

Bargaining and Social Dialogue in the Public Sector (BARSOP)

UK Policy Briefing
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Context

The financial crisis of 2007-8 has brought multiple and long-running consequences in the UK economy and beyond. This project focused on the ways that employment relations in the public sector have changed since the financial crisis. The research therefore spans three periods of central government control: the Labour government of 2007-2010, the coalition government of 2010-2015, and the Conservative governments of 2015-2017. The research focused on three areas: local government, primary education and hospitals. This allowed national and sectoral comparison with the other countries in the larger study: Czech Republic, Denmark, France, Germany, Italy, the Netherlands, Slovakia and Spain. The project reviewed public documents and interviewed social partners in the three sectors to establish their views about recent developments in collective bargaining and social dialogue.

Key findings

Unsurprisingly, central government policies undoubtedly explain key developments within the sectors and over time. Seven important themes were identified from the research.

1) 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.

2) 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.

3) 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.

4) 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.

5) 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.

6) 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.

7) 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.

Policy implications

- **Collectively negotiating change.** 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.
- **Trade Union Act (2016).** This importance of this conclusion should not be underestimated 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.

- **Increased collective action.** 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.

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Full reports and policy briefings from all countries are available on the project website:
<http://www.uva-aias.net/en/research-projects/barsop>

Table 1 – BARSOP summary: Employment relations in the UK public sector

	Primary education	Hospitals	Municipalities
Evolution of employment relations since crisis	<ul style="list-style-type: none"> • Ringfenced budget but declining in real terms. Budget allocation formula changing. • Employment relations becoming more tense, especially with regard to pay levels and retention of qualified staff (teachers). • 1% national pay cap applied since 2010. 	<ul style="list-style-type: none"> • Ringfenced budget but significantly declining budget in real terms owing to increased demand for services. • Dramatic increase in tensions over contracts for hospital doctors. Very high-profile strike action. • 1% national pay cap applied since 2010. 	<ul style="list-style-type: none"> • Budgets not ringfenced. Average cuts of around 26% but considerable geographic variation. • Some increase in industrial action – high-profile pension strike 2011. Reports of increasingly tense relations, particularly with central government. • 1% national pay cap applied since 2010.
Role of employment relations in shaping the sector	<ul style="list-style-type: none"> • Strong collective organisation. Multiple, competing unions. • National terms and conditions for teachers agreed through collective bargaining. Teachers’ pay decided through independent pay review body. • Locally agreed pay, terms and conditions for other roles e.g. teaching assistants. 	<ul style="list-style-type: none"> • Strong collective organisation. Multiple unions and professional associations mainly organised on occupational lines. • National terms and conditions agreed through bargaining and pay review. • Local pay, terms and conditions for occupations such as healthcare assistants. • Sectoral social partnership active. 	<ul style="list-style-type: none"> • Strong collective organisation. • National terms and conditions agreed through National Joint Council for Local Government Services. • Squeeze on differentials at lower grades with notable uprating of national minimum wage.
Reform effects on employment	<ul style="list-style-type: none"> • School funding likely to target schools differentially. Workforce reduction where funding reduction. • Development of Academy Schools encourages schools to break away from national pay, terms and conditions. • Increasing labour turnover. 	<ul style="list-style-type: none"> • Little change in staffing levels, although significant concerns about recruitment and retention of overseas staff post-Brexit. • Imposition of contract on junior doctors indicates significant shift of approach from government. 	<ul style="list-style-type: none"> • Significant job losses. Further significant losses almost certain to occur in near future. • Increased workload, stress etc. Reduced job quality. • Increased labour turnover. Reduction in quality of contracts.
Employment effects on services	<ul style="list-style-type: none"> • Growing dissatisfaction and tensions. • Some evidence of large class sizes. • Retention concerns. • Difficulties attracting quality graduates to sector. 	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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.