Bargaining and Social Dialogue in the Public Sector (BARSOP)

United Kingdom Report

*Dr Benjamin Hopkins*

*Professor Melanie Simms*

*University of Leicester, UK*

*Amsterdam, March 2018*

This report was written for the Bargaining and Social Dialogue in the Public Sector (BARSOP) project, financed by the European Commission, Industrial Relations and Social Dialogue Programme (project VS/2016/0107)

**Disclaimer excluding Commission responsibility**

This communication related to the action BARSOP is made by the beneficiaries and it reflects only the author’s view. The Commission is not responsible for any use that may be made of the information it contains.
Contents

Abstract ........................................................................................................................................... 5
Introduction: the changing face of the UK public sector .............................................................. 7
The UK public sector in the context of devolution ........................................................................... 8
The shape of the UK public sector ..................................................................................................... 9
Employment in the public sector ....................................................................................................... 11
Current expenditure ......................................................................................................................... 13
General direction of public sector reform ....................................................................................... 15
Industrial relations in the public sector: ......................................................................................... 17
worker representation and collective regulation of employment .................................................. 17
Trade Union Act 2016 ..................................................................................................................... 20
Other industrial relations developments ....................................................................................... 21
Research methods ........................................................................................................................ 22
1) PRIMARY EDUCATION .............................................................................................................. 23
Education policy in the past 15 years ............................................................................................... 23
Education funding .......................................................................................................................... 26
Social partners ............................................................................................................................... 28
Unions ............................................................................................................................................... 28
Employers – the rise of Academy schools .................................................................................... 30
Bargaining forums .......................................................................................................................... 32
Outcomes .......................................................................................................................................... 33
Academisation – the right to break away from national pay, terms and conditions ....................... 34
The role of industrial relations in shaping the primary education sector ........................................ 36
Quantitative outcomes in the primary sector ................................................................................. 37
Workload, pay, work intensification and turnover .......................................................................... 38
Pay cuts for teaching assistants leading to industrial action ....................................................... 40
Boycott of Primary Assessment Tests .......................................................................................... 40
Conclusions ..................................................................................................................................... 41
2) HOSPITALS ................................................................................................................................. 43
Healthcare policy in the last 15 years .............................................................................................. 43
Healthcare funding .......................................................................................................................... 44
Social partners ............................................................................................................................... 45
Government ...................................................................................................................................... 45
NHS Trusts ....................................................................................................................................... 47
Abstract

This report highlights some of the profound changes and challenges facing public sector industrial relations in the UK since the financial crisis. In common with many discussions about public sector employment relations, the key explanation of different approaches relates to the agendas of the government. The UK has seen three general elections during the period under consideration, and three distinct periods of policy direction: Labour (to 2010), Coalition (2010 to 2015), and Conservative (2015 onwards). From 2010 onwards, there has been a clear policy to reduce public sector spending, cap public sector wage rises, and fundamentally reform the provision of public services. While it is clear that this agenda has led to some similar issues within the health, education and municipalities sectors around wage restraint and job quality, the impacts of this have varied across sectors. Whether or not funding has been ringfenced is a crucial explanatory factor in the sectoral effects. It is also clear that devolution of power to Scotland, Wales and Northern Ireland means that the transformation of public service provision is playing out very differently in those settings.

Nonetheless, in all the sectors and regions, common pressures relate to a changing funding context in which service providers are certainly expected to do more with the same resource, and often with less resource. Government pay restraint policies mean that staff are facing pay freezes and below-inflation pay rises while redundancies and higher staff turnover mean there are often fewer staff to perform revised roles.

This context has caused a great deal of dissatisfaction among staff and unions and is leading to increasingly tense industrial relations in all three sectors. A particularly interesting commonality is the increase in industrial action, although even in the more densely unionised UK public sector, this has had little effect in reversing the impacts of austerity. While there has been an effort to ‘pull together’ to deliver changes, in some cases those changes have created a context that has led to industrial action, especially in the health sector. By contrast, although municipalities have undoubtedly been hit hardest by spending cuts, there are good examples of restructuring of services to attempt to maintain a level of service provision. Two points emerge from this assessment. First, where there has been an opportunity for services to restructure to eliminate inefficiencies and find new ways of working these have been regarded by many providers as ‘low hanging fruit’. In other words, it will require more profound changes to achieve further savings. Inevitably, the more substantial a proposed reorganisation, the longer it will take to negotiate with social partners.

Second, where changes are negotiated, social partners report reasonably constructive relationships even in the municipalities where the budgets have been under most pressure. The dispute with junior doctors in the NHS was created largely because of an inability to negotiate change and the eventual imposition of a new contract by the government. This strongly indicates that if large scale industrial disputes are to be avoided, on-going negotiation and compromise will be necessary from all sides as budgets are cut further. In other words, the mechanisms of collective regulation do seem to be effective in providing a ‘safety valve’ for negotiating the pressures of service re-organisation and budget cuts. In short, the mechanisms of industrial relations have largely proved effective in ensuring the continued running of public services even in very difficult circumstances.
This importance of this conclusion should not be under-estimated in the context of such deep cuts and against the background of the Trade Union Act. The Act places considerable additional constraints on the actions of public sector unions. This has the potential not only to disrupt the smooth running of collective regulation in the public sector, but also to disrupt service provision if collective negotiation is undermined.
Introduction: the changing face of the UK public sector

Prior to the financial crisis of 2007-8, the UK had experienced a lengthy period of growth in the economy and in employment, albeit one with increasing levels of wage inequality. The Labour Party had been elected to power in 1997 with Tony Blair as Prime Minister and this signalled a notable change of direction for public sector policy. Broadly speaking, there had been a programme of investment in public services, including in employee salaries. This had been accompanied by pressure to reform with particular attention to efficiency. Although reforms had changed the job requirements of many occupations, there was a commitment to negotiating these through collective bargaining and partnership forums.

The Labour Party was still in power when the financial crisis developed throughout 2007 and 2008, although by that point was headed by Gordon Brown as Prime Minister. During the financial crisis, a particular concern for the UK government was to ensure financial liquidity in the banking and financial systems, leading to a series of massive investment injections and decisions to part-nationalise some financial institutions with Lloyds and Royal Bank of Scotland (RBS) receiving major investment in 2008. Although these rescue plans had the desired effect of stabilising the banking system, they left the UK government with a significant additional deficit.

By the time of the General Election in 2010, all main parties were clear about the need for public sector spending savings, although there was significant disagreement about the extent and structure of proposed cuts. For the first time in modern history, there was no clear winner of the 2010 election, and eventually a coalition government was formed between the Conservative Party and the Liberal Democrats, headed by the Conservative Party leader, David Cameron. Public spending policy was a major point of disagreement between the two parties but they set about a programme of reform leading to considerable cuts, although these were not on the scale required in countries monitored by the Troika. That programme
of cuts has extended past the General Election of 2015 which was won outright by the Conservative Party, although with a very small Parliamentary majority. Teresa May took over the role of Prime Minister after the so-called ‘Brexit referendum’ in June 2016 led to a decision that the UK will start negotiations to leave the European Union. The impacts of so-called “Brexit” are uncertain at the time of writing as the UK moves through the transition period to leaving the EU. However, this is likely to have significant impacts on many aspects of the employment relationship because many workers’ rights are derived from EU law and because the decision to leave is likely to considerably impact the UK economy. Additional uncertainty is added by a further unexpected General Election campaign with voting having taken place on 8th June 2017. Public sector spending and industrial relations were important areas of debate during the campaign and the outcome is likely to influence the general direction of policy in coming years.

The UK public sector in the context of devolution

The UK is made up of 4 countries: England, Scotland, Wales and Northern Ireland. Scotland, Wales and Northern Ireland (but not England) have their own governance structures reflecting specific political compromises made at the time of devolution in the 1990s. The Scottish Parliament was established in 1999, and the UK government has devolved responsibility for matters including education, health, justice, and agriculture. The devolved administration for Wales was also established in 1999, with powers extended in 2011 and including education, health, local government, and housing. Because of the very specific history of armed conflict in Northern Ireland, the Northern Ireland Assembly is structured to ensure power sharing between the main parties. It is overseen by the UK government in a very different way to the authorities in Scotland and Wales and has been suspended on several occasions (including at the time of writing), but retains responsibility for education, health and justice.

Funding is provided to devolved administrations from the central UK government (‘Westminster’) in the form of a block grant. The calculation as to the amount of the block grant is
normally determined through a formula known as the Barnett formula which provides a population-based share of changes in comparative spending by government departments. Devolved authorities then have a statutory responsibility to provide specified public services and they then have considerable flexibility to target spending as they wish, subject to oversight from the elected bodies. There has been widespread criticism of this arrangement of funding, with HM Treasury figures showing that spending per head in England is around 3% lower than the UK average, while being 11%, 16% and 24% higher than the UK average in Wales, Scotland and Northern Ireland respectively. Nonetheless, changes would inevitably be highly politically contentious and have therefore been repeatedly delayed by successive governments.

These arrangements essentially allow devolved authorities to prioritise or deprioritise spending from the block grant in different areas of public services than England. It also allows them to establish different mechanisms of oversight. In practice, however, because the total block grant goes upwards and downwards depending on the decisions of central government, there is relatively little scope for major variation. Where there are differences is mainly in the oversight and approach to administrative accountability. As we shall see in later sections, for example, there is a variation between England and Scotland in the approach to managing the National Health Service. Similarly, local authority cuts have had different effects in Wales than in England. This is expanded on in the third case study, but in short the addition of an extra layer of governance in the form of national devolved government has protected Wales from centrally created cuts for a longer period of time than English local authorities.

The shape of the UK public sector

In the UK the public sector consists of five subsectors – central government, local government, public non-financial corporations, the Bank of England, and public financial corporations (in particular the Royal Bank of Scotland (RBS) which was part-nationalised during the
financial crisis). Figures for RBS are omitted from most of this analysis as the size of the RBS balance sheet would distort the international comparability of figures and it remains an objective to transfer ownership back to the private sector. Central government comprises all administrative departments of government, and technically also includes the National Health Service which has the largest workforce (section two). This also includes the civil service, which as the provider of social protection has the largest expenditure. Local government (municipalities) is comprised of organisations with elected leaders who have some powers to raise funds through taxation, and are responsible for the provision of services such as social services. Primary schools are examined in section one, and local government more broadly in section three. Finally, the number of public corporations has diminished in the UK as successive governments have followed an agenda of privatisation, seen most recently with the example of Royal Mail.

In contrast to most European Union member states, there are no systematic distinctions in employment regulation in the public and private sectors in the UK. However, a differentiation may occur with the Trade Union Act 2016, which is discussed in more detail later. Some public sector employees such as the police service do have selective legal restrictions around their right to take industrial action and the right to join a trade union. The Trade Union Act will extend restrictions to other groups of public sector workers. Bach (2005) also notes that the position of civil servants is historically different to other public sector employees as a servant of the crown (the Queen and her delegates). These workers theoretically can be dismissed at any time at the will of the crown, but this is not a right invoked in practice.

Importantly, and in common with many countries, the trend towards outsourcing services to the private sector means that there is increasing lack of clarity in which roles can be considered to be part of the public sector. For example, a hospital may use agency nursing staff. Schools may use outside caterers. Local authorities may outsource their waste collection operations. Although these roles are being conducted in a public sector organisation, the employer of the staff is from the private sector.
Employment in the public sector

Data for total employment in hundreds of thousands in the public sector are shown in the chart below:

A particularly interesting feature of public sector employment is disparities across regions, with some regions and nations of the UK having much higher proportions of public sector employment as shown in the charts below, by total in thousands and also by percentage:
There are lively debates about the extent to which public sector employment ‘crowds out’ local job creation in regions that are heavily dependent on these jobs, making it less attractive to work in the private sector and acting as a disincentive for investment. By contrast Buchanan et al (2009) have argued very convincingly that the public sector in fact ‘fills in’ for the absence of local private sector employment and provides the core of sustainable and relatively good quality jobs, especially in the post-industrial cities of the Midlands and the North of England. Those arguing from this perspective tend to emphasise the importance of public sector employment in providing both a high quantity and quality of employment in these regions.
Current expenditure

Figures from the 2016 Budget show that the projection for public sector receipts for 2016-17 is as follows (all figures in £billions):

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Tax</td>
<td>182</td>
</tr>
<tr>
<td>National Insurance</td>
<td>126</td>
</tr>
<tr>
<td>Value Added Tax</td>
<td>138</td>
</tr>
<tr>
<td>Other Tax</td>
<td>69</td>
</tr>
<tr>
<td>Other Non-Tax income</td>
<td>51</td>
</tr>
<tr>
<td>Excise Duties</td>
<td>48</td>
</tr>
<tr>
<td>Corporation Tax</td>
<td>43</td>
</tr>
<tr>
<td>Council Tax</td>
<td>30</td>
</tr>
<tr>
<td>Business Rates</td>
<td>28</td>
</tr>
</tbody>
</table>

This gives a total public sector receipt of £716 billion. By contrast, total public expenditure is forecast to be £772 billion, as detailed below and showing the split between spending in central government, local government, and public corporations (all figures in £billions):

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Government</td>
<td>596</td>
</tr>
<tr>
<td>Local Government</td>
<td>170</td>
</tr>
<tr>
<td>Public Corporations</td>
<td>18</td>
</tr>
</tbody>
</table>
Bank of England (12) – from asset purchase facility and special liquidity scheme

These figures can be further split by sector:

- Social Protection: 240
- Health: 145
- Education: 102
- Other Expenses: 49
- Defence: 46
- Debt interest: 39
- Housing and Environment: 34
- Public Order and Safety: 34
- Personal Social Services: 30
- Transport: 29
- Industry, Agriculture and Employment: 24

The chart below, taken from the February 2017 Public Spending Statistics Release, shows real term trends in spending for various sectors, and demonstrates that while Social Protection consists of the largest absolute amount of spending, the highest rate of real terms growth has been in health.
General direction of public sector reform

Bach and Stroleyn (2015) note the importance of changes of government in the UK in the reform of public service. They point first to the election of the Labour government in 1997, the first since 1979. This saw a revised emphasis on targets and choice for users of public services, but also greater integration between service providers. They also note the increased importance of the use of non-governmental organisations and voluntary sector organisations that may have a better understanding of the needs of those who use their services. This continued with the election of a coalition government in 2010, with the introduction of the concept of the ‘Big Society’.

Under the concept of the Big Society, there was to be an increase in localism as compared to centralism, with for example, greater powers given to devolved assemblies and a transfer of
power from central to local government. This also tied to the ideas of austerity, with more services provided by local and volunteer groups. The Big Society concept declined throughout the coalition administration, and indeed was not mentioned again by Prime Minister David Cameron after 2013. The policy received criticism from the third sector, with the Association of Chief Executives of Voluntary Organisations arguing that government cuts to these organisations were too hard. Although an increased focus on voluntary work was seen as being potentially helpful for particularly young people to move into paid employment (Hopkins and Dowell, 2017) links between involuntary unpaid work and the welfare system were roundly criticised (Simms et al., 2016). Recent rhetoric from the Conservative administration of 2015 has been of a Shared Society, but at the time of writing this project is in its infancy and is weakly defined, and it is unclear how this will translate to the new administration of 2017 onwards.

Williams and Scott (2016) note that the formation of the coalition government was based on a narrative that stable government was required in order to address the results of the financial crisis, and in particular the budget deficit that had developed as a consequence. The impacts of the crisis in the UK were profound, including the requirement to ‘bail out’ a number of financial institutions, and the nationalisation of some of these organisations such as RBS. Williams and Scott (2016) point to 2009, the year before the general election in the UK, as a particularly difficult one, with GDP falling by 5.2% and unemployment rising from 1.6 million in January 2008 to 2.5 million in January 2010. With lower tax receipts and higher welfare costs, the budget deficit grew to £163 billion in 2009-10, a figure which makes up 11% of total GDP. The first budget of the coalition government announced that £128 billion of savings were to be made, with 80% of these coming from cuts in public expenditure, although there were protections for politically sensitive areas such as the NHS and schools in England. Williams and Scott point to unprotected areas, such as spending on local authorities, as those in which the impacts of austerity were particularly felt, with the amount of funding provided to local authorities falling by 37% in real terms from 2010-11 to 2015-16. Thus, the UK has followed the path of austerity in response to the financial crisis – an approach seen in many other European member states.
Industrial relations in the public sector: worker representation and collective regulation of employment

In 2015 there were 3.80 million trade union members in the public sector, accounting for well over half of union members in the UK. This was a rise of 29,000 people from the previous year, and saw trade union density rise from 54.3% to 54.8%. By comparison, the proportion of trade union members in the private sector fell from 14.2% to 13.9%. Trade union membership as a proportion of employees by sector and gender is shown in the table below:

<table>
<thead>
<tr>
<th>Year</th>
<th>All employees</th>
<th></th>
<th></th>
<th>Private Sector</th>
<th>Male</th>
<th>Female</th>
<th>Public Sector</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>32.4</td>
<td>35.0</td>
<td>29.7</td>
<td>21.4</td>
<td>26.3</td>
<td>15.3</td>
<td>61.3</td>
<td>68.0</td>
<td>57.0</td>
<td></td>
</tr>
<tr>
<td>1996</td>
<td>31.4</td>
<td>33.3</td>
<td>29.5</td>
<td>20.5</td>
<td>24.8</td>
<td>15.1</td>
<td>60.7</td>
<td>67.7</td>
<td>56.6</td>
<td></td>
</tr>
<tr>
<td>1997</td>
<td>30.7</td>
<td>32.1</td>
<td>29.3</td>
<td>19.8</td>
<td>23.8</td>
<td>14.5</td>
<td>61.2</td>
<td>68.0</td>
<td>57.3</td>
<td></td>
</tr>
<tr>
<td>1998</td>
<td>29.9</td>
<td>31.2</td>
<td>28.6</td>
<td>19.5</td>
<td>23.2</td>
<td>14.7</td>
<td>60.4</td>
<td>66.6</td>
<td>56.8</td>
<td></td>
</tr>
<tr>
<td>1999</td>
<td>29.7</td>
<td>30.9</td>
<td>28.4</td>
<td>19.0</td>
<td>22.9</td>
<td>13.9</td>
<td>59.9</td>
<td>66.3</td>
<td>56.3</td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>29.8</td>
<td>30.4</td>
<td>29.1</td>
<td>18.8</td>
<td>22.3</td>
<td>14.1</td>
<td>60.3</td>
<td>65.7</td>
<td>57.3</td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>29.3</td>
<td>29.9</td>
<td>28.6</td>
<td>18.4</td>
<td>21.9</td>
<td>13.9</td>
<td>59.7</td>
<td>66.3</td>
<td>56.2</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>28.8</td>
<td>28.7</td>
<td>29.0</td>
<td>17.8</td>
<td>21.0</td>
<td>13.4</td>
<td>59.8</td>
<td>63.7</td>
<td>57.7</td>
<td></td>
</tr>
<tr>
<td>Year</td>
<td>All Employees</td>
<td>Private Sector</td>
<td>Public Sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>------</td>
<td>---------------</td>
<td>----------------</td>
<td>--------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>29.3</td>
<td>18.2</td>
<td>59.4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>28.8</td>
<td>17.3</td>
<td>58.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>28.6</td>
<td>16.9</td>
<td>58.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>28.3</td>
<td>16.6</td>
<td>58.7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>28.0</td>
<td>16.1</td>
<td>59.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>27.5</td>
<td>15.6</td>
<td>57.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>27.4</td>
<td>15.1</td>
<td>56.7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>26.6</td>
<td>14.2</td>
<td>56.4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>26.0</td>
<td>14.2</td>
<td>56.6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>26.1</td>
<td>14.4</td>
<td>56.4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>25.6</td>
<td>14.4</td>
<td>55.5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>25.0</td>
<td>14.2</td>
<td>54.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>24.7</td>
<td>13.9</td>
<td>54.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Collective agreement coverage is shown in the table below:

<table>
<thead>
<tr>
<th>Year</th>
<th>All Employees</th>
<th>Private Sector</th>
<th>Public Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>36.0</td>
<td>23.2</td>
<td>74.4</td>
</tr>
<tr>
<td>1997</td>
<td>37.0</td>
<td>22.0</td>
<td>74.9</td>
</tr>
<tr>
<td>1998</td>
<td>35.4</td>
<td>21.7</td>
<td>75.1</td>
</tr>
<tr>
<td>1999</td>
<td>36.1</td>
<td>23.0</td>
<td>72.7</td>
</tr>
<tr>
<td>2000</td>
<td>36.4</td>
<td>22.5</td>
<td>74.2</td>
</tr>
<tr>
<td>2001</td>
<td>35.5</td>
<td>21.9</td>
<td>72.6</td>
</tr>
<tr>
<td>Year</td>
<td>Membership</td>
<td>Collective Bargaining Coverage</td>
<td></td>
</tr>
<tr>
<td>------</td>
<td>------------</td>
<td>-------------------------------</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>35.2</td>
<td>21.1</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>35.5</td>
<td>21.9</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>34.8</td>
<td>20.5</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>35.0</td>
<td>20.6</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>33.4</td>
<td>19.6</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>34.7</td>
<td>20.0</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>33.7</td>
<td>18.7</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>32.8</td>
<td>17.8</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>30.9</td>
<td>16.9</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>31.2</td>
<td>17.0</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>29.3</td>
<td>16.1</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>29.5</td>
<td>16.6</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>27.5</td>
<td>15.4</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>27.9</td>
<td>16.1</td>
<td></td>
</tr>
</tbody>
</table>

In short, the UK public sector is very much the ‘heartland’ of trade unionism with high levels of membership and collective bargaining coverage. Collective regulation of terms and conditions of employment is still very common in most areas of the public sector and there are strong social norms of membership.

In many areas of the public sector, there has been a preference for collective regulation of employment through what are known as pay review bodies, rather than free collective bargaining in the widely understood sense. Pay review bodies exist in the National Health Service (NHS), armed services, prison service, teaching and for senior civil servants. Each pay review body is established as a non-departmental public body and is sponsored by the relevant central department. Typically, pay review bodies comprise of a panel of independent experts who receive evidence from stakeholders including unions, employers and economists. They then recommend national pay settlements to the relevant government Minister. Ultimately, however, the Minister has the authority to reject the recommendations of the
Pay Review Body. Although there has been a long history of Ministers accepting recommendations, it has become more common since the financial crisis that recommendations are rejected or accepted only in part.

It is also important to note that Pay Review Body processes do not prevent collective bargaining both over other issues (terms and conditions) and also bargaining upwards from the national pay increases. However, as they are not technically a form of free collective bargaining, these processes are referred to in this report as collective regulation rather than collective bargaining.

**Trade Union Act 2016**

An important consequence of the election of the Conservative government in 2015 was the introduction of new regulation around trade unionism and collective action called the Trade Union Act, 2016. The most immediate effect of the Act is that in what are termed “important public services” (including fire, health, education and transport) 50% of members must turn out to vote in any ballot for collective industrial action, and 40% of the entire membership must vote in favour. The Trades Union Congress (TUC) has voiced strong concerns about these proposals, stating that the government definition of “important public services” is wider than that of “essential services” as used in international law, and that strikes continue to be an important tool of last resort for public sector unions. They also criticise the government for not allowing electronic voting in strike ballots, which they claim would increase turnout and make it easier for unions to reach these thresholds.

These reforms are particularly important in the context of the high level of legal regulation of industrial action. Strikes and action short of a strike is subject to a number of important legal tests before workers and their unions are protected from being sued for damages by the employer targeted by the action. In order to retain this protection, unions must follow a
set of tightly prescribed rules. These include the requirement to have a secret ballot about the action, rules about what kind of action is allowed (only against your direct employer and only about ‘trade disputes’ rather than, say, political issues), and to inform the employer in advance of the action. The rule against political action is particularly relevant in the public sector. There have been a number of important legal cases where public sector unions have taken action against their employer but where that action is deemed to be political rather than industrial because the employer is, ultimately, the State.

In addition to the changes to the ballot thresholds, the Act:

- Sets a ‘shelf life’ for the validity of the ballot. Normally 6 months, but can be extended to 9 months with agreement of the employer.
- Makes it a requirement that unions clearly lay out descriptions of the dispute and proposed action to be included on the ballot paper.
- Gives more powers to the Certification Officer to ensure rules are followed.
- Increases the notice that unions must give employers about proposed industrial action from 7 to 14 days.

Although these provisions are less restrictive than originally proposed, they represent a considerable further tightening of industrial action rules in general, and industrial action in the public services in particular.

Other industrial relations developments

Despite the consumer price index showing that inflation in the UK had reached 2.3% in early 2017, the latest recommendation of pay review bodies in the UK was to keep an average increase in basic pay of 1% in 2017-18. The UK government’s policy is a 1% pay cap until 2019-2020, adhered to by groups such as the Doctors’ and Dentist Remuneration Body, the
Armed Forces’ Pay Review Body, and the NHS Pay Review Body. However, the latter has stated that the continuation of this policy is leading to staff shortages in some sectors and some areas of the UK.

The UK case study now moves on to look at three sectoral case studies – primary schools, hospitals, and municipalities. Before moving to that, however, it is important to note the approach to data collection used in this report.

Research methods

Most data collected for this report were from publicly available documents and sources are cited in the text. Research for each sector was supplemented with interviews with social partners and other experts and stakeholders.

In primary schools, interviews were undertaken with three main unions, a local council and an expert analyst within the field. Detailed can be found in the Appendix. In hospitals, colleagues Dr Jo Grady and Paul Brook had been undertaking research for over three years with the main doctors’ union, the British Medical Association (BMA) around employment relations issues. Rather than repeat much of this research, we worked closely with those colleagues to ensure the accuracy of the data presented here. We are extremely grateful to Dr Grady and Mr Brook for being so generous with their time and data. For municipalities in total ten council leaders were interviewed in nine interviews. These covered both urban and rural councils, and also those in the more Labour-controlled southern councils as compared to Plaid Cymru controlled councils in the North. Details of respondents are shown in the Appendix of this report.
1) PRIMARY EDUCATION

Primary education in the UK covers three ‘key stages’: Foundation Years (under 5 years old), Key Stage 1 (5-7 years old) and Key Stage 2 (8-11 years old). This report focuses mainly on Key Stages 1 and 2 which map most closely to what is understood to be primary education in most comparator countries. Schools are structured in many ways that do not always map to these Key Stages, but common inspection and testing regimes apply no matter how schools are structured. The National Curriculum sets out achievement expectations at each stage, but increasingly schools can deviate from the National Curriculum. The end of KS1 is marked with Standardised Achievement Tests (SATs) and a phonics and reading check. The end of KS2 is marked with further SATs. These give benchmark data and achievement outcomes which input into school performance tables and inspection and performance management systems.

Education policy in the past 15 years

Responsibility for education in the United Kingdom is devolved to the national authorities: England, Scotland, Wales and Northern Ireland. This leads to some variation in representation practices, but the focus here is mainly on England as it is by far the largest population of the four countries.

All the sector interviewees instinctively divided developments of the past 15 years into three distinct periods covering the three different governments: before 2010 when the Labour Party were in power, 2010 to 2015 when there was a coalition government of the Conservative Party and Liberal Democrats, and 2015 onwards where the Conservative Party have been in power alone. Each government has had a distinctive approach to education and industrial relations policies, bringing different challenges for social partners. Importantly, interviewees were keen to stress the important influence of individual Secretaries
of State, especially prior to 2016. Individual Secretaries of State have very much been associated with particular developments in the sector and have been relatively long-standing in post.

In the period since 2008, the approach to education policy practice has shifted significantly. Labour governments prior to the 2010 General Election had a strong emphasis on investing heavily in education at all levels. In both primary and secondary school this fostered an approach that involved support for education from a full range of education professionals, including support staff. This approach had a number of important effects on teachers and other occupational groups. For teachers, there was a steady rise in teachers’ salaries in real terms for the eight years preceding the financial crisis (Bolton 2008). By 2008, salaries for primary teachers were 22% above the mean for all employees (Bolton 2008). However, it should be noted that during this period, pay setting for teachers became much more complex than a simple ‘across the board’ pay rise for all staff. During the 1997-2010 Labour governments, initiatives such as performance related pay and allowances for particular duties became more complex and introduced greater variation within the profession.

At the same time, the investment in and expansion of teaching assistants changed classroom practices giving teachers more responsibility to manage staff and lead – but not necessarily deliver – learning in the classroom. This led to significant changes in the activities of both teachers and teaching assistants (TAs). The role of teachers has become more strategic and involves managing the learning process and progression of students. The role of teaching assistants varies considerably and ranges from routine activities such as supervising particular students or groups of students within the classroom, through to ensuring specialist support, for example for students with special educational needs (SEN). The job grading of TAs increasingly reflects these variations in skills and responsibilities.
A further important aspect of education policy from the Labour governments of 1997-2010 was to increase the types of school supported by the State. To this end, in 2000 a new category of schools was created which enabled ‘Academy schools’ to be established. Initially, these allowed under-performing schools to relaunch with the support of links with industry and other supporters. A central feature of Academy schools is that they receive funding directly from central government rather than local authorities and they have far greater flexibility than other schools around the curriculum, management structures, and terms and conditions of employment. Even before the 2010 change of government, Academy schools quickly took a different form and were seen to be the preferred direction of travel for governance of many, if not all, State-supported schools. Since 2010 other new forms of schools have been developed, including Free Schools.

In industrial relations terms, the important feature of most of these new forms of schools is that they are not compelled to follow national terms and conditions of employment. Academy schools are now the norm for secondary schools (61%), but only around 15% of primary schools are currently academies. This is accounted for mainly because legislation enabling primary schools to convert to Academy status was only introduced in 2012, and partly because of the smaller size of primary schools which means that there are fewer scales of economy in running them. In contrast to secondary schools, therefore, most primary schools are managed by the local authority (municipality), although we would expect that to change in future if the political support for Academy conversion continues.

Since 2010, there has been a continued focus on developing an even wider range of forms of schools including free schools which are often set up by parents. These have not proven popular and only account for a tiny proportion of schools overall with just over 400 being opened between 2011 and 2016/17. More importantly for the overall picture, the governments of both 2010-2015 and 2015 onwards have actively sought to extend Academy schools. At one point a policy was floated that would have required all schools to become Academy schools, but that caused considerable disquiet across the country, including in
Conservative heartlands with some high profile Conservative opposition voices. Nonetheless, there remains considerable pressures to require a change of status of schools when the local authority is deemed to be ‘underperforming’, even in the face of concerted opposition from school leaders, staff and parents.

Since 2010, the position of Secretary of State for Education has been held by Conservative Party MPs, even during the period from 2010 to 2015 when there was a coalition government with the Liberal Democrats. Michael Gove served as Secretary of State for Education from 2010 to 2014. He was a controversial Secretary of State and pushed through a number of reforms of both curriculum and administration. His successor was also a Conservative, Nicky Morgan, and she survived the subsequent 2015 General Election and was reappointed until 2016. Since 2016 the position has been held by Justine Greening.

The dominance of Conservative Party ministers in this role means that changes of emphasis in both policy and practice have been related more to the personalities and views of the post holders rather than reflecting any significant change of policy within the Conservative Party. Both Nicky Morgan and, in particular, Michael Gove are widely regarded as ‘big hitters’, although Justine Greening less so. Michael Gove was undoubtedly one of the most divisive Secretaries of State for Education for some time, although unions interviewed for this project did stress that - unlike his successors - he made himself available for lobbying meetings, even if there was little likelihood of influence.

**Education funding**

Probably the most important change since the 2015 General Election has been a shift of approach to funding schools. Debates rage between social partners and politicians about how to describe funding proposals. Some politicians insist that education funding is increasing,
while many social partners insist there is evidence that funding is declining. In practice, the description depends on what is being measured.

State-funded schools are funded through a block grant from central government. The way this is calculated reflects historic patterns of spending in local authorities over time. A particular challenge is that as populations ebb and flow, there is little mechanism to account for change. Additional money is given to schools that have students from groups with particular disadvantages and educational needs through the Pupil Premium. Because of the historic patterns of funding, there can be large discrepancies in per-pupil funding even between schools in the same local authority. At the same time, cohort patterns mean that there has been an upswing in children entering the education system overall.

2017-18 sees the start of a programme to introduce of a new funding mechanism – called the National Funding Formula (NFF) - that aims to remove some of these inequalities. Although the government is still in consultation over many of the details of these changes, there are a number of important aspects that may well affect employment in the sector and which are therefore relevant to this report. First, there is a commitment to moving funding allocation away from the remit of local authorities and towards central government. Second, this is taking place within a context of limited public spending investment.

Trade unions disagree on their positions with regard to the proposed changes. While they share very serious concerns about the approach, the nature of the concerns and the response to specific proposals varies. Perhaps most striking is the position of the ATL union who argue that there are relatively large amounts of unspent reserves across the sector, and schools that have reserves should seek to spend these, especially where staff reductions are being considered. Other unions are more focused on arguing for a general uplift in investment across the sector.
Most independent observers agree that the likely effect of the move to the NFF is likely to mean that most schools will face a per-pupil reduction in their income. That said, they do agree that the schools most likely to benefit are those with previously low attainment and a high number of disadvantaged pupils. Nonetheless, the changes remain controversial and many schools will face cuts to budgets. It is probably therefore unsurprising that current political debate is full of examples of schools struggling to provide services and asking parents and carers to contribute to additional costs such as materials, textbooks and events. How this will affect employment and industrial relations is, as yet, unclear.

Social partners

There are well-established mechanisms of collective regulation within the sector. The sector is particularly noted for inter-union competition for staff representation, and the increasingly complex structure of representation on the employers’ side. Structures of collective regulation are also, unsurprisingly, complex with agreements concluded at national level, local authority level and, sometimes, with local employers, especially for Academy schools. In practice, however, there has so far been a tendency to ‘shadow’ national agreements in schools that have the ability to break away from them. This reflects a great deal of effort put in by unions to ensure that flexibility in setting terms and conditions is constrained. Despite some local disputes, there has been little evidence of any wholesale effort to derecognise particular unions and there tends to be a robust and relatively pragmatic approach to employment relations in the sector.

Unions

Formal structures of collective regulation of employment have remained remarkably stable over the past 15 years. The main change has been the promotion of the right of schools to break away from these structures. There are a wide range of unions representing workers in the sector. The main ones are listed below.
<table>
<thead>
<tr>
<th>Name</th>
<th>Membership in primary sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>NASUWT – National Association of Schoolmasters Union and Women Teachers</td>
<td>Teachers</td>
</tr>
<tr>
<td>NUT* – National Union of Teachers</td>
<td>Teachers</td>
</tr>
<tr>
<td>ATL* – Association of Teachers and Lecturers</td>
<td>Teachers and TAs</td>
</tr>
<tr>
<td>Voice</td>
<td>Education professionals</td>
</tr>
<tr>
<td>GMB – general union</td>
<td>Teaching assistants, support staff</td>
</tr>
<tr>
<td>Unison</td>
<td>Support staff, teaching assistants</td>
</tr>
<tr>
<td>Unite</td>
<td>Support staff</td>
</tr>
<tr>
<td>Educational Institute Scotland (EIS)</td>
<td>Teachers – Scotland</td>
</tr>
<tr>
<td>Ulster Teachers Union</td>
<td>Teachers – Northern Ireland</td>
</tr>
<tr>
<td>Undeb Cenedlaethol Athrawon Cymru (UCAC)</td>
<td>Teachers - Wales</td>
</tr>
</tbody>
</table>

* ATL and NUT voted to merge in March 2017 and will eventually form a union of nearly 500,000 members across the sector. The effects of this are unclear at the time of writing (late 2017).

The sector is probably the most highly-unionised occupation in the UK with particularly high representation in teaching occupations. A 2013 study showed that 97% of teachers are members of a union (Ager and Pyle 2013). This compares to around 26% across the UK workforce as a whole. The reasons underpinning the high representation are varied and reflect a combination of factors. First, there is a strong social norm of unionisation with teachers introduced to unions and their functions in the very early stages of their training and practice. Most unions have discounted rates for teachers as they undertake their training and are very visible on teacher training programmes. Second, the institutions of collective regulation are highly effective and the benefits of membership are therefore more concrete than in some sectors and occupations. Third, unions provide a great deal of support when
workers have problems including occupational stress, claims being made against them, and other activities that are commonplace in the sector.

Importantly, there has long been a preference by some educational professionals to be represented by a union that does not take strike action. That union is now called Voice and represents around 20,000 members across occupational groups within the sector. This union offers an alternative form of representation for staff who may otherwise have concerns about union membership that they may regard as having a potentially disruptive educational effect. Support staff, especially teaching assistants, are also well unionised in comparison with the labour force as a whole. Three main unions represent teaching assistants and other support staff such as administrators and school business managers: Unison, GMB and Unite. Of these, Unison is the largest.

There remain very serious concerns among all unions that the most serious threat to representation is the spread of Academy schools because of their ability to break away from national terms and conditions. If an existing school is transferred to Academy status, then the Transfer of Undertakings, Protection of Employment (TUPE) regulations apply. However, experience in other sectors shows how easy it is for motivated employers to undermine the transferred union representation and terms and conditions, and this remains a long-term threat to representation in the sector. In addition, the Academy school (or Trust that owns it) becomes the employer of staff, so negotiations devolve from national and local authority levels to school (or Trust) level. This requires expertise from both local representatives and local HR managers. Because primary schools are typically much smaller than secondary schools, this can involve a great deal of effort to represent a very small number of staff.

Employers – the rise of Academy schools
Employers in the sector have historically been the local education authority (LEA). These are part of local government structures with direct responsibility for education within the geographic area of the local authority (local government). In primary education, around 85% of schools are still controlled by the local authority.

Local authorities have devolved responsibility for bargaining many terms and conditions of employment. They also have mechanisms for consultation on a wide range of workforce issues. Local authorities have a department with responsibility for the education sector, and have an elected officer who has democratic oversight of the structures.

Academy school status was established in the Learning and Skills Act 2000 with the intention of supporting struggling schools (mainly in the secondary sector) to improve. Academy status gives schools far greater managerial autonomy and allows them to have greater control over a host of issues including admissions, curriculum, and terms and conditions of employment. The intention of Academy school status was to encourage greater innovation in practices to support improvement of pupil outcomes.

Whether or not Academy status has achieved this objective is the subject of considerable political debate, and complex and contradictory evidence. Nonetheless, Academy status has spread rapidly in the secondary sector where only 35% of schools are run by the local authority. In the primary sector, the uptake has been less pronounced with 85% remaining in local authority control (2016 figures, Department for Education). In industrial relations systems, employers therefore have two separate arrangements for representation: local authorities, and Academies.

Unlike in secondary schools, large Multi-Academy Trust (MAT) chains have not developed as quickly. Where MATs exist in the primary sector, they tend to be geographically and locally based rather than the large national chains that have emerged in the secondary sector. This
affects industrial relations because it means that Academy employers in the primary sector tend to be relatively small and with relatively little experience in human resource management and industrial relations.

Bargaining forums

*School Teachers’ Review Body*

Local authority schools are represented in national mechanisms for regulating terms and conditions of work. These are not technically free collective bargaining, but a Pay Review Body. The School Teachers’ Review Body (STRB) takes evidence from stakeholders and makes recommendations to government about pay, professional duties and working time. The outcomes of this forum are published in the School Teachers’ Pay and Conditions Document (STPCD) which is more commonly known as the ‘blue book’. This sets pay rates and working time provisions. The document is published annually by the Secretary of State for Education, and applies by law to all teachers in the maintained sector i.e. within schools managed by the local authority.

*National Joint Committee (England, Wales and NI) and Scottish Joint Council (Scotland)*

The second source of terms in a teacher’s employment contract arises from the Burgundy Book. This is the name given to the national collective terms and conditions, agreed between the local government employers’ umbrella body and the education sector unions. It provides in particular for sick leave and pay and maternity leave and pay. These terms and conditions are often agreed to be extended to other groups such as teaching assistants subject to negotiation at local authority level.
Local Authority negotiations

There is also scope for local authorities to develop and improve terms and conditions through local negotiations. This is usually through negotiation at level between the local authority and unions and typically improves on national terms and conditions.

Outcomes

Terms and conditions of work for teachers in Local Authority maintained schools are set in England and Wales and are subject to regulation in the devolved authorities of Scotland and Northern Ireland. Two main documents regulate wages, terms and conditions: 1) the ‘Burgundy Book’ and 2) the School Teachers’ Pay and Conditions Document (STPCD). The Burgundy Book is the result of collective negotiations between trade unions, employers’ organisations and government, and applies to most teachers employed in the maintained sector in England and Wales. The STPCD is a statutory document and is usually revised every year by the Secretary of State for Education after consultation.

The Burgundy Book covers conditions of service such as appointments, resignation, retirement, sick pay, maternity and other leave, and grievance and disciplinary procedures. It is periodically renegotiated between the six main teaching unions (ATL, NAHT, NASUWT, NUT, PAT and SHA) and the employers’ associations (the Local Government Association and National Employers’ Organisation for School Teachers).

Key aspects of pay regulation are found in the STPCD which is a document issued annually by the School Teachers’ Review Body (STRB). It is important to note here that a Review Body is not, technically, a form of collective bargaining. The STRB is an advisory, non-departmental public body, sponsored by the Department for Education. It comprises of 8 members who have a range of interests and experiences in HR management, economics, teaching and
consultancy. They take submissions of evidence from interested parties (unions, employer associations, the Secretary of State and others) and produce an annual report on pay, professional duties and working time for teachers. Review Bodies have become common across the public sector partly as a way of distancing governments from some of the most politically problematic aspects of pay determination in the public sector. Historically, governments have tended to implement the recommendations of Review Bodies although recent austerity initiatives have brought some conflict on this with the government choosing to reject the 2014 recommendation of the health pay review body.

For teaching assistants and support staff, some national terms and conditions are still negotiated at national level through a system called the ‘Green Book’ but most are delegated to local authorities and the employer. Academy school status further devolves responsibility to employers, typically a school or a Trust.

Unsurprisingly, unions have pushed hard to ensure that negotiations with Academy schools mirror national agreements and sectoral norms. They have had some success in this although it is still taking a great deal of time to train local representatives and ensure they have access to the skills and information necessary to negotiate at this level.

Government pay restraint policy for workers in the public sector continues to very explicitly influence the recommendations of the STRB (STRB Report 2015). Reforms of teacher pay scales that have been developed since 2011 have increased the flexibility of schools to appoint above the minima of the pay range, to extend performance-related progression to all classroom teachers and to increase the discretion of schools to award allowances to staff.

Academisation – the right to break away from national pay, terms and conditions
A central pillar of education policy during the period under consideration has been to reduce the influence of local authorities in the provision of compulsory education at all levels, including primary provision. The centrally relevant industrial relations issue here is that Academy schools (and other schools independent from the local authority) have the freedom to set terms and conditions of employment. This allows them to break away from national agreements and respond to local labour market issues. The public argument for promoting Academies has focused on opportunities to improve education quality as well as freedom for school managers. However, there are strong concerns that the hidden rationale relates to the desire to promote freedoms to undermine national collective regulation and thus create a freer labour market.

However, there is relatively little evidence of a mass break away from established scales. Many Academy Schools – like other schools – are relatively small (this is especially true in the primary sector) and do not have the expertise to determine pay, terms and conditions unilaterally so tend to default to existing, published pay scales as an indicator of market rates. Unions have also been active in campaigning to maintain national pay rates. This context – combined with the national labour market for teachers – has meant that for many Academy schools, there is little incentive to strongly break away from nationally established pay rates.

In a recent press interview, Kevin Courtney – then Deputy General Secretary (now General Secretary) of the National Union of Teachers – highlighted serious concerns saying:

“[D]ismantling pay scales would cause “complete chaos”...There could be individual negotiations with up to 20,000 schools and that is bound to lead to more disputes over pay. There is already a teacher shortage and the fact that you can’t advertise pay scales or say what you’ll be earning in four years will put young people off.” Asked whether schools might increase pay, he said: “Of course it is not going to mean teachers are paid more because funding will be
Courtney said many academies were sticking to pay scales at the moment, but some free schools were offering salaries below the minimum.” (Interview with Guardian newspaper, 16th March 2016)

The role of industrial relations in shaping the primary education sector

Governments in all areas of the UK have tried to protect (ringfence) expenditure on schools since 2008, and primary schools have experienced only a small cut in budgets from 2009-10 to the introduction of the new funding formula. However, there have been a number of important areas where schools have experienced a decline in budgets. Capital expenditure has been cut sharply, leading to an 11% decline in overall expenditure from 2010-2015 (Office of the Children’s’ Commissioner). Where capital expenditure projects have been required (e.g. repairs to existing buildings) there is growing evidence that some schools have used reserves to co-fund these expenses.

It should also be noted that unlike the National Health Service (NHS) and foreign aid budgets, the education budget was not ringfenced in the 2015 Conservative Party manifesto. It is therefore likely that school budgets will come under scrutiny in the near future. Primary schools spend around 79% of their budgets on staffing (DfE 2013) and this is likely to be a key focus for cuts.

As highlighted above, the role of local government in the education sector is complex, but in many regards is simpler in the primary sector than the secondary sectors because the vast majority of primary schools remain in the control of local authorities. Local authorities have taken the main hit of austerity measures. They are responsible for delivering a wide range of social services, housing, and elder care. A recent report by the Local Government Association (LGA 2016) highlights that in 2016 councils were only half way through a scheduled 40%
cut in funding from central government. Collectively, they have delivered £10 billion of savings in the three years from 2011/12 and will have to find the same level of savings again before 2018/19. As the report makes clear in its opening lines “As a result of these cuts, councils in many areas will not have enough money to meet all their statutory responsibilities.”

Although local government spending excludes police, schools and housing benefit, cuts of this scale have important implications for the primary sector. A recent analysis (infed 2016) highlights that these kinds of austerity measures create challenges as children come into school. That report identified direct links between local council spending cuts and increasing problems of hunger, poor housing, a growing need for early intervention and family support for primary schools. Many of the support services for schools that have historically come from other areas of local authorities’ budgets have been cut, such as school crossing patrols to help children and their parents cross the road safely. Equally, Local Authorities have responsibility for funding specific forms of support around the education system, including for children with special educational needs. It is likely that these additional services will be subject to scrutiny as authorities find increasing pressure to find savings.

Quantitative outcomes in the primary sector

The clearest quantitative measure of primary education outcomes are the exams called National Curriculum Tests or Standardised Assessment Tests (SATs). Primary level SATs are sat by children in Year 2 (aged 6-7) and Year 6 (age 10-11). These exams are extremely controversial (see later) mainly because of the pressure they put on young children to perform, but also because of focusing learning on a relatively narrow set of measurable tests. Unsurprisingly, there are active campaigns to scrap them uniting many teachers, unions and parents. The government has committed to making the tests optional from 2023 and pressure is likely to continue to bring forward that date.
It is impossible to compare results over the entire period considered in the report because the curriculum, tests and levels have all changed during that time. Nonetheless it is possible to compare 2015-6 results with 2016-7 results. These show an increase in the proportion of Year 6 children reaching the required standard in reading, writing, mathematics and grammar from 53% in 2015-6 to 61% this year. This improvement is likely to be partly owing to the fact that the previous year’s children were in a transition year with new assessments. Many commentators have also highlighted that these results still mean that 39% of children are not achieving the expected primary education standards in these subject areas.

Class sizes are also an important measure in primary education. Class sizes of around 30 students to one teacher is widely regarded as an appropriate ratio (although there may very well also be teaching assistants present in many classes). 30 is also the legal limit for infant classes for children aged 4-8 years. Taking 30 as a limit shows that there has been a rise in each of the past 4 years in the proportion of pupils in classes of 31 or more. In January 2016, around 540,000 primary school pupils were in classes of 31 or more. Around 40,000 are taught in classes of 36 or more. Average class sizes are also rising in primary schools and have been since the crisis. While this is partly as a result of schools having difficulties filling teacher vacancies and making other budget choices, it is largely owing to an increased cohort that entered the school system in 2008, driven in part by higher birth rates among newly settled migrant families. It is difficult therefore to draw any clear causal links between the rising primary class sizes and austerity measures or industrial relations in the sector.

Workload, pay, work intensification and turnover

One of the most clear manifestations of the growing tensions in the sector are the concerns raised by unions about workload increases, work intensification and staff turnover. This has not only been an issue raised by teaching unions, but also by other stakeholders. A recent survey by the Department for Education showed that primary school teachers typically work up to 60 hours a week during term time. A 2014 survey by the NUT revealed that 90% of
teachers had considered giving up the profession in the previous two years, largely due to the workload.

It is probably unsurprising that this has been linked to the shortage of teachers within the profession in 2015-16. The scale of the challenge has been recognised as a “major problem” by the National Audit Office and the chief of the school inspection service, Ofsted, acknowledged that it was having a “significant impact” on schools. Although it is difficult to disaggregate the data by primary and secondary sectors, it seems that the problem is widespread and evident across both sectors. Indeed, there are some reasons to believe that the problem may become more acute in the primary sector because one of the important routes into training as a teacher in the sector (primary school-based initial teacher training) was shut in early 2016 because a national cap on places had been reached.

Inevitably school leaders try to fill the gaps in recruitment by recruiting agency teachers on short-term contracts. Putting aside the potential disruption to education experienced by the children, this has the effect of pushing up wage spending for individual schools. A recent government report estimated local authority spending on agency teachers reached £556 million in 2015-16 which was an increase of 18.5% from 2012-13. The same report highlighted teacher retention as a serious concern for the sector. It is also important to note that agency teachers are not employed on nationally agreed terms and conditions which has the potential to undermine collective regulation of the sector.

One of the teaching unions, the NASUWT, has taken up the concerns about agency teachers as a specific campaign. Their research indicates that around 65% of these teachers are not paid at the level that recognises their skills and experiences. They also report serious concerns with access to continuing professional development, pension provision and problems for these staff in accessing regular employment. A central feature of their campaign has been to call for national regulation of supply teacher agencies.
Pay cuts for teaching assistants leading to industrial action

Throughout 2016 and into 2017 there have been a series of strikes by teaching assistants in various schools and local authorities around the country. The exact nature of the ballot for each dispute reflects local negotiations (as is required by UK legislation on industrial action) but they share a common concern about pay cuts of up to 25%. At the heart of the disputes raised by teaching assistants is the move to a ‘single status’ pay policy. This was first negotiated in the late 1990s, but some local authorities are only implementing it now. Driven in part by the squeeze on local government finances, some local authorities are proposing to harmonise TAs with other council workers who work on term-time only contracts. In practice, this would result in a loss of pay over the holiday periods. Other councils have negotiated compromises that either increase the hourly rate to (part) compensate for this, or have upgraded other terms and conditions so that the effects are less dramatic.

In one local authority (Derby) where the implementation has led to five strikes since Spring 2016, the council is keen to emphasise that TAs do not work over the holidays, even though they are employed during those periods. North Yorkshire council has left the decision to implement pay cuts to individual schools, also causing industrial unrest. Although these have been extremely high profile disputes and have gained a considerable degree of national attention, it is important to note that they are local disputes and reflect very specific negotiations and decision making within individual local authorities.

Boycott of Primary Assessment Tests

One of the most controversial areas of employment relations in the period under consideration is the decision by the National Union of Teachers (NUT) to boycott the proposed introduction of new forms of standardised assessment tests (SATs) for children in primary school.
The National Association of Head Teachers (NAHT) which represents many senior leaders within primary schools and the Association of Teachers and Lecturers (ATL) also expressed serious concern about the proposals. The combined resistance of many of the unions meant that the proposals were postponed until at least 2018/19. Even with this delay to the more complex testing regime, primary SATs are regarded by many education professionals to be extremely problematic and this is likely to be an area where there is collective resistance and dispute for some time to come.

There are widespread concerns amongst unions that the testing regime for primary school children has some structural problems which mean that the data can be unreliable. This has caused concerns because this kind of data is often used to compile league tables and to rate the standard of education within schools. Further proposals that were intended to develop baseline tests for children in reception year (pre-school) were scrapped at the same time.

Disputes around primary school testing regimes have been an interesting addition to the employment relations landscape in the primary school sector because they are driven largely by concerns about performance monitoring (of children, teachers, and schools), rather than immediate terms and conditions of employment. It illustrates how effective the teaching unions can be when they join forces with senior leaders and parents. Interestingly, however, several of the unions excluded primary teachers from their ballots (the NASUWT was an exception) in part because of the challenges of organising and mobilising teachers in lots of small workplaces.

Conclusions

Industrial relations in primary schools have been increasingly tense over the past 15 years. This has largely been a result of policy and funding changes informed by the changed con-
text emerging after the financial crisis and an increasing attention to reducing public spending. The ringfencing of the education budget means that directly allocated budgets for primary schools have been protected for most of this period. However, the changes to the national funding formula mean that many schools will see a reduction in per-pupil budget in an effort to reset budget allocations. In addition, services which have been funded from local authorities, and capital spending have seen a considerable squeeze.

Combined with other education policies such as changes to testing regimes, and a decreasing focus on the role of teaching assistants to deliver classroom learning, many teachers and their unions argue that this is a more difficult period for the profession than an initial scan of funding data may suggest. Public sector pay has been under considerable pressure since 2008 and there has resulted in wage growth not keeping up with changes in the cost of living. This is widely recognised by social partners and the STRB has clearly stated the requirement for pay to start to catch up with inflation in order to maintain a supply of qualified teachers into the profession.

Unsurprisingly, this difficult context has resulted in increasing staff turnover, an increased dependence on agency teachers, and concerns over workload. Unions in the sector have prioritised their actions and campaigns differently but they are all clear that there are profound industrial relations tensions which are likely to result in continued industrial action and tense negotiations.
2) HOSPITALS

The main focus in this section is on the National Health Service (NHS) in England which is by far the largest of the four countries. The NHS has been under considerable budgetary pressure in the period under consideration and focus here is on the ways in which these changes have affected industrial relations and service provision. This focus also allows us to explore the recent ground-breaking industrial action by junior doctors which is evidence of a profound breakdown of the usual mechanisms of collective regulation in hospitals. The junior doctors’ dispute is presented to investigate how these changes have affected the quality and quantity of job roles, and how this has impacted upon the quality of service provision.

Healthcare policy in the last 15 years

Although there are a small number of private hospitals in the UK, they account for only around 6% of elective admissions and less than 3% of all hospital admissions. The vast majority of healthcare provision in hospitals therefore comes from the NHS. The NHS provides free healthcare at the point of service, although there have been proposals to charge for some services such as general practitioner (GP – community-based doctors) appointments. These have been met with strong public resistance as anathema to the principles of the NHS and any future similar proposals are likely to face similar resistance. As a result, although there are behind-the-scenes efforts to review whether services are more efficiently provided by NHS providers, or by for-profit providers, the principle that health services (including hospital services) are provided free at the point of delivery to users is not likely to change in the near future.

That said, there have been notable policy shifts in the NHS in general and hospital provision specifically. The most substantial shift from the Labour governments of 1997-2010 to the subsequent coalition and Conservative governments has been changes to the funding of the NHS. NHS funding has been ringfenced since 2010 and a recent report by the King’s Fund
(2017) shows that, based on the Department for Health’s annual report, from 2016 to 2020 the budget for NHS spending in England will rise from £120 billion to £133 billion. Although this represents a real-terms increase of £4.5 billion, when inflation is taken into account the King’s Fund notes that this is at a rate of increase significantly lower than the real terms average of 3.7% since 1949/50. When combined with an ageing population and increasingly expensive medical treatments, the funding pressures on the sector are profound. As a result, social partners frequently report a squeeze on service provision and pressure to make cuts and find more efficient ways of working.

A further proposed reform of the Conservative administration is to provide a full seven-day service, with appointments for GPs and surgical procedures offered at evenings and weekends as well as during normal working hours. This has been positioned as a central political objective of the government and it is this proposed reform that is at the heart of the industrial action held by junior doctors.

Healthcare funding

Although spending on healthcare has been ringfenced during the implementation of the austerity agenda, there are a number of pressures on healthcare spending. These are also noted by the King’s Fund and include an increasing population, an ageing population, and also longer term impacts of poor health including rising levels of obesity and inactivity. Although there is a planned increase in the healthcare budget, this is much lower than historical rates. In short, although funding has been ringfenced, the costs of providing healthcare to the population have been rising, leading to a stretch on resources. The King’s Fund also note that spending in the UK is lower compared to other EU countries. From 2000 to 2009 the Labour government increased healthcare spending from 6.3% to 8.8% of GDP, while spending in the EU-14 (minus the UK) moved from 8.8% to 10.1%. They suggest that projected spending would see a reduction from 7.3% in 2014/15 to 6.6% in 2020/21.
Funding therefore continues to be a major concern of the NHS in general, and hospitals in particular. There are well-established patterns that hospitals, especially through emergency rooms (Accident & Emergency (A&E) departments), provide a ‘last point of call’ when other health services are not available. Pressures on GP provision, community support, and community health initiatives such as diabetes management, weight loss support, and smoking cessation support all combine to increase pressures on hospital provision. Unsurprisingly, therefore, the Winter of 2016/17 saw a growing concern about the capacity of hospitals to provide an adequate level of service, especially in A&E departments.

Social partners

Overall, the sector is highly organised and there are multiple mechanisms for worker voice bargaining and collective negotiation at national, regional and local levels. These mechanisms have proved relatively robust during the broader changes to collective bargaining in the UK over the past 30 years. Collective regulation of employment relations is still the norm in the sector, and hospitals are a good example of this. The main social partners in the sector are the government, local health authorities, professional bodies, and patient groups. The changes that have taken place in each of these, including their objectives and strategies, is outlined below.

Government

It is rare for a new government not to want to introduce some kind of large-scale reform of the NHS. In part this reflects the massive budget commitment (over £117 billion in 2015/16) but it also reflects significant differences of political views about efficient and effective delivery of public services. It is therefore unsurprising that there have been considerable differences in the approach to the NHS under the three phases of government during the period under consideration in this report. Each has had profound consequences for industrial relations in the sector. The main reform of the Labour Administration of 1997-2010 relevant
to industrial relations was the introduction of Agenda for Change, a pay reform programme which created a new system of job profiles and pay scales.

The most important reform related to the NHS of the coalition government of 2010-2015 was the Health and Social Care Act. This implemented reform of how care is ‘purchased’ within the NHS system. It abolished primary care trusts which had previously been responsible for planning and delivering frontline care in their geographic area, and transferred funding for primary care to 211 clinical commissioning groups who were free to commission services from a much wider selection of providers, including private companies. This was one of the most controversial pieces of legislation from the coalition administration, with criticism centering on the opportunities for private organisations to become involved with healthcare provision. Clive Peedell, the co-chairman of the NHS Consultants Association, wrote in an article in the British Medical Journal entitled “Further Privatisation is Inevitable under the Proposed NHS Reforms” that privatisation would be an “inevitable consequence” of the proposals put forward (Peedell, 2011:342). Although these changes have mainly affected primary care, they have consequences for the rest of the NHS, including hospital provision, because they establish the idea of for-profit organisations competing to provide NHS services. This is a fundamental change in thinking about how NHS services might be provided and is opposed by many practitioners. As a result, it is likely to create industrial relations tensions if it is extended to other areas in the way anticipated.

The move to a Conservative administration in 2015 has also seen a policy shift towards providing a ‘seven-day NHS’. Many Trusts (employers) and unions argue that there is already a seven-day service in place and that extending provision without increasing resource will inevitably create weaknesses in service delivery and perhaps dangers to patients. This has been at the heart of the industrial action taken by junior doctors, which is discussed in greater detail later.
NHS Trusts

An NHS Trust in England is an organisation that provides either specialist functions (for example ambulance services, as seen in the East Midlands Ambulance Service NHS Trust) or services in a geographical area (for example the University Hospitals of Leicester NHS Trust.) NHS Employers is the organisation which acts on behalf of the NHS Trusts in England and Wales, and negotiates contracts with healthcare staff on behalf of the government. The Secretary of State for Health until the 2015 general election was Jeremy Hunt who has stated that he believes that there are too many NHS Trusts and that these should be merged, although an optimal number of Trusts has not been clarified.

Trade Unions and Professional Associations

Worker representation in the sector is mainly through trade unions and professional associations. Trade unions are organised primarily to represent the interests of their members in negotiations and other mechanisms for seeking workers’ voices. They often, but not always, have members in other areas of the public and/or private sectors and are usually affiliated to the Trades Union Congress (TUC). Examples include Unite and Unison.

Professional associations such as the British Medical Association (BMA) have a dual role. They act as a body to represent the interests of their members and also aim to protect the public interest. In this way, although they do act as a trade union for the purposes of collective representation, they can be thought of as having an extended role rather than only being organised to serve the interests of their members. The BMA represents doctors and has a membership of around 160,000. It is widely regarded to be one of the most important and powerful worker representative bodies in the UK and as an effective counter to the monopsony power of the NHS in collective regulation.
Other professional groups such as nurses and midwives have their own representation through similar professional bodies, as well as having the alternative to join the relevant section of some of the larger unions such as Unison. The sector is very well unionised, but official statistics are complicated both by the dual status of the professional associations (only some of which are counted as unions for statistical purposes) and by the fact that health and social work are conflated for national statistics. These both work to under-estimate the likely unionisation in hospitals. Nonetheless, the headline figure is that around 41% of the workforce is unionised, although that is likely to be a significant under-estimate for the hospital sub-sector. Unions act together through the NHS Staff Council which is comprised of an agreed number of seats for each representative body.

The details of bodies recognised by the NHS for collective bargaining are shown in the table below:

<table>
<thead>
<tr>
<th>Trade Union</th>
<th>Membership</th>
</tr>
</thead>
<tbody>
<tr>
<td>British Orthoptic Society</td>
<td>1,500</td>
</tr>
<tr>
<td>British Dietetic Association</td>
<td>6,000</td>
</tr>
<tr>
<td>British Medical Association</td>
<td>160,000</td>
</tr>
<tr>
<td>Community and District Nursing Assoc</td>
<td>4,000</td>
</tr>
<tr>
<td>Federation of Clinical Scientists</td>
<td>Unavailable</td>
</tr>
<tr>
<td>GMB*</td>
<td>700,000</td>
</tr>
<tr>
<td>Hospital Consultants and Specialists</td>
<td>3,500</td>
</tr>
<tr>
<td>Royal College of Midwives</td>
<td>38,000</td>
</tr>
</tbody>
</table>
Royal College of Nursing 430,000  
Society of Chiropodists and Podiatrists 8,000  
Society of Radiographers 18,000  
UNITE* 1,380,000  
Union of Construction Allied Trades and Technicians* 112,000  
UNISON* 1,255,000  

* These unions have the majority of their membership outside the health sector.

Patient Groups

NHS bodies have a legal obligation to consult with public users of their services. In England, this is often through Healthwatch England, which has significant statutory powers to ensure the involvement of service users with those who commission, deliver and regulate health and care services as part of the Health and Social Care Act of 2012. This occurs at the local level through Local Healthwatch, independent organisations commissioned directly by local authorities. Local issues are raised here, and this has, on occasion, led to identifying major scandals such as the high mortality rate at Stafford hospital, run by the Mid Staffordshire NHS Foundation Trust. This led to an investigation by the Healthcare Commission, which severely criticised the Trust’s management. Although patient groups are rarely involved directly in industrial relations issues, they can identify issues of poor service, or where there are areas to be addressed.
Bargaining forums

Until the early 2000s, NHS pay negotiation took place under what were known as Joint Industrial Councils. This “Whitley system” was largely unchanged from the establishment of the NHS in 1948 until the late 1990s when the then-Labour government introduced a pay reform programme called Agenda for Change (AfC). A central plank of AfC was to reform the pay scales. The previous system was widely criticised on a number of fronts but primarily because it was overly complex and centralised, and that it also risked reinforcing a gender wage gap as a result of failing to recognise the value of work in different disciplines.

Since the implantation of AfC, the NHS Pay Review Body advises on the pay of NHS staff graded on AfC grades, which is nearly all staff in 2017. This independent body receives submissions from NHS employers and recognised employee representative bodies, and makes a recommendation for pay increases to the Secretary of State for Health who makes the final decision. As in the education sector, it is difficult to call this process ‘collective bargaining’ in an internationally comparative sense, so we have opted here for the more accurate term ‘collective regulation’.

The Agenda for Change Handbook lays out terms and conditions for NHS staff. This was originally negotiated as part of the AfC process and is updated through collective bargaining between NHS Employers and representative unions. Local collective bargaining happens between individual Trusts and relevant unions and professional associations, especially for occupational groups which are not subject to national regulation such as Healthcare Assistants.

Sitting alongside structures of collective regulation, each devolved authority engages with structures of NHS social partnership. In England, these are called the Social Partnership Fo-
rum and has regional structures to support national partnership structures. These partnership forums address workforce issues that are not directly covered by the Pay Review Body or collective bargaining. Recently their work has focused on providing advice for staff transferred to non-NHS service providers such as the operationalisation of Transfer of Undertakings, Protection of Employment (TUPE) regulations, access to NHS pension provision etc. Social partnership structures are stronger in some of the devolved authorities than others, with NHS Scotland having particularly well developed and embedded patterns of partnership working.

Outcomes

Agenda for Change negotiations have taken a long time to bed down within the sector. They resulted in a new system of job profiles and pay scales, intended to deliver equal pay for work of equal value. Despite many challenges introducing such widespread reform across such a large number of occupational groups, AfC is widely regarded to be a good example of partnership working and negotiated change leading to shared investment in implementing agreements at workplace level. More than a decade on it is regarded as largely unproblematic by most of the social partners.

In 2017/18 NHS Employers argued to the Pay Review Body that the NHS continues to face financial and service challenges and that, although there were recruitment issues for some roles, this was a supply issue and not related to pay. In the context of the government policy to cap public sector pay rises to 1%, the Secretary of State (Minister) for Health agreed an increase of 1% in March 2017, angering unions and professional associations.

Industrial relations in hospitals
Industrial relations in the hospitals have experienced a period of remarkable conflict in the past 2 years. The main feature has been strike action by the British Medical Association (BMA) that represents doctors and which had never previously taken industrial action. The reluctant resolution of that dispute has been quickly followed by a consultation from the largest association of nurses, the Royal College of Nursing (RCN), about whether it should ballot members on industrial action. It too has never previously taken strike action and if there is a ballot for action it would be a remarkable moment in the history of the NHS.

In common with many sectors, industrial action has had the result of boosting membership of the BMA and anecdotally is likely to have increased membership for other unions and professional associations. The BMA increased its membership by 5,000 from 26 September to 5 October 2016, with around 80% of these new members being junior doctors who were at the heart of the dispute. A feature of the resolution of this dispute was the unilateral imposition of the new contract for junior doctors by the Secretary of State for Health, indicating a shift in governmental approaches to (non-)negotiation. This unilateral approach has also been seen in the use of the 2008 financial crisis and subsequent austerity agenda as a rationale for the imposition of below-inflation pay increases across the public sector including for NHS staff.

Overall, the main industrial relations issues facing the NHS are the effects of continuing budget squeezes following the financial crisis, and also the desire of the government to increase the level of service provision without significantly increasing available resource. These circumstances led to one of the most notable disputes in UK industrial relations – the junior doctors’ strikes of 2015-6. These are examined in detail in the following section.

The role of industrial relations in shaping the sector
Before moving on to examine the doctor’s dispute, it is important to evaluate the links between industrial relations in the sector and quantitative measures of service quality where they are available.

Quantitative outcomes in the hospital sector

The NHS has become an increasingly quantified service in recent decades. A short internet search leads to publicly available information on A&E performance (% of patients seen within 4 hours), ratings by the Care Quality Commission inspectorate, hospital mortality rates, the proportion of staff who would recommend friends and family to use the hospital, the proposition of patients rating the same, the percentage of patients waiting less than 18 weeks for treatment, as well as specific figures for cancer care. All of these measures can be weighted and aggregated in a plethora of different rankings of hospitals (and other NHS services).

The Care Quality Commission has combined quantitative measures with its own inspection reports to provide a comprehensive baseline evaluation of the state of acute hospital services in 2016-17. This important report (CQC, 2017) shows a mixed picture both across the country and across time. To summarise, the demand on services rose considerably with one third of Trusts having to issue an alert in December 2016 that they needed urgent action to cope with the pressure of patient numbers. 10% of patients on the waiting list for treatment in October 2016 have waited longer than the target of 18 weeks. Bed occupancy rates for general and acute services are very high and have been above the 85% target for acute Trusts every quarter since 2014-15. The average stay for inpatients has declined dramatically over the past decade from 7.1 days to 5, and for the over-75s age group from 14.4 to 9.1. This reflects both changes in medical practices, and also more effective management of the patient journey out of hospital and into other care settings.
The CQC report also highlight the increasing demand and the deficits that many NHS providers run. The total NHS deficit in 2015-6 was £2.45 billion and 60% of acute Trusts forecast a deficit at the end of financial year 2016-17. The CQC is unhesitating in linking this to safe patient care. They find that too many Trusts do not have an effective safety culture and reliable systems aimed at avoiding unsafe practices. They also make the point that the quality of care in acute settings is affected by community practices which are also under-funded. Speaking to the state of day-to-day employment relations, the report concludes it executive summary thus:

“Frontline staff are the heroes of our reports. We have found high levels of compassionate care in virtually every hospital... However, we have found that many hospitals do not listen effectively to the views of their staff. This is having a major impact on their ability to provide safe, efficient, high-quality care.” (CQC 2017: 9)

In this context, and combined with a push for significant service change driven from government, it is probably unsurprising that industrial relations have become more fractious in the sector over the period under consideration.

**Workload, pay, and work extensification**

The dispute with junior doctors in England ran through 2015 and 2016 and is one of the most notable examples of a breakdown of collective regulation in the NHS, and hospitals in particular, for many decades. The dispute saw widespread industrial action culminating in several days of strikes in response to the attempts of the government to introduce a reformed contract for junior doctors, linked to a governmental policy to create a ‘seven-day NHS’, argued to be in response to demands from service users. The BMA represents three groups: General Practitioners (community-based doctors), Consultants (senior doctors), and Junior Doctors (all other doctors). This latter group consists of 55,000 people in England,
representing around a third of the medical workforce. This is a disparate group in terms of experience, from those just out of medical school to those with ten years of experience. Many, but not all, work in hospitals for at least part of their training.

At the centre of the dispute was pay for junior doctors during the move to providing seven-day care across the NHS. Although the majority of weekend care is already provided by junior doctors, they receive a pay premium dependent upon day and time. By expanding the definition of what constitutes ‘normal hours’, it would become less expensive to use these junior doctors at the weekend. Under the existing system, junior doctors received a basic pay rate from 7am to 7pm Monday to Friday. The government proposal was to increase the basic rate by 13.5%, but to increase the range of hours that would not attract a premium.

This example shows how industrial relations is shaping the public sector in the particular case of hospitals. It also shows important similarities and differences with other areas of the public sector. The most important factor driving the attempted imposition of the new junior doctors’ contract was a reported desire amongst users of the NHS to have a seven-day service. An additional claim was the need to extend service hours so that, for example, operations could take place in evenings, and thus make better use of the assets held. This was also linked to highly disputed claims from the government that this would improve patient safety by reducing the risk that patients in hospital over the weekend would not receive the same care as weekday patients. In this way, it is the rights of clients that are put forward as the most important factor in pushing reform. However, the BMA’s counter argument is that it is patient safety that should take precedence as the main concern and that claims of increased death rates over the weekend failed to take account of additional factors such as the fact that only the sickest patients stay in hospital over the weekend.

Criticism of the proposals by the BMA was strong. In particular, the proposed contract was criticised for incentivising unsafe shift rosters as higher rates of pay would be available for
those working longer shifts. In addition, the ending of guaranteed annual increment rises, in preference for increments based on skills development, would mean that pay increases would be slower over careers. Rather than receiving increased pay as a result of gaining experience, this would be tied to future promotion and supplemented by working unsociable hours. The proposals would clearly have a disparate effect based on gender as women often progress more slowly through skills development because of taking time off and part-time working for care responsibilities.

In response, the government stated that only a small number of junior doctors would be made financially worse off if they agreed to work a large number of hours, and that the pay of existing junior doctors would be protected for three years. Positions became increasingly entrenched and despite extensive talks through collective procedures, the dispute escalated.

Escalation of the dispute

The dispute escalated through the end of 2015, with junior doctors demanding in October that there would be “concrete assurances” that the new contract would not be imposed. On October 17th, over 20,000 people protested in London. On November 19th a ballot for industrial action was held by the BMA. There was a turnout of over seventy percent for the strike ballot which is notably high for voting of this kind. 98% of those voting supported strike action. Strikes were planned for three days in December 2015, although they were called off when the government agreed to suspend its threat to unilaterally impose the new contract without collective agreement from the union. Both sides agreed to continue negotiations, but further talks in January broke down within an hour, and the first doctors’ strike in forty years occurred on January 12th 2016, an indication of the unusualness of strike action in the sector, with the level of concerns put forward by the BMA regarding patient safety leading to this action being taken.
Over 40,000 operations and procedures were cancelled during the 24-hour strike. A new offer was received from the government on January 16th 2016 which extended the number of hours that would be eligible for premium pay. Further plans for a 48-hour strike in January were suspended by the union, but talks again broke down towards the end of the month, and a second 24 hour strike occurred on February 10th. 48 hour strikes occurred on March 9th and 10th, and April 5th and 6th. On May 18th, ACAS announced that a new contract had been agreed. 68% of BMA members voted in a referendum on whether to accept this, with 42% accepting. The health secretary then announced that the new contract would be phased in over twelve months, starting in October 2016. The BMA announced further strikes in response, but these were suspended. Despite the support for the action, the new contract was imposed. In practice, this means that the new terms and conditions have been integrated into junior doctors’ contracts without negotiation and agreement of the relevant professional association. This is a major shift in approach to public sector industrial relations and is a direct challenge to the power of the BMA.

Job quality, job quantity, and service provision

The BMA has had a significant impact in influencing the reform process for junior doctors’ contracts from the original proposals to the final contract, although in the end this was imposed. As shown in the timeline above, this started with collective bargaining over the development of the new contract. However, in this case the government policy of an extended seven day NHS service over-rove concerns about the quality of service that would be provided. Although the BMA have resisted some of the changes, there will be some alterations to terms and conditions of employment. It is important to note here that industrial relations processes have mediated some of these impacts but that job quality will likely be reduced by the need to work at evenings and weekends. With the number of junior doctors not increasing, this will potentially stretch medical resources over a longer period of service, and indeed the number of junior doctors may reduce if they leave the profession or leave England as a result. If there is no increase in the number of junior doctors, but the hours required to cover are increased, this will necessarily result in an increased workload.
In turn, it would be expected that this would increase workplace stress. In terms of wage levels, the government have promised to protect wage levels for three years for existing junior doctors. However, new entrants will be worse off. Additionally, the removal of time-based seniority pay increments will have longer term impacts on pay.

The levels of qualifications required by junior doctors to enter the profession will not be altered. However, working hours are likely to be significantly changed. This may be in terms of total hours, but the arrangement of these hours over the working week will be the most significant impact. This is to ensure that the government will be able to move towards their promise of an extended service in the NHS at evenings and weekends. The type of contract has been altered with regards to what is considered normal working hours. As public sector workers do not receive any employment special status in the UK, this is not affected in the way it might be in other countries. Similarly, pensions are unaffected. Junior doctors have criticised the government during what has become an increasingly embittered dispute for suggesting that their action has been based on money rather than patient care, and thus an attack on their professionalism. It is unclear what further consequences these changes may have on training and development opportunities, and autonomy of staff.

There have been some more positive aspects of the industrial action for the unions and professional associations. The dispute had a remarkable effect on membership of the BMA and other unions and professional associations. Doctors at all levels felt this was an issue of professional importance and mobilised to support junior doctors. Turnout for the ballot on industrial action was extremely high at around 75% of eligible membership and, of those who voted, the vast majority (over 95%) voted in favour of industrial action. This demonstrates that the BMA was extremely effective in mobilising its membership when required, and that there was a real strength of feeling about the issue. The high proportion of members voting for industrial action may also improve opportunities for representation by strengthening the position of the Association.
Wider issues

One important issue underpinning constraints on hospital budgets has been the use of the Private Finance Initiative (PFI) to finance many new capital projects in the NHS. This was favoured during the Labour administration of 1997-2010, and was strongly criticised for leading to increased total costs that are experienced later in the life of the project. The Independent newspaper on 13th July 2016 reported that the initial cost for the more than 100 PFI-funded hospitals would be £11.5 billion, but under the PFI system the total cost will be nearly £80 billion because of on-going commitments to pay rent to the private consortium that built these hospitals. This clearly creates a further restriction on the budgets available to fund staffing and patient services.

Brexit is also a central concern for staffing in the NHS. NHS Employers report that there are approximately 62,000 EU workers in the NHS workforce – around 5.6% of the total workforce. The future of all EU nationals is currently being discussed, leaving employers (and staff themselves) across the UK with a great deal of uncertainty. It is likely that existing EU citizens will transfer to a form of ‘settled status’ which is likely to grant them the right to work. What remains entirely unclear is how Brexit will affect immigration controls more generally. Historically the NHS has usually been able to make a successful case to recruit staff overseas, and this is reflected in the fact that a further 75,000 staff for whom nationality data is recorded are from non-EU member states. Unsurprisingly, NHS Trusts are lobbying hard for the staffing impacts on the health sector to be given particular consideration.

Nurses and other professions

The industrial dispute between the junior doctors and the government has been by far the most prominent industrial relations issue in the UK in the recent past and reflects a very real deterioration of relationships between social partners. Although there has been less high-profile resistance and discontent in other professions, it is not absent. Nurses are also highly
unionised and represented mainly by the Royal College of Nursing (RCN) and Unison. The RCN has never before taken industrial action, but has become increasingly frustrated by the pay cap of 1% imposed by the government in an effort to control public sector pay bills.

This has led to the unprecedented step to survey RCN members about their support for possible industrial action. The laws around balloting for industrial action in the UK are quite complex and a survey of members has proved to be a useful interim step before deciding whether to move to a full formal ballot of members. 78% of members who participated in the survey indicated that they would support a more formal ballot for industrial action and the College is currently considering its options. The holding of the survey is taken by many observers to be an indication of the breakdown of the normal functioning of industrial relations in the sector.

Unison is also following suit with a ballot for action amongst NHS staff, and many other unions and professional associations are considering their options. It seems likely, therefore, that we are entering a phase of considerable industrial unrest within the healthcare sector in general, and hospitals in particular. Specific issues of concern revolve around low pay and work intensification as a result of high levels of staff turnover.

Conclusions

Industrial relations in hospitals, and in particular the case of industrial action by junior doctors, gives a clear example of how the pressures of austerity combined with a need for increased service provision have led to increasingly conflictual relationships between the social partners. A central motivation for the government in introducing reform of the junior doctors’ contracts was to increase the availability of service provision under their rhetoric of a seven-day NHS. Although the service is likely to remain free at the point of use, the move
towards extending the hours of provision is an on-going project. In addition to junior doctors in hospitals, it will require an increase the availability of general practitioners which may cause further conflict with the BMA. An important argument rejecting these changes from junior doctors was the potential impact on the quality of service provision. Although this is difficult to measure with certainty it seems likely that without an increase in the number of jobs to match the increase in the availability of service, it is likely that both job quality and service provision will worsen. Downward pressures on real pay are also driving concern in other occupational groups about staff turnover and poor conditions. This is likely to lead to a period of industrial unrest in the near future with pay and job quality as central issues.
3) MUNICIPALITIES

Municipalities (local government) is the area of public spending that has been hardest hit since the financial crisis. Budget cuts since 2011 have varied across the country and have mainly targeted large urban authorities. Municipalities have a number of sources of income. Grants from central government have been cut by around 38% since 2010. But local authorities also raise income from local taxation (‘council tax’, business rates etc.) The ability of municipalities to increase local taxes varies considerably, so some councils have experienced a much more dramatic decrease in income than others. Overall, measured on a consistent basis, and excluding grants specifically for education, councils in England have seen an average real-terms cut of around 26% to their funding since 2009–10 (IFS 2016). This has clearly had a dramatic impact on services and adult social care has been one of the hardest hit areas.

This section draws upon extensive fieldwork, with interviews conducted with ten council leaders in Wales. This has been chosen as a case study as it highlights the importance of devolved government in the context of the UK, which is likely to gather pace with the explicit intention of the UK government to develop larger regional assemblies such as the ‘Northern Powerhouse’ and ‘Midlands Engine’. The Welsh government also has differing responsibilities with regard to health and social care, which are explained in the case study section later in this chapter. This in-depth investigation also allows for a more detailed cross-national comparison with the other national reports which have investigated elder care in their case studies of municipalities.

Local Government policy in the last 15 years

It is notable that in the context of such significant spending reductions, employment relations are tense, but there has been little sign of overt conflict. By and large social partners have negotiated significant changes in service provision without major industrial disputes. The exception was the 2011 national strike over pensions discussed later. Although there
are undoubtedly examples of effective negotiation of reductions in services, it is probable that this relatively low level of overt conflict also reflects the weakness of local authority unions in the face of such significant restructuring and cuts.

Local Government funding

As previously noted, there have been four UK governments since the financial crisis of 2007 and the ensuing recession. The first of these was the Labour administration of 1997-2010, which was in power during the crisis and dealt with many of the immediate issues, including the need to nationalise and shore up some areas of the financial sector. The coalition of Conservative and Liberal Democrats governed from 2010 to 2015 and was elected with both parties clearly acknowledging the need to cut public expenditure. Although, as we have seen in hospitals and education, budget constraints have been a strong feature across the public sector, Williams and Scott (2016) stress that unprotected areas such as funding to local authorities have been particularly strongly hit as a result of the way cuts have been managed. This largely results from the fact that many services – social services are an example – require a given level of funding in order to ensure the provision of statutory services. This leaves relatively fewer services as the focus of cuts. The IFS (2016) reports that services in that category include planning and development, housing and culture services. Here cuts have been particularly dramatic – often over 40%. A complicating issue is that where services are provided by a company outside the local authority, contracts are usually stipulated to last for a particular duration and cannot be ceased or renegotiated during that period. This leaves even fewer areas where local authorities can make cuts relatively quickly.

Interestingly, the scale of the reduction in funding has led to criticism from Conservative representatives in local government. Lord Porter is the Conservative chairman of the Local Government Association (LGA), and who argued in 2015 that any further cuts were likely to lead to a provision of statutory services and nothing more. In the same year, the LGA analysis showed that planned spending cuts would mean that local authorities would lose 64% of
their grant funding from 2010 to 2020. A report by the LGA in advance of the general election of 2017 stated that local government faces an estimated overall funding gap of £5.8 billion by 2019/2020, and a £2.3 billion gap in the funding for social care by 2020. As will be seen in this case study, cuts in local government have been much deeper than in ringfenced areas such as health and education and are likely to continue to worsen. The LGA has predicted that funding will have reduced by 64% from 2010 to 2020, with inevitable concerns about a reduction in the quantity of jobs, the quality of the pay and conditions of these jobs, and impacts on the services provided.

Social Partners

The social partners in the sector include central government, national parliaments, local authorities and their representative bodies, and trade unions. The roles of each of these are outlined below.

UK government and devolved authorities

The UK national government makes block grants to local and devolved authorities. Legislation covering local authorities in England is made in the UK parliament because England does not have a devolved governing power. In Scotland, Wales and Northern Ireland the devolved authorities have responsibility for allocating funding to local authorities in their regions, but exact arrangements differ. For example, control over education policy is devolved to the National Assembly for Wales which has led to, for example, the introduction of a Welsh Baccalaureate qualification, although issues related to pay, conditions and pensions are controlled by Westminster. As a result, the 22 Welsh unitary authorities are then responsible for schools in their area. National bodies in the three devolved regions negotiate and lobby the central UK government for changes in funding structures and similar.
Employers - local authorities

The Local Government Association (LGA) represents local authorities in England and Wales. Within its structures sit the Local Authority Employers which is the body that negotiates industrial relations issues nationally. England has 353 principal authorities, some of which work together to form a combined authority, such as the Greater Manchester Combined Authority. This was formed in response to the financial crisis as it allowed the pooling of resources amongst ten different local authorities in the region. The new combined authority has powers over, for example, public transport, waste management, and housing.

With regard to representation of employers in bargaining and other forums the largest employer representative is the Local Government Association. It represents 349 out of 352 English councils, as well as a number of authorities including fire services and national parks. It was formed as part of the UK local government reform of the 1990s which saw the creation of ‘unitary authorities’ as single tier municipalities responsible for all local government functions within a geographic area. Further to this, the 22 Welsh councils are members of the Welsh Local Government Organisation, a constituent part of the LGA which retains full autonomy in dealing with matters relating to Wales. By contrast, the Northern Ireland Local Government Association and Convention of Scottish Local Authorities are independent bodies. The LGA represents these employers in national negotiations with recognised trade unions to create a single status agreement covering the pay and conditions for local authority employees, as well as having a strategy of representing the interests of local authorities more broadly on issues such as, for example, funding cuts. Priorities objectives identified by the LGA for the current year include Brexit and its impacts, local government funding, and devolution.

Trade unions
Trade union membership in the public sector has experienced a moderate decline in the last fifteen years, but membership remains at much higher levels than in the private sector. The statistical category ‘public administration’ includes both defence and central government, but 2015 figures indicate a 46% membership density.

The three trade unions recognised for the purposes of the National Joint Council for Local Government Services are:

<table>
<thead>
<tr>
<th>Trade Union</th>
<th>Membership</th>
</tr>
</thead>
<tbody>
<tr>
<td>GMB</td>
<td>700,000</td>
</tr>
<tr>
<td>UNITE</td>
<td>1,380,000</td>
</tr>
<tr>
<td>UNISON</td>
<td>1,255,000</td>
</tr>
</tbody>
</table>

The local government section of Unison is one of the largest in the union, with GMB and Unite also having a large membership base in the sector.

Bargaining forums

The National Joint Council for Local Government Services is a forum for both employers and employee representatives to negotiate around terms and conditions of employment. Its agreements cover approximately 1.5 million UK workers mainly in municipalities making it the negotiating forum with the highest bargaining coverage. Many employers in services contracted out from local authorities also follow the terms and conditions negotiated in this forum, so its influence is wider than the formal scope of bargaining, although these employers have no formal representation at the negotiation table.
Outcomes

The ‘green book’, also known as the single status agreement, covers the pay and conditions for local authority employees. Within the austerity context these negotiations have seen pay rises for most workers fixed at 1% since 2010 in line with government policy, with slightly larger increases for those on lower salary scales, typically because of changes to national minimum wages. Changes to pensions have led to industrial action as discussed below.

In common with the other sectors, the government policy to cap annual public sector pay rises to 1% has resulted in relationships between the social partners becoming increasingly conflictual. One interesting dynamic has been the role of national devolved governments acting as a ‘buffer’ to the cuts from the UK government. Because the formula for calculating the grant that central government gives to municipalities (the ‘Barnett formula’) has historically given a higher spend-per-head for residents of the devolved nations, devolved authorities have had some scope to improve nationally negotiated deals. This was borne out in conversations with council leaders in Wales who largely acknowledged that the Labour-controlled Welsh Assembly Government had been able to act as a buffer against the worst impacts of cutbacks in Wales.

An example of the increasingly conflictual nature of industrial relations can be seen in the public sector strike of 2011 over pensions. Workers across all areas of the public sector were facing proposed changes such as a rise in contribution payments, linking the retirement age to the state pension age, a move from final salary to career average schemes, and a move from using the consumer price index rate of inflation for yearly uplifts. Members of 29 different trade unions took action on 30th November 2011, and local authority workers were particularly visible. The dispute formed part of wider discontent amongst public sector workers about the effects of the austerity agenda on pensions, pay increases, workforce size and job quality.
Ultimately the industrial action has had little effect on the austerity agenda, as the proposed changes to pensions have occurred in almost all occupations. Workforce reductions have also taken place, although mainly through failing to fill vacant posts rather than compulsory redundancies, and pay increases in the public sector continue to lag behind inflation. Although not influenced by the European level, nor by external actors such as the Troika, these developments are similar to those seen in many EU member states. The wider context of the financial crisis and the drive towards an austerity agenda that has undoubtedly led to changes in job quality and quantity.

The Role of Industrial Relations in Shaping the Sector

Quantitative outcomes in municipalities

There are far fewer publicly available measures of outcomes in local authorities than there are in health and education. One area where there is public data is on spending. This highlights both the dramatic nature of the cuts in this area, and the very varied effects of cuts. An influential report from the Joseph Rowntree Foundation (2015) highlighted the particular effects of budget cuts on poorer communities. It is a damning report that highlights the consequences of cuts for poorer communities. The report shows that the municipalities with the most deprived populations have been hardest hit by cuts with a £220 cut per head of the population, as compared to just £40 per head in the more affluent municipalities.

An alternative source of quantitative data relates to the views of senior managers in municipalities about service quality (IFS 2017). That study interestingly shows that almost 90% of respondents say that they believed they had been able to maintain service quality in 2016-17 despite cuts, and views did not vary significantly across municipalities with very different income structures. What is striking about this survey is the pessimism of respondents in the longer term. Only one third of respondents was confident that they could maintain service
levels in the medium term (2019-20) falling to only one in six who had confidence about the long-term future (2021-22).

There are other measures of service quality that provide important snapshots of the challenges facing local authorities. One such measure is the number of times municipalities have broken the statutory responsibility that has existed since 2003 not to house families with children in insecure accommodation such as B&Bs or hostels for longer than 6 weeks. A report by the Financial Times showed that: “English councils broke that law 701 times on December 31 2014, affecting an estimated 1,000 children — a sevenfold increase on the same day in 2009 — as they struggled to accommodate the growing number of families caught by Britain’s housing crisis.” (Financial Times, 19th July 2015). Another snapshot is given by the Department for Communities and Local Government which also reported a considerable increase in the sale of assets owned by local government from 2012-13 to 2016-17. As well as council buildings, sales of other assets such as works of art, and areas of local natural beauty owned by local authorities have been put up for sale to cover reductions in other income streams.

According to Unison approximately 500,000 jobs have been lost from local councils since 2010, which is approximately half of the total job losses from the public sector during that period. What is remarkable about this figure is that all social partners agree that the real difficulties lie ahead. There are reductions in all income streams projected for at least the next 5 years and little opportunity for most municipalities to raise local taxes to cover any deficits. There is remarkable unanimity that cuts have already affected the quantity and quality of jobs in the sector and that this is only going to get worse in future years.

Although they are not consistent across all areas of local government services, these quantitative measures provide a snapshot of the challenging facing municipalities in the context of significant budget cuts. It is clear that the picture across the UK is very mixed. But it is also clear that the cuts have had very significant negative impacts on service delivery in at least
some municipalities, and that the worst affected are those with the highest levels of deprivation that are least able to raise income from alternative sources. It is therefore worth looking in more detail at one area of the UK; Wales.

Municipalities in Wales

Wales is a particularly interesting location to explore the ways in which industrial relations shapes local authorities because of the additional layer of devolved powers in the form of the Welsh Assembly. Scotland was not selected as a case over ongoing issues related to independence, and the assembly in Northern Ireland has a more unstable environment and was not sitting at the time of the research. Importantly, although the additional level of administrative oversight lends an interesting perspective to industrial relations in the sector, much of what is discussed in the following sections is typical of developments across the UK.

The Welsh Assembly Government (WAG) was established in 1999. In Wales, there are currently 22 geographic ‘principal areas’, all of which have individual responsibility for provision of all local government services, including education and social work. The Williams Commission, established in 2013, was set up to investigate the possibility of merging some of these local authorities and reduce the total number to between eight and twelve. However, in 2016, these plans were put on hold by WAG.

Budgets for local authorities in Wales consist of a grant from WAG, money that is raised through local property tax called ‘council tax’, borrowing, and charges made for services. The total amount of funding from WAG to the 22 councils for 2017/2018 is £4.1 billion, an increase from £3.8 billion the previous year. The largest grant is made to Cardiff, which in 2011 had a population of 346,000 and which is worth £428 million. The smallest is to Merthyr Tydfil at £91.6 million, and which in 2011 had a population of 59,000. Respondents indicated that there has been a less favourable settlement for rural authorities, and some suggested that there could be a link between the strength of the Labour-controlled Welsh
government and the high proportion of Labour-controlled authorities in the urban areas in the south of the country. Population density is much higher in the urban south than rural north and west, and thus spending has been concentrated in a geographically small area across these population centres. However, there has been some recent shifting of funding toward more rural authorities, away from these more densely-populated urban authorities.

A further important area to consider for this report is the Welsh response to the Trade Union Act. WAG has the authority to pass legislation and the Trade Union (Wales) Bill would remove UK legislation restricting industrial action in the NHS, schools, the fire services, and other devolved services. It would also remove the requirement for 50% of members turning out to vote, and 40% of the total membership voting in favour of industrial action. However, this would not remove the threshold for turnout in ballots, with the UK legislation requiring a turnout of 50%. This shows an important example of where the legislation around industrial relations can differ across the United Kingdom, and highlights the importance of the Labour-dominated Welsh assembly government, which has been criticised by other parties including the Conservatives and UKIP.

**Job quality, job quantity, and service provision**

The scale of the pressures facing councils with regard to budgets were most concisely summed up by one leader from an urban council in south Wales:

*I’ll try and explain it very simply. I say to people four years ago I had £100 a week to spend. Now I’ve got £60, go figure.* – Interview 6
As local authority funding has not been protected by ringfencing, the reduced available budget is being felt in this sector even more keenly than in schools and hospitals. Unsurprisingly this is evident in the numbers of jobs in the sector. A 2016 report by the largest union in local government, Unison, reported that they estimated that 23,700 jobs had been lost from Welsh local government between 2010 and 2016.

Targets for these local authorities were based upon a need to protect the rights of clients by providing statutory service in line with these available budgets while conforming to key performance indicators as set out by the Welsh Audit Office. Although there had been some attempts to find other ways of meeting this challenge without affecting the quantity, and therefore quality of jobs, such as raising charges for some services, this had stark impacts on service provision for non-statutory responsibilities. As a result, council leaders stated that their services were now subject to one of three outcomes:

*Three simple things I guess; either stop doing things, do them differently, or get other people to do them for us.* – Interview 5

Leaders reported that their main concern had been to protect front line services, particularly in social care and education, and that as a result there were few services that had been stopped completely. By contrast, efficiencies had been found in many back office functions, and council leaders pointed to cost saving schemes such as reducing the number of cleaners, moving to paperless offices, closing satellite offices, requiring people to work from hot desks or in the field, and an increase in digital working. Some of these efficiencies had also translated into the way services were provided to customers, for example through providing online renewal of car parking permits or co-locating services in ‘one-stop’ shops. Indeed, some leaders suggested that the austerity agenda had forced them into efficiency savings that they would not otherwise have considered:
Out of that adversity really comes an opportunity to challenge the conventions we’ve always adopted. So we’ve actually got licence to say we’re not going to do it like that any more, we can’t afford to do it like that any more, we’ve got to find new ways of doing things and it’s really quite surprising how people have raised to that challenge. – Interview 7

There was evidence of services being moved to the third sector, for example staffing of libraries, or control of local public conveniences being moved to the local community. Some councils had found other innovative ways of raising revenues, for example through engaging with the private sector to provide consultancy, or through more traditional means, such as charging for public conveniences or raising charges at leisure centres. Others had employed consultants to conduct cost-cutting exercises. Importantly, the overall line from councils was that efficiencies had been found through reductions in the number of staff, and that had lessened the impact on service provision:

You won’t see an impact in services, no. It would be a back office impact if there was, but again there’s been no downgrading of services. In fact over 50 per cent of them have improved. – Interview 9

Workload, pay, and work intensification

The main response to the budget constraints has been a reduction in the workforce, and council leaders pointed to a roughly 10% reduction in numbers since 2008. These tended to come from central functions rather than front line services, and have occurred through natural wastage and not filling vacant posts, with little reliance on redundancy. Some leaders reported a small increase in the number of agency staff, or the use of outsourced services. One important change had been the number of people acting up into roles above their normal pay grade. A further implication of the reduction in the quantity of jobs was on the reduction of the quality of jobs, and this was a concern shared by almost all leaders:
Job quality, well I’m sure staff will tell you that, you know, their workloads are substantially…changed. In some areas, some of the managers I think have had to shoulder wider responsibilities. – Interview 3

There is a feeling I think in some areas of the council that yes the workload has increased for individuals significantly. – Interview 8, Respondent 2

There was concern that this was having a negative impact on the well-being of these workers:

Certainly in terms of sickness absence we’ve seen an increase slightly over the past year or so in absence rates across the authority…As part of that process we have instituted a significant programme of activities to support staff in terms of their mental health and well-being. – Interview 8, Respondent 2

We’re the biggest employer in [town], I think it’s nearly 8,000 people that are working for the council and that’s a lot of insecurity and that was palpable. – Interview 9

Despite some industrial action, most notably around pensions in the early days of the coalition government, neither trade unions nor local councils had been able to significantly influence the direction of UK government policy. Instead, they were having to find ways of meeting the challenges of substantially reduced funding. Interestingly, despite the notable implications of the austerity agenda, relationships between unions and councils were reported to be generally positive by council leaders. This is partly as pay scales are negotiated nationally, and locally there was little scope for unions to negotiate to improve pay. Indeed, there was
a feeling that cuts were being imposed on councils from central government, and that they and unions could work together to help mitigate the impacts:

*I have to say the unions have been really quite good. They’ve recognised the difficulties... Our unions, in fairness, have recognised the pressures we’ve had and they’ve realised that our desire is try to retain jobs. So they’re not pushing stupid expectations on us and it’s been a healthy and respectful relationship and continues to be. So we value our unions and respect what they’ve got to say to us. So they’re not taking the mick [mocking us] I don’t think. When they come to us with a concern it is pretty genuine. – Interview 7

What’s interesting is that the sorts of discussions and solutions that we’re having with our trade unions are mirrored in every Authority across Wales regardless of the political persuasion, so there’s a real sort of consistency to the approach. Now, our trade unions have a clear preference for retaining services and do show a fair bit of resistance to change, if only publicly. I think there’s an underlying recognition of the challenges that are faced but it’s rare that unions will want to be seen to be recognising that too openly, it’s a bit of a strange one but that’s the impression I get anyway. – Interview 5

Despite this, it is without question that reforms have led to a reduction in the quantity of jobs in local authorities, particularly in back office positions. This had led to a corresponding reduction in job quality, both in the workload for those who remained and also in terms of issues such as workplace stress. National agreements have led to low wage increases in the context of increasing inflation, and unions had been able to do little to negotiate on these issues. This has, however, led to rather more consensual relations at a local level, with both unions and councils reporting that they felt cuts were being imposed upon them. Pension changes have also affected workers in these organisations, although there was little change in other aspects of job quality such as training and development opportunities, qualifications required, and the types of contracts being offered, although some leaders reported a slight increase in the use of agency staff and subcontractors.
Performance measures also drive the nature and form of job quality and quantity. All councils must report consumer key performance indicators (KPIs) to the Welsh Audit Office, and leaders reported that in some instances this had led to them concentrating on meeting these KPIs before other aspects of service delivery. For example, published targets for recycling waste mean that this service has remained important to local authorities during this difficult period. Interviewees also reported that there has been an improvement in many services as measured by these KPIs despite increased workload for council employees at a time of reductions in the quantity of jobs. This suggests that the impacts of budget cuts on service quality has been mediated by changes to work organisation. Questions remain however as to how many further re-organisations of work there is scope for as budgets are likely to remain tight and reducing for the foreseeable future.

Case study – elder care

The constraints placed on local authorities are particularly evident in the case of elder care. The case of Wales is particularly interesting as health and social care have been devolved to the Welsh government, with responsibility for elder care lying with local authorities. Census figures from 2011 show that across the whole of the UK 16.6% of the population were aged 65 and over. For Wales, this figure was 18.4%. This suggests that demands on elder care services in Wales are likely higher based on the proportion of inhabitants being older than the average.

What is particularly interesting is to investigate age profiles by local authority. Census data shows that 23% of the Welsh population is aged under 20, with 58% being aged 20-64. However, the proportion of younger people is much higher in the cities in the south. Newport has the largest proportion of people aged under 20 at 26%, while Cardiff has the highest proportion of those aged 20-64 at 62%. By comparison, the areas with over 20% of their residents aged over 65 (Anglesey, Carmarthenshire, Ceredigion, Conwy, Denbighshire,
Gwynedd, Pembrokeshire, Powys, and Monmouthshire) are more rural in nature. Thus, adult social care has a geographic dimension in Wales as well as the wider UK.

Interviewees who had a higher proportion of older residents in their local authority area reported that they faced an increased proportion of their expenditure being used on elder care. A particular challenge is the rural nature of these locations, with carers having to travel much further distances between appointments as compared to city-based appointments in the South. Poor infrastructure, particularly road and rail transport, also increased travelling times. Additional issues included poor quality of housing stock, particularly in mid and north Wales, and the additional costs of providing bilingual English-Welsh services, again particularly in the mid and north of the country. A specific issue relates to communications infrastructure, with clients being unable to use mobile technology or access broadband internet because of a lack of provision, even if they were technologically able. The ability of local authorities to provide new ways of accessing services was therefore limited, and thus presented additional issues and costs for rural authorities.

Council leaders reported that social services, along with education (as discussed in the schools case study chapter) was one of their largest expenditures, and that increasing costs in this area, for example related to rises in the National Living Wage, had led to squeezes on budgets:

*It’s a very fine balancing act when three-quarters of our income goes into education, Social Services and highways, and then Social Services that is just under pressure, it needs more money year on year. I think there was a report...[that] said that social care for the elderly is going to double in cost over the next ten years, so that means we need at least 4% growth on our income that’s coming in either from grants or from Council Tax, 4% growth on that heading alone. But what’s happening is that the money is going the other way so you know it is just nigh on, shall I say, impossible to balance budgets. – Interview 4*
As a result, councils were trying to find new ways of keeping people in their own homes, or improved homes, rather than moving to expensive residential packages:

_Hopefully [we will] pull people back from coming up to the really expensive care packages that some, some will still need and some do still need, but we’re also been able to help people to regain their independence and giving them six weeks of intensive support and we’ve found that quite a high proportion of them actually do regain their independence, it’s better for them and of course it doesn’t rely, they don’t rely so heavily on top end services, the expensive services that we have... it helps especially people who have been living in old housing stock, if we can offer them a more modern house or flat or whatever, they’re cheaper to run, they’re warmer and they’re in a block where they have got, you know, they can socialise easily with people around them._ – Interview 3

As shown in wider considerations of service provision, councils were facing a reduction in budgets for elder care, whilst also seeing increasing costs for wages as so many people in the sector were paid at the level of the national living wage. As such, they were finding new ways of operating while still keeping front line services, and this was achieved through finding new ways of operating more efficiently, although leaders again reported that this could be to the detriment of the quality of jobs, with high levels of turnover in the sector. A report by the BBC on 11th April 2017 found that this was an issue across the UK, with over 338,000 adult social care workers leaving their roles in 2015-2016, with 60% of those leaving the profession. With one in four roles being offered on a zero hours contract, around one in twenty roles in England is currently vacant.

Conclusions
This section has examined the case of local government in the UK, providing data both from the individual nations and the wider UK. It offers several areas of similarity with the other case studies, including the influence of the financial crisis, the changing colour of UK government, and the wider austerity agenda. One particular contrast drawn is the importance of nation when studying different parts of the United Kingdom, with additional layers of representation having an impact on the effects of austerity and budget cuts, and therefore also the quantity and quality of jobs and the impacts that this has on service provision. A case study of Wales allows for some investigation as to the impact of a layer of protection from these cuts, while an investigation of elder care allows for comparison with other national studies in the BARSOP project.
SECTORAL COMPARISON

The aim of this section is to draw comparisons across the three case studies presented of primary education, hospitals, and municipalities. While there are many commonalities across these three cases, particularly in the broader context of the austerity agenda, there are also some important differences, which are highlighted below. A summary table appears as Appendix 2 to this report highlighting key similarities and differences. This narrative section emphasises central themes of the report: 1) the importance of ringfenced funding, 2) the effects of the public sector pay cap, 3) deteriorating conditions across the sectors, 4) work intensification and extensification, 5) changing workforce composition, 6) the role of pay review bodies, 7) resistance to austerity and its impacts in these sectors, and 8) variations across the devolved authorities within the UK.

Ringfencing

An important difference between the education, hospital and municipality sectors is whether or not they are subject to ringfenced funding. Although health and education have both faced funding challenges, the challenges facing municipalities are on a different scale. That said, ringfencing does not mean an absence of cuts. Although there is a pledge not to reduce funding in health and education, there are undoubtedly pressures to ensure resources go further which, in turn, create challenges for job quality, work organisation and staff turnover. In all three areas, social partners are expecting even greater pressures on budgets in coming years.

Wage restraint – public sector pay cap

A common theme across education, health, and municipalities has been wage restraint, with a governmental policy since 2010 to cap wage rises to 1% in all three sectors. This does not
mean that no-one receives a pay rise of more than 1% because individuals may progress up pay scales, receive bonuses, or receive increases for additional responsibilities. But it does mean that someone at the top of their scale is likely to not have had a pay rise above 1% for several years. In the context of inflation running above 2% and likely to increase in 2017-18, this has resulted in real-terms pay cuts for large numbers of workers in the three sectors leading to problems with recruitment into some roles and into some geographical areas.

This wage restraint policy has led to criticism not only from workers and their representatives, but also has seen public opinion become more sympathetic to the wage demands of these workers, particularly in the context of rising inflation. High profile stories, such as the reliance of some nurses on food banks, have further highlighted the problems of this approach. In summer 2017 the Conservative government agreed to breach the 1% cap for police and prison officers as there have been serious issues of staff retention in both sectors. It is widely anticipated that the increase in inflation at the end of 2017, combined with political pressure, is likely to see the end of the pay cap for most if not all public sector workers in 2018. It remains unclear where the resources will come from to fund this, and what will be expected in return.

**Deteriorating conditions**

In addition to falling wages in the context of rising inflation, overall conditions in many roles in the cases investigated have deteriorated. The links between quantity of jobs and quality of jobs can be seen perhaps clearly in the case of education and local government staff, with a reduction in the number of staff leading to increased workloads for those that remain. Although there was suggestion from council leaders that some efficiencies had been found by working in a different way, particularly the centralisation and automation of some services, there was also broad agreement that workload had intensified for those workers who remained. Changes to pensions arrangements for many occupational groups has also
worsened overall remuneration packages for these jobs. The ringfencing of health and education budgets is likely to be a key explanatory factor in why these services have not had to restructure as deeply as local government services. Even without the massive budget cuts, these services have faced increasing staff turnover.

Work extensification and work intensification

As noted above, the reduction in the quantity of jobs - especially in education and municipalities - has led to intensification of roles for those that remain. A further impact on jobs, particularly in hospitals, is the extensification of work. This was seen in the case of the junior doctors’ strike, which highlighted safety concerns as the government attempts to move to seven-day service provision in the NHS. Although framed as a response to the needs of patients to have appointments available in the evenings and at weekends, there is also a desire to sweat the assets of the organisation harder, meaning that, for example, operating theatres are routinely used for seven days a week instead of five. This desire to sweat the assets also creates a need to sweat labour, leading to both intensification and extensification of these roles. This is likely to be a major response of public services as future cuts require reorganisation of work.

Workforce composition

In addition to changing the quantity and quality of roles in each sector, important changes to workforce composition are also caused by the current context of austerity. For example, in the case of primary education this can be seen in the changing roles of teaching assistants. The use of voluntary redundancy schemes in local councils is likely to lead to a younger workforce, but perhaps one where tacit knowledge about organisational procedures has been lost. In the case of hospitals, the removal of training bursaries for nurses is likely to have significant impacts on the development of new staff from the UK, while Brexit is likely to impact the recruitment of staff from the EU.
The role of pay review bodies

A further impact of austerity has been the shift from what could be considered as ‘steady-state’ industrial relations in the public sector. One example of this is the government challenging of the authority of pay review bodies by not automatically implementing recommended pay increases. This is a dramatic shift of approach to public sector pay management, and industrial relations in general. Pay review bodies are widely regarded to be a mechanism to provide an independent assessment of what is a necessary and affordable pay rise within a specific sector or occupational group. In this regard, it is seen as a mechanism to ‘depoliticise’ the pay setting process by placing the responsibility for making recommendations into the hands of an independent panel that takes evidence from stakeholders. By rejecting the recommendations of pay review bodies, Ministers risk ‘re-politicising’ public sector pay as well as undermining the role of the bodies.

Resistance

All three case studies have featured examples of resistance. In primary education, this is seen in strike action and the boycott of primary assessment tests. In municipalities, this can be seen in national strike action over pension changes in 2011. National strike action is difficult to co-ordinate in the UK because of laws restricting the use of strikes, so it was noteworthy that unions across the public sector could co-ordinate effectively. In hospitals, the industrial action taken by the junior doctors is extraordinary as the BMA has always preferred to use its significant negotiating power rather than take strike action. The shift of activity represents a very real break with the past and disruption to the largely steady state of collective negotiation in the health sector. BMA representatives are clear that the action was undertaken reluctantly and in the face of what they judged to be very little likelihood of effective negotiation around the form and implementation of the new contracts. It is also
worth noting that although there were important concessions, the action was largely ineffective at challenging the core principles underpinning the new contract and its imposition. Although this action has been unsuccessful in preventing these changes, there appears to be a continuing appetite for possible industrial action with the support for a ballot for strike action from the Royal College of Nursing being a particularly noteworthy change of strategic direction.

National differences

An interesting point to emerge from the analysis is that the public sector in the United Kingdom is influenced by the devolved authorities in Scotland, Wales and Northern Ireland. The ability of devolved authorities to buffer the effects of Westminster policies is particularly noteworthy. Indeed, there may be specific differences emerging in legislation related to industrial relations, as seen in the proposed amendment by the Welsh Government to the Trade Union Act. Given the continuing devolution to English regions, coupled with a further potential independence referendum in Scotland and further powers devolved to the national assemblies, nation and region are likely to prove to be an influence of growing importance to public sector industrial relations.
Concluding comments

This report has highlighted some of the profound changes and challenges facing public sector industrial relations in the UK since the financial crisis. In common with many discussions about public sector employment relations, the key explanation of different approaches relates to the agendas of the government. The UK has seen three general elections during the period under consideration, and three distinct periods of policy direction: Labour (to 2010), Coalition (2010 to 2015), and Conservative (2015 onwards). From 2010 onwards, there has been a clear policy to reduce public sector spending, cap public sector wage rises, and fundamentally reform the provision of public services. While it is clear that this agenda has led to some similar issues within the health, education and municipalities sectors around wage restraint and job quality, the impacts of this have varied across sectors. Whether or not funding has been ringfenced is a crucial explanatory factor in the sectoral effects. It is also clear that devolution of power to Scotland, Wales and Northern Ireland means that the transformation of public service provision is playing out very differently in those settings.

Nonetheless, in all the sectors and regions, common pressures relate to a changing funding context in which service providers are certainly expected to do more with the same resource, and often with less resource. Government pay restraint policies mean that staff are facing pay freezes and below-inflation pay rises while redundancies and higher staff turnover mean there are often fewer staff to perform revised roles.

This context has caused a great deal of dissatisfaction among staff and unions and is leading to increasingly tense industrial relations in all three sectors. A particularly interesting commonality is the increase in industrial action, although even in the more densely unionised UK public sector, this has had little effect in reversing the impacts of austerity. While there has been an effort to ‘pull together’ to deliver changes, in some cases those changes have created a context that has led to industrial action, especially in the health sector. By contrast, although municipalities have undoubtedly been hit hardest by spending cuts, there are good
examples of restructuring of services to attempt to maintain a level of service provision. Two points emerge from this assessment. First, where there has been an opportunity for services to restructure to eliminate inefficiencies and find new ways of working these have been regarded by many providers as ‘low hanging fruit’. In other words, it will require more profound changes to achieve further savings. Inevitably, the more substantial a proposed reorganisation, the longer it will take to negotiate with social partners.

Second, where changes are negotiated, social partners report reasonably constructive relationships even in the municipalities where the budgets have been under most pressure. The dispute with junior doctors in the NHS was created largely because of an inability to negotiate change and the eventual imposition of a new contract by the government. This strongly indicates that if large scale industrial disputes are to be avoided, on-going negotiation and compromise will be necessary from all sides as budgets are cut further. In other words, the mechanisms of collective regulation do seem to be effective in providing a ‘safety valve’ for negotiating the pressures of service re-organisation and budget cuts. In short, the mechanisms of industrial relations have largely proved effective in ensuring the continued running of public services even in very difficult circumstances.

This importance of this conclusion should not be under-estimated in the context of such deep cuts and against the background of the Trade Union Act. The Act places considerable additional constraints on the actions of public sector unions. This has the potential not only to disrupt the smooth running of collective regulation in the public sector, but also to disrupt service provision if collective negotiation is undermined.
References


Financial Times (2015) Austerity’s £18bn Impact on Local Services Available at https://www.ft.com/content/5fcbd0c4-2948-11e5-8db8-c033edba8a6e

Guardian (2016) Academisation of Schools will lead to more Pay Disputes, Union Warns Available at https://www.theguardian.com/education/2016/mar/16/academisation-of-schools-more-pay-disputes-union-nut


Hopkins, B. and Dowell, D. J. (2017) “Young People's Motivations for Undertaking Voluntary Work” Academy of Management Conference Atlanta, USA, 4-8 August 2017

Independent (2016) If you think there’ll be no Money for NHS Funding you’d be Right – PFI has sucked it dry Available at http://www.independent.co.uk/voices/nhs-funding-pfi-contracts-hospitals-debts-what-is-it-rbs-a7134881.html


King’s Fund (2017) *NHS Myth-Busters* Available at: https://www.kingsfund.org.uk/topics/productivity-and-finance/nhs-myth-busters


Appendix 1 – Sources

Interviews with primary school respondents

ATL Officer
NUT Officer
Unison Officer
ATL Senior Activist
Local Council Lead – Education – Large urban authority in the Midlands.
8 x primary school head teachers in Wales

Interviews within municipality respondents

Interview 1 – South Rural
Interview 2 – North Urban
Interview 3 – North Rural
Interview 4 – North Rural
Interview 5 – South Rural
Interview 6 – South Urban
Interview 7 – South Rural
Interview 8 – South Urban (two interviewees)
Interview 9 – South Rural
## Appendix 2 – Summary table

### Table 1 – BARSOP: industrial relations in the UK public sector

<table>
<thead>
<tr>
<th>Evolution of IR since crisis</th>
<th>Primary education</th>
<th>Hospitals</th>
<th>Municipalities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ringfenced budget but declining in real terms. Budget allocation formula changing.</td>
<td>Ringfenced budget but significantly declining budget in real terms owning to increased demand for services.</td>
<td>Budgets not ringfenced. Average cuts of around 26% but considerable geographic variation.</td>
<td></td>
</tr>
<tr>
<td>IR becoming more tense, especially with regard to pay levels and retention of qualified staff (teachers).</td>
<td>Dramatic increase in tensions over contracts for hospital doctors. Very high profile strike action.</td>
<td>Some increase in industrial action – high-profile pension strike 2011. Reports of increasingly tense relations, particularly with central government.</td>
<td></td>
</tr>
<tr>
<td>1% national pay cap applied since 2010.</td>
<td>1% national pay cap applied since 2010.</td>
<td>1% national pay cap applied since 2010.</td>
<td></td>
</tr>
<tr>
<td>Role of IR in shaping the sector</td>
<td>Strong collective organisation. Multiple, competing unions.</td>
<td>Strong collective organisation. Multiple unions and professional associations mainly organised on occupational lines.</td>
<td>Strong collective organisation.</td>
</tr>
<tr>
<td>National terms and conditions for teachers agreed through collective bargaining. Teachers’ pay decided through independent pay review body.</td>
<td>National terms and conditions agreed through bargaining and pay review.</td>
<td>National terms and conditions agreed through National Joint Council for Local Government Services.</td>
<td></td>
</tr>
<tr>
<td>Locally agreed pay, terms and conditions for other roles e.g. teaching assistants.</td>
<td>Local pay, terms and conditions for occupations such as healthcare assistants.</td>
<td>Squeeze on differentials at lower grades with notable uprating of national minimum wage.</td>
<td></td>
</tr>
<tr>
<td>Reform effects on employment</td>
<td>School funding likely to target schools differentially. Workforce reduction where funding reduction.</td>
<td>Little change in staffing levels, although significant concerns about recruitment and retention of overseas staff post-Brexit.</td>
<td>Significant job losses. Further significant losses almost certain to occur in near future.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Increased workload, stress etc. Reduced job quality.</td>
<td></td>
</tr>
</tbody>
</table>
| Employment effects on services | Development of Academy Schools encourages schools to break away from national pay, terms and conditions.  
Increasing labour turnover. | Imposition of contract on junior doctors indicates significant shift of approach from government. | Increased labour turnover. Reduction in quality of contracts. |
|--------------------------------|-----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| Growing dissatisfaction and tensions.  
Some evidence of large class sizes.  
Retention concerns.  
Difficulties attracting quality graduates to sector. | Dramatic change of delivery of services during strike action by doctors.  
Evidence of increasing problems for many employers achieving national targets. Largely attributed to budget squeeze rather than poor employment relations. | Dramatic cuts in unprotected services.  
Future cuts likely to be considerable as e.g. contracts with providers end.  
Most municipalities report difficulties even providing statutory services. |