

Written evidence submitted by PCS

The Treatment of Contracted Staff

Introduction

1. PCS represents around 180,000 staff in the Civil Service and related agencies, bodies and contractors. Within this, we have trade union recognition for 50,000 staff in the Ministry of Defence (MOD).
2. Thousands of our members are affected by outsourcing in defence. Our members are TUPE transferred from employer to employer with consequential worsening of pay terms and conditions. There is little material benefit to tax payers to the UK Defence or to staff whether they be public or private sector.

The Effects of Outsourcing and Privatisations in the MOD

3. Contracts have been awarded to organisations that have then collapsed or have failed to deliver on the key user requirements that they were brought in to achieve. The collapse of Carillion impacted on many key contracts with the MOD, as they were key partners in a number of the facilities management contracts responsible for maintaining and supporting defence bases.

Outsourcers SERCO and Capita were brought in by MOD to provide specialist management and operational expertise in support of Defence Business Services and the Defence Infrastructure Organisation. Both arrangements were brought to an early conclusion, having failed to deliver expected transformational benefits.

4. Private security has been introduced to guard military and civilian bases and has been seriously ineffective as evidenced by the tragedy of the Deal Bombing in Kent. "In 1989 a far more deadly and tragic episode in outsourcing still failed to shift the dogmatic mind-set of the privateers. The Deal barracks bombing was an attack by the [Provisional Irish Republican Army](#) on the [Royal Marine Depot](#). It took place on 22 September 1989, when the IRA exploded a [time bomb](#) at the Royal Marines School of Music building. The building collapsed, killing 11 marines from the [Royal Marines Band Service](#) and wounding another 21." (Alternative Vision for Defence, Seifert, PCS 2021)

5. There are a finite number of ways that the privateers can benefit from Defence contracts; reduce wage costs, enforce redundancies, claim they cannot make the contract work without further funding, simply not carry out the required work to the set standard.

6. Capita failed to carry out the work it was required to do with Army recruitment; it failed, falling woefully short of recruitment targets in each year of the contract causing significant operational issues. Despite this, the contract has not been retendered and Capita will not we understand be screened out of a potential new contract covering recruitment for all the Armed Services in the UK. This is another trait of Outsourcing, to reward failure.

7. If the privateers cannot make money from a contract, they hand it back, run it down or claim that the contract was not expansive enough to succeed and then get more in the attempt to make it work next time.

8. There is a Revolving door between the MOD, Military and Defence contractors this meaning that often the very people who create an outsourced privatisation project are the ones who then profit from it. After the area for privatisation has been severed from the private sector the managers often then transfer to work for the receiving company.

Outsourcing often involves transferring out both the operational and managerial elements of an activity, leading to a loss of skills, knowledge and experience. MOD is then left without the capacity to be an intelligent customer, or to step in if the company fails to deliver.

9. Cost to the taxpayer. "Behind the mantra of private sector efficiency hides the reality that government is careless with public money, is uninterested in actual success, and will always outsource to profit-making companies whatever the efficiency and effectiveness losses. This continues and will syphon off large amounts of budget cash that could be better spent on in-house projects run by professional civil servants" (Alternative Vision for Defence, Seifert, PCS 2021)

MOD is very poor at carrying out both due diligence on potential bidders and also post project evaluations of contract awards, so does not seem to consider previous contract failings when awarding contracts nor evaluate whether bids were delivered in the way (price/time/quality) promised in tender documents.

Areas of concern for Contracted Staff

10. Outsourcers will make workers redundant when they feel that there is financial advantage in doing so and this has an effect on those who lose their jobs, particularly in areas of the UK where there is little other work and on the wider community too.

11. The outsourcers can also be relied on to hold down and cut wages, as well as terms and conditions in order to make the contracts they hold profitable. This can have a dramatic effect on workers who then have to endure low pay or feel pressurised to leave the Defence sector with consummate loss of skill.

12. Communities at large can be affected by outsourcing both in terms of redundancy and the effects of low wages. Redundancy has a very human effect on the community surrounding many military bases and the effect of low wages can mean that the economy surrounding an establishment can suffer badly especially when it has been established based on MOD staff both Military and Civilian

13. There is a detrimental effect on the organisations that lose contracts too; as Trade Unions we have to speak to managers and HR advisors that lose their jobs as

contracts are lost. We do not necessarily represent these staff yet we see the pain and anguish that the continued outsourcing process has on them.

Outsourcing is seen as a one-way door, so that at contract end date MOD simply looks to pass the contract on to another private entity. This sees many staff having been transferred multiple times, losing terms and conditions at each point of transfer.

The protections of TUPE mean that staff may have their terms and conditions protected at point of transfer, but often such 'legacy' staff come under pressure to move onto the new company's terms and conditions – particularly if they want a career in that entity. Since the removal of the 'two-tier' regulations, companies have been able to offer new staff different T&Cs to transferred staff (almost always worse) and so there is a financial advantage to move on such legacy staff as soon as possible. Given those legacy staff often hold the corporate knowledge of the activity undertaken, this is potentially damaging to the viability of the service provided to MOD.

14. “The PCS union along with other trade unions and interested parties will point to the lack of controls, poor service delivery, no remedies, and cherry picking as reasons against further outsourcing and arguments for reversing those contracts already outsourced.” (Alternative Vision for Defence, Seifert, PCS 2021)

- PCS has long argued that privatisation of any services are wrong.
- Outsourcing has a detrimental effect for the tax payer, individuals and communities.
- Outsourcing does not provide best value, if it reduces cost, it will also reduce quality of service
- Outsourcing has the effect of constantly changing the parameters of the industrial relationship between government departments, contractors and employees.
- Outsourcing has the effects service standards, reducing them to fit contractor's ability and cost schedules
- Outsourcing also has effects on organisations removing whole limbs or atomising staff, it does not build resilience and can destroy relationships that have taken decades to establish, it is transient and not sustainable

We welcome the opportunity to submit evidence to the Defence Select Committee, we acknowledge the significant work which has been carried out by your members in supporting defence in the UK and we would like to further support our submission by giving oral evidence to members of the committee in the near future.

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