



CabinetOffice

& Council of Civil Service Unions

Good practice for managing the people consequences of outsourcing & privatisation

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**Making
government
work better**

Introduction

1. The Cabinet Office and the Council of Civil Service Unions (CCSU) recognise that the Government is committed to continuous improvement in delivery of public services to citizens and to providing value for money to taxpayers.
2. In delivering this commitment, the Government may decide in to privatise or outsource functions which will affect the employment status of civil servants.
3. Cabinet Office and the CCSU are committed to work together to ensure that, as the Civil Service transforms and adapts to change, the interests and concerns of employees are managed well. This process reflects the Civil Service's commitment to be a good employer.
4. It is recognised that outsourcing, privatisation and other transfers of government services and functions can be worrying for the employees who are performing in the jobs that are subject to possible transfer. The main areas of concern are with regard to their job security and terms and conditions.
5. Guidance already exists on the protection of terms and conditions in these situations in the form of the Cabinet Office Statement of Practice on Staff Transfers in the Public Sector (COSOP) which is published on the civil service web-site:

http://www.civilservice.gov.uk/iam/cs_policy/employment/code_practice.asp

6. This good practice is intended to cover issues that are not covered by COSOP, however, it adopts one of COSOP's guiding principles - "*ensuring that staff involved in all such transfers are treated fairly and consistently and their rights respected.*" It has been agreed with the Council of Civil Service Unions and builds on practices being followed in different parts of the civil service and the wider public sector. It is endorsed by the Permanent Secretary Employee Relations Group.

Good practice

7. For projects involving the possible transfer of civil servants to new employers, there are good practices for managing the people consequences that should be followed:

(a) engage in early, meaningful, consultation with trades unions

Departments should consult with the trades unions at the earliest stage when undertaking efficiency reviews. Where the review could lead to the transfer of staff to a new employer, there should be full and open discussions with a view to achieving agreement on how the people consequences of the transfer will be managed.

(b) consider options for rationalisation prior to outsourcing

At the early stages of reviewing work areas for outsourcing or privatisation, it is good practice for Departments to give initial consideration to rationalising the work and the resources required with public service value in mind. The options to address any inefficiencies prior to work and employees being transferred should be carefully evaluated.

(c) consider the option of continued in-house delivery

Departments affected by a possible transfer of functions may wish to prepare an in-house bid alongside invitations to tender being made to third parties. The reasons for not allowing an in-house bid, where one has been requested, should be made clear to the relevant employees and the trades unions.

(d) consider a time limited commitment to the avoidance of compulsory redundancies post transfer

Whilst Departments cannot give a guarantee of job security in perpetuity after a transfer, they should try to avoid the situation of a third party making significant compulsory redundancies immediately after a transfer, particularly, if the prospect of compulsory redundancies could be anticipated. While a Department cannot make commitments to employees on behalf of the third party, consideration should be given to having a time based job security condition in the contract with the new employer (e.g. requiring that transferred staff are not given notice of compulsory redundancy for a time limited period after the transfer) should be considered. The reasons for not including such a provision should be made clear to the relevant employees and trades unions. When it is known that any redundancies are likely to occur, it should be made clear to the staff affected as early as possible.

(e) provide clarity to all staff involved in a transfer to a new employer

It is important that all staff involved in a transfer have clarity on how the transfer will be managed and how it will affect them personally, including any potential benefits of being transferred to a new employer. From the outset of any outsourcing or privatisation exercise a senior manager should be designated as responsible for the employee issues and communication with those affected.

It should be acknowledged to staff that change can be a difficult and unsettling process. Minimising employee uncertainty should be a key management objective. Staff should be provided with appropriate information at the earliest and all other key stages. Information should be individualised where appropriate, clearly setting out the proposals, options, reasons for decisions, job security issues, protection of terms and conditions, etc.; the aim should be that employees understand how they are affected.

Oversight

8. There is a joint Cabinet Office and CCSU employee relations 'Ovearching' meeting that will provide oversight of this guidance and share good practices drawn from experience of applying the guidance, or any major unresolved difficulties.

Advice

9. For further advice on this guidance please contact:

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