

## Defence Sub-Committee

### Oral evidence: Treatment of Contracted Staff, HC 275

Monday 12 July 2021

Ordered by the House of Commons to be published on 12 July 2021.

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Members present: Martin Docherty-Hughes (Chair); Stuart Anderson; Sarah Atherton; Tobias Ellwood; Mr Kevan Jones; John Spellar.

Questions 1-50

#### Witnesses

I: Professor Roger Seifert, Emeritus Professor of Human Resource Management and Industrial Relations at University of Wolverhampton.

II: Kevin Brandstatter, National Officer, GMB, Chris Dando, Defence Sector Group President, Public and Commercial Services Union and Caren Evans, National Officer, Unite.

Written evidence from witnesses:

- [GMB \(TCS0004\)](#)
- [PCS \(TSC0005\)](#)
- [Unite \(TSC0007\)](#)



## Examination of witness

Witness: Professor Roger Seifert.

**Chair:** Welcome to the Defence Sub-Committee on “The Treatment of Contracted Staff for the MoD’s Ancillary Services”. This inquiry will ask the MoD how it decides which ancillary services are outsourced, what the level of outsourcing is and whether this provides savings in the long term. We will also seek to address whether contracted staff are treated fairly compared with direct employees, the extent to which contracted staff are part of the wider defence family and whether outsourcing has damaged the links between the military and the communities that they are part of. We hope that the Sub-Committee will explore the terms and conditions of contracted staff, asking whether there has been downward pressure on their entitlements and working conditions.

I am grateful to our first guest today for coming to give evidence. Our first witness is Professor Roger Seifert, who is a professor of industrial relations at the University of Wolverhampton Business School and has research specialisms in industrial and employee relations. Roger, if you don’t mind my calling you Roger rather than Professor Seifert—

**Professor Seifert:** That’s fine.

**Chair:** We are very grateful to you for taking the time today to join us and give evidence. We will go straight into the questions if you don’t mind, Roger, and I will ask my colleague Kevan Jones to come in.

Q1 **Mr Jones:** Welcome, Roger. Can I ask how effective, in your opinion, the MoD’s outsourcing has been compared to that of other Departments? In the 2015 SDSR, it pledged to outsource key functions of the Department to make it “leaner and more efficient”. What is your assessment of how successful or otherwise that has been?

**Professor Seifert:** It’s quite difficult to measure success, obviously, because there are so many varied factors. People talk about efficiency and effectiveness, but neither is particularly quantifiable or comparable in any easy sense. I would say that overall, particularly in the last five years, the outsourcing success bar across the Departments is very low, so even if the MoD is slightly better than, say, the disaster in the probation service and some of the shocking examples within Education and Health, that doesn’t mean that it’s particularly successful. The real issue has been the shift, as you say, to try to make the bidding for the outsourcing of services more realistic and competitive. The biggest difficulty for the MoD is size: a lot of money is involved and a lot of services are involved. There are, as you know, potentially very few outsourcing companies that will bid. There is, as we also know from other reports, some suspicion that these companies collude in the bidding process—if you like, G4S say, “You can have Brazil and we can have the UK.” So there’s a bit of a carve-up and what we get in the end, therefore, are bids that are not really linked to the cost-



effectiveness of the delivery of the service, or probably to the realities of the period after the bid has been successful. What we find is that, in the first year or so after a successful bid, companies behave reasonably well and deliver some of the products. But after that, they get sloppy, costs become difficult to control, and they seek to increase their profit margin. The difficulty for the MoD is that it does not know where else to go. Even if someone has performed badly, the technical nature of the contractual relationship means that it is difficult for the Government to pull out, to change it, to improve it or to fine the companies, so they tend to be stuck often with underperforming companies that are also increasingly—this is the point of this afternoon—seeking to claw back some of the costs, in a very tight profit area, through a tax on their workforce. Overall, I would say the MoD has not done very well, although it is difficult to make comparisons with other Departments, but it is not in a good position going forward.

**Q2 Mr Jones:** How good a customer or client is the MoD, in terms of drawing up the specifications in the first place for those contracts and monitoring performance? Are they good at it? From what you have just said, it sounds as though once they are into a contract, they get stuck very firmly into it, with no alternatives to go elsewhere. From your experience, how good are they at drawing up the original contract?

**Professor Seifert:** We can distinguish between the original contract and the enforcement of that contract. As you know, throughout Government—not least in the Scottish Government, where I have been doing some work recently—enforcement is a major issue. What you find is that your civil servants at the MoD have a pro forma. They know what to do, and they can go on the internet and find out. All the clauses are there, all the tick boxes are done, and all the legal niceties are followed, but what we find is that the overall problem is: what is it that they want? What is it that the catering service, cleaning service or maintenance service actually is? While the technical and legal side is safe, the overall strategic purposes of the contracting out, and the services actually to be provided, are not always clear cut. One of the biggest issues here is the time period.

I have been around a dozen or more of these places. They are in a terrible condition; the maintenance is shocking in some of our barracks. A company may say, "Look, it will take two to seven years to fix," or "It will take two to three years". That area of indeterminacy raises real problems when it comes to enforcement, because what they say is, "We will try our best, but we can't guarantee." That is where all the wrinkles come in: "We can't guarantee. We'll do our best." I think the MoD are as competent as anyone in drawing contracts up; they do not seem to me to be any good at all in following up on whether the sub-contracted companies are delivering the service that they promised within the timescale that they promised. There is endless dither and delay, and the MoD seem not to be too bothered if it takes two years to fix a lift, or to unblock a toilet in some places.

**Q3 Chair:** In terms of the social value model, which was published in September 2020 to guide how businesses should deliver social value



priorities when providing Government work, how do you think this could impact on the Ministry of Defence in its outsourcing processes?

**Professor Seifert:** There are two difficulties. There is the point of principle: what is the point of outsourcing? The only point can possibly be that these companies deliver a similar or better service at a lower unit cost. There is no other point. You are not doing it for moral, social or wider economic reasons, so the core policy is surely whether they do that or not. This comes around to issues of efficiency. What has happened—I have done studies across at least 17 Departments—is that they find that they cannot deliver this and that, actually, the core delivery of outsourcing is not as successful as it should have been, and not as successful as people had hoped. If you want to carry on delivering that, you have to—with due respect—surround it with add-ons. One of the add-ons is some notion that it has a positive and beneficial effect, both in the local economy and, as you say, in some sense—unmeasurable, really—of social benefit to the community.

We assume these two are tied together. If you go to the barracks just north of York, the notion is that without that barracks, a whole range of businesses and a whole range of people would not be employed. They wouldn't be employed in the way in which they are employed. This improves the social welfare and the economy locally and, therefore, the MoD is doing more than it should and the outsourcing companies are playing their part in delivering it. Their glossy adverts, unfortunately not unlike Amazon, tell us about all the jobs they have created and all the social worth they are doing.

I have to provide you with a view that the hard evidence is that it is negligible—that they actually provide no serious social benefit and very limited local economic benefit that is specific either to the MoD or its outsourcing companies. There is no hard evidence for it.

Q4 **Chair:** In terms of other Government Departments versus the MoD, every other Government Department will have a social value model, but every other Government Department will also have to follow the Cabinet Office guide when outsourcing. Would it be your opinion that the MoD doesn't use that guide in any shape or form?

**Professor Seifert:** It is variable. I wouldn't say in any shape or form and I wouldn't say that all the other Departments do follow it. The difficulty is that there is a real disjunct—as parliamentarians, I am sure you come across this all the time—between the rhetoric and reality. They talk a very good talk and an increasingly expensive very good talk, with all the PR help they get, but, with most of these documents—it takes sad, old professors like myself to actually go through them into the deepest page 173 footnote to find it out—the delivery is poor. The delivery of the stated aims of the contracts is poor.

In the case of the MoD, it is particularly worse because, as we said at the beginning, you are dealing with very powerful, large companies. The recent MoD reports that I read said that they were trying to provide a



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greater base for smaller companies to bid for some of the work in order to create a more competitive market, but also in order to provide a more local—as you have argued—social value model. There is no evidence that that is forthcoming. Some of these contracts simply cannot be taken up by small companies.

I should add if a small company did take them up successfully, they would be bought out by one of the bigger companies, so you end up where you started.

**Q5 Chair:** Would you say, therefore, that through outsourcing, they have actually reduced the social value and economic value of MoD services in local communities—reducing terms and conditions?

**Professor Seifert:** Certainly on the economics—the economics you can measure to some extent. There is some evidence. It doesn't always point in the same direction and sometimes the evidence is hard to get and out of date, but, overwhelmingly, outsourcing either makes no difference or has a negative impact economically.

On the social model, you can't say. I just don't think the evidence is available one way or the other, but the overall appearance is one of rhetoric rather than delivering anything of importance or relevance to local communities. In other words, it has not really happened.

**Q6 Sarah Atherton:** Good afternoon, Roger. Some MoD services like guarding and fire and rescue are partially outsourced, while catering, for example, is fully outsourced. What decision-making processes are you aware of that are used by the MoD when they decide which service is going to be outsourced fully or partially?

**Professor Seifert:** There is a combination of factors. Firstly, there is the overall Government position. From the very top of Government for the last few years, the pressure has been to outsource more, almost irrespective of whether it is a sound economic or social decision. So there is pressure from the top. Within the MoD, as you are aware, the strategy is to outsource in order to remove certain activities from MoD books, so that the MoD's core purpose, if you like, can be pursued and reported upon without worrying unduly about the outsourcing.

The difficulty with the MoD is obviously—and I was quite unimpressed—the level of security. The MoD differs from all other Government Departments, really, because of the importance of security. It seems to me that that would be the starting point, certainly when you read reports from the Armed Forces which have a different take on things from the reports than the MoD proper. That is a key issue.

As you suggest, it seems incredible to me that IT has been outsourced. Whatever the promises made by these companies, they simply can't guarantee them. So the Army would certainly bring those back in.

In terms of catering, cleaning and waste disposal, in a way it is a bit late to reverse that now because the MoD has lost all its internal expertise on



how to manage it—it's not a tap you can turn on and off. Once you turn it off, it is quite difficult to turn the level of managerial competence you need to manage these back on. So they probably need to continue to be outsourced, although one would hope within a much tighter framework of control, responsibility and regulation.

Otherwise it is difficult to see where it's heading. Obviously, there's the procurement side. Some of the procurement side is complicated because outsourcing is then outsourced. Where you have a chain of outsourcing activities, the real issue has always been whether the host has sufficient control of processes, irrespective of whether there's a beneficial outcome, to guarantee that bad things aren't being done along the way.

Whether it's the MoD or anybody else, it's a question of control. Are the alleged economic benefits of improved efficiency outweighing the fact that you lose control of the process? As the years go by, you lose more and more control because, as companies become more expert, they are able to provide reports that are not entirely in keeping with what is going on on the ground. The MoD loses expertise at all levels on being able to assess the accuracy of the reports. There is a loss of knowledge, a loss of experience within the MoD, to be able to maintain control. I would be worried about any future outsourcing.

But it is a brutal, stark choice between the costs and the control of the process. I would have thought, given what's happening and the strategic emphasis that the military chiefs have put on cyber force, that outsourcing would be more or less rejected now because of the failure to control the process.

**Q7 Sarah Atherton:** A few days ago, I ate in a junior ranks mess hall. The food was cheap, and it was okay—very processed, and I could imagine I would get pretty tired of it after a few weeks. I have heard a number of accounts from personnel about the poor quality of food and the officers in command being disempowered to try to improve that for the service personnel. While we appreciate financial savings, there must be concerns about quality of service and customer satisfaction.

You mentioned the host, the MoD, and control and regulation. What control and regulation do they do now?

**Professor Seifert:** Like you, I had the experience of visiting a dozen sites, and I ate in the canteens, which are okay when you're hungry after a long journey. One of the worst aspects was that the MoD civilian staff received no subsidy, while the uniformed staff did. They could actually be sat down at a table together, eating exactly the same food—which was, as you say, of variable and indifferent quality—and pay more.

Not surprisingly, there was a significant level of resentment that there was a subsidy if you wore uniform, but not if you were a civilian member of staff. Apart from anything else, that sort of tension between civilian and uniformed staff was rife within the organisation. That was actually one of



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the major features in discrimination and bullying, which is a huge aspect of current practice, not least within the subcontracted companies.

You are right that once you set rather vague and difficult standards, if there is a slight slippage, what are you going to do? As you say, it could be only a 10% or even 15% slippage. Worse food is not nice for those eating it—it is boring—but the host cannot really do much. What sort of legal action are you going to take? Are you going to take down a major corporation just because it is slightly less than you said? That slippage of standards is a common feature not only for the food but, for instance, of the cleaning of toilets, which was a horror show in most of the places I visited.

**Q8 Chair:** You noted the uniformed and civilian differences, in terms of reductions in the cost of their food. Could you clarify whether the civilians were in-house MoD civilians, or were they contract staff?

**Professor Seifert:** Both. But I should say that that is not necessarily universal, but it is certainly in some of the places I have visited.

**Q9 John Spellar:** You are talking about the impact on the outcomes for the users, but could I go back to the terms and conditions of the staff themselves, and therefore the ability to retain and attract staff? From your experience, does the MoD care about the terms and conditions of staff when contracting out the services?

**Professor Seifert:** Obviously they care: I think “care” is probably not the correct word. They are interested in them, in so far as they know that if terms and conditions and pay levels generally slip too far, there is a danger of staff shortages, as well as a poorer quality delivery of service. They are not interested per se; they are interested in the quality of the service.

Some of these services are more labour intensive and require more skill. I would be desperately concerned about the level and quality of IT staff recruited by outsourcing companies. For others, the MoD are less concerned, partly because of the location of many of these places. There is local unemployment, and so the view is that even if the terms and conditions slip, people will still turn up for work because there is little alternative. The other feature of both civilian MoD and some of the outsourcing people is that they often recruit people who have been associated one way or the other with the Armed Forces, so there tends to be a higher level of loyalty to the organisation, one way or the other, than you would expect, even if it is a private company.

To some extent, there is a disregard of terms and conditions because the MoD feel that the workforce is, to some extent, a captured workforce. Obviously, when the delivery falters—a classic one is the lifts are broken and the maintenance is delayed because these people have not got enough technical staff at the ready—they also miss targets promised, in terms of the timeliness of repairs.





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You are right that the MoD are not interested directly in terms and conditions, but they are interested indirectly. They also know—this is well documented—that as it gets tighter, in cost terms, these companies will seek to cut labour costs first and make sure their profitability is retained. There is a constant danger, which has been accelerated by the pandemic, that terms and conditions will get worse.

**Q10 John Spellar:** In your experience, is there any intervention by the MoD as client with those worsening terms and conditions if they can see that it is likely to or in fact is leading to a worsening in the supply of the service?

**Professor Seifert:** At a local level, military commanders and senior managers complain, like we all do, but the difficulty is that the complaints do not go very far. There is not a robust system whereby you can say to Amey or any of the other big companies, “Look, you are not doing this job properly. Hurry up.” It is no different to you or me phoning a plumber and saying, “You promised to come on Tuesday and it’s already Wednesday.” They don’t seem to have many powerful levers to enforce the sort of compliance with the standards promised that one would expect normally. However, there is endless complaining on all sides.

As I said, I spoke to some military people, I spoke to civilians. Generally speaking, they were unhappy with the services, but they did not really see a lot they could do. When they went up the chain of command—this I heard in the particular case of the Navy—they would sometimes get a more senior officer to complain and that sometimes did the job for them, but not always. In other words, it is quite a miserable picture in terms of getting stuff fixed and enforcing the agreement.

**Q11 John Spellar:** Talking about enforcing the agreement, are there not breach of contract clauses within the agreement and a mechanism for ascertaining and resolving those?

**Professor Seifert:** I do not know your experience of taking on the lawyers for these companies, but if you go down a formal, legalistic route, besides the fact that you need permission at quite a high level within the MoD and they are not going to keep doing that, the view is that it is incredibly expensive. You may or may not win, and we are not really prepared to back you. That is one of the issues when you are dealing with vastly powerful multinationals, and particularly if they are American based in any sense. They just have a legion of rather clever lawyers who will just come down on you, as we know in other sectors such as McDonald’s. They really take the legal side very seriously. So, generally speaking, enforcing it on that basis is unlikely and expensive and it is not something that, as far as I am aware, the MoD is willing to do.

**Q12 John Spellar:** I would merely say that some of the bigger local authorities have actually taken on significant contractors and, indeed, those contractors have then had to buy themselves out of the contract. That is because, basically, they could not, on the prices they had bid in on, where, as you rightly say, they had relied on underperforming in





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order to make any margin, in the end, they had to buy themselves out of those contracts because they were going to be too expensive if they actually performed to specification.

**Professor Seifert:** Absolutely, but there are differences, obviously. First, in local government, more political pressure is more readily applied and they have to stand for election. So if the bins are not collected, as classically in the Birmingham disputes a couple of years ago, there is enormous pressure on the politicians to go back to the company. The other thing is that they are more likely to be heavily unionised in local authority subcontracted areas, so there is pressure that way. You are quite right. You can do it, but you need political will and you need to be prepared to be backed up by your legal team.

Also, the consequences and the difficulty, as we said right at the beginning, when you are dealing with a small number of very powerful large companies, are that if you win and they buy themselves out, is there an alternative bidder? Unless you bring it in house, is there somebody else who would take it up? The difficulty with some of the MoD contracts is that that is not likely. They are fearful of forcing that outcome.

Q13 **Chair:** Building on John's question, in the provision of services from those that are outsourced to private companies, is it your experience that they improve or reduce terms and conditions of employees compared with, say, civilians who are in house with the Ministry of Defence? If so, why do you think it is?

**Professor Seifert:** Generally speaking, it is just simply that they are worse, no question. It is my view that it is the nature of the beast, the nature of any subcontracting, whether it is at first hand. I did some work on Hinkley Point nuclear power station. The subcontracting goes on and on. Every time you subcontract, the profit margins are squeezed and so the companies are looking to reduce costs. Often, they cannot reduce the capital costs of equipment, they cannot reduce other costs, so the easiest, softest option is to reduce labour costs, and they do it. It is not a moral or a political commentary, it is just that if you are running a business, you look to cut costs where you can.

They cut the labour costs, they reduce wages and there is a significant amount of bullying, harassment and victimisation that goes on in order to enforce that. In other words, they are not just doing it, saying, "I'm going to make your holidays worse. I'm going to make your sick leave more difficult. I'm going to cut your overtime": if you complain or try to stand up to them, they will bully you, they will harass you and they will victimise you, and there is little recourse.

The MoD, as the host, is not interested. In some countries and in some organisations, they are interested, but at the moment the MoD's general strategic position is that they are not interested if they ever get reports. The only sensitive area is reputational damage. Because the MoD itself is facing a range of difficulties on bullying, harassment and victimisation, they are increasingly sensitive if it is also true of the companies that they



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are using to deliver a range of services to civilians and Armed Forces. So, there is some leverage on reputational damage, but if it is second-hand, or does not come direct to them, they can push it off, saying, "Well, it's these other companies."

Generally speaking, yes, it is the nature of the beast: subcontracting in difficult circumstances will always lead to worse pay and conditions.

- Q14 **Mr Jones:** You talked about driving standards down. Certainly, more than 20 years ago, when I was a trade union official, contractualisation was just about starting to come in. That was the main way to save money: staff terms and conditions. What levels of union membership are we seeing in the workplace? It is clearly not encouraged by some of these companies. Are there local agreements, or national agreements? What is the picture?

**Professor Seifert:** I know you have got some trade unionists coming after me. I am sure they can give you a more accurate picture. Generally speaking, among the direct employees of the civilian staff of the MoD, about half are in unions, but the union task, as you are aware, is more difficult, as there have been cuts in facility time and other general attempts to make it more difficult for unions to represent their members.

When you cross over to the subcontracted companies, the issues are variable, as they are across the nation as a whole. Some groups of workers remain reasonably well unionised in some of those companies, and others are not. It is generally the case that even where the unions are reasonably well represented, the representation is limited and their power to take industrial action, for example, to enforce their terms and conditions is also limited. The relevant concept is not their union identity, the level of union membership, but the extent to which they can exercise their rights as trade unionists to enforce contracts and protect terms and conditions. Overall, the picture is grim—that is all we can say. That is not a surprising answer to you.

- Q15 **Sarah Atherton:** The MoD feels that it includes contractors and their families within the wider Defence family in the whole force model—by family employment opportunities, inclusion in family days, and certain aspects of the covenant. Do you agree that contractors feel included?

**Professor Seifert:** I am not sure that many people feel included. Again, it is one of the areas where it is quite difficult to get the evidence. You are asking for attitudes towards inclusion. Generally speaking, there is a high level of cynicism about the whole process, about whether it is just gesture politics of the worst kind to cover up some really bad publicity about suicides and bullying within the whole of the MoD.

The impression I got was that nobody feels included, that there was a general sense among all the workforce I spoke to—quite a few right across the area—that they were depressed and felt disengaged. The odd day here and there, the odd bit of flag-waving or hug—before the pandemic—was not really going to make any difference to them. In fact, to some extent, it



made them even more bitter and resentful, because they thought that it was just window-dressing. The answer is probably no.

**Chair:** Thank you, Roger. If we had a longer session, we would have a lot more to ask you, but we have come to the conclusion of this session. We are more than happy to receive any more written evidence that you would like to submit. I am sure it would make for some entertaining reading on the outsourcing of contracts in the Ministry of Defence. We are very grateful to you for taking the time to give evidence today. Thank you very much indeed.

## Examination of witnesses

Witnesses: Kevin Brandstatter, Chris Dando and Caren Evans.

**Chair:** Welcome to the second evidence session for this afternoon. Those giving evidence are Caren Evans, a national officer at Unite the Union; Chris Dando, the defence sector group president of Public and Commercial Services Union; and Kevin Brandstatter, a national officer for GMB, covering the Ministry of Defence and MoD contracts at GMB.

Q16 **Mr Kevan Jones:** I apologise because I will have to leave for an emergency statement on covid for which I have a question—it is not out of disrespect or a lack of interest in the subject matter that I have to go.

My general opening question is about the assessment that the MoD makes on whether or not to outsource. Is outsourcing the default position, or are there examples of where they have perhaps looked at in-house provision versus the outsourcing option?

**Caren Evans:** I have experience with a number of the assessments where the MoD looks at outsourcing. We generally get quite a long document that generally provides three options. We are asked to feed into that document, which we do, but normally it ends up with outsourcing anyway. We get very default answers to the points we raise. To be honest, I struggle with whether it is meaningful at times. I guess that is my point.

Q17 **Mr Kevan Jones:** So is it basically going through the motions rather than a meaningful process?

**Caren Evans:** Yes. Like I say, they give us the document and ask us to make our comments. We make our comments, they answer them with fairly bland responses and the outsourcing happens anyway. It is a kind of tick-box: “We have spoken to the unions—tick, move on.”

**Kevin Brandstatter:** I completely agree with what Caren has just said. Outsourcing is not new to the Ministry of Defence. I have been working for the GMB for 20 years now, and one of the first examples of outsourcing I was involved in was Project Allenby/Connaught, which was a major 35-year PFI contract basically to build 18,700 homes for the military. It involved private companies: KBR and Carillion took on that 35-year PFI, and we all know what happened to Carillion.



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It is not a new phenomenon in the MoD. It feels like it is accelerating, and we are all having problems when contracts shift from one outsource company to another. That is a bit of a difficulty. Certainly, it feels like the MoD has the idea that outsourcing is best and in-house is bad.

- Q18 **Mr Jones:** You talked about Carillion. When these companies win the contract, clearly they then do a lot of outsourcing of that contract, or subcontracting, which turns them into not the main providers of some of these services but actually facilitators. What is your experience of that?

**Kevin Brandstatter:** With the contract down in Wiltshire that I am talking about, there was a lot of outsourcing. Carillion and KBR were the major employers. They established a company called Aspire Defence Ltd. Aspire Defence Ltd subcontracted driving roles to a company called VT Land, which was then taken over by Babcock, and it subcontracted the catering to Sodexo. Privatisation like that is not a simple, one-step process.

**Chris Dando:** In answer to your question, outsourcing is very much the MoD's default position. It is written into policy; it is written into the whole journey that the MoD has been going on over the last 20 or 30 years in changing the way it operates. There is very little thought given to either retaining services in-house—even though there is a policy that suggests that that should be their first option—or, when contracts come to a close, looking into whether that service should be brought back in house. There is very little consideration given to anything other than, "What's the cheapest way of doing this?" and "What gets as much value off of the MoD books as humanly possible?"

- Q19 **Chair:** I will maybe take that idea of the Department's outsourcing practices and ask the three of you how efficient they are. If we put aside whether we agree with the practice itself, on a scale of 1 to 10, with 1 being the least effective and 10 being the most effective, where do you think the Department's outsourcing practices fit?

**Caren Evans:** Regardless of the fact that I do not agree with the outsourcing model, the services get diluted once they go to the outsourcer by means of cuts to the service. Their outputs are very low. If you take catering, for instance, I would suggest a 3 at best.

**Chris Dando:** If you are talking about the speed at which the MoD does outsourcing, it is very much a 10. If you are talking about the deliberations it puts into whether outsourcing is the correct solution or the only solution, I would say probably about 2.

**Kevin Brandstatter:** I shall just quote one of my members, who completed a questionnaire: "I strongly feel the MoD is not getting the service it used to get when staff were employed by the MoD". There are a lot of outsource workers who do not feel part of the MoD family in any way whatsoever; I think we will come on to that a bit later. Chris is right: a 10 for effort, but a 1 for success. The contracts are not value for money.

- Q20 **Chair:** Can I take that a bit further? In terms of the challenges or limitations that the outsourcing practices face, are those more to do with



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a reduction in terms and conditions for the staff having to deliver those services, for example, with reduced wages or increased working hours? Are those the kinds of things—the companies taking up the contracts are not paying the wages that they used to and are changing the terms and conditions—that you would say make it a challenge to give those services a 10 out of 10?

**Caren Evans:** Definitely. Terms and conditions are reduced more or less straight away. The private company will do everything it can to not give them an annual pay rise, so that their pay is erased over time. Staff numbers are cut. Staff are not generally expected to work longer hours. Generally, companies try to reduce their contracts or entitlements, so they will be on less hours a working week. In some instances, they have their working year reduced, so instead of working 52 weeks a year, they are reduced to 48 weeks a year. They end up on minimum wage, with a loss of hours and loss of weeks, and they end up in a significantly worse place than they were before they transferred.

**Chris Dando:** That is correct, and one of the reasons for that is because a lot of these companies do everything in their power to get rid of the staff who they took on as part of the TUPE transfer, and also to deny those staff the right to membership of unions and unions' right to represent them within those companies. Staff are very much on their own. But it has certainly been our experience that an awful lot of companies, if not the majority of companies, move very swiftly to get rid of those staff that they had transferred and to bring in their own staff on very much worsened terms and conditions.

**Kevin Brandstatter:** Our survey showed that most of our members have a much bigger workload than they used to have. There are quite a few people who are suffering through recurring bouts of work-related stress because of that workload, and they report a similar reduction or deterioration in their work-life balance. Everything is not going very well. Another quote from one of our members: "Staff welfare is ignored, as long as the budgets are hit. We were never treated like that in the MoD, and I've done this job for 21 years." This is someone who has moved from the MoD to a private company, and he has a very sad story to tell.

Q21 **Chair:** The lived experience of those in contract services need to be reflected when the MoD are considering these. No matter the MoD or Government's position, they really should be listening. Maybe I will ask you about being consulted as trade unions on plans to contract out services. Do you want to say anything on that?

**Caren Evans:** As I said a few minutes ago, they do consult us. They share the documentation, and we raise our queries. It really does not matter what we say as a trade union. They have one thing on their mind: to outsource that provision. I don't know whether any of the others can say more but, honestly, my experience is that they are not really bothered. They just want it gone.



**Chris Dando:** That is correct. What we would like them to do is to come to us at an early stage with options and ask for our view on those options. What normally happens is that they have decided that they want to outsource something, and they come to us with the consultation on the implementation and, once they have received bids from the companies concerned, the consultation on the transferring of staff. But there is never really any thought about whether there is a better way to do this. Are there lessons we could learn from having done this before? I have described it before as very much like falling down a lift shaft. There is not really an opportunity to stop that at any point in time; you are just heading straight to the end result that they want to achieve.

**Kevin Brandstatter:** I have got nothing to add to what my two colleagues have said.

Q22 **Chair:** Are you basically saying that those types of consultations are not worth the paper they are written on? I am getting a lot of nodding heads.

**Chris Dando:** Yes, very much so.

Q23 **Chair:** We are going to go on to the social value model, which we talked about with Professor Roger Seifert earlier. The Government's idea is that the social value model improves outsourcing practices in the Department. Chris, what are your thoughts and your union's thoughts on the social value model and its improving outsourcing practices?

**Chris Dando:** As Professor Seifert said earlier, I do not think you can find any evidence that really demonstrates that. What is more important is that the MoD does not use it as a criterion when it is looking to outsource something or not outsource it, or as a criterion to decide which companies it wants to outsource to. When the bid is received, they are looking for hard financial value. They are not looking at the impact on communities, the impact on individuals, or what happens to communities once that service is outsourced. They just want numbers on a balance sheet, and they really do not care about any of the socioeconomic impacts of their decisions.

**Kevin Brandstatter:** I would say that the evidence is that outsourcing makes communities poorer. As jobs get changed from being full-time roles with a decent hourly rate to the national minimum wage, there are plenty of people in these mainly rural communities who are on minimum wage but also having to claim benefits while they are in work—universal credit—because the income they have is so poor. I would say the reverse is the case: there is no social benefit to outsourcing, particularly in the communities where the MoD is.

**Caren Evans:** I have nothing to add, except completely to support Kevin and Chris on that, in everything they have said. There is no social value to be had from any of it.

Q24 **Chair:** I am getting the idea that there is no social value to diminution in terms and conditions and reducing people's economic value in work.

**Kevin Brandstatter** *indicated assent.*





**Caren Evans** indicated assent.

**Chris Dando** indicated assent.

Q25 **Chair:** There are a lot of nodding heads. Thank you. Kevin, to come back to you, the MoD's policy allows for 25% of guard services to be outsourced. Could you tell us a bit about the impact of that? Do you think that the MoD wants to outsource more of its guard duties, even though I believe it says it does not? What would be the implications of an entirely outsourced guard service?

**Kevin Brandstatter:** The MoD does not have guards on every base. Down in Wiltshire, on the contract run by Aspire, Aspire provides all the local security. Serco provides security at a number of RAF bases. The MoD Guard Service is not as universal as people think. There are private contractors doing it. To be honest, I'll have to hand over to Caren for this because Caren is much more experienced in the Guard Service than I am.

Q26 **Chair:** Caren is next on my list. I was just trying to get a general overview from your perspective. Caren, let's come straight to you on the question of the Guard Service.

**Caren Evans:** The issue is that guards who are outsourced are on minimum wage. The guards who are currently in house are not on much better pay, if I'm honest, although they do have some more attractive terms and conditions regarding overtime, public holidays and so on.

I know that the MoD have told you that they are not looking to outsource all their guards. However, I would suggest there is potential evidence that shows that is exactly what they are moving towards. The evidence I suggest we look at is the OMEC contract, whereby some guards who were privately sourced have been TUPEd in, so they have been brought back in house.

After about 12 months of being brought in house, they were put on to different terms and conditions from the guards who were already in place, the normal MoD Guard Service. They have had their terms and conditions radically reduced. Anybody now, who is an MoD in source normal pre-existing guard, if they look for promotion, they will go on to this OMEC contract, whereby they lose terms and conditions. I would suggest that is all about making the Guard Service more attractive to outsource to a private provider.

If you look at the current generation as opposed to the new generation, they are quite expensive. They are quite expensive for a very good reason. They supply an absolutely exemplary service to MoD. They were given the pay and conditions they are on for historic stuff with terrorist attacks and so on. If you start watering down terms and conditions, you start attracting less professional guards. Do we really want it to come to supermarket guards and security on MoD premises? I would suggest that their whole plan is to outsource the Guard Service, even though they say it is not.



**Q27 Chair:** Can I take that slightly further into what you think are the implications of a fully outsourced service? I do not mean just in terms of security—for example, HM Naval Base Clyde is next door to my constituency. I also mean in terms of the local economy. What would the impact be, both on security and on the local economy?

**Caren Evans:** On security, if you have got lower-trained, lower-paid people doing a job, are they going to have the same commitment or skills as the current Guard Service? I would suggest probably not. As far as the community goes, they protect those premises, but they protect all the people who live on those naval bases, Army bases or whatever they are. They protect the Army families who live there. Low pay does nothing for local economies, so I would suggest it is just a terrible idea, but I genuinely think that is where the MoD are going with it.

**Chair:** Chris, is there anything you want to add to that?

**Chris Dando:** Yes. I think the picture is very confused, and we are trying to find out from the MoD exactly what they see as the future for unarmed guarding, because they now have a multitude of different ways of providing this. We know that although there are private guards out there guarding some MoD establishments, they are in the process of taking a number of those back in house. This new OMEC contract will, as Caren says, allow them to do that without increasing their costs markedly, and they have some issues around how they provide both armed and unarmed guarding, because neither is working particularly well.

We need to see how this OMEC contract works. In our view, it will be extremely problematic, because it effectively brings in people at the national living wage and expects them to work far longer than the existing staff do. We have concerns that that will not be successful as the economy improves, and that it basically provides a more casualised workforce than is the case at the moment, as people still see it as a career. But the jury is out on exactly how this is going to develop. We have our concerns, and we will continue to raise those. We want the MoD to assure us that, having had at least 10 years of trying to privatise this and failing, this is now the way forward as a settled guard force, rather than as a precursor to having another go at trying to privatise it all.

**Q28 Chair:** Thank you. I wonder whether we can come on to Capita and its contract to manage defence, fire and rescue. We can maybe get into how your unions evaluate its management of the service, but one of the major issues recently is the rumour that Capita is seeking to cut the number of firefighters at HM Naval Base Clyde—commonly known to some of us in the west of Scotland as Faslane. Are they considering the same at other bases, and what could be the implications of that at HM Naval Base Clyde and across the wider military establishment?

**Caren Evans:** Looking at Faslane and Coulport, or the Clyde—whichever you want to call it—we know that they plan to cut eight posts: four at Faslane, and four at Coulport. This is being done on the back of something called an IRMP, which is an integrated risk management plan. That



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management plan has not been seen by the unions, even though we have asked to see it. Capita refused to let us see it, because they say it is confidential. Basically, they are saying they have carried out a risk assessment and, in their opinion, they can cut these posts.

We believe that the cuts to the crews put firefighters and the Clyde workforce as a whole at risk. Currently, they have a crew of six firefighters. If there was a nuclear incident on a submarine, this would allow two of our firefighters with breathing apparatus to go on board the vessel. It allows them to do that because they have another whole team standing by who can put on breathing apparatus and go on board if there are difficulties or problems. If we cut that by just one crew member, to five, it means nobody can be deployed on to that submarine in breathing apparatus. The reason they couldn't do that is that they couldn't then back them up if they needed that support.

Capita are saying it is all fine and hunky-dory to do this, because they are going to rely on the Scottish Fire and Rescue Service. As you are aware, Chair, as it is your local area, most of the fire services from local authorities are retained sites, so if this incident happened during the day, potentially the firefighters who work for the Scottish Fire and Rescue Service would be in their day job. That is then going to impact on the time it takes to get to the Clyde. All these delays cause issues. So, for us, it is a big health and safety issue.

Once the local authority firefighters get to Faslane or Coulport or wherever it happens to be, they then can't commit to go on board the submarines, because they are not trained to the degree that the Capita ex-MoD firefighters are trained. The Capita firefighters have got specialist training to allow them to perform their role. They know that they can get high levels of radiation if there is an incident. They commit to deliver all of this, whereas the local authority fire service won't. They can't, because they are not trained, and they won't, anyway, because of the potential high levels of radiation.

That is the situation on the Clyde. If we look across the whole country, there have already been some job cuts and we know that about 116 firefighter posts will be lost, just in this year. We expect about another 200 more over the coming 18 months. All of this follows the privatisation of the MoD firefighters to Capita.

We also know that the MoD and Capita have a share gain policy. For every reduction they make in staffing numbers, 47.5% of that saving goes to Capita and 47.5% goes to the MoD, with only 5% of the cost saving being put back into the service.

That was a very long answer, but I think I have answered your question. The Clyde bit is a very serious health and safety concern for us, but it is not just on the Clyde—it is across the whole of the country.

**Q29 Chair:** Forgive me for taking the opportunity, as a local constituency MP, to push that slightly further. It would be remiss of me not to, given the



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profoundly different aspects that you find at HMS Naval Base Clyde. You mentioned the Scottish Fire and Rescue Service. There is a community fire station in Dumbarton and then the next closest one in West Dunbartonshire is in Clydebank. I am not aware of the footprint of the Scottish Fire and Rescue Service in Helensburgh. Are you aware of any type of consultation with the Scottish Fire and Rescue Service on these issues?

**Caren Evans:** These are muddy waters, really. We are being told by the Scottish Fire and Rescue Service that they have not been involved in any consultation, but we are being told by Capita that they have consulted them and they can turn out and they can do it in a timely manner. Maybe you will be able to get to the bottom of that when you get them in front of you.

Q30 **Chair:** I will come back to Chris and Kevin. Chris, have you anything you want to add?

**Chris Dando:** No—the only thing I would add is that we have concerns around any proposed reduction in that fire and rescue service. As Caren has mentioned, it is not only the support that local fire services give to the Defence fire service—in a lot of areas, the Defence fire service gives support to local fire services. If you start to make reductions there, you are putting at risk the people not just on the bases that they serve but also a lot of people in the localities around the bases. I don't believe any proper assessment is being made on that at all.

Q31 **Chair:** Kevin, would you disagree with any of that?

**Kevin Brandstatter:** I agree with everything they both said. I think there are other aspects to this. There are places where there are a lot of defence munitions; they require people to risk their lives to, potentially, go and put out a fire. There is the issue of Porton Down. Porton Down hasn't yet been taken over by Capita, but the thought of Porton Down having a fire and retained firefighters from around Wiltshire having to go down there to help put out a fire is quite frightening, because they certainly wouldn't be sufficiently prepared to do much. The whole issue of how vital this service is is overlooked. It was a complete error and probably negligence by the MoD to actually give it away to a private company in the first place.

Q32 **Chair:** Caren, can I come back to you briefly on giving it over to a private contractor in the first place? I take it the union was opposed to that outsourcing.

**Caren Evans** indicated assent.

**Chris Dando** indicated assent.

Q33 **Chair:** And from your union's perspective, the impact on your members, I take it, has been wholly negative.

**Caren Evans:** The impact is definitely completely negative. We have seen firefighters across the country being made redundant hand over fist.

Q34 **Chair:** Thank you. Maybe we can take the outsourcing service issue



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slightly further again. In the previous session, Professor Seifert was talking about outsourced services and was asked, "Which ones would you bring back in?" He was saying that there are certain limitations. From a general perspective first—maybe, Chris, I can come to you—which currently outsourced services would you take back in-house, and would you agree or disagree with Professor Seifert's position as to some not being able to be brought back in?

**Chris Dando:** I think there is definitely an issue with that, and Professor Seifert puts his finger on one of the problems that we would have, in that what has happened is that outsourcing over time has progressively hollowed out the Department's ability to both specify these services and manage these services, and bringing them back in-house would require the recreation of a whole layer of management resource and specialist resource that just isn't there. So, unless you could bring back, whole, the entire service, whatever it might be, you would have all sorts of difficulties there.

One of the things that I would particularly look at bringing back is the whole logistic support area. I think the Department has given away its logistic support to a multitude of private sector companies, all of whom have made commitments to support the Armed Forces in times of struggle, in times of conflict, and in transition to war. I think there are some very real risks inherent in that: will those companies deliver the service levels that they promised, at the times that they promised, when there are profits to be made and there are some, in my view, fairly poor contracts controlling how that support is provided, to what timescale and to what quality?

I would also look at bringing back IT. I think our IT service is catastrophic. I have been in meetings this morning where the whole IT system has completely crashed and we have been unable to make any progress on anything. I think that's from a generation of outsourced IT, which is really coming home to roost now as we are putting more and more pressure on it.

**Chair:** Kevin?

**Kevin Brandstatter:** There are different levels of complexity around this issue. Take, for example, vehicle repair. Vehicle repair at the moment is undertaken by Babcock International. That would be a fairly seamless transfer back into the MoD, because the facilities are on MoD bases; the management, by and large, locally are ex-MoD. That would be easier to take in. We have the situation at RAF Brize Norton, where Serco run almost the whole base. I think there are going to be 200 civilian employees left, and 1,400 contractors, on site. But that's a whole base, so I don't think there would be any problem taking that back in-house.

I understand what Professor Seifert was saying earlier about catering, but that's not beyond the—I suppose it's a question of will, really. Does the MoD want to undertake its own catering? When I started work with the GMB, there was a thing called—I can't remember now what it was called,



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but servicemen and women had an amount of money deducted from their wages every month that meant that they could use the canteens for free. That was stopped. They started paying for dining, and that led to a catastrophic drop in the number of people using MoD canteens. And now it has been outsourced to Sodexo, ESS and a number of other places. It could be quite difficult to bring that back in-house, but it depends on the will of the MoD.

- Q35 **Chair:** Sorry to interrupt, but can I press you on that point? In terms of ancillary services such as cleaning and catering, is it your opinion that predominantly, the employees who deliver those kinds of service do not get included in the notion of the wider MoD or defence family? As someone who worked in the catering trade for a long time, I know that they are treated liked second-class citizens.

**Kevin Brandstatter:** If they are treated like second-class citizens, that is better than I see them treated. I must be honest, I don't like the term "ancillary" workers, because these people are vital to the MoD and the armed services. They provide everything that soldiers, sailors and airmen need at work. They feed them, they do their washing, they repair their vehicles—that is everything they do. They should be part of the MoD family, but they certainly do not feel that.

I was down at Brize Norton interviewing some members, and what surprised me was the number of ex-servicemen and women working for a private company. They felt so excluded. When Armed Forces Week came around, none of the people working for a private contractor were asked to get involved in it at all. They were ex-servicepeople. They felt quite angered about the way they were being made third-class citizens. They do not like it at all. Fundamentally, that needs to change, but the best way to do it would be to bring everything back in-house.

**Chair:** Caren, can I bring you in on that question?

**Caren Evans:** I agree with everything they have just said. We need to bring stuff back in-house so it is properly managed and resourced. We were just talking about catering; there is a good old saying that "an army marches on its stomach," but having been to some these bases and eaten some of the food that these private contractors supply, I find it very hard to believe they can march on anything, given what they are fed.

By the by, lots of services have been outsourced—that has been touched on. They could be brought back in. Recently, the Ministry of Justice took the decision to bring some of the small catering contracts back in-house. That decision is made by governors of the prison, who took it upon themselves when the contract came to an end to have it back in-house. While it would be complex, I am sure, I do not think it is unachievable.

**Chair:** Thank you.

- Q36 **Sarah Atherton:** Can I discuss your opinion on how the MoD cares and treats staff when it considers outsourcing services, in particular transfer of undertakings protection of employment regulations? Do you think that





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protects staff enough when they move across from the MoD to private companies? Let's start with Kevin.

**Kevin Brandstatter:** TUPE has very limited value now. TUPE protects people at the point of the transfer to a private company. Beyond that, any organisational change can lead to substantial changes in terms and conditions of employment. TUPE was been watered down by successive Governments and it is not up to the job. Certainly, once people are out of the MoD, the MoD appears to take no interest in them whatsoever. If we raise any questions about treatment for bullying and harassment, it is, "That is a matter for a private company. Nothing to do with us." TUPE is not up to it. It needs a fundamental change.

Q37 **Sarah Atherton:** Kevin, you mentioned it has been downgraded from when it was initially introduced. Why do you think that is? Who is responsible for that?

**Kevin Brandstatter:** The Government said they were responsible and I think they did it in order to make it easier for outsourcing to take place and effectively put money in the shareholders' pockets, because at the end of the day, a lot of the profits made by these companies go into shareholders' pockets. Serco, as an example, undertake a lot of outsourcing. Just on the basis of some of the contracts that they will get in the MoD, we are looking at a £15 million increase in its profits in the year 2021-22. That is not acceptable. That is public money being diverted out of the public sector and into the shareholders' pockets.

Q38 **Sarah Atherton:** Thank you. Caren?

**Caren Evans:** I agree with Kevin. TUPE protects them at the point of transfer. Once the staff have transferred, they normally go straight into a reorganisation or a restructure making members redundant and cutting posts. They are not particularly protected. There are issues. Last year, all three on this call had problems with one outsourced company, whereby our members were told "sign on this line or you will be made redundant". They had their terms and conditions cut, so that meant their take-home pay was cut by a lot. We raised it with the MoD and we were just told that the business of the private contractor was their business and there was nothing the MoD could do, so I agree wholeheartedly with what Kevin said. They are protected at the point of transfer, but they get very little—*[Inaudible.]*

**Sarah Atherton:** Chris?

**Chris Dando:** I think TUPE protects people a lot less than people believe TUPE protects, and that is a problem. Our evidence suggests that one of the major failings of TUPE was when a previous Government removed what was known as the two-tier workforce regulations. Those regulations meant that, as part of a transfer, bidders could not propose to introduce new staff at terms and conditions lower than those of the existing transfer staff. The companies tell us endlessly, as part of the negotiations around TUPE, that they want to have the ability to pay their own staff different rates to those of the people that they transfer over because they want the



freedom to pay them more than the staff that they take over. In reality that has never happened as far as I can see. We always see new staff being recruited at significantly lower rates of pay, significantly less annual leave, and significantly less sick leave. Then there is relentless pressure on those staff who did transfer to move across to the new rates of pay and terms and conditions or to leave, and we have seen lots of evidence where individuals and collectives who transferred across have been forced into signing settlement agreements to leave the companies so that they can recruit their own staff on their own worse terms and conditions.

MoD doesn't care. MoD does not use the treatment of staff in any way as part of an evaluation criterion before they award a contract, or as part of an evaluation of the effectiveness of that contract. MoD doesn't even look at what the bidders put in the proposals about how they are going to deliver things, what they are going to do, or who they are going to use. MoD does not look back at those and say, "You told us you were going to do this in this way, and you haven't. You told us it was going to cost this, and it hasn't. You told us you were going to deliver these outcomes." It is "fire and forget" from the MoD's perspective. They have no interest other than the commercial contractual management arrangements.

**Q39 Sarah Atherton:** Do any of you have examples of where there are two people employed—one contracted staff and one directly employed by the MoD—doing roughly comparable, similar jobs, and yet their terms and conditions are quite different? How does it make your members feel?

**Chris Dando:** We could certainly supply you offline with examples. The reality is that people feel completely undervalued if there are existing members of staff who have been forced to downgrade and take worse pay and worse terms and conditions. They feel completely undervalued, and usually that is the basis on which they will leave. If there are new members of staff, first they are grateful to have a job, and secondly, when they realise that they could have been paid an awful lot more and treated an awful lot better, that breaks their contract with that company. They feel undervalued and it causes recruitment and retention problems, so yes, it is certainly a big issue.

**Q40 Sarah Atherton:** Very quickly, are there any private companies that you can identify that are doing a better job than the MoD?

**Chris Dando:** How long have you got? No. There are some isolated examples where companies do some of the things we would like them to do and where they talk to us about how they might improve the lot of their staff, but as Caren and Kevin have said, there is a lot of evidence of companies not looking to make annual pay increases or retain terms and conditions.

We have had some real struggles over the course of the pandemic to make companies pay statutory sick pay, for example, because they have not been willing to give people more than statutory sick pay or retain people's employment and use the furlough scheme. There have been lots of shut-downs, where staff have just been told, "Well, we don't need this



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service anymore, so we'll get rid of you. If we are asked to do it again, we'll bring you back in again."

Although Government have given directions that that should not happen, nobody is enforcing that, and the MoD won't be our ally in trying to get those companies to do the right thing. They just go, "It's nothing to do with us," even though they are a part of the Government.

**Sarah Atherton:** Thank you.

Q41 **Chair:** Can I take that slightly further, Chris and the rest of you, in terms of the impact of covid? Are you telling this Sub-Committee that there are those delivering contracts on behalf of the Ministry of Defence who had the ability to utilise the furlough scheme but refused to use it and, instead of furloughing employees, chose to sack them instead?

**Chris Dando:** Yes. Some of them eventually were leant upon sufficiently by public pressure to change that position, but yes, we have evidence of companies that have gone, "Do you know what? We're just not going to do this."

Q42 **Chair:** I don't want to put pressure on you as a union representative, but would you feel able to provide the Sub-Committee with that evidence?

**Chris Dando:** Yes.

Q43 **Chair:** I think that would be welcomed by all members, given that the Chancellor originally meant everyone to be able to access the furlough scheme. It is extremely concerning, given the type of work that people do for the Ministry of Defence. Again, in terms of comparing and contrasting terms and conditions for contracted staff against their directly employed counterparts, do you have anything further to say on that? Caren, could I come to you?

**Caren Evans:** It is different; people who are directly employed by the MoD feel that they give value and that they are valued. I don't believe the people who work for the private sector that are within MoD feel any of that. I think they definitely don't feel valued. We have a two-tier workforce and it causes all the problems we have been talking about this afternoon.

Q44 **Chair:** Thank you. Kevin?

**Kevin Brandstatter:** We have a situation where a lot of full-time or part-time roles in some places have been converted to zero-hours contracts. Even if a furlough scheme was applicable to those people, because they have zero-hours contracts, they would not have been eligible for furlough. That applies particularly in catering, for example, where it is the cash that is generated that pays the wages of the people. If that disappears because the numbers of civilian staff that eat on these bases are not there, or because there are transfers of military personnel from one place to another so the demand goes down, the simplest way for the companies to keep their costs down is to have people on zero-hours contracts, so they can say, "You are on zero-hours contracts, so we have no obligation to pay you."



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Q45 **Chair:** Can I ask that question slightly differently? In the original planning for making a submission for these contracts with these companies, would you say that it was part of their planning to move people on to zero-hours contracts eventually?

**Kevin Brandstatter:** They have not said that explicitly, but it is happening. That may have been part of their plans originally, but because they consult us about the existing staff moving to their employment under TUPE, they don't consult us about what they are going to do with staff coming in. They generally put them on the national minimum wage and very short or zero-hours contracts.

**Chair:** Sarah, do you want to come back in?

Q46 **Sarah Atherton:** I think I know the answer to this question already, because I asked you how you felt your members feel, but do they feel part of the military family?

**Kevin Brandstatter:** No.

**Sarah Atherton:** And I take it their family has been encouraged to work for the same company that they are working for and they have been invited to family days? Is that not making any impact at all on the two-tier system you describe?

**Kevin Brandstatter:** No.

**Chris Dando:** No.

**Caren Evans** *indicated dissent.*

Q47 **Sarah Atherton:** Caren, you are shaking your head. What do you think the MoD can do to make contracted workers feel more included?

**Caren Evans:** Honestly, they have to care, and currently they don't. That is the bottom line. The MoD do not care about their contracted workforce.

**Chris Dando:** There is nothing in the contract that says they have to do these things. I know some companies are saying to us that the value that they add as part of this process is that they "professionalise" the staff. They offer training opportunities to the staff. They offer opportunities to feel part of a wider entity. Certainly, when we speak to our members and to the staff who carry out these activities, they do not see that happening. They do not see it as adding any value to their employment. They do not see that they are treated as part of the defence family, or as part of the site on which they work, even though a lot of them have members of their own families who are in the armed forces or who are working for the civil service. They just do not feel included at all. They feel that they are a disposable commodity, and certainly how they have been treated during the pandemic suggests that that is entirely the case.

Q48 **Sarah Atherton:** Which is a shame, when most of them are probably veterans themselves. Caren?



**Caren Evans:** I want to touch on what Chris just said about the training opportunities that the private providers supply. I and Kevin have recently been in a meeting with one of the providers, and their great plan is to offer training to all our catering members, cleaners and facilities management people, so that they can be multi-functional. But that is not for our members' benefit; that is for their benefit. The company can employ our members to do any old job they want them to do, and at minimum wage, but the staff are supposed to be eternally grateful because they have trained them to take on more work. It is ludicrous.

**Sarah Atherton:** Kevin?

**Kevin Brandstatter:** I was about to quote the same example, but Caren has done that for me. There is a culture within these companies of deskilling and generalising work. In some of the canteens where we have people, there will be front-of-house functions and rear-of-house functions, and the idea of many of the catering companies is to mix them up, so that there is no specialism. It is degrading the value and expertise that some of these people have through working within the MoD for years and years, and they feel totally devalued by it.

Q49 **Chair:** I have a final question before we come to a close, looking at how increasing the outsourcing of services may have either damaged or strengthened the links between the military and the communities that they are part of. I think I might know the answer that you are willing to give me. It is not just in terms of the social value; we consistently seem to go back to the economic impact on the communities. Has it damaged or strengthened those links in a straightforward way?

**Kevin Brandstatter:** I would certainly say it has damaged the links. Some of the pride that people used to feel about going to work within the MoD in one of these non-military roles—they have lost that pride, because they no longer see themselves as part of the MoD. They are employed by a private company, the private company does not treat them very well, and the reputation of the private company gets out into the wider community. The communities around some military bases have been very strong and quite close-knit, but that has all been destroyed by outsourcing. We have people who say, "Well, it's only a job. I don't have to take particular pride in what I do. It's just a job, and I'm just getting paid minimum wage, so why should I be bothered?"

**Chair:** Thank you. Chris?

**Chris Dando:** I would echo that. What has been really disappointing is that there isn't really any effort made to try and include people—to try and get them to think that they are working other than for Sodexo or Serco or whatever, and that they have any form of career progression, or that it is a company that they should be proud to work for or that they should advertise to their children and grandchildren that they should come and work here too. It has destroyed any sense of community from that perspective. It has also destroyed a lot of the links into communities, because the company is extracting money from those communities and it



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is not investing in developing, training, skilling people, giving people reasons to stay in those communities. If you are getting a minimum-wage job, one minimum-wage job is very much the same as another minimum-wage job down the road. There is a lot of difficulty there.

Where it might have had some impact—I am sure we may come on to this in a later session, perhaps—is in the revolving door. There is benefit for certain elements of the military going into companies through the revolving door. There is a lot of evidence of where companies have taken on people from the military to bid for activities, not because of what they know, but because of what they know around the corner. I think that is something that your Committee might want to look at in more detail later.

**Q50 Chair:** Indeed, Chris. That is a very valid point. Sadly, we don't have time at the moment, but you raise a very valid issue. Finally, Caren, can I come to you?

**Caren Evans:** I would agree with what Kevin and Chris have just said. I don't see any local value from the outsourced employees. They are on worse terms and conditions, and worse pay. If you are not getting as much pay in your pocket, you can't go and spend that in your community. The communities don't feel involved in the MoD. The members of staff don't feel involved. It is just an ever-perpetuating circle. The whole outsourcing thing is bad and is getting steadily worse.

**Chair:** Thank you for joining us today. We are very grateful that you have had time to give evidence to the Sub-Committee. We are grateful to you and to your members for the work that you do across the MoD family—we see you as the MoD family. We hope that at least in the Sub-Committee we are opening a small window into MoD contracting, to improve not only the lives of your members, but also the MoD structure. We are very grateful to you for taking part in today's session.