

# **Evaluer les partenariats public-privé**

## *Evaluating public-private partnerships*

### **Session 3 : Evaluer les PPP**

### *Session 3: Evaluating PPP*

# Lessons from the outsourcing of public services in the UK: the impact on employment and quality

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# 1. Introduction

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## **UNISON** Britain's largest Public Service Trade Union

1.35 million members :

Local government

Health

Education

Energy, water and transport

65 000 in the private sector

50 000 in the third sector

2/3 of membership are women

2/3 of membership are low paid

**Threefold Interest in Public Services**

## 2. The link between PFI and employment

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### **PFI not just assets**

“The PFI transforms government departments and Agencies from being owners and operators of assets into purchasers of services from the private sector. Private firms become long term providers of services rather than simply upfront asset builders, combining the responsibilities of designing, building, financing and operating the assets in order to deliver the services demanded by the private sector”

(HM Treasury 1997)

## 2. The link between PFI and employment

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### **PPP enabled privatisation of sensitive services**

eg. health and education

- PFI very technical – not understood
- public unaware of what was really happening
- jobs and employment are at the heart of PFI policy
- “core” staff – nurses, doctors and teachers – remain direct public employees.

**PFI a forerunner to more comprehensive  
marketisation currently being realised in Britain**

## 2.The link between PFI and employment

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### All PFI projects have affordability problems

“... the high cost of PFI schemes has presented NHS trusts with an **affordability gap**. This has been closed by external subsidies, the diversion of funds from clinical budgets, sales of assets, appeals for charitable donations, and, crucially, by 30% cuts in bed capacity and 20% reductions in staff in hospitals financed through PFI.”BMJ 2002;324:1205-1209

- the affordability gap plus competition between bidders to cut labour costs has made jobs and employment conditions a key target for contractors.

# 3. Employment effects

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- a. Lack of evaluation
- b. Impact on the workforce
- c. Two tier workforce



# 3. Employment effects

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## a. Lack of evaluation

**UK government has failed to monitor or evaluate the fundamental shift from public sector as direct service provider to purchaser of services**

# 3. Employment effects

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## b. Impact on the workforce

Fragmentation – multiple employers  
Subcontracting  
Lower pay and conditions – no pensions  
Casualisation  
Less training  
Deskilling  
Disproportionate effect on women  
Two tier workforce

# 3. Employment effects

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## b. Impact on the workforce

Case study: Lower costs in PFI prisons:

- lower wage rates and lower staff levels
- worse pension arrangements
- worse sick leave arrangements
- longer working week

Eg Prison officer in publicly run prison earned £20,000pa for a 39 hour week

Securicor paid £14,000 for a 44 hour week at Bridgend

Group 4 paid £13,000 for a 40 hour week at Fazakerley

# 3. Employment effects

## c. Two tier workforce

Staff transfer to private contractors with pay and conditions protected when they transfer, but new staff receive worse pay and conditions

### **Same job but different pay and conditions**

- causes demoralisation
- inhibits staff from moving between jobs
- incentive for employers to replace better paid, transferred staff with staff on worse terms and conditions

## 4. Link between employment and quality

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### 2 case studies:

A. School meals

B. Hospital cleaning

### Common features:

- market tested since 1980's
- deregulation of labour
- deregulation of quality standards

**Services no longer fit for purpose**

## 4. Link between employment and quality

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### School meals:

- deregulation of the labour market led to loss of 50,000 jobs
- deregulation of school meals standards led to lower costs and unhealthy meals
- 2005 75% of English primary schools spent < €0.70 on food for each meal

*“A spiral of decline links cuts in funding, a decline in cooking from fresh (prime cooking), an increase in the use of processed food, a deterioration in quality of school meals and the deskilling of catering staff.”*

## 4. Link between employment and quality

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### Hospital cleaning:

- Since the a third of services contracted out to the private sector, with the remainder forced to match costs.
- Cleaning posts almost halved, from 100,000 in 1986 to 55,000 in 2004.
- Contract culture breaks down team-based approach that unifies clinical and non-clinical staff
- Hospital staff no longer have authority over cleaners, who are managed through a separate line of accountability within the company that employs them
- 5,000 deaths per year from hospital acquired infections

# 5. Trade Union and Government responses

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## a. UNISON trade union campaign

Twin track strategy

Track 1. Challenge privatisation

- High profile campaign against PPPs
- Evidence base
- Work with other trade unions and service users

Track 2. Working to protect members and end two tier workforce



# 5. Trade Union and Government responses

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## b. Government response

Tony Blair 2001

*"We want to ensure that when services are contracted out, it is not done on the basis of poorer terms and conditions of employment for the staff. One of the things that we have learned over the past few years, not only under this Government but under the previous Government, is that if the impact of contracting out is simply to undermine the terms and conditions of staff, it will not usually lead to a better service."* Hansard, 17 October 2001

**Government introduced a range of protections to end the two tier workforce**

# 5. Trade Union and Government responses

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## b. Government response -Treasury

- review of PFI
- no longer insisting that services included in PFI schemes

*“PFI has not led to a step change in soft service delivery”*

*“public authorities must rigorously prove the case for including soft services in PFI projects”*

HM Treasury 2006

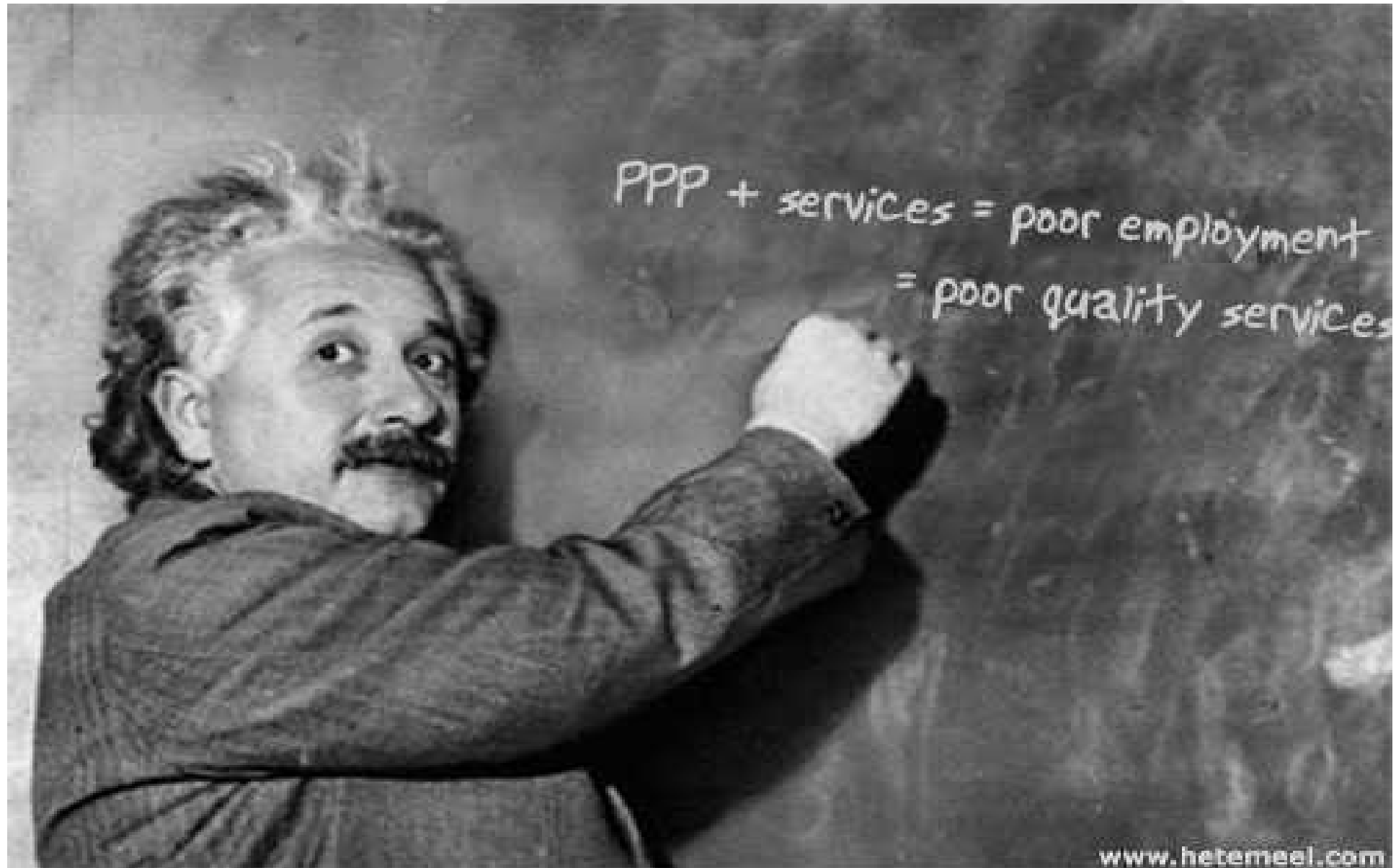
# 6. Conclusion

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1. PFI conceived to transform public services from providers into commissioners
2. Privatisation leads to a deterioration in the pay and conditions for staff which adversely affects service quality
3. The affordability gap in PFI exerts downward pressures on staff and service quality
3. Government response - workforce protections  
- presumption against services

**Rationale for PFI no longer holds – it should be stopped**

## 6. Conclusion



# 6. Issues for UNISON

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- **Political**
- **Organisational**
- **Imaginative ?**

# 6. Issues for UNISON

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## Political

- monitoring and enforcement of existing codes
- extension of codes to whole public sector
- fair wages clause - ILO 94

# 6. Issues for UNISON

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## Organisational

- Response to new legal developments
- Awareness of codes
- Awareness of contracts and tenders
- Support for officers and branches