

# PROCURFAIR Snapshot the UK

**Promoting Decent Work Through Public Procurement in  
Cleaning & Private Security Services**

## More info

Please consult and cite the full report:

[www.uni-europa.org/procurfair](http://www.uni-europa.org/procurfair)

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## Key insights from this Overview Report

- Brexit has caused uncertainty about how the regulation of procurement will develop in future
- Procurement has been complicated by a partial trend towards insourcing by some public bodies
- Voluntary agreements on wages and conditions, such as Living Wage Foundation accreditation and local employment charters have become increasingly common
- Unions are broadly supportive of these developments but expressed some concerns that they may undermine collective bargaining
- Devolved governments have used their powers to improve working conditions

## **The cleaning and security sectors in the UK**

Pay is low in both sectors and close to the statutory minimum wage. The cleaning industry is large and growing, but union representation and collective bargaining is low. Cost-focused and short-termist procurement practices contribute to poor working conditions. The security sector is smaller but still significant. Recruitment and retention are a major issue in the sector due to low pay, complex licensing requirements and unsociable hours. Union membership density and collective bargaining are slightly above the national average. Private employment, including outsourcing, dominates both sectors.

## Policy and legislative developments

There have been considerable changes to public procurement in the UK over the past decade. This falls into three main strands. The first is Brexit, where there is uncertainty over how much existing procurement regulation will be retained. Another strand is the effort to use procurement regulation to drive up labour standards, beginning with the 2013 Social Value Act, though this has been somewhat overshadowed by growing efforts to bring local public services back in house. The third strand is reform of procurement rules by Scottish and Welsh devolved administrations and some English regional authorities, which have sought to strengthen labour protections.

## **The role of unions and/or employers**

Aside from changes to procurement rules, another development has been voluntary employment charters at regional and city level. The Living Wage Foundation is a campaign organisation that builds support for higher 'living wage' (as opposed to lower statutory minimum wage) accreditation of employers. Some trade union representatives interviewed welcomed these developments and saw potential for greater union involvement in policy development. Others were concerned that charters and LWF accreditation undermined the role of collective bargaining in setting pay and conditions.

## **Obstacles in developing socially responsible public procurement**

The procurement process is frequently decoupled from contract management, which means contracts aren't always thoroughly monitored and enforced. Inflation, public sector austerity and spending cuts, and regulatory uncertainty have also hindered efforts to improve pay and conditions.

### **Local insight**

Senior government figures initially called for far-reaching deregulation of procurement after Brexit but this has been derailed by political turmoil and procurement scandals during the Covid pandemic.



## **Case Study One: “Arm’s Length” Cleaning, Northern England**

This arrangement, at an anonymised urban municipal council in northern England, is an example of “arm’s length” service management, which is common among local authorities in the UK. Many of this council’s services were outsourced from the 1990s onwards, initially to outside private providers, but then the council decided to set up a subsidiary company to run cleaning services on its behalf. Local unions generally prefer services to be brought in house but have not campaigned for cleaning to be brought back in house because its staff are employed on the same terms and conditions as council employees, and union officials based at the council are allowed to recruit among the subsidiary’s workforce. However, due to further fragmentation and privatisation of UK public services some local public buildings are no longer under the council’s direct control and hire external private cleaning providers.

## **Case Study Two: “Arm’s Length” Security, Northern England**

The council in northern England uses a similar “arm’s length” arrangement for security services, with manned security guards contracted in via a local private security company based in a neighbouring district. This more local provider won a contract to replace a previous, more complicated set of arrangements involving a large multinational outsourcing company for the provision of security guards. The council currently divides the contract into two portions, one covering CCTV monitoring for the district and the other covering manned security functions. Some manned security guard functions have been brought back in-house but the council has been reluctant to extend this because of the complexities around licensing security guards, liability issues, health and safety, working time norms and other characteristics of the job. The council is unwilling to take on these complex responsibilities directly due to lack of capacity and resources. Under the current arrangement, the private security provider pays its staff Living Wage rates, with a subsidy from the council.

## **Case Study Three: City Council, Scotland**

In the 2000s, many services in this Scottish city council were transferred to “arm’s length” providers similar to those described above. More recently the council has sought to bring services back in house, in part due to a long-running dispute over equal pay after litigation brought by employees and unions. The dispute related to female-dominated jobs including cleaning. A political party committed to insourcing and equal pay won control of the council but after slow progress towards these goals workers organised a large-scale strike. Thousands of workers have now been brought back in house, high levels of compensation have been paid out to workers who suffered unequal pay under outsourcing, and there is stronger union-management dialogue and greater union representation of women workers.

## **Case Study Four: Devolved Government, Wales**

The Welsh devolved government has some independent powers over procurement and has recently sought to use them in innovative ways. This began with the 2015 Wellbeing of Future Generations (Wales) Act, which includes a commitment to fair pay and equal pay conditions in public procurement. Further legislation gives unions a stronger, more formalised role in consultations over public procurement decisions. Local municipal authorities in Wales have also sought to use their procurement powers to achieve social goals, for example by choosing to focus spending on local businesses to support employment and regeneration. While these developments were viewed positively in general by our research participants, they acknowledged that challenges remained, largely in relation to cost considerations which still dominate discussions around procurement.