

Outsourcing and collective bargaining in the UK



UK context

- *Outsourcing* very much *the norm*
 - Traditionally in private sectors
 - Increasingly (but also almost traditionally) in public sector
 - Estimates of approximately 1/3 of all public sector service workers work in outsourced firms
- *Declining trade union membership and collective bargaining coverage*
- *No extension mechanisms/regulations*
- Voluntary collective bargaining in the UK
 - Collective bargaining (and the coverage of employees by a collective agreement) depends on the existence and strength of trade unions
 - Company level collective bargaining (predominantly)

UK context

- Recent *austerity policies by the UK government* have *accelerated outsourcing* processes in the public sector
- *Outsourcing in the public sector* has been (recently) *criticised* recently because of the unsatisfactory quality of services provided and limited proven cost reductions
- The transfer of collective agreements is largely regulated by the Transfer of Undertakings Protection of Employment regulations (TUPE)
- As collective bargaining coverage is relatively high in the public sector and low in the private sector, the *increase in outsourcing of public sector activities has lead to a decrease in collective bargaining coverage in the UK*
- Fragmenting of the workforce through outsourcing has significantly affected collective bargaining coverage
- The activities selected in the analysis (home health care, prison security) and the facility management sector have gained increased socioeconomic importance and have all been significantly affected by outsourcing.

Prisons (security) and Adult Social Care



Comparison of sectors

Both sectors are growing and are becoming increasingly important in our society

Prisons

- Mostly *Male* employees
- Physical
- In large *public spaces*
- Work in *groups*
- Public and private sector
- (Relative) Strong trade union
- Sector that has partially resisted privatization

Adult Social Care

- Mostly *Female* employees
- Physical
- In *own home*
- Work *alone*
- Mostly private now
- Limited trade union power
- Health service under pressure, increasing older population with complex medical needs

The extent of outsourcing in Prisons

- 109 public prisons; 14 privatised.
- Criminal Justice Act 1991 – any prison can be outsourced. Moves to outsource probation services.
- £4 billion market
- Serco, G4S, Sodexo
- 15 year contracts
- Difficulties in recruitment
- Prison Officers Association and Pay Review Body
- Prison population 1980 - 40,00; 2015 - 85,000.
- Dominant form of outsourcing –was whole prisons but more recently around activities eg maintenance of all prisons to just two firms; education; health

Rising awareness of problems with outsourcing in the UK
Recent collapse of outsourced firms



Representation of workers and employers in Prisons sector

- Prison Officers Association – POA – dominant in public sector with collective bargaining rights
- Pay review Body – government appointed – covers public sector prisons. POA non-co-operation
- Private prisons – “bargaining unit disputes”
- “Community” trade union – recognised by some private firms/poor relationship with POA

The extent of outsourcing in home healthcare

- Home health care organised at local government/ authority level
- In 1990 most care employees employed directly by local government and covered by collective agreement
- Now only around 5% directly employed by local authority and covered by collective agreement, most care provided by private firms
- Significant reductions in resources – austerity – outsourcing
- Care Act 2014 – creating a “market” for care
- Falls in life-expectancy, regional variations
- Dominant form of outsourcing: variations depending on area - many small private firms in North-east but growth of self-employed care workers in South-east.

Representation of workers and employers in home healthcare

- Varied national picture
- Trade union membership concentrated in public sector. Estimated at 25% across the sector.
- No specialist trade union for care workers
- UKHCA - employers organisation, but no collective bargaining
- Estimate 20,000 private firms involved (2016), but some of these owned by larger firms
- Growth of self-employed, especially in South-east

Problems detected in relation to coverage by CA of outsourced workers in client companies

- Staff turnover. Older staff in a trade union, reach retirement vs younger workers with poor awareness of benefits of trade union membership (minimum wage/austerity)
- Different work sites, breaking up the bargaining unit, increases the representation load for the union
- Contracting process... staff can be “sold on” frequently through the outsourcing process, which can break up agreed bargaining units and “chip away” at terms and conditions
- Lack of knowledge on worker rights amongst younger workers (University education etc)
- Austerity – minimum wage legislation – “Whats the point?”

Strategies developed by social partners to solve/cope with coverage problems

- Very limited evidence of employers collective presence, especially in home healthcare – withdrawal, replaced by the state
- Developing long-term relationships with councils
- Political links e.g 2016 Labour manifesto commitment to sectoral collective bargaining
- Social media campaigns
- Trade Unions – Recruit, reorganise, represent

Recruit, Re-organise, Represent

The
three Rs

Policy pointers

- Coverage of employees in outsourced services depends on:
 - Trade union initiatives
 - Challenge to mobilize employees in outsourced services
 - Some initiatives found e.g re-insourcing of services; targeted recruitment to match the outsourced service
 - Reorganising, utilising political contacts, legislative pressure
 - State initiatives
 - Reform legal framework of collective bargaining
 - Strengthen Transfer of Undertakings Regulations (TUPE)/BREXIT!!
 - Reform collective bargaining system (e.g. extension mechanisms)
 - Reframing contract provisions to include open accounting, transparency of contract terms