

# *Real wages?*

## **Re-thinking payments to people at day centres and sheltered workshops**

Peter Bates, Steve Easter, Bill Love, Molly Mattingley and Joan Maughan from the National Development Team.

A great deal has already been written about payments in sheltered workshops - but most writers just discuss what *can* be done within the law. This paper takes a different approach by considering what the authors think is right rather than just what is allowed.

The National Development Team has been offering training, evaluation and support for organisational development since the 1970s.

### **Introduction**

We realise that many people may disagree with the following position statement, but we wanted to make a clear statement. We do not feel that our work is finished and we would benefit from your ideas and opinions. Please email us (at [pbates@ndt.org.uk](mailto:pbates@ndt.org.uk)) with your thoughts, and especially your stories about any changes that have been made and whether they made things better or not.

We are also aware that this might lead to big changes for some people, and so we encourage everyone to think very carefully before deciding what to do. Some managers may read this paper and use it as a reason to reduce the budget available for day opportunities. We don't want this to happen. Meanwhile, advocacy groups may read this paper and use it as the basis for a public campaign to keep things the way they are. We don't want that to happen either.

This paper does not explain how changes might be implemented, but we begin with two tests for any plans:

- As day services are modernised, are we getting the most we can out of the changes? Are we managing to STOP doing the things that don't work, CHANGE things that need to be improved, and KEEP all the best things from the old service?
- Does modernisation mean that people's lives are enhanced, rather than restricted or impoverished?

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## The economy as a whole

The National Development Team is committed to inclusive services. This means that people who need support should have an opportunity to take up an ordinary job rather than attend a sheltered workshop. They should have the opportunity to take up ordinary learning and leisure activities in ordinary places alongside other members of the general public. However, we recognise that, because of local approaches or the slow speed of the modernisation process, traditional day centres and sheltered workshops (rather than inclusive day opportunities) will continue to exist for some time. The following paragraphs comment on the regular payments that are sometimes made to people with disabilities or mental health difficulties in these day centres and sheltered workshops.

In common with all other workplaces, the **employee** profile within day opportunities should include people with learning disabilities and people with mental health problems. These jobs are obviously real work as:

- the work is genuinely needed and is delivered to a standard that meets the employer's requirements
- workers are paid a real salary (i.e. at a level commensurate with the role and responsibilities and certainly at the minimum wage or above)
- people have a formal contract of employment and enjoy full employee entitlements. Some people who have used a day service may become employees.

We urge all employers, whether working in human services or other sectors of the economy, to design job roles that meet their purpose while harnessing the skills of the whole community. We seek an increase in workplace flexibility, including flexible working hours, job share arrangements, annualised hours and a substantial increase in the proportion of jobs that are offered on a part-time basis. Wherever possible, all companies should offer a full spectrum of opportunity, from jobs that require just a few hours a week up to full time. Such flexibility will enhance the opportunities available to all employees and so increase the creativity, commitment and productivity of the workforce.

We recognise that many people with mental health problems or disabilities are stuck in the 'benefits trap' and cannot afford to move into waged employment. We want to work with Government to find ways of making it easier for people to move from welfare benefits to wages – both through changing the benefit rules and through offering more support to jobseekers.

## Regular weekly payments

In the future, the only basis on which organisations should make **regular weekly** payments to people who use their services (over and above the reimbursement of expenses) is when the person is a formal employee and paid minimum wage or above. Occasional payments are discussed separately below.

## Why we oppose regular small payments

Regular payments below minimum wage, variously called ‘wages’, ‘bonus’ ‘attendance allowance’ or ‘incentive payments’ are inappropriate for a number of reasons.

While the law is not entirely clear on these matters, there is some evidence of possible legal action under a number of headings. Employment law may treat the payment as evidence that there is a contract of employment between the recipient and the day service. Such an implied contract would make the day service liable to provide the full range of other employee entitlements to recipients. The payments may also be seen as a breach of the National Minimum Wage regulations. Finally, the Inland Revenue may treat the organisation as if they had paid minimum wage (instead of the token payments) for the hours that recipients were present.

Cash rewards in exchange for compliant behaviour (e.g. a payment for prompt attendance or a clean and tidy appearance) create the conditions similar to that referred to as a ‘token economy’. Token economies may shape a person’s behaviour while they are surrounded by one particular environment, but they have been repeatedly shown to fail in generalising the behaviour to other settings. In other words, token economies do not work. Secondly, granting staff the power to punish the person through withholding a payment, inappropriately reinforces the power that staff hold. Thirdly, while a few employers operate a similar system of financial penalties, this approach is not the way that most industry, education or other *valued* settings conduct their relationships or shape the behaviour of their participants.

It is sometimes suggested that making token payments (or retaining them once they are established), is justifiable because many people who use services are poor, and this income, whilst a small amount, is of real value to them. Whilst this is undoubtedly true for many people who attend day services, it amounts to converting the day service into a branch of the Department of Work and Pensions, engaged in the provision of basic income levels. This is an inappropriate role for a day service.

A consequence of the poverty of many people with mental health problems or disabilities is that these small payments discourage people from moving on into ordinary community opportunities. Voluntary work may become less attractive because it does not pay, and the enrolment charge for a college course may seem prohibitive when the equivalent course at the day centre is not only free, but attracts the attendance bonus. Token payments trap people in the centre.

Some day services have created a fantasy that their members or participants are their employees. Some people refer to attending the day centre as ‘going to work’ and the weekly ‘pay packet’ is part of the fabric of this illusion. Even if it were sensible to build a therapeutic environment on a fantasy, which it is not, the mock-up of the workplace is generally incomplete. Co-workers are unlike those in a real workplace, machinery and equipment is often behind the times, hours of work and output pressures are reduced, working time is diverted into all kinds of therapeutic and recreational activities and the pay packet simply does not contain a proper amount of cash. Moreover, using simulated work conditions as a precursor to employment in the open market has been demonstrated to be ineffective in comparison with the

Individual Placement and Support model – so, even if the project did create an accurate simulation it would be unlikely to yield the desired results.

Where the day service is offering therapeutic interventions to the individual, then it has no obligation to pay people to receive therapy. Indeed, the Fairer Charging guidelines for Social Services require social care providers to consider charging recipients for the care that they receive.

It is sometimes suggested that these small payments provide an incentive to poorly motivated people to attend and engage in therapy and withdrawing the money would result in large numbers of people withdrawing from a service that they need. Services that have withdrawn these payments have reported little change in the attendance profile, and Assertive Outreach approaches should be used in preference to ‘reward monies’ to link with people who are hard to engage with services

### **Offering a range of opportunities**

Where day services offer individual job placement and support opportunities, the range of jobs available should reflect the profile of the local economy. For example, if 5% of the local labour force is employed in human services or heavy engineering, then this might provide a target for the range of supported employment opportunities available. This safeguards people from creating a situation where the only jobs available are those in the day opportunities service.

In parallel with the above point, where day services are inviting people to carry out regular unpaid activity that benefits the day service, then this is equivalent to serving as a volunteer. Such an arrangement is only reasonable if all of the following four conditions are met.

- Opportunities for voluntary work should be formally established in compliance with the quality standards set out by the NDT (see Bates, P. (2002) *A Real Asset: A manual on Supported Volunteering* Manchester: National Development Team). This includes reimbursement of all expenses associated with the voluntary work.
- Support should be available to ensure that people who need support have a similar range of volunteering opportunities to those available to other citizens in the wider community. This safeguards people from creating a situation where the only supported volunteering opportunities are those available in the day opportunities service.
- The person with a mental health problem or disability who is volunteering in the day opportunities service should do so alongside non-disabled volunteers. The result is that the volunteer labour force within the day opportunities service has a similar proportion of disabled and non-disabled people as the local community.
- The voluntary work should not be in the same place, role or community where the person is paid to work. This is because it is almost impossible to separate the sense of obligation to the contractual work from the voluntary activity and

so the roles merge into a general sense of duty to deliver more hours for the same pay.

### **Creating a business enterprise**

Any income that is generated by the labour of people who use services may be taken by the organisation and used as a contribution towards its operating costs if these workers are properly employed on a contract of employment that meets the standards set out above. If there is no contract of employment, then the organisation has no right to take this money.

Health or social care providers may offer a group of people with disabilities or mental health problems the space and support for them to create their own business.

If the group carry out work that attracts an income, then this money belongs to them. The money generated by the group should be kept entirely separate from the public funds used to create and staff the service. The group's income should not subsidise the day centre, contribute to the salaries of care staff, be lodged in the same bank account or recorded on the same documentation. This guarantees that the *Fairer Charging for Care Services* system is the only means by which people are required to pay for their care, and that their labour is not a hidden extra charge.

Groups should manage their own bank account and decide what to do with the money that they generate. For example, they may wish to spend the money as a group (perhaps to buy a DVD player or some computers for the group), share their money out amongst themselves (perhaps to cover travelling expenses or as occasional voluntary payments), give it to charity, or use it to employ someone on a full contract of employment to support the business.

Staff have a responsibility to offer advice and guidance to help ensure that arrangements do not have unforeseen consequences in relation to welfare benefits or place anyone at risk of allegations of misappropriation of funds.

There would be a clear expectation, timetable and plan for the group to move towards full establishment as a social firm or worker's cooperative. This might mean that the group's income enables them to forego welfare benefits, or it might mean that income remains small, but the group develop a mature decision-making process.

### **Occasional payments**

Some agencies are choosing to make occasional one-off payments to people with mental health problems or disabilities who become involved in consultation or decision-making processes. These payments are generally

- made to people in addition to the reimbursement of expenses
- for one-off casual participation, rather than a regular or long-term commitment.
- made for consultation and funded from the health or social care agency's resources, rather than linked to any income-generating activity.

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- a flat-rate payment, such as an honorarium, rather than tied to productivity.
- paid to anyone who chooses to engage in the activity, rather than selecting qualified candidates who demonstrate identified competences.
- a response to involvement that is above and beyond that expected of all those receiving care and support.

These payments are clearly very different from the regular small payments made to people who attend sheltered workshops, and so should be considered separately to the recommendations of this paper.

### **Making changes**

In summary, arrangements that segregate people with mental health issues or undervalue their contribution should be replaced by systems based on respect, equality and participation. However, precipitous changes to long-established arrangements are rarely in the best interests of people who may have become reliant on them, and income is often a matter of concern to a whole household, rather than just an individual.

In some places, attempts to withdraw these payments have generated such a vigorous public campaign that there has been a danger of the whole modernisation process being derailed. This makes it particularly important that any changes are introduced with care and sensitivity. One approach may be to ensure that new projects do not make these payments and so the practice will die out over time.

Any savings that are made from these changes should be re-invested in improving opportunities for people with mental health problems or disabilities to obtain waged open employment.