



**THE GENDER
IMPACT OF
CCT IN LOCAL
GOVERNMENT:
SUMMARY
REPORT**

SUMMARY REPORT

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Government**

This report presents a summary of a research study carried out for the Equal Opportunities Commission (EOC) by Karen Escott and Dexter Whitfield of the Centre for Public Services (CPS). This summary has been prepared by David Perfect of the EOC's Research Unit. It describes the background to the research and the methodology adopted and presents the main findings of the research. It also puts forward a series of

EOC policy recommendations for local authorities, employers, trade unions and government. The **FULL REPORT** is available at a cost of £19.95 as part of the EOC's Research Discussion Series from:

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CONTEXT

The research was carried out in 39 case study local authorities in England, Scotland and Wales between September 1993 and March 1994. It examined the gender impact of Compulsory Competitive Tendering (CCT) and market testing on employment and pay in local authorities.

Local authority employment has undergone significant change in recent years. Manual jobs in local government in Britain declined by 16 per cent between March 1989 and March 1993. This decline in employment was brought about by a variety of factors, including developments in local government financing and technological change. This period also coincided with the extension of CCT to manual services. The research was designed to assess whether the extension of CCT to these services had a differential impact upon the terms and conditions of male and female employees. Above all, the research would examine whether changes had impacted differentially upon women and men.

The four CCT services studied were building cleaning and education catering, which have predominantly female workforces; refuse collection, which has a predominantly male workforce, and sports and leisure management, which employs men and women in similar numbers. It also examined the impact on women and men of market testing in community care, which has a predominantly female workforce. Finally, the research considered the possible effects on female employment of the extension of CCT to white collar and professional services.

More than 190 in depth interviews were carried out with key personnel in the case study authorities and detailed questionnaires were completed by managers of CCT services and community care. Discussion groups involving women workers and their trade union representatives were held in 15 authorities. In addition, interviews were held with four out of the nine private contractors which were awarded contracts in the case study authorities.

SOME KEY RESEARCH FINDINGS

A number of the key research findings from the case study authorities are summarised here. These findings focus on the differential impact on women and men of changes in terms and conditions of service and employment, as well as the policies and practices of local authorities and private contractors.

■ The research shows that the extension of CCT to manual services has had a differential impact on women and men.

■ The average hours worked in building cleaning declined by 25 per cent and in education catering by 16 per cent in the case study authorities. These are predominantly female services. Contractual hours remained the same in the predominantly male refuse collection, but actual hours worked by full-time employees in this service increased.

■ Female part-time employees were most affected by the decline in hours in catering and cleaning. Consequently, women were more frequently excluded from employment protection and were more often involved in multiple jobholding. Multiple jobholders may work for two or three hours on two or three separate contracts to increase their total earnings.

■ The decline in hours also meant that a greater number of women had weekly earnings below the National Insurance Lower Earnings Limit (LEL). These women were excluded from the contributory state benefit system. It is clear from the research evidence that some DSOs and private contractors, particularly in cleaning and catering, have avoided paying National Insurance contributions.

■ Most managers in the Direct Service Organisations (DSOs) surveyed were unable to provide accurate information on the extent of multiple jobs. They were often unaware that women had more than one job with their authority and therefore did not implement procedures to combine these multiple jobs for payroll purposes and hence National Insurance contributions. Some managers were aware about the extent of multiple jobs, but could not or would not implement such a procedure.

■ In addition to changing terms and conditions, total female employment fell by 22 per cent and male employment by 12 per cent in the case study authorities in the four CCT services surveyed during the first round of tendering. Employment fell by 13 per cent in community care which has a predominantly female workforce. Overall, part-time employment (which is predominantly female) in the case study authorities in the CCT services fell by 22 per cent and full-time employment by 12 per cent.

■ Pay levels in the predominantly male refuse collection service increased during the first round of tendering. In contrast, pay rates did not increase in any of the case studies in the predominantly female catering and cleaning services and in some cases declined, particularly for part-time workers.

■ Most case study authorities reported an increase in their use of temporary workers. Most of the temporary workers in the services affected by CCT and in community care were female. The case study authorities employed nearly 200 temporary workers on average in both catering and cleaning.

Temporary workers made up 16 per cent (on average) of the workforce in these services. In contrast, the number of temporary workers employed in the predominantly male refuse collection service was very small.

■ Temporary workers in the case study authorities had fewer employment rights, including holidays and sick pay, than permanent workers. These were also only accrued after they had worked for the DSO for more than a certain period (usually 12 months).

■ A two-tier workforce has become prevalent within local authorities, driven by a combination of economic pressures and CCT. Existing differences between permanent and casual work, between full-time and part-time jobs and between male and female employment have been accentuated.

■ The survey indicated that pay rates in case study DSOs were generally better than in the small number of case study private contractor firms. Where DSOs had won contracts, existing rates determined by the National Joint Council (NJC) for local authorities had been maintained in 84 per cent of cases and a local rate had been introduced in 16 per cent of cases. All nine private contractors in the case studies paid lower wage rates than the NJC rate.

■ All case study authorities had some form of equal opportunities policy, but the level of detail of these policies and their application varied considerably between local authorities. Equal opportunities officers and units were not generally involved in CCT tendering and appeared to have very little understanding of the CCT process.

■ All four of the private contractors interviewed had equal opportunities policies or statements, but evidence of their application was limited.

■ Systematic and comprehensive gender monitoring of changes in employment and terms and conditions in DSOs in the case study authorities was rare and none of the private contractors interviewed carried out this monitoring role. Only 60 per cent of local authorities had records of the ethnic composition of their workforce.

Figures 1-3 provide summary data on employment change during the first round of tendering in the CCT services in the case study authorities.

Figure 1 shows employment levels in the pre- and post-contract periods and the associated percentage employment change. Figure 2 shows actual employment change for full-time and part-time work during the first round of tendering and their respective shares of the percentage change. This is for the same 71 contracts covered in Figure 1. Figure 3 shows actual employment change for women and men during the first round of tendering and their respective shares of the percentage change. This is for 56 contracts, since a smaller number of authorities were able to supply gender-based data.

...SOME KEY RESEARCH FINDINGS

Figure 1 Employment levels pre-and post-contract

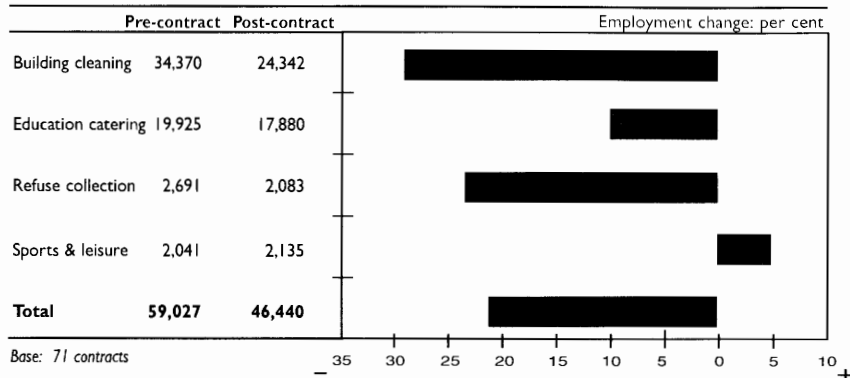


Figure 2 Employment change during the first round of tendering by full-time and part-time work

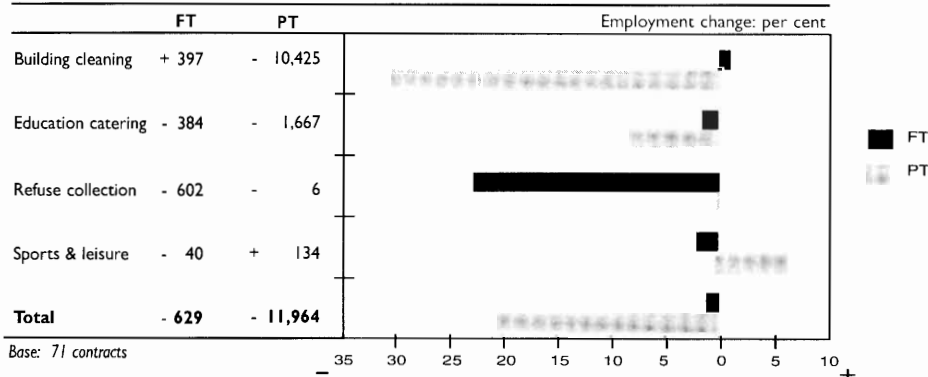
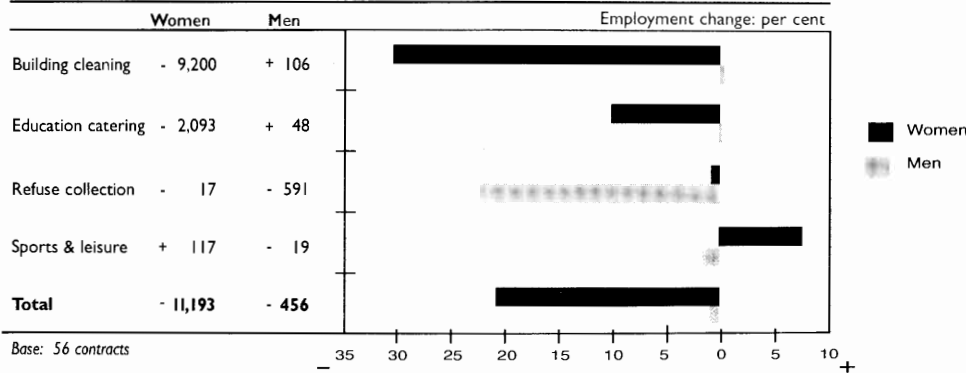


Figure 3 Employment change during the first round of tendering by gender



INTRODUCTION

This research report is part of the programme of work into women and low pay which has been identified by the Equal Opportunities Commission as a key policy area. The programme aims to examine the incidence of low pay, particularly amongst certain groups of women such as black and ethnic minority or disabled women, its effects on jobs and productivity, and the consequences for women's economic independence. Other EOC research in this programme includes **Women and Low Pay: Identifying the Issues** by Shirley Dex (which was published in November 1994) and two studies currently in progress which examine the impact of labour market deregulation on women's employment and pay in the private sector. These studies, which are due for completion in 1995, are being carried out by Dex and by Industrial Relations Services.

Local government was selected as the focus for this research study because it is a large employer of women in a range of occupations and there was evidence that in recent years, employment in this sector had experienced considerable change. Data from the Local Authority Staffing Watch (a quarterly survey based on returns from all local authorities in England, Scotland and Wales) indicate that between March 1989 and March 1993, there was a net decline in employment in local government of 138,000 (or 5 per cent). Job losses affected both full-time and part-time manual workers. The decline in employment was concentrated in manual occupations during this period. The services particularly affected included transport, construction, refuse collection, education and social services. In contrast, during the same period, non-manual employment in local government increased overall by 2.5 per cent.

A number of related factors are likely to have influenced these employment changes in local authorities in this period. Restructuring and changes in local government during this period were affected by strict Government conditions on financial expenditure. New government policies for particular services, such as Local Management of Schools, had been introduced. Technological changes had occurred, such as the introduction of wheeled bins in refuse collection and cook chill in catering, and the wider use of information technology in service delivery. At the same time, Compulsory Competitive Tendering (CCT) and market testing in local authorities were greatly expanded after 1988 in a number of important services.

The impact of CCT was examined specifically in local government because:

- CCT had occurred over a relatively recent period of time (mainly since 1988), which made data collection for the purposes of 'before and after' comparisons possible;
- there had been specific legislation, which set out the nature, timescale and services that had to be covered by the tendering process, thereby facilitating the examination of particular services;
- the EOC had made representations to Government concerning the legislation prior to its enactment;
- it would be possible to consider the important area of community care, where large numbers of women are employed, and where little was known about the impact of tendering on terms and conditions of service;

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■ the implications of extending competitive tendering to 'white collar services' could be explored while the preparations for CCT were being undertaken.

At the outset, however, it should be emphasised that this research was specifically focused on one important aspect of CCT, namely its impact on women's employment and pay in local government. *It did not seek to be, within the limited resources available and given the EOC's statutory remit, a comprehensive appraisal of the impact of CCT more broadly upon the delivery of services by local government. It also did not seek to be an assessment of the impact of CCT on local government finance or of the constraints imposed on contractors.*

CCT AND COMMUNITY CARE IN CONTEXT

The legislative framework

Compulsory Competitive Tendering was first introduced by the Local Government Planning and Land Act 1980 which required local authorities to tender an increasing proportion of building repair, maintenance, highways and sewage work. The Local Government Act 1988 extended CCT to six other manual services (building cleaning, refuse collection, street cleansing, catering, grounds maintenance and vehicle maintenance). During 1987, when the Bill was going through Parliament, the EOC made representations to Government concerning the Local Government Act (see p. 24). In each of these services, CCT came into effect in August 1989. The 1988 Act was extended to cover sports and leisure management (with effect from January 1991). The length of contracts (which was laid down by statute) varied between services, but was for a minimum of four years except in building cleaning (three years) and refuse collection (five years). At the time of the fieldwork in 1993-94, retendering of contracts for the second round, or the preparation for it, was underway in at least one service in most case study authorities.

The Local Government Act 1992 extended CCT to white collar services such as housing management, legal, financial, computing, personnel and construction related services as well as to further manual services including security and car parking. The process of introducing CCT to these services is currently underway, which makes this research timely.

The National Health Service and Community Care Act 1990 gave local authorities primary responsibility for care in the community, but also sought to change their role from 'providers' of care to 'enabling agencies'. This

meant that the role of social services departments would be to assess need, plan services, promote consumer choice and provide funding among a range of public, private and voluntary organisations. The introduction of 'community care' was deferred until April 1993, but in the run up to the legislation many local authorities made major changes to the organisation of care services. These changes included the introduction of 'market testing' or competitive tendering.

Transfer of Undertakings (Protection of Employment) Regulations

The European Commission's Acquired Rights Directive 77/187 protects the rights of employees in the event of a relevant transfer of an undertaking to a new employer. This was put into effect in Britain through the Transfer of Undertakings (Protection of Employment) Regulations (TUPE) of 1981. There had been extensive debate and confusion about the extent to which TUPE could be applied in contracting out in local government tendering. It was also thought likely that TUPE would have important implications in the retendering of manual services and the extension to white collar services.

Under TUPE, all employed workers and all contracts of employment and employment relationships automatically transfer to the new employer at the date of transfer. TUPE covers:

■ **Jobs:** All those employed at the time of transfer must be employed by the new contractor.

■ **Pay and conditions:** Existing terms and conditions (including holiday and sick leave) must remain the same including date of

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payment and the composition of wages or salaries.

■ *Pensions:* Pensions are not transferable but the new employer must make alternative arrangements which provide broadly comparable benefits to those of the authority.

■ *Length of service:* Time spent with the authority counts towards length of service with the new employer. A transfer does not affect continuity of service.

■ *Unfair dismissal:* Except on grounds of 'an economic, technical or organisational reason entailing changes in the workforce'.

■ *Trade union recognition and negotiating arrangements:* All existing arrangements transfer to the new employer.

■ *Collective agreements:* All agreements, including grievance and disciplinary procedures, transfer to the new employer.

RESEARCH OBJECTIVES AND METHODOLOGY

OBJECTIVES

This research study investigated the extent of the impact of CCT on women's employment and pay, relative to men, in building cleaning, education catering, refuse collection and sports and leisure management and the effect of the community care legislation in residential care and home help services. Building cleaning and education catering were selected for consideration because they are staffed almost entirely by women; refuse collection was chosen because it has a virtually all male workforce and sports and leisure management because it has traditionally employed an approximately equal number of women and men. As noted earlier, community care has a largely female workforce.

The main objectives of the research were:

■ to highlight whether the impact of CCT has been different for women and men;

■ to identify any changes which CCT has had on the terms and conditions of employment and pay of women and men;

■ to examine the impact on women and men of market testing in community care;

■ to identify the possible effect on women of the extension of CCT to white collar and professional services;

■ to identify whether the application of TUPE regulations in contracting out in local government has had a differential impact on women and men.

METHODOLOGY

In order to provide as complete a picture as possible of the impact of CCT and community care legislation, a number of methodological approaches were adopted for the research. First, more than 190 in depth interviews were carried out with a range of key personnel in 39 case study local authorities between September 1993 and March 1994. Directors and senior managers of Direct Service Organisations (DSOs) comprised half of the interviewees; the remainder were Chief Officers, equal opportunities officers, CCT coordinators, client officers and local trade union officers. Four private contractors in building cleaning, refuse collection and sports and leisure management were also interviewed. These were drawn from the nine private contractors which were awarded contracts in the case study authorities during the first round of tendering. These contractors included some of the largest private sector companies operating in the four CCT services. Second, a detailed questionnaire was prepared for each of the four CCT services (part of which related to each specific service) and a separate questionnaire for community care. This was completed by managers in each of the authorities. Third, a series of discussion groups involving women workers from the five services and their trade union representatives were carried out in 15 case study authorities. Fourth, an analysis of the local labour market and economy was conducted in eight authorities. Finally, local government databases on CCT and community care, as well as published surveys and reports, were analysed to help provide the national context for the case study research.

Selection of the case studies

A total of 39 local authorities were included

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in the research. They had a total population of 14 million (25 per cent of the population of Britain). The case study authorities were drawn from all five types of local authority: county councils (which cover England and Wales only); regional councils (the equivalent to county councils in Scotland); metropolitan district councils (in England only); London boroughs and district councils. Some types of authority do not have responsibility for all the services studied. Building cleaning is covered by all types; education catering and community care by all types except district councils; refuse collection and sports and leisure management by metropolitan district councils, London boroughs and district councils only. Building cleaning was examined in 34 authorities; refuse collection in 26 authorities; sports and leisure management in 25 authorities; education catering in 21 authorities and community care in 17 authorities.

The local authorities employed a total of 59,000 employees in the 'pre-contract' period in the four CCT services. Employment data were only available for 1988 for 8 out of 17 community care case study authorities; these eight authorities employed a total of 19,000 employees.

The *achieved sample* of 39 case study authorities was drawn from an *initial sample* of 63 local authorities. In order to ensure representation of the main urban areas (which have responsibility for all the services studied), the largest city in eight major metropolitan areas, together with the largest city in Scotland and Wales, was pre-selected. Eight London boroughs were also selected. In order to achieve representation of both inner and outer London boroughs in the initial sample, four (out of twelve) inner London and four (out of twenty) outer London boroughs were

randomly selected. The remaining authorities in the initial sample were randomly selected within each type of authority from the computerised database of all local authorities in Britain which the Centre for Public Services maintains.

In order to ensure adequate coverage of Wales and Scotland in the *achieved sample*, separate samples were used for the three constituent parts of Britain. The achieved sample contained 29 authorities in England; six in Scotland and four in Wales. This meant that Scotland and Wales were over-represented in comparison to their national populations.

The *initial sample* was also checked to ensure that it contained:

- some authorities in urban areas, other authorities in inner city areas and others in rural areas;
- authorities of differing types and size;
- some authorities which had awarded contracts to DSOs and others which had awarded contracts to private contractors;
- some authorities which had transferred residential care to trusts or the private sector, others which had retained services in-house;
- some authorities with a high black and ethnic minority population;
- some authorities which, at the time of the fieldwork, were Labour-controlled, others which were Conservative-controlled or Liberal Democrat controlled or had no overall control.

The *achieved sample* contained seven county councils, three regional councils, 11

metropolitan district councils, four London boroughs (two inner and two outer London) and 14 district councils. The process followed above meant all types of authority, except district councils, were over-represented compared to their share of local authorities nationally and district councils were under-represented. Yorkshire and Humberside and the North were over-represented compared to their share of the population of Britain and the South West and the South East, excluding Greater London, were under-represented. This was a reflection both of the types of local authorities in these regions and of the response rate of the authorities in the initial sample. The South West and South East contain no metropolitan district councils and a high proportion of district councils; moreover, a higher proportion of local authorities in these regions in the initial sample either declined to participate or failed to respond to requests to take part in the study. In contrast, Yorkshire and Humberside and the North have a high proportion of metropolitan district councils and the response rate in these regions was high.

Discussion groups and local labour market research

The discussion groups were arranged by trade union officials and most involved between five and ten workers (who were union members). The selection was based on geographic spread, a range of different types of authorities and the co-operation of local union officials. One was based entirely on staff from a private contractor (in education catering) and the others were all with staff working for DSOs. Their purpose was to examine the impact of CCT on the employment, service conditions and working lives of women and ethnic minorities,

both where the service had been retained in-house and where it had been contracted out. The local employment information derived from eight case study authorities was used as background material for the five services and to analyse the public costs of CCT.

Databases and published surveys / reports

Databases administered by the Local Government Management Board, the Institute of Public Finance and the Public Services Privatisation Research Unit (PSPRU) were analysed to provide a national overview of CCT contract awards. The databases provide up to date information of CCT contract awards by local authority and by service. However, they have very limited information available on employment levels, pay and conditions of service. The PSPRU database also provides information on community care. This concerns the pay and conditions of service in the independent sector and the care policies of local authorities, health authorities and health boards.

Published sources for the research included the national local authority staffing data published by the Joint Staffing Watch Group; research reports on CCT commissioned by the Department of Environment; national and local studies on CCT carried out by the Centre for Public Services and other organisations; and an analysis by the PSPRU of pay and conditions in private residential homes.

Quality of the information on community care

The quality of information which was available for community care was not as high as for the four CCT services. Legislation was introduced later than the CCT legislation and local authorities were not tied to a specific

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timetable, hence implementation proceeded at a different pace in different authorities. Finally, authorities were unable to provide the detailed employment data for community care which were offered for the CCT services. In addition, information on employment in community care was only available from one of the national databases.



MAIN RESEARCH FINDINGS

EMPLOYMENT CHANGE

It is possible from data supplied by the case study authorities to estimate the extent of employment change in the four services affected by CCT during the first round of tendering. Case study authorities were asked to supply information on employment in these services for the time immediately before the awarding of the contract in the particular service (the 'pre-contract' period) and the time immediately after the tendering process had been completed (the 'post-contract' period). Depending upon when a particular contract was established, the 'pre-contract' date was 1988 or 1989 for all services and the 'post-contract' date between 1989 and 1993. Since community care was not subject to the CCT timetable, case study authorities were asked to supply data on employment in 1988 and 1993.

During the first round of tendering, total employment declined overall by approximately 12,500 (21 per cent) in the four CCT services in the case study authorities. This information was based on 71 contracts. This compared to a fall in employment of 177,000 (16 per cent) in overall manual employment in all local authorities in Britain between March 1989 and March 1993. The extent (and direction) of employment change in the four services varied considerably. Employment declined by 29 per cent on average in building cleaning, by 23 per cent in refuse collection and by 10 per cent in education catering. These figures were based on data obtained from 20, 21, and 11 case study authorities respectively. However, there was a net increase in employment of 5 per cent in sports and leisure management. This information was based on data from 16 authorities, four of which had opened large

new leisure facilities. The average decline in employment in community care between 1988 and 1993 was 13 per cent; this was based on data from 8 case studies.

In the four CCT services, female employment fell by 22 per cent and male employment by 12 per cent. This information was based on 56 contracts, since not all authorities were able to provide the required data by gender. Women accounted for 93 per cent of 'pre-contract' employment in these four services and for 96 per cent of the net job loss during the first round. In two services, building cleaning and education catering, male employment increased during this period (albeit from a low base), whereas female employment fell by 31 and 11 per cent respectively. A lack of comparable information means that it is not possible to examine changes in employment by gender for community care.

Most managers interviewed in the case study authorities stated that, in their view, CCT was the major cause of job loss and had provided the mechanism for it. However, it is not possible to quantify the extent of the employment decline in the CCT services which could be attributed exclusively to CCT. This is for two reasons. First, case study local authorities had not attempted to quantify the precise impact of such factors as restructuring, budget cuts and technological changes. Secondly, these factors could not and should not be viewed in isolation from one another.

Part-time work

Part-time employment in the four services affected by CCT fell by 22 per cent during the first round of tendering in the case study authorities, compared to a 12 per cent reduction for full-time employment. Since 91

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per cent of employment in these services prior to the introduction of CCT was part-time, part-time workers accounted for most of the total decline in employment (95 per cent). Between March 1989 and March 1993, full-time manual employment fell by 25 per cent and part-time manual employment by 11 per cent in local authorities in Britain; thus the direction of employment change was the same in the case study authorities, but the relative impact on full-time and part-time employment was quite different. This reflected the type of services examined in the case studies.

Most local authorities were unable to provide accurate information on the gender breakdown of the full-time/part-time employment change. However, since the great majority of part-time workers in these local government services are women, the decline in part-time jobs is likely to have affected women more than men.

Building cleaning accounted for 87 per cent of the decline in part-time jobs in the CCT services overall and, in this activity, part-time employment fell by almost a third. Education catering accounted for most of the remaining decline in part-time jobs, although a higher proportion of full-time than part-time jobs were lost. In sports and leisure management, part-time employment increased by 11 per cent, while full-time employment in this service fell by 5 per cent. Many of these additional part-time jobs have been filled by women, young people and students working unsocial hours. In refuse collection, full-time and part-time jobs fell by a similar proportion, but full-time jobs accounted for 99 per cent of the net jobs lost.

Hours of part-time workers

The number of part-time jobs declined substantially in building cleaning and in education catering, but the hours worked by part-time workers have also been reduced. This has mainly affected women, who make up the great majority of the part-time workforce in these services. Hours were reduced on average in building cleaning by 25 per cent and in education catering by 16 per cent in the case study authorities with virtually all of those affected being part-time workers. Contractual hours in refuse collection had remained the same, although the extension of actual hours (which, being based on 'task and finish', were usually fewer) in most authorities has often resulted in an increase of hours of full-time workers, who are predominantly male.

In community care, there has been little change in the hours worked and most of those employed continue to work part-time (generally 20-24 hours per week). However, in some authorities, new employees are being required to accept more flexible working patterns, such as split shifts.

Multiple jobs

The reduction in hours in catering and cleaning has meant that more women have had to take on several jobs of a few hours each in order to try to maintain income levels. Virtually all school catering and building cleaning DSO managers recognised that there has been an increase since 1988-89 in the number of female part-time employees who are employed on several contracts for the same authority, although they were not able to quantify the extent of the changes. Multiple jobholders may work for two or three hours on two or three separate contracts to increase their earnings to form

more of a 'living wage'. Local authorities were unable to provide accurate information on the extent of multiple jobs, but estimates by managers ranged up to 25 per cent of catering and cleaning staff having more than one job with the authority. It was also the view of managers that many others have part-time jobs in the private sector, although again the extent of this could not be quantified.

Temporary work

The number of staff employed on temporary contracts often increased in the CCT services during the first round of tendering. An increase in the use of temporary workers was reported in building cleaning in 18 out of 23 contracts, in 12 out of 16 contracts in education catering, 14 out of 26 contracts in refuse collection and 16 out of 20 contracts in sports and leisure management. Several DSOs now take on all new staff on temporary contracts; they are made permanent only after several months in post. In addition, in some authorities, term-time only contracts are being introduced for all new staff in education catering. An increased use of temporary staff was also reported in 15 out of 17 community care case studies.

A number of authorities were able to indicate the average share of employment filled by temporary workers in the post-contract period. This shows that most temporary workers in these local authority services are female. In building cleaning, temporary workers accounted for 17 per cent of employment on average; in the 15 authorities which provided data, there were 2,900 temporary workers. In education catering, the temporary work share of the workforce was 16 per cent; in the 13 authorities which provided data, 2,700 workers were employed

on a temporary basis. The temporary work share of employment in refuse collection (based on 14 authorities) was nine per cent; however, there were only 185 temporary workers. Thus the temporary work share of employment in the two female dominated services was twice as high as in the male dominated refuse collection; more importantly, there were 5,600 temporary workers in catering and cleaning, compared to less than 200 in refuse collection.

There has also been a wider use of agency staff in all four services. This was reported by 17 per cent of case study authorities in cleaning, 19 per cent in catering, 22 per cent in sports and leisure management and 31 per cent in refuse collection. The increase in refuse collection appears to have been at the expense of full-time permanent staff (full-time employment fell by 23 per cent in that service). The research evidence indicates that this occurred partly in the preparation for tendering and partly because of budget cuts.

Black and ethnic minority workers

The employment of black people was very low in all but three of the case study authorities and had remained largely static since 1988-89. The number of black workers in the case study authorities ranged from none to more than 10 per cent of the workforce, but black employees comprised more than two per cent of the workforce in only five case study authorities. In spite of ethnic record keeping in 60 per cent of authorities, black workers are under-represented compared to their share of the population in both male and female dominated services. Most black women workers are employed in catering and cleaning and as sports and leisure assistants,

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whereas there was a very low level of employment in male dominated refuse collection. Where black workers are employed, they often remain at the bottom of the manual grades and concentrated in the lowest paid, lowest status work.

Disabled workers

Local government records often do not provide a breakdown of the workforce by gender or by ethnicity. Authoritative information on disability is even more deficient. However, from the information provided by managers, it is evident that both female and male disabled workers were poorly represented in the services studied. All authorities were well below the 3 per cent legal quota for employment of registered disabled staff, despite the cost of employing workers with disabilities being an allowable cost in tender evaluation so as not to disadvantage DSO bids. There is evidence from the case study authorities that the number of disabled workers employed by local authorities decreased during the first round of CCT tendering. This may have been because, as suggested by DSO managers in interviews, productivity increases and the intensification of work (particularly in building cleaning and refuse collection) have reduced the scope for the employment of disabled people.

THE IMPACT OF CCT ON PAY AND CONDITIONS

Pay

As research previously carried out for the EOC (Industrial Relations Services, 1991; 1992) has indicated, there have been well documented differences between the pay and conditions of part-time workers (who are mainly female) and full-time workers

(mainly male) in local authority manual services. These differences relate primarily to additional payments in the form of bonus, productivity rates, and to a lesser extent, overtime. The case study evidence suggests that these differences have widened since 1988-89.

Pay levels for predominantly full-time male manual workers in refuse collection have increased since 1988-89 with nine out of ten authorities maintaining National Joint Council rates and almost half of DSOs improving bonus schemes in return for more intensive work and higher productivity levels. In some cases, this has meant that the pay of refuse collectors and drivers has doubled. The research evidence suggests that productivity has also increased in cleaning and catering services, where women are employed, but pay rates have not generally increased and in some cases have declined, particularly for part-time workers. Bonus payments for building cleaners have declined and this has meant a reduction of the already low take home pay of up to a third. Overtime opportunities and unsocial hours payments for evening and weekend work have also been severely restricted under contract.

CCT appears to have resulted in a three tier pay structure. Most authorities (76 per cent of contracts in the case studies) continue to pay NJC rates, some DSOs (15 per cent of case study contracts) have introduced a local rate and a lower rate is often paid by private contractors. All nine privatised contracts, which represented 10 per cent of case study contracts, paid lower than NJC rates. Bonuses, overtime and unsocial hours payments were rarely paid to manual women workers in the private sector case

studies. Thus the overall impact of CCT has been greater for part-time female workers than for full-time male workers.

Holidays

School cleaners and those working in school catering (99 per cent of whom are women) have experienced an additional decline in earnings as a result of CCT. Instead of being paid either throughout the year, or a retainer for school holidays, some workers are only being paid for the 39 weeks of term-time and for public holidays. They therefore have to claim unemployment benefit for the remaining period. This can represent a salary reduction of up to 25 per cent.

Holiday provision in local authorities was rarely matched by the case study private contractors. The four contractors which were interviewed offered on average ten days holiday a year for full-time staff and one of the contractors interviewed in building cleaning offered no paid holidays. Some local authorities are attempting to reduce the holiday provision for part-time workers and, in one case, holiday provision has been ended altogether by the DSO for part-time cleaners and school catering workers.

Sick pay and maternity leave

Where CCT contracts have been won by DSOs, sick pay schemes have been largely unaffected. Thus in 79 per cent of contracts in the case study authorities, sick pay provision was unchanged. However, in nine contracts, DSOs reduced sick pay entitlement by imposing a qualifying period so that the first three days off sick were not paid and in three DSOs, part-time workers were no longer eligible for sick pay. Maternity leave and maternity pay have generally been

maintained in local authority DSOs. Maternity leave and sick pay schemes are less common in the private than the public sector and where contracts had been awarded to the private sector in the case study authorities, no part-time workers were entitled to their provision. In contrast, part-time workers continued to be eligible for maternity leave in all but one DSO where cleaners were no longer entitled to maternity pay.

THE IMPACT ON PART-TIME AND TEMPORARY WORKERS

The hours and pay of many part-time workers in local government (who are predominantly female) have been cut since 1988-89, although accurate information to quantify the number of women affected was not available. The reduction in their hours to under 16 per week made it harder for them to acquire employment protection rights. The reduction in their gross weekly pay, which could result either from a cut in hours (mainly in DSOs), or from lower basic wage rates (in private contractors or in DSOs where a local rate had been introduced), or from a reduction in overtime opportunities or from a combination of these factors, meant that they were earning below the National Insurance Lower Earnings Limit (LEL) and could also be excluded from the contributory state benefit system. Most of the DSO managers who were interviewed in the case study authorities expected these trends of reduced hours and lower pay to be exacerbated by further rounds of tendering because of further budget cuts (particularly in metropolitan district councils and London boroughs) and more intense competition from the private sector in the second round.

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Employment protection

Until a ruling by the House of Lords in March 1994, part-time workers employed below 16 hours a week had few statutory employment protection rights unless they had worked for more than five years for the same employer. Those with less than five years' service could not claim unfair dismissal, redundancy pay, earnings related maternity pay, the right to return after maternity leave or time off for public or trade union duties.

The research evidence shows that some local authorities in the predominantly female services of building cleaning and education catering had a policy of employing workers for less than 16 hours per week, thus excluding those with less than five years' service from employment protection rights. This was the case, for example, in 11 out of 15 authorities which provided detailed employment data on building cleaning and for 8 out of 16 authorities which did so for education catering. Managers made it clear in interviews that local authorities – and private contractors – deliberately adopted this policy in order to increase flexibility in the use of labour and to save money. It was a planned process and was often seen as the primary means to compete successfully.

The position was more complicated in sports and leisure management, where 13 out of 16 contracts had increased the use of part-time labour, but it is not possible to state how many of the authorities had adopted a policy of employing workers for less than 16 hours. There was no evidence from the case study authorities in the predominantly male service of refuse collection that this policy had been adopted.

The research evidence shows that those

women who were employed on several contracts on short hours for the same authority, were unlikely to be covered by employment protection. This was the case even for those women who had worked for the same authority for more than five years unless the employer had realised the situation (and most had not). There was no evidence from the case study authorities that personnel departments or DSOs ensured that hours worked in different jobs for the same authority were combined in this way nor does any mechanism exist for hours worked for different employers to be combined. Thus the women concerned could therefore only have qualified for employment protection if, in any *single* job, their hours exceeded the relevant threshold.

Contributory benefits

Where part-time workers earn below the National Insurance Lower Earnings Limit, they are also excluded from contributory state benefits such as maternity pay, statutory sick pay, unemployment benefit and state pensions. The research evidence indicates that an increasing number of part-time workers earn less than the current Lower Earnings Limit (£57 per week in 1994–95). It is not possible to state how many part-time employees in the case study authorities earned less than the LEL, since authorities do not collect data on employees in this way. However, it was officially estimated that in April 1993 2.3 million female employees earned less than the LEL nationally (*Employment Gazette*, March 1994, p.75)

It is clear from the research evidence that some DSOs, again particularly in cleaning and catering, have deliberately attempted to avoid having to pay employer National Insurance contributions by either reducing

their hours, so that weekly earnings would be below the LEL, or by removing the opportunities to earn bonus payments (particularly in building cleaning) or overtime and ending unsocial hours payments. The evidence suggests that some private contractors seek to achieve the same objective by a combination of employing people on low hours and paying lower wage rates.

The case study evidence suggests that women employed on several jobs for the same authority tend not to make National Insurance payments. This is because local authorities do not ensure that the earnings from their various jobs are combined in order that those with total earnings above the LEL are included in the National Insurance system (thus a similar situation as exists for employment protection). The case study evidence also showed that trade unions are largely unaware about the extent of multiple jobs and that they have not exerted pressure on local authorities to take steps to rectify the situation.

Pensions

Women whose earnings are below the National Insurance Lower Earnings Limit are also unable to contribute towards a full state pension. Although the Local Government Superannuation Scheme is now open to all staff including those employed on very low hours, the take-up of the scheme remains minimal among most part-time workers, particularly for those employed below 16 hours a week.

Those women who work for private contractors in the case study authorities usually have no occupational pension scheme at all. Those case study contractors

that did operate pension schemes usually imposed a requirement of several years' service with the company before the scheme could be joined, but most CCT contracts were only for between three and five years.

Temporary workers

As noted above, there has been a tendency for full-time permanent staff to be replaced by temporary and casual workers. These have been used by DSOs for the following reasons:

- ☐ To provide flexibility of labour to meet service demands as and when they arise;
- ☐ To provide cover for sickness and holidays;
- ☐ To minimise uncertainty in the lead up to the second round of tendering;
- ☐ To provide a cheaper alternative to a permanent pool of labour;
- ☐ To accommodate and minimise the cost of reducing staffing levels as a result of budget cuts.

Temporary staff only accrue contractual employment rights including holidays and sick pay if they work for the DSO for more than a certain period (usually 12 months). Evidence from the case studies indicates that local authority and private contractor employees are increasingly being recruited on temporary contracts. Authorities varied greatly in the length of time for which temporary workers were recruited. They might be recruited for the term-time, for a month, for three months, for six months or for twelve months. Some temporary workers in the case studies had stayed for up to a year

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or even for two years before being made permanent. Casual staff or agency staff were brought in for a day or week to cover short-term staffing shortages.

This degree of casualisation creates a climate of uncertainty and insecurity for the workforce concerned. Casualisation of labour is now widespread in local authority DSOs and many managers considered that this was a direct response by their authority to the CCT rules and tightening budgetary controls.

Development of a two-tier labour market

Evidence from the four CCT services covered in this study shows that existing differences between permanent and casual work, between full-time and part-time jobs and between female and male employment have widened since 1988-89. This has accentuated the development of a two-tier labour market. Full-time and permanent jobs generally have a wide range of rights and benefits whilst part-time and casual jobs have fewer hours, less security, and fewer benefits.

IMPACT ON THE QUALITY OF EMPLOYMENT

The case study evidence, particularly that derived from the discussion groups, suggests that the overall quality of employment of many jobs in local government has been lowered. The main impact of this has been on women. This is due to the combined effects of higher productivity, more intensive work, cuts in hours and thus income; greater insecurity through increased use of temporary employment; reduced employment protection and less access to contributory benefits; and poorer conditions of service, such as fewer or no paid holidays.

Job related training has, however, generally improved, which has brought major benefits to employers through large increases in productivity. It is also beneficial for employees as it improves skills, increases responsibility and, in some cases, increases job satisfaction. Financial pressures and the adoption of commercial practices have meant, however, that DSO staff involvement in corporate training (such as equal opportunities courses) has been reduced.

POTENTIAL IMPACT ON WHITE COLLAR / PROFESSIONAL SERVICES

The research study examined the potential impact of the extension of CCT to white collar and professional services. It was estimated, on the basis of the total number of staff in each service and the current percentage of work in the defined activity to be subject to CCT, that 205,000 white collar and professional staff in Britain would be affected. Just under half (102,000) of these would be women. Nearly three-quarters of the women affected would be full-time workers.

An estimated 80 per cent of the women's jobs to be affected by white collar CCT would be workers in the lower grades (Scale 1-6), who are mainly administrative and clerical workers. Research undertaken by CPS and other organisations shows that current local government pay rates for administrative and clerical workers are often well above those prevailing in private services in most areas. On the basis of past experience, it seems likely that these rates will be reduced by the process of tendering. In contrast, private sector pay rates in the male dominated professional and technical services are often higher than those in local authorities and so

male earnings may be increased by a transfer to the private sector.

THE EFFECT ON LOCAL GOVERNMENT

Development of a contract culture

A 'contract culture' has grown in many local authorities through tendering and the contracting out of services, the creation of internal markets in which departments trade with each other on a contract basis, the formation of business units and the importation of business planning from the private sector. This development has been intensified by the CCT legislation which has encouraged local authorities to split service departments into distinct client and contractor roles and has meant that DSOs are often treated as if they were external contractors.

The research evidence suggests that this separation into client/contractor roles has had an adverse impact on the quality of employment in DSOs. In a climate of financial stringency, the contractor is under pressure from the client to keep costs low. Moreover, the separation of budgeting and service responsibility from responsibility for recruiting and employing staff makes it easier for hours or jobs to be cut and terms and conditions of service to be altered without local authorities having to deal with the consequences. Thus the contract culture, driven by economic pressures and the CCT process, has resulted in the emergence of a two-tier workforce.

Role of equal opportunities officers / units

In most of the case study authorities, equal opportunities officers/units were not involved in the tendering process. This

included authorities which had relatively well resourced equal opportunities units. Evidence collected through interviews with CCT co-ordinators, client officers, DSO managers and equal opportunities officers shows that this is only partly due to the Government making equal opportunities a 'non-commercial' matter under the Local Government Act 1988 (see p. 24). A substantial proportion of equal opportunities officers/units interviewed appeared to have little understanding of the CCT process. They had not been involved in the preparation of specifications and did not try to maximise equal opportunities issues with respect to employment matters.

Equal opportunities policies / statements

All case study authorities had some form of equal opportunities policy (ranging from comprehensive policies to brief half page statements) covering race, gender, disability, recruitment and selection, and training. The application of these policies in DSOs varied considerably and was often left to individual managers to pursue. Those managers who were interviewed appeared to have a poor understanding of equal opportunities and in only a small minority of cases had DSO managers actively sought to improve employment opportunities for women, black and disabled people. Equality targets were set and progress of the DSOs regularly monitored in only two case study authorities.

All four private contractors interviewed had equal opportunities policies or statements. However, they appeared weak in the application of these policies. Although contract managers might have the appropriate written materials, interview evidence indicates that they had little commitment to implement equal opportunities policies.

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Monitoring

Systematic and comprehensive monitoring of employment in DSOs – defined as the regular collection of the employment details of every workplace broken down by full-time and part-time work, by gender, race and disability – was rare. Few managers were able to supply the type of detailed information to show that comprehensive and systematic monitoring took place. None of the four private contractors monitored employment in a systematic and comprehensive way.

Although most authorities stated that they carried out some form of monitoring, 40 per cent did not record black and ethnic minority participation and others did not record disabled employment. The overall quality of data was also low. Many authorities found it difficult to provide detailed employment by gender and grade for 1988 and 1993. Several local authorities were in the process of installing more comprehensive personnel information systems and one private contractor was installing an information system to cover all its contracts.

Employment standards

As noted in earlier research for the EOC (Stone, 1988), some local authorities adopted a strategy in the 1970s and 1980s to improve their terms and conditions of employment, particularly for women and ethnic minorities. This involved the introduction of maternity and paternity leave and pay; job sharing; improved holidays, pay and pensions for part-timers; attempts to tackle low pay through minimum pay schemes or low pay supplements; the provision of training schemes for manual workers and positive action programmes. These authorities therefore established 'good

employer' standards in their local labour market.

The research findings show that the pressure to drive down employment costs in local authorities has resulted in moves to undo the progress made and that their 'good employer' role is being eroded.

Surpluses generated by CCT

The Local Government Act 1988 requires local authorities to establish a trading account for each defined activity being undertaken by an in-house service. Building cleaning and sports and leisure management contracts, and other services which do not employ capital, must at least break even. Other services must achieve a six per cent return on the capital employed. Most DSOs will aim to achieve a small surplus on their trading account.

DSO surpluses for the four CCT services totalled £17.4m in the 39 case study authorities in 1991–92. School meals accounted for 79 per cent, and building cleaning for 13 per cent, of these surpluses. This meant that female dominated services accounted for over 90 per cent of the surpluses generated by the case study authorities, an estimated 64 per cent nationally. The proportion would have been larger if the difference between part-time and full-time employment had been taken into account. The surpluses can be transferred to the council's general fund, returned to clients, used for profit sharing schemes or for DSO capital expenditure or transferred to DSO reserves. Many authorities are now budgeting on DSO surpluses being transferred to the general fund.

Eight case study authorities had school meals surpluses of between £0.5m and £2.5m. These

were comfortably in excess of 10 per cent of the contract value in each case. These same authorities had cut jobs, two had abolished holiday retainers, two had moved away from NJC pay rates, all employed large numbers of temporary staff, and some had imposed price increases in school meals. Five authorities had building cleaning surpluses of between £160,000 and £810,000. Three of these had reduced employment and hours and abolished holiday retainers. It could be argued, on the basis of the research, that the use made by local authorities of DSO surpluses and the fact that some employees in the case studies have to claim benefits to top up income, means that low paid women workers are effectively subsidising council expenditure and council taxpayers in general.

CCT strategy more critical than political make-up of the authority

In terms of the impact on employment policies in local authority DSOs, the research found that the adoption of a strategy, which sought either to maintain best practice with regard to the quality of jobs, terms and conditions or to achieve radical cost-cutting aimed at gaining a financial competitive edge, was more significant than the political complexion of the authority concerned.

Retendering

Most case study authorities expect the level of competition to be more intense in the second round of tendering. However, there was little evidence that the overall strategies being pursued by local authorities are changing. It is likely that the pressure to reduce the cost of labour will intensify and, on the basis of past experience, this is likely to lead to further cuts in jobs, pay and conditions of service. This pressure will come

from local authority budget cuts; competition from private contractors who may have poorer terms and conditions; and Government policies on deregulation and increased flexibility of the labour market.

THE EFFECT ON TRADE UNIONS

There has been a substantial loss of trade union membership in the case study authorities associated with the introduction of CCT and specifically the decline in employment and reduced terms and conditions. Formerly unionised part-time workers have ceased to be union members, while new part-time employees have often not been recruited by unions in DSOs. Few private contractors have been organised and full recognition and negotiating rights have rarely been achieved.

Trade union organisation has been strengthened in some DSOs, however, where unions have stronger representation and are involved in joint working arrangements. Moreover, in building cleaning DSOs, many women now have their own representation and are no longer dependent on representation by male caretakers.

BROADER POLICY RELATED FINDINGS

Regulation of the labour market

CCT forms part of the Government's broader programme to tackle 'labour market inflexibility' and extend deregulation as a way of reducing the statutory barriers on employers with the intention of increasing employment. However, the research evidence suggests that the CCT and community care legislation imposes a substantial additional regulatory framework on local government. This is through the introduction of tendering and contracts in CCT and the increased

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regulatory role of local authorities with respect to the private sector in community care.

The introduction of CCT has also contributed to reduced employment in the manual services subjected to it. It has therefore resulted in potentially fewer opportunities for employment in local government for the unemployed. It has also resulted in cuts in hours and pay for women part-time workers and has appeared to increase reliance on state benefits, particularly for women, and to widen gender inequality.

Terms and conditions a non-commercial matter

The Local Government Act 1988 made the terms and conditions of employment in CCT contracts a non-commercial matter. This meant that authorities were limited to asking only six questions under the Race Relations Act 1976 as a way of assessing contractors' equal opportunities policies. When the Bill was going through Parliament in 1987, the EOC requested that similar provision should be made in respect to the Sex Discrimination Act, but the suggestion was not accepted.

Approximately a third of case study authorities had taken the initiative by seeking more detailed information on contractors' pay, conditions of service and equal opportunities policies, but the general effect of the legislation has been to marginalise equal opportunities employment policies from the CCT process.

TUPE Regulations

Local authority managers and trade union officials who were interviewed believed that applying TUPE in tendering would be advantageous. Managers considered that

TUPE offered an opportunity to move competition away from jobs, pay and conditions to technical ability, quality and other service related issues, such as overheads, which would allow DSOs to compete for contracts more effectively. Trade union officials (and some managers) considered that TUPE would allow protection of jobs, terms and conditions of employment for employees in local government affected by CCT (as well as trade union recognition and negotiating arrangements) and some even believed that TUPE would bring out about the abandonment of CCT.

The case study research evidence suggests that these views about the advantages of TUPE may have been too optimistic and that there is a lack of understanding of the longer term implications of TUPE. Despite a recent Court of Appeal decision which established that TUPE should apply for the length of contract, employers can reduce staffing levels for 'economic, technical or organisational reasons'. Employers can also operate reduced terms and conditions for new employees. TUPE can also lead to the enforcement of dual terms and conditions on retendering if work currently carried out by private contractors is returned in-house. There is some evidence that local authorities are using the protection for jobs, terms and conditions of service which TUPE apparently provides to present the case for the sale by the local authorities of their DSOs to private 'host' companies.

The European Commission (EC) has recently proposed that the Acquired Rights Directive should be amended to exclude the contracting out of activities or services by employers from the scope of the Directive where what is

transferred does not amount to an undertaking. A consultation document on the EC's proposals was issued by the Employment Department in October 1994.

The public costs of CCT

The research evidence also suggests that CCT can impose costs on the local and national economy. The reduction in hours of part-timers means that National Insurance payments are reduced, while the loss of jobs and holiday retainers can result in increased reliance on unemployment benefit or income support. An estimate of these hidden costs has been made by CPS on the basis of the evidence from the case study authorities about the loss of jobs, taxes and National Insurance contributions and other estimates of the annual cost of unemployment. The analysis also calculated the cost savings of CCT and compared these costs and savings to estimate the net financial effect of CCT on the public purse.

It is estimated that the combined costs of unemployment and the loss of income to central government are £41m of which women's employment accounts for £32m (77 per cent). On the basis of the contract values in the case study authorities and average CCT savings of 6.5 per cent, the total savings of the case study authorities are £16m.

The national costs of CCT have been calculated to be £250m per annum. Taking into account £124m net national savings, the net national cost of CCT in the four services is £126m per annum. This is entirely associated with a decrease in the volume of female employment in these services.

IMPORTANCE OF A STRATEGIC APPROACH BY LOCAL AUTHORITIES

Joint working arrangements

Where these exist, joint working arrangements, involving councillors, officers and trade union representatives, have continued to be very important in developing local authority CCT strategies, minimising the loss of jobs, and preventing the erosion of terms and conditions. Examples of these arrangements included councillors, officers and unions working together on developing service profiles and specifications and examining ways of improving the service.

Use of direct labour

The research findings demonstrate that, in terms of the quality of employment, it does matter who delivers the service. Terms and conditions of service in DSOs were substantially better than those of the case study private contractors. For example, where contracts have been won by DSOs, NJC rates have generally been maintained in the four services, whereas all the private contractors in the case studies had a lower rate of pay than the NJC rate. Holidays, sickness payments, pensions, sick pay and maternity leave have generally been maintained by DSOs. However, where private contractors have won contracts, provision has generally been poorer.

Employers' National Insurance contributions

The Government is concerned that the higher costs of employment will lead to job losses. The research shows that a greater number of employees are now earning below the NI Lower Earnings Limit and that this has implications for access to the contributory

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state benefit system. Consequently, there is a need to examine the practice developing amongst some public and private sector employers of paying below the LEL threshold and to identify ways in which this can be addressed.

Corporate and comprehensive CCT strategy

Local authorities need to adopt a strategic, comprehensive and corporate approach to the tendering process in order fully to implement the European Union Public Service Contract Regulations and the

Government's own regulations and to minimise the negative effects on employment of CCT. This approach was not fully adopted by some authorities with respect to manual services. In other authorities, which did adopt a strategic approach, DSOs were more likely to be able to maintain terms and conditions of employment. Thus the extension of CCT to white collar services makes a corporate CCT strategy even more imperative if the adverse impact experienced in manual services is to be averted.

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EOC POLICY RECOMMENDATIONS

The research report addresses some of the central issues of concern for the EOC about the potentially disparate impact between women and men of changes in the world of work. On the basis of the research findings, a series of policy recommendations to local authority employers, trade unions and government have been drawn up by the EOC. These have been divided into short-term and medium-term recommendations respectively. Short-term recommendations cover the period 1995-96; medium-term recommendations cover the period 1997-99.

SHORT - TERM RECOMMENDATIONS

Lower Earnings Limit for National Insurance Contributions

The research report shows that an increasing number of women in the case study authorities who work part-time are being excluded from the contributory state benefit system because they earn less than the Lower Earnings Limit (LEL) of the National Insurance system. It is therefore recommended that:

■ *The Government initiates a detailed examination of the operation of the LEL on women and men and publishes the findings. In particular, information is required on the number of women and men who earn below the LEL both overall and in particular industries, occupations and regions.*

Auditing of pay systems

The research has highlighted the need for local authorities to examine pay systems as a matter of priority. It is therefore recommended that:

■ *Local authorities assess the impact on the employment, pay and conditions of women and*

men, ethnic minorities and disabled employees in the services affected by CCT and community care legislation.

■ *Local authority managers take steps to ensure that women working several jobs for the same authority are able to combine their earnings so that the sum of them exceeds the National Insurance Lower Earnings Limit.*

Monitoring

The research has demonstrated the inadequate nature of monitoring in local authorities. It is therefore recommended that:

■ *Employers devise, implement and maintain an effective monitoring system covering race, gender, disability, marital status and hours of work.*

■ *DSO managers and private contractors are required to develop and implement equal opportunities targets and checklists.*

Training

The research has shown the need for improved training in equal opportunities and CCT for local authority officers and councillors and for upskilling for part-time workers as part of career development. It is therefore recommended that:

■ *Employers introduce an Action Plan for implementing equality of opportunity between women and men.*

■ *Positive Action programmes and other strategies designed specifically to improve the position of female part-time manual employees are devised. This could involve a review of wages and salaries, job content, education and training opportunities and an implementation of equal opportunity recruitment and selection procedures.*

...EOC POLICY RECOMMENDATIONS

■ Training programmes in CCT and equal opportunities awareness are devised for DSO managers, councillors and equal opportunities officers/units. The training could focus on the positive and creative aspects of implementing equal opportunities in the CCT process and on cost-effective ways of implementing equality. Training would be appropriate for councillors, since they may have little basic understanding of the CCT process.

Trade unions

The research has shown that trade unions need to adopt policies designed to lessen the adverse effects of CCT on women and men. It is recommended that trade unions:

■ Adopt new strategies to improve the recruitment and retention of part-time, temporary and casual employees and focus particular attention on the needs of women with multiple jobs and on those earning below the LEL.

■ Consider both the advantages and disadvantages of the TUPE regulations in the CCT process.

■ Take steps to prevent the further erosion of hours of part-time employees to ensure protection of minimum hours and minimum earnings.

■ Devise effective policies to target the needs of administrative and clerical workers who may be adversely affected by white collar CCT.

TUPE Regulations

The research report shows that there are certain limitations with the TUPE regulations which weaken their role in protecting existing terms and conditions of service. Moreover, the application of TUPE regulations in retendering can be disadvantageous for local authorities.

The Government has recently issued a consultation document on a proposal by the European Commission to amend the Acquired Rights Directive. It is therefore recommended that:

■ The Government takes into account the findings of the research study concerning the impact of the TUPE regulations on the CCT process when commenting on the European Commission's proposal.

■ The Government seeks to ensure that any revised regulations will clear up confusion about their application in CCT and will not have a differential impact on women and men.

MEDIUM - TERM RECOMMENDATIONS

Local Government Act

The research evidence shows that the legislative framework provided by the Local Government Acts of 1988 and 1992 has a disparate impact on women and men in respect to manual services. It is therefore recommended that:

■ The Local Government Act is amended to allow terms and conditions to be a commercial matter. This would enable local authorities to ask potential contractors questions under the Sex Discrimination Act, as well as the Race Relations Act, as a means to assess their terms and conditions of service and their equal opportunities policies in relation to gender, race and disability. The EOC has previously requested that the Act contains this provision.

■ The rules for tendering under CCT and the European Law are amended so that equal opportunities becomes one of the core criteria in the selection of tenderers and the evaluation of

bids. This might reduce the adverse effects of CCT on women by making it more likely that private contractors would not seek to alter terms and conditions. For the same reason, local authorities should also be empowered to examine terms and conditions of employment in private contractor firms after tendering.

■ S71 of the Race Relations Act places a duty on local authorities to make appropriate arrangements with a view to ensuring that their various functions are carried out with due regard to the need to eliminate unlawful discrimination on grounds of race and to promote equality of opportunity between different racial groups. This should be extended to cover grounds of sex and marriage and equality of opportunity between the sexes and should be imposed on all bodies carrying out a service or undertaking of a public nature.

■ Guidelines for the implementation of the CCT legislation are produced by Government and circulated to all local authorities. The EOC and other interested parties should be consulted when the guidelines are being prepared.

DSO surpluses

The research shows that some case study local authorities sought to use surpluses generated by DSOs to fund general council expenditure. It also shows that these surpluses were mainly generated by the two female dominated services of catering and cleaning and were sometimes achieved at the expense of jobs, pay rates, hours and other terms of conditions in these services.

It is therefore recommended that:

■ DSOs should seek to achieve a surplus only to meet capital requirements and profit sharing schemes. They should not seek to generate surpluses at the cost of jobs, pay rates, hours and

other terms and conditions.

The gender earnings gap

The research evidence shows that in some authorities the earnings of some workers, who were already low paid, were reduced during the first round of tendering. Most of those affected were women working part-time. This demonstrates the necessity to take action to close the gender earnings gap. It is therefore recommended that:

■ Action is taken to establish mechanisms to break down job segregation and to close the gender earnings gap.

■ One way of achieving this is by the introduction of a Statutory Minimum Wage.