

# 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