

Written evidence submitted by Unite

Defence Select Committee

Sub-committee inquiry: 'The Treatment of Contracted Staff for the MoD's Ancillary Services'

This submission is made by *Unite the Union*, Britain and Ireland's largest trade union with over 1.3 million members across all sectors of the economy. Unite represents the interests of tens of thousands of members working in the UK's defence sector, including in a range of ancillary services for the Ministry of Defence.

Headline concerns

1. The impact of outsourcing on the pay, terms and conditions of staff employed by private contractors over the medium term. Typically, outsourcing threatens existing collective bargaining arrangements and risks creating a two-tier workforce as new entrants are hired on inferior contracts in comparison to those TUPEd over. Pay disparities have also arisen as employers have introduced different terms across particular sites/contract. This can have a detrimental impact on industrial relations, as workers seek to resist a "race to the bottom" in standards.
2. Operational impacts:
 - 2.1. Often supposed "efficiencies" delivered by the private sector are illusory. In reality, private providers seek to prioritise profit margins by making cuts to the previous levels of service/cover provided. This can have the effect of storing up future costs which must be born elsewhere, including by the taxpayer.
 - 2.2. The fragmentation of provision frequently generated in the tendering process can lead to operational inefficiencies and lack of coordination as multiple interfaces increase difficulties in ensuring efficient and effective operational delivery.
3. In this submission we offer a number of brief case studies which highlight how some of these challenges have materialised in practice.
4. **Fire service cuts by Capita**
 - 4.1. Within the fire sector, outsourcing happened across the country, at around 30 MoD Civilian stations, plus some control centres, together with vehicles, equipment and training at around 20 Military RAF manned fire stations. Capita are engaged on risk assessments to establish if adjustments in manning levels and vehicle requirements need to be altered. At the vast majority of stations so far reductions have obviously been the outcomes and we have lost or are about to lose about 100 members. The likelihood is another 100 - 200 will go over the next 12 - 18 months. With the reduction in staff safety has been effected, as the response capability is diminished. Capita say they have new tech and vehicles, with new training facilities. Nevertheless, it is obvious with less staff the capability is reduced and the reliance on local fire services are increased, when they are being cut themselves!
 - 4.2. Capita have produced their own pay rates and terms for promotions, which are reduced from our MoD terms. Obviously this is disappointing and also does not

incentives our members to apply for promotions. The impact also reduces pension benefit, as some elements of pensionable pay have been removed.

- 4.3. It is believed that Capita have been paid additional monies on top of the agreed contract price, in excess of 40 million, with others monies being requested. Elements required were missed in the contract, such as fire extinguisher maintenance & servicing. Inadequate medical standards and fitness equipment have also cost the tax payer more. All buildings and infrastructure on the MoD estate are provided free of charge. New fire fighting vehicles are provided on top of this, at around £60-80M
- 4.4. Capita have a share gain policy agreed with the MoD; where a saving is achieved by Capita, that is shared 47.5% each, with 5% going back in to the system. When risk assessments are done, the MoD Fire Authority (Defence Fire Rescue) engage with the duty risk holder on each station who ultimately agrees any reduction in capability. Capita carry out the exercises to establish the requirement for each station. Once completed, DFR return to the duty holder to agree the adjustments. In this process there is no independence and the trade unions are not permitted to take part, once the partial exercises are completed. Even then, the input is minimal. This process is deeply flawed and very worrying, as it incentives Capita and MoD to reduce capability, for a share gain rather than to base plans around public safety.
- 4.5. For instance, Unite members working for Capita at HMNB Clyde Coulport and Faslane are highly critical of the decision by management to move forward with cuts to fire crews alongside the lack of promised new fire vehicles and updated equipment as 'an accident waiting to happen'.
- 4.6. Capita management reduced the specialist fire safety crew by eight positions which represents a cut of 15% at the nation's nuclear naval bases on the Clyde. Capita won the contract in 2020 for fire response services from the Ministry of Defence. Unite understands Capita are set to seek local authority support from nearby fire stations in an effort to 'back fill' the specialist safety response despite these fire crews lacking the specialist training required at the naval bases.
- 4.7. Unite believes the cuts seriously impair the abilities of the onsite fire crews to do their jobs properly, particularly in relation to incidents that would involve wearing breathing apparatus. Capita in response to repeated concerns raised by Unite have stated that they intend to mitigate any safety risks due to the cuts through an 'investment in new technology to reduce fire risk'. Unite can confirm that both naval base stations have not received any new fire vehicles, nor has Capita revealed the details of the promised new technology and new training ahead of the job cuts despite repeated attempts by Unite for clarity.
- 4.8. In addition, due to breathing apparatus procedures, crews with only five staff would be unable to commit wearers at certain incidents without back up from the Scottish Fire and Rescue Service (SFRS) who normally provide incident assistance at the nuclear naval bases. Unite understands that this 'back-up' service would be difficult to deliver due to SFRS's current policy regarding radiation incidents and incidents on board submarines, which means that their staff who attend these incidents would be unable to deliver the same firefighting and rescue actions that the current onsite specialist firefighters are trained to deliver.
- 4.9. Onsite fire crews sign-up to accept emergency exposures and are fully trained to carry out interventions to save life, and to prevent catastrophic conditions at incidents involving radiation. However, this is not the case for SFRS staff who are not trained to the same levels as the Clyde naval bases onsite crews.

- 4.10. Unite feels that Capita's cuts are an accident waiting to happen make no mistake about that and it is not scaremongering on our part. This private company is effectively jeopardising the safety response capabilities at the Clyde's nuclear naval bases as part of a cost saving exercise. We really have to ask ourselves whether this country is content to leave the nation's fire response capabilities to a company whose priority is making money through cuts which compromises safety. This is not about the initial attack team dealing with small fires as Capita are claiming but the overall safety on the Clyde not only for the workers but local communities.
- 4.11. Unite's members on the Clyde have voiced their despair over the job cuts through a consultative ballot and now intend to move forward with an industrial action ballot.

5. Fighter Jet training/Babcock

- 5.1. Fighter jet training flights at RAF Leeming in North Yorkshire were grounded during industrial action by civilian Babcock workers at the airbase earlier this year, over an annual £5,000 shift pay disparity.
- 5.2. Around 40 Babcock Aerospace staff, who provide operational and engineering services for aircraft at RAF Leeming, including the Hawk trainer aircraft, were given no choice other than to take industrial action in an effort to tackle the disparity.
- 5.3. The Unite members took strike action in favour of strike action after being refused shift pay.

6. Soft FM ESS/Compass

- 6.1. Soft facilities (including Catering & Cleaning) at MoD St Athan were outsourced as part of Project Hestia in January 2018 to Compass/ESS who have the contract for Wales & West Midlands. Unite believes that there has generally been a reduction in the quality and standard of work, as cleaning of the Sergeants & Officers Mess accommodation has declined because the frequency of cleaning the accommodation has been cutback; and moving to a pay to dine system has seen a reduction of military personnel using the dining facilities.
- 6.2. The impact on jobs, pay, terms and conditions and bargaining arrangements has seen not only redundancies but worse terms and conditions imposed on members under threat of being terminated for not accepting the new T&C's. All requests for a pay rise has been turned down with Compass/ESS boasting that they pay the national minimum wage. The company also refused to initially consult with the trade unions over the introduction of the new T&C's and had to be dragged kicking and screaming to the negotiating table because they did not recognise the existing TU recognition arrangements that Civil servants enjoy even though staff were informed by the MoD that existing arrangements would transfer.
- 6.3. Members have had their hours of work cut and are also only paid for 50 weeks of the year with the company giving them 2 weeks unpaid leave in return. Compass/ESS initially suggested who would not sign the new T&C's with statutory redundancy terms and Unite had to fight to get them transferred under Civil Service T&C's and they were entitled to redundancy as calculated by the Civil Service Compensation Scheme, and that took several attempts as they were constantly getting the redundancy figures wrong.

7 Maintenance at HMNB Clyde

- 7.1 ESS/Compass has now also been awarded the contract for soft facilities management at HMNB Clyde, following the tendering exercise as part of the Future Maritime Support Programme (FMSP).
- 7.2 Babcock had previously won the bid in 2002 to deliver as a whole site single contract under the Warship Support Modernisation Initiative (WSMI) contract followed, by the Maritime Support Delivery Framework contract. In 2021 the MSDF ceased and the new FMSP contract tender outcome was announced whereby Babcock lost the Soft FM element of their scope of work. This was won by Compass group trading as ESS who will outsource elements of their lot to two subcontractors Mitie and Ground Control Ltd. Prior to this Babcock in 2017 had outsourced the cleaning and housekeeping element of the work to ISS Facilities Management.
- 7.3 The winning bidder of the FMSP contracts was one of only 2 that remained in the competition, as others had withdrawn recognising that FMSP presented them with serious concerns over profitability, reputational and financial damage. They removed themselves from the process as they foresaw difficulties in delivering under the financial and contractual constraints.
- 7.4 Since the original outsourcing of maintenance operations at HMNB Clyde, the quality of services is believed to have deteriorated, with limitations on access to buildings/vessels/infrastructure since this is controlled by the Royal Navy and Ministry of Defence. Despite seeking a programme that wants to deliver to an ageing fleet, staff are often hamstrung by access difficulties and delays. The constant failure to invest by the customer has led to antiquated systems and ageing infrastructure. This leads to an imbalance of planned work to reactive work. Ideally Unite believes there should be a ratio of either 80:20 or 70:30 in favour of planned work in relation to reactive maintenance work. However, due to all these constraints and lack of investment to ageing fleet and infrastructure mean staff are operating at a circa 50:50 ratio.
- 7.5 Unite is keen to ensure the retention of a single bargaining unit to protect pay, terms and conditions of the staff – which will otherwise be threatened.
- 7.6 The further fragmentation of the contracts raises additional logistical and operational concerns.

Unite National Officer for the sector Caren Evans has agreed to give oral evidence to the Inquiry, and we will endeavour to provide further information on any specific issues where the sub-Committee is seeking further information.

27 June 2021