

COOPERATION TOWN

SOCIALLY JUST WAGING SYSTEM

Adopted on 19 September 2023

General principles

The Cooperation Town waging system aims to be as long-term and sustainable as possible. It should be socially just, in recognising different needs and backgrounds, and be fair to all of its workers. It should provide for maximum financial security, and also reflect Cooperation Town's own ethics and principles.

It should serve as a model for a more just waging system, such that Cooperation Town would like to see it applied more widely in other organisations, and Cooperation Town workers should feel proud to talk about it.

All the criteria used for determining waging levels for individuals working at Cooperation Town have been chosen with the twin principles of **recognising different needs and backgrounds and supporting people's security and creativity** as central focii. Naturally ethical judgements have informed the criteria used, however the prime focus has always been on recognising the *practical needs* of people's situations.

Finally Cooperation Town does not suggest that the following is a definitive list of social justice criteria. There will be a review of the system after the first six months to establish if the model is working as intended, and subsequently every year.

At this stage other aspects can be addressed. Amendments can be tabled by any Cooperation Town worker in advance in writing, to give everybody involved time to prepare and form an opinion.

Decisions on changes and amendments have to be discussed and decided on collectively.

Cooperation Town members have the right to ask for an additional review of the policies, outside the annual review cycle, in cases where they feel the policies are detrimental to the well being of the organisation or their own circumstances.

1) No hierarchy of pay

Principle: all workers should be offered the same 'core rate' of wages, regardless of their position in Cooperation Town, or their experience and expertise. All staff are equally valued. All staff are expected to be doing excellent work, so there is no need for waging to reflect quality of work or skill.

Mechanism: a 'core rate' is established when budgets are set (AGM). This core rate is then subject to a percentage adjustment according to social justice and other criteria as below, and pro-rata adjustments for part-time work. These percentages are not

cumulative. (cf. examples at end)

2) Inherited wealth

a) Inherited wealth + gifts

Principle: as a social justice measure, those who have inherited wealth have less need and so get paid less. Therefore Cooperation Town should aim here for a policy not of punishing the wealthy but of re-distribution so that those in greatest need are supported more.

Mechanism: Cooperation Town workers are asked to inform the organisation in writing of all realisable cash (see 2b), property, investments (eg funds, stocks, shares) and other assets (eg cars) that they have inherited or been given during their lifetimes. They need only include amounts over £1,000.¹

A 'dincrement' of 5% is then subtracted from the salary for the first £25,000 received, (plus a further 1% per each further £5,000), up to a maximum of £200,000 received.²

Examples:

If the core rate were set at £25,000 per annum:

Someone who has received inheritance and gifts of £80,000 (at current prices) is paid £25,000 - 16% = £21,000

Someone who has received inheritance and gifts of £500,000 (round down to £200,000) is paid £25,000 - 40% = £15,000

(assuming working full-time, and no other increments)

b) Non-realisable assets

Principle: Cooperation Town recognises that there is a substantive difference between realisable inherited assets (ie those that can be immediately accessed by the owner) and non-realisable assets (ie. those that while technically 'owned' cannot be accessed, for instance where family members are still living in a property part owned by an individual, or where e.g. a pension fund is inherited). However the sense of increased security that such ownership gives should be quantified in some way, therefore it is proposed to assess such assets at 50% of their market value, and this to be added to the inheritance in 2a.

¹ Cash inheritances / gifts are grouped by decade and index-adjusted for inflation. Inheritances are treated as 'received' when the Cooperation Town worker gains access to them, rather than when they were gifted. Other assets are assessed by current value when the core wage level is set each year – this may have to be by the Cooperation Town worker making their best estimate, where precise valuation figures are not available. ² The receipt of gifts / inheritance relates to legal ownership. A partner's situation is not relevant (e.g. the partner inherits), unless the partner makes a gift to the Cooperation Town staff member. If a Cooperation Town staff member lives with their partner in a house the partner inherited, this mechanism only applies if the couple have joint title.

c) Donations

Principle: Cooperation Town recognises that some of its workers may choose to make donations because they are committed to the organisation, and it encourages them to support the organisation in this way. Therefore workers (if they choose to) can decide if they want to have such donations offset against the inherited wealth decrement criteria set out above.

Mechanism: Cooperation Town workers can submit in writing a record of all cash, property, investments (e.g. funds, stocks, shares) and other assets (e.g. cars) that they have donated to the core of the organisation during their lifetimes. This is index-linked. They should only include amounts over £1,000.

This amount is subtracted from the inheritance in 2a.³

3 The total inherited wealth after adjustments in 2b and 2c cannot be a negative value: if someone has donated more than they have inherited, their wage does not increase.

Examples:

If the core rate were set at £25,000 per annum:

Someone who has received inheritance and gifts of £300,000 but has donated £150,000 to Cooperation Town is assessed as having inherited wealth of £150,000, therefore is paid $£25,000 - 30\% = £17,500$ (*assuming working full-time and no other increments*)

3) Children

Principle: often the greatest financial insecurity (and need) is felt by those with children or dependents - especially by single parents or families with one income. They should be supported by extra pay.⁴ Cooperation Town will support worker with children with the following pay increase:

1st child 8%

2nd child 4%

3rd child 4%

Any additional children 2% per child

Children turn into dependents when they reach the age of 18 years. From then on rules for dependents will apply.

Mechanism: someone in a relationship or coparenting, with one child gets an increment of 8%, someone with 2 children gets an increment of 12% (8+4%). With 3 children it is 16%...

For single parents, these figures are doubled i.e. 16%, 24% and 36%.

Cooperation Town expects all members to notify the organisation if and when their circumstances change.

4) Other dependents

Principle: similar stresses can be experienced by those who care for ill or aging relatives, or other dependents i.e children over 18 and in need of support. Cooperation Town will increase pay for those who cover the living costs and/or educational costs of their dependents. This does not include healthcare - as Cooperation Town does not want to offer incentives for private rather than NHS treatment. Some healthcare cases may be dealt with through the emergency fund (see 9).

Mechanism: if the dependents live with the Cooperation Town worker, who provides their food and accommodation or supports them in further education, the same mechanism applies as with children: 8% for one dependent, 12% for two, 16% for 3 and doubled if supporting them solely i.e without partner.

If a Cooperation Town worker pays for care / housing etc. of a relative or relatives externally (e.g living in a care home, or receiving care at home), their salary will increase by 4% for every £2,500 it costs them, up to a limit of £15,000.

The dependents increment is on top of the children increment.

Cooperation Town expects all members to notify the organisation if and when their circumstances change.

Example:

If the core rate were set at £25,000 per annum:

Someone who paid £9,000 per year for a relative to be cared for would be paid $£25,000 + 12\% = £28,000$ (*assuming working full-time and no other increments*)

The pay should only ever be a contribution, not aim to cover the full cost of raising the children / looking after the dependents.

5) Housing

Principle: Often the greatest financial burden for workers is paying housing costs for themselves and their immediate family (the increase for children should not be taken in consideration here as this should cover costs like food, clothing, activities... and should not be used to supplement housing).

The current housing stock situation in London, where 100% of Cooperation Town workers currently live, makes it very hard to get access to council or social housing and can force workers into the private rental market. We at Cooperation Town recognise that inadequate, insecure or overly expensive housing can have a detrimental effect on our workers wellbeing and indirectly or directly on our organisation. We therefore give additional pay under certain circumstances to support workers with housing costs. .

Below is a break down of possible housing scenarios and available support measures:

1. Workers with no housing costs **will not receive any additional pay**

Reasons: None of their wages goes into paying housing costs.

2. Homeowners with a mortgage **will not get any additional pay**, regardless of the

proportional amount of their income that goes into servicing the mortgage.

Reasons:

Firstly home owners have been in the financial position to purchase a property in the first place and if they had financial help via inherited wealth, this is already taken into account.

Secondly a property is a considerable asset which historically increased in value.

Thirdly a property gives you a certain amount of freedom of choice where to live i.e if you can't afford one area you can sell and move to a more affordable area.

3. Council or social housing tenants - **should not get** an increase in pay

Reasons:

They already have a discounted rent so a smaller percentage of their wages goes into paying housing costs.

4. Private tenants **should get an increase in pay**

Reasons: the private rental market is the most expensive way of renting a property and in some cases the only option for people to find housing. Legislation around applications for council housing also means that, in some cases, workers are limited in the options where they can live and therefore are forced to pay the "going rate" in an area.

Suggested increase in pay :

Single income households with housing costs of more than 50% of income get an 8% increase.

Two income households with housing costs of more than 50% of income get a 4% increase.

Single income households with housing costs of less than 50% of income get a 4% increase.

Two income households with housing costs of more than 50% of income get a 2% increase.

Cooperation Town expects all members to notify the organisation if and when their circumstances change.

6) Pensions

Principle: Cooperation Town supports the long-term financial security of its staff, especially in old age, so should contribute to pensions.

Mechanism: Cooperation Town will make a 4% contribution into a pension fund.

7) Emergency waging system - this is for a scenario where CT is in financial difficulties

Principle: one of the greatest financial insecurities is the risk of losing one's home. Cooperation Town should guarantee its staff that, as far as possible, it will prevent this happening to them. In times of Cooperation Town financial emergency, housing and other fixed costs (eg council tax) will be covered first, and the remaining wages budget split equally.

Mechanism: Cooperation Town promises its staff that in financial hard-times, the primary mechanism to save money on staff costs will not involve laying them off; instead the core wage rate will go down (i.e. all wage levels in the organisation go down together).

If the wages budget is so low that the core rate falls below a certain threshold (*to be set*), the normal, long term waging system (all elements 1-7 above) is temporarily suspended, and an emergency waging system – based on “equal disposable income” – kicks in. Under the emergency system, Co-op Town pays all staff the relevant proportion (according to part-time / full time status⁶) of each staff member's fixed housing costs: specifically, rent or mortgage, house and contents insurance, council tax, water rates and travel to work. Having paid these elements, the remainder of the wages budget is divided equally between staff, in proportion to the number of days they work. The emergency waging system is specifically an *emergency* system, and is never expected to apply for more than 6 months.

In return for this pledge (that they won't be laid off), when emergency waging is applied, staff will be expected to respond to an 'all hands on deck' call for fundraising - putting all other work aside as necessary.

8) Emergency fund

Principle: Cooperation Town does not provide any wage increment to cover healthcare, as it supports the principle of the NHS. However, Cooperation Town recognises that in some cases NHS service is simply inadequate. In emergencies, Cooperation Town will support staff's healthcare costs on a discretionary basis, where the NHS is insufficient or inappropriate.

Cooperation Town also supports staff in relation to other personal emergencies e.g. housing, relatives etc This is not to be confused with Cooperation Town's (the organisation's) financial reserve – which exists to support Cooperation Town in financial hard times. The emergency fund referred to here is for the emergency *personal* needs of Cooperation Town staff (similar to a hardship fund, except only for emergencies), and is entirely separate from Cooperation Town's financial reserve.(3 month wages as agreed in last AGM).

Mechanism: A one off payment of £5000 will be paid into the emergency fund. After that the fund will be topped up annually by £1000. This continues until the fund reaches £10,000, and after that time it is simply 'topped up' annually to keep the sum

total at this level.

This fund is ring-fenced and cannot be used for any other purpose than emergency support for workers.

Staff may apply for some of this in an emergency. Although it is budgeted, it is assumed that most years the fund will not be used (it's an emergency fund, not a hardship fund). In those cases, it will simply be carried over to the next year.

Guidelines for the emergency fund can be seen here

 [Emergency fund - guidelines](#)