is dyslexic and left school with limited qualifications. Despite long hours, her income is very low and she depends upon tax credit.

Involvement in a campaign to save her village community centre curtailed her business earnings recently. She sees the centre as vital for combating social exclusion and is also committed to a heritage project in her rural area.

Many would describe her circumstances as outright poverty: low income, no pension, no insurance, reliant on help from relatives to keep a car on the road, in an area where public transport is almost non-existent. Her housing conditions are basic, cramped and insecure: the land on which the caravan is sited will be sold off in the near future, and the caravan itself is old and unlikely to last much longer. But Barbara is confident that the local community will rally round and she will 'come up with something'.

## Juggling private enterprise and social enterprise

Melissa is 42 and works as a volunteer Director for an African women's organisation that supports women refugees through offering re-training bursaries, information, health awareness and training in accounting. The social organisation's funding is limited and project specific. With no grants to cover core costs, Melissa's role as Director is unfunded. She uses the trading income from her private business in fashion retail to support the development of this social enterprise and to resource her 'sweat equity' investment as the unpaid Director. The expansion of Melissa's private business is constrained by the limits on her time and the constant call on her expertise to develop her social business. Additional problems faced include inadequate premises, equipment and capital. She has no pension or insurance cover. Her greatest anxiety therefore is financial security in the event she is unable to work.

The average hourly pay gap between women and men in full-time employment has narrowed from 70.5 per cent in 1975 to 87.4 per cent in 2006. In relation to self-employment, however, the mean total for women's earnings by comparison to men has not narrowed and in 2005 was 69 per cent.

Our research investigated how the development of a mutual organisation could provide a more comprehensive range of expert advice, support, financial services and social protection for the micro-enterprise sector. We appraised the experience of international micro-finance in India with successful mutual models for enterprise support based on a social protection approach for guidance.

We carried out our survey and fieldwork in four areas, two urban (London and Coventry) and two rural (Powys and Devon). We gathered data through 62 in-depth, face-to-face interviews over the four areas, and then followed up by a more widely distributed survey questionnaire with 124 respondents. To validate the fieldwork findings and to test preliminary recommendations, focus groups were held in each subregion.

Participants were highly diverse: in age, ethnicity, social background and business activity. The juxtaposition of rural and urban contexts added to the range. While many of the

views expressed emerged from a specific context, they tended to have more similarities than differences in relation to the list of services and needs identified.

Over the past 20 years, an optimistic interpretation of 'enterprise' has been dominant. For understandable reasons, this positive view is backed by public and private sector policy-makers internationally. This perspective sees self-employment and enterprise as an engine for jobs and the key driver of an innovative and more flexible economy. There is though, a more cautious and sceptical viewpoint. Indeed from the evidence of our research, it would appear that this more pessimistic standpoint provides a better understanding about what the real needs of the majority of those in business are and how they might best be addressed. This alternative view recognises the rise in levels of self-employment but raises important questions about:

- the quality of the new jobs being created;
- the capacity of this sector to create employment for others;
- the pervasive evidence about both low rates of pay and a 'long hours culture'; and
- the lack of social protection for the labour force in this sector.

## Pet care

Janet is 42, divorced with one teenage daughter. She set her business up in 2001 when her husband left, and then decided that she 'wanted more' than the unskilled jobs she had done before. She saw an advertisement by an owner of a dog kennel business, who had received a 'businesswoman of the year' award, and took her lead from that. She used her divorce settlement to set up a dog-grooming business.

From her gross turnover of £28,000 a year, she pays £7,500 in rent to the kennels and commission to the vet and £4,000 in wages to her part-time employee. She also pays for consumables and her car, and calculated that her residual household income amounts to about £12,000 a year. However, that figure includes the maintenance she receives for her daughter.

The work is heavy on her hands and she is at risk of arthritis; she works 40 hours a week and describes the work as very tiring. She has no time to be ill and no savings. She has no pension; she discontinued the pension scheme both because the forecast returns were so poor and because she was unable to afford the payments. The mortgage debt secured on her small semi-detached house is £60,000 and it will be paid off in a few years' time. She is relying on that asset to support her in her retirement.

## Tenant farmer and making ends meet

Helen is 53 and married. She and her husband moved to the 35-acre smallholding where they now live 11 years ago. Their priority is to keep the farm. They are passionate about nature and dream of creating wildlife areas and woodland walks on the land.

The business consists of livery for horses and a plant nursery. The plants are sold from the farm and from stalls at shows. The plants just cover the rent, but provide only seasonal income. Thus cash-flow from November to March is a recurring problem. The livery business (stables and grazing) is also fragile. Overall, the family raises just enough to make ends meet by working constantly from early in the morning until late at night.

Helen feels socially isolated and would welcome the opportunity to join an organisation of people in similar circumstances. Her only network is through the agricultural shows at which she sells her plants. Her greatest anxiety is her physical capacity to carry on; her hope is to make more money and carry on the business. Her greatest obstacle is a lack of non-working time and funds. She has no pension provision and fully expects to be poor in old age.

The data gathered through the interviewees and focus groups in this study lends support to many of the research findings from Supiot and Perulli for the European Commission. Both point to the need for a radical reform of both employment and enterprise policy. This study shows that this work is crucial in order to better support a core part of the UK workforce, which in job numbers has surpassed employment levels in British manufacturing (now only 15 per cent of the workforce). There is also a parallel need to rethink the methodology used by community development finance institutions.

This fresh thinking needs to find creative ways to incorporate social protection and financial risk management services. A mutual aid approach could offer a positive and practical way forward.

## Research findings

- 1. Pension provision:** a significant majority of interviewees had very little pension provision; many were too preoccupied with day-to-day survival to think of saving for a pension, or the growing cost of housing made provision unaffordable. Many also expressed distrust of the pension products available and saw investment in pension schemes as too risky.
- 2. Employment protection:** Many worried about their lack of back-up should they lose their health, and very few had any employment insurance which would provide them with security against that prospect.
- 3. Credit aversion:** Many of those interviewed were reluctant to consider borrowing to further the development of their business, in some cases preferring to work in paid employment during their start-up phase.
- 4. Fear of expansion:** Many were reluctant or afraid to develop their business to a point where they would take on employees, worrying about the responsibility, the administration and the loss of their own "hands-on" role.
- 5. Self-employment and social enterprise:** Many of those involved in social enterprise used either self-employment or conventional employment to cross-subsidise their social business activities; more generally, it was not uncommon for the businesses to have a strong social component or objective, and for the boundaries between social and private enterprise to be blurred.
- 6. Specialist support needs:** Participants wanted support tailored to their needs, rather than generic support.
- 7. National advocacy for the self-employed:** Participants wanted an advocacy body to represent them and felt that their interests were often over-looked by government and policy-makers. There was considerable interest in both a co-operative network and a trade union for the self-employed.

# Mutuality: An enabling framework for the self-employed and community enterprises

Our research findings highlight that the British informal economy has huge untapped potential. Low- and moderate-income self-employed people hold Britain's local economies together. Failure to better support this sector is a huge missed opportunity. The tendency by policy-makers to dismiss isolated sole traders as 'lifestyle' businesses ignores the major and increasing job contribution these informal enterprises and day labourers make. This blinkered view also closes off the scope to put in place an effective support framework for the self-employed that reduces the risk problems faced. To date, this opportunity has not been sufficiently perceived by the Government, the Co-operative movement or the TUC. If resources were targeted here effectively, then perhaps a 10 per cent increase in the GDP contribution of this sector could be achieved and greater success at enterprise development might be achieved with additional scope for a lower rate of business failure. mutual aid organisations have provided a robust framework for this sector in the past and could do so again.

In the nineteenth century it was self-employed artisans (shoemakers, bakers, smiths, printers, dressmakers, etc) and farmers who organised the co-operative movement and attracted other sole traders to become members of the first mutuals. These organisations were dynamic and provided informal economy workers with access to education, markets, sickness provision and working capital. These mutuals were in fact an evolution of many of the practices of the medieval guilds. As they developed from the 1820s they often began as legally incorporated friendly societies. Many went on to develop into craft unions. The National Union of Journalists and Equity are good examples of craft unions with a large number of self-employed members for whom they continue to provide a broad range of mutual aid services.

The proposed mutual for the self-employed had widespread appeal both amongst the women interviewed face to face, and from a wider number of respondents in the larger survey sample. The appeal of the mutual was higher for the lower-income group of women in business. Support, however, was strong generally and a number of better-paid women interviewed endorsed the model and some were willing to help establish local networks to make it happen.

The fieldwork and focus group discussions identified a range of essential services and support needs that were commonly missing or otherwise difficult to obtain in an organised and readily accessible way.

1. **Marketing opportunities:** inclusion in one or more supportive business networks.
2. **Tax advice:** tailored to issues around specific business situations.

3. **Financial services expertise:** access to personalised services from a specialist money adviser and/or an independent financial adviser to identify tax credit opportunities, to offer generic pensions and insurance advice and to provide guidance for improving and managing cash-flow more effectively.
4. **Peer support:** networking sessions with other microbusinesses and to develop closer links with others in the same trade.
5. **Bulk purchase scheme:** opportunities to make major savings on business running-costs and other overheads.
6. **Microfinance:** access from a trusted source to low-cost insurance services, affordable credit and other cost-effective financial services.
7. **Legal and professional help:** access to legal advice and other professional help from sources empathetic to the needs of the self-employed.

All the respondents reported insufficient access to certain combinations of the above services. These gaps in provision were felt by many of the respondents to be factors inhibiting either their work or the growth of their trade.

In light of the credit crunch and the escalation in energy and other rising costs to run a business, a number of the needs identified in this list are now becoming more important. Access to investment capital through the banking system is projected to become harder for all sectors, but in particular for the self-employed where access to finance is harder to secure. If recessionary forces start to impact upon the jobs market as predicted, greater numbers of people will be resorting to self-employment to work. This would increase competition among the self-employed but also could increase demand for the services of a mutual aid network. Escalating fuel costs on microbusinesses can be countered imaginatively through sharing of transport and other localised and collaborative responses.

Participants also identified an overriding need for a national advocacy body to raise the needs of the self-employed up the political agenda. There were a few participants among the interviewees who were members of the Federation of Small Businesses and these interviewees were happy with this support. For many others there was interest in a body that might address the rights of the self-employed as workers – particularly in respect to pension and social protection issues. As a practical response to the issues raised by the Supiot report, trade unions in most EU countries over the past five years have been experimenting with innovative approaches for organising the self-employed. These efforts are achieving growing success in Scandinavia, Germany, the Netherlands and Italy. Also with the growth

in self-employment internationally, in some countries there has been a growing interest in the revival of guilds and craft unions. Guild models have been developing among workers in creative industries including among internet workers, writers, filmmakers, workers in the specialist food sector and in other arts-and-craft fields. Guilds for professionals have set going rates of pay and provided and advocacy for lawyers, accountants, surveyors and stockbrokers for centuries. Thus the question is being asked in many countries, why should not such protection be opened up to other forms of work in a deregulated labour market that provides virtually no state protection to self-employed people and where forms of collective bargaining are not applicable.

The idea of a similar trade union for the self-employed in Britain linked to a mutual was discussed in the focus groups and this concept had strong appeal among the participants in two of the four subregional research areas. Although many said that they would value and use internet support, overall and repeatedly, participants expressed a preference and a need for face-to-face contact with other members.

In order to deliver its services, the mutual will need to:

- recruit members both directly and through partnerships forged with other support organisations;
- develop and deliver new initiatives tailored specifically to the business needs of the informal business sector;
- provide a range of products and services to incentivise membership;
- develop an interactive website and information exchange; and
- promote regular face to face networking events for members.

The report's business plan highlights how these tasks and services can be delivered cost-effectively. This is essential to promote the benefits of a mutual through its positive and practical appeal. Successful efforts in getting these services right at affordable fee levels is critical to recruiting

new members both to grow the organisation's strength and capacity and to achieve a mass membership.

To accommodate the diversity and heterogeneity of businesses and trades, the model of a decentralised mutual organisation, structured to include both individual and organisational membership is the one recommended. Membership rates used in the business plan for the mutual were tested with the interviewees. From this feedback and other findings it is proposed that there should be three categories of membership.

1. **Basic membership:** providing access to internet-based, standard services.
2. **Associate membership:** offering an annual training and inter-trading event, with a business health-check.
3. **Organisational membership:** enabling local associations and self-employment groups to join and participate collectively.

This offers an affordable self-help and mutual aid structure to meet a variety of practical needs, a forum for overcoming social isolation and economic exclusion, and a way to bring together a large, varied group of self-employed people which would otherwise be unlikely to interact. Most importantly, a mutual set up in this way can give an otherwise weak and disparate group of working people a strong voice. Advocacy for the needs of self-employed workers became increasingly evident as the research progressed and the feedback from respondents was analysed.

Our research also considered models for integrating co-operative services, microfinance and guild or craft union models to widen and deepen sources of support. Using techniques inspired by Gandhi, the work of Indian microfinance organisations supporting women in self-employment have achieved this integration over the past 30 years. Good examples are SEWA Bank and Working Women's Forum. SEWA has grown over the past ten years to over one million members.

## Informal economy and community resilience: social capital and self-employment

Self-employment is the vernacular form of work. Three-quarters of work globally is in the informal economy. Sociologists can understand this sector, but economists struggle. When the economy gets into difficulties, social capital can provide a lifeboat for people. But whether, where and to what extent this can be the case varies from country to country internationally. Professor Teodor Shanin at the University of Manchester has pioneered the study of the informal economy over the past 35 years. In the early 1980s he was perplexed because northern England and northern Italy were both hit by recession and unemployment increased strongly in both countries; but whilst hardship and poverty was rife in Britain at the time, he could find no similar social hardship in the north of Italy. By contrast to Britain, a strong increase in self-employment and informal sector work in Italy was supported by the resilience of mutual aid networks. In the mid-1990s when the Russian economy collapsed, Shanin was working in Moscow and asked by the US State Department about the need for food aid in the countryside. He advised the Americans not to send in food as it was not needed and it could disincentivise self-help and undermine local markets. Shanin is an international expert on peasant cultures and his researchers confirmed that Russians with access to land had quickly reverted back to their food growing skills. The US and Germany sent in trainloads of food anyway but as Shanin predicted, the Russian mafia simply exported most of the food for cash.

In Europe, since the late 1950s the Caja Laboral Popular bank and the Mondragon Co-operatives have co-developed a dynamic 'group self-employment model' in the Basque country that has evolved into a broad range of sickness insurance, pension, educational, research and development services. The Caja Laboral Popular has innovated systems for financing the growth of robust co-operative businesses with well-paying jobs and strong social protection for formerly isolated self-employed people.

In Britain, the report highlights the innovative work of London Rebuilding Society which has successfully developed a mutual Aid Fund to provide in an integrated way: business advice, training, technical help, savings and credit for groups of women in inner city areas seeking to develop social enterprises.

The report findings and recommendations should be of interest to local authorities in England and Wales as they are charged under the Sustainable Communities Act 2007 to find new ways to support local enterprises to develop their capacity to provide growth in respect to:

- local jobs and production within a 30-mile area;
- more local and organic food;
- green energy within a 50-mile regional radius;
- provision of local services (eg. health, housing, banking, public eating places, etc.)

- measures to increase mutual aid and community projects; and
- measures to increase community health and well-being.

There could be scope for a mutual to link different self-employed trades together to assist local authorities in England and Wales to find creative solutions to the challenges posed by the Sustainable Communities Act.

Significant resources have rightly gone into supporting British business over the post-war decades. Given the size of their contribution to employment and their resilience, so called 'lifestyle' businesses need to be given serious policy attention. This is especially important as the threat of climate change underpins the growing public recognition of the need to re-localise economies for social and environmental reasons. The report shows that there is a well-spring of imaginative and entrepreneurial energy within the self-employed sector which can be released and will thrive if the ethos of self-help is supported through a mutual aid system and strategy.

The research for this project involved a broad range of partners and given the support for a mutual it is proposed that a national partnership approach be adopted to develop the service delivery framework identified and to implement the ten strategic recommendations.

## Recommendations

1. Financial support from public, private and charitable funders to pilot a mutual in subregional areas of England and Wales.
2. A lead role to be taken to set up the pilot testing of the mutual by a consortium of local support bodies involved with this research, including Rebuilding Society Network, London Rebuilding Society, Women's Business Development Agency and the Community Banking Partnerships in Mid Wales and Devon.
3. Provision of support for the mutual pilots by national trade bodies including NACUW, Prowess and the Community Development Finance Association (CDFA).
4. Government to work with **nef** to instigate an independent review of pension services for the self-employed and to consult on reforms to the both state pension and private sector provision to provide a 'just deal' for microbusiness workers.
5. Banks and third sector finance providers to work with NACUW, **nef**, Prowess and the CDFA to identify improvements to their services for microbusinesses and to recognise and support this through new delivery organisations such as a mutual.
6. A partnership to be established by Rebuilding Society Network between enterprise support and community finance organisations to co-develop improved training services for self-employed women in relation to the mutual.
7. The piloting of the mutual should include collaborative work with the TUC to identify how the existing best practices within the Trade Union movements in Europe can be adapted to deliver social protection services and support through a mutual approach to the self-employed sector in England and Wales.
8. Further research by **nef** and Rebuilding Society Network to assess demand among self-employed men and to identify which if any mutual services may need to be gender specific.
9. **nef** and Rebuilding Society Network to develop practical links between the development of the mutual and interest from local authorities in different pilot areas that are seeking successful methods to implement the Sustainable Communities Act.
10. Work on the pilots for a mutual should test the group self-employment methodology used successfully by the Caja Laboral Popular and the Mondragon Co-operative Corporation in Spain.

# One of the other centres at **nef**

Photo: Marcelo Alves



## Centre for Global interdependence

We are living in an interdependent world. But some nations, including the UK, are abusing it by exporting the cost of their high-consuming lifestyles around the globe.

We cannot 'solve' global poverty without simultaneously addressing global warming. **nef's** centre for Global Interdependence is addressing the inseparable challenges of poverty and a rapidly warming global climate in order to find global answers by building coalitions, publishing ground breaking research, winning change and giving hope.

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From its beginning, **nef** has challenged the way the global economy is organised – the unfairness and the blindness at the heart of its measurements of success, the brutal treatment meted out to its victims. What began with a challenge to the G7 summits in the mid -1980s, and their assumed right to speak for the economic future of the whole planet, continues as a systematic attempt to articulate, popularise and implement a new kind of global economics.

For more information please call  
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## Further information

**NACUW** (the National Association of Credit Union Workers) is the professional association for credit union workers and volunteers. NACUW members had supported the majority of credit unions in Britain today and it is the movement's lead organisation for delivering accredited training. NACUW works with all credit union trade bodies, providing advice for government and the FSA on improvements to regulations and legislation.

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