

Outsourcing and collective bargaining EPSU survey 2004-05 (updated March 2006)

Background

The June 2004 EPSU Congress agreed a resolution on collective bargaining which noted that:

“All too often modernisation [is]... nothing less than a euphemism for cost cutting, outsourcing and violation of worker’s rights. EPSU supports modernisation that is based on negotiations between employers and unions. One-sided employer or government measures are rejected.”

Corporate restructuring, of which outsourcing is one of most common elements, is one of six key collective bargaining themes that EPSU is committed to develop policy on over the current Congress period.

The importance of this issue was underlined at a seminar on collective bargaining in the utilities organized jointly by EPSU and the European Trade Union College in May 2004. The participants, mainly from EPSU affiliates in the new member states had an open discussion about the problems they faced and the two working groups separately identified outsourcing as the main challenge.

The participants’ experience of outsourcing usually involved the transfer of employees to new companies who were not covered by the same collective agreement and perhaps where there was no existing structure of trade union representation or collective bargaining. With such a common problem the participants agreed that it would important to try to plan some kind of co-ordinated response from EPSU affiliates.

It was agreed that the EPSU secretariat should prepare a discussion on outsourcing for the next meeting of the utilities standing committee and carry out a survey of EPSU affiliates in the utilities to try to find examples of best practice in dealing with outsourcing. This was carried out during 2004 and then during 2005 the discussion on outsourcing was extended to other EPSU sectors and survey responses were received from local and regional government and national administration.

This report is an updated version of the one which was circulated to the standing committees in 2005, including more survey responses and some recent information on more general surveys on the problems arising from outsourcing.

Definition

Outsourcing covers a range of activities that may be variously known as:

- contracting-out;
- sub-contracting;
- externalisation, and
- privatisation.

Offshoring is new buzzword for particular type of outsourcing. Offshoring has pushed outsourcing up the agenda with the media full of latest "offshoring" trends. Essentially this is a form of outsourcing where a service is transferred to a foreign provider. The process is controversial, as the media tends to focus on the massive savings that can be achieved on employment costs, highlighting in particular examples of UK/US firms using Indian IT/call centre companies.

In July 2005 British Gas announced that it would close three workplaces in North West England with an impact on 2,000 jobs. The company will be switching the work – call centre operations and back-office processing to India. This is not the first example of offshoring in the UK utilities. Powergen and Yorkshire Water also contract some services from India.

Offshoring is more common in the UK than other European countries with many companies, particularly in the finance sector, using contractors in India or setting up their own operations there. With a large English-speaking population in India there is plenty of scope for offshoring to continue to expand. However, IT and other services, which don't require direct contact with customers, are also being offshored and so the language question becomes less important.

An interesting development within UK companies is the extent to which they are willing to negotiate agreements with unions that regulate the offshoring process. These involve firstly guarantees of redeployment and retraining for the UK workforce and commitments on the labour standards applied in the offshore operations. In the cases of the BT, the UK telecommunications company, and CSC, the US-owned computer firm, both allow for inspections of the outsourcing company and the possibility of negotiations with the outsourcing company if the inspections raise any problems about working practices.

Clearly if it is possible to secure agreements of this kind which regulate outsourcing at an international level, it should be possible to negotiate agreements and codes of practice that set guidelines and standards for the majority of outsourcing activities that take place at local level or at least within a single country.

It is also the case that several European works councils have now negotiated agreements on restructuring that could be interpreted as covering outsourcing as well. The EDF agreement on social responsibility includes two important sections. One requires the company to examine the social consequences of restructuring with prior information and consultation of trade unions. The second sets out minimum standards demanded of any EDF sub-contractors and if they fail to meet these standards then EDF is committed to end their contracts.

Article 10 of the agreement, for example, covers health and safety among other issues:

EDF European Works Council Corporate Social Responsibility Agreement - Article 10 Vigilance with regards to our subcontractors' practices in the area of legal compliance, health and safety, ethical behaviour with customers and respect for the environment

1 The EDF Group companies systematically ensure that the sub-contracting companies they call upon provide quality work and labour in full compliance with applicable laws and international standards (for example regarding the ban on child labour).

The Group's requirements shall be applied in particular to:

- Legal compliance*
- Employee health and safety*
- Ethical behaviour towards customers, and particularly respect for people and integrity*

– *Respect for the environment*

The companies of the Group shall implement with regards to their subcontractors the appropriate selection and assessment procedures meeting these requirements.

3 These requirements shall be conveyed to the subcontractors. Any serious failure, not remedied following notification, to comply with legal requirements or related to issues of occupational health and safety, ethical behaviour towards customers and environmental protection, shall result in the termination of our relations with the sub-contracting company, in accordance with contractual obligations.

4 Regarding more specifically the safety of employees of the sub-contracting companies, reporting will be requested for workplace accidents occurring in the framework of jobs entrusted to them.

5 The subcontractor must apply the requirements set out by EDF Group to any other subcontractor hired by him/her for the assignment in question.

6 Furthermore, the signatories of the present Agreement undertake to promote the ten principles of the United Nations Global Compact with regards to suppliers from whom they purchase goods and services.

Outsourcing is usually part of an employer's policy where they identify what they describe as "core" activities, which should continue to be carried out by the principal company, and "peripheral" activities that could be carried out by another organisation. However, across the public services a very wide range of activities have been outsourced and even in the utilities sector the extent of outsourcing suggests that, for some companies, "core" activities cover a very narrow range of services.

As the survey response from one of EPSU's Italian affiliates, CGIL-FILCEM, points out: "Traditionally externalisation concerned non-core business activities, whereas now it is also applied to typical production activities, ranging from services to operational and project-related activities, not to mention everything relating to the construction of new installations (networks, infrastructure), their maintenance, renovation and repair, including certain elements in the repair of faults and many activities relating to control groups."

There are examples of outsourcing of:

- network maintenance;
- meter reading;
- information technology;
- call centres;
- payroll;
- training;
- cleaning;
- catering;
- security;
- accounting;
- transport;
- billing.

Specific examples are given in the summary table on pages 9 and 10.

Reasons for outsourcing

The impact of outsourcing on collective bargaining and workers' pay and conditions and the trade union response to it can depend on the aims of outsourcing. An employer may be looking to:

- Simply cut costs to boost profits, stem losses or in response to public finance cuts;
- Rationalise activities to concentrate on making core business perform better; and/or
- Take advantage of potentially greater expertise and resources of specialist company e.g. in IT.

The decision to outsource might be part of overall corporate strategy or maybe just a local management initiative or a pilot project locally which could be tried throughout the company.

It may also be simply a case of employers trying to keep up with the latest business trend. The UK now has a National Outsourcing Association (NOA) that brings together the main companies in the sector. Even it acknowledges that organisations often are just jumping on a bandwagon. The NOA warns in particular about the risks this can create in the public services:

"...given its record, the public sector has to tread carefully with outsourcing. The last few years have been littered with public sector outsourcing disasters."

But the NOA is not the only organisation that has been warning of the problems associated with outsourcing. Several major US consultancies have produced surveys, which raise serious questions about the process:

- "Outsourcing is an extraordinarily complex process, and the anticipated benefits often fail to materialize." Organisations should "avoid outsourcing when based solely on cost savings." (Deloitte, 2005);
- 20% of outsourcing relationships fail in first two years and 50% in first five years (Dun & Bradstreet, 2003);
- two-thirds of companies found the expected benefits of outsourcing were only partially realised or not delivered at all (PA Consulting, 2003);
- 78% of executives surveyed had had to terminate an IT outsourcing contract early (DiamondCluster International, 2002).

Issues raised by outsourcing

As this report focuses on the impact of outsourcing on collective bargaining, it does not attempt to go into the effects on public services themselves. However, the issue of how to ensure quality public services should certainly be raised when trade unions have the opportunity to negotiate over an employer's plans for outsourcing.

For many public services, quality, reliability and public safety are central issues, which must not be compromised. The risk of outsourcing is that direct management control may be removed over certain functions, which may lead to problems if a proper monitoring system is not in place. There is also the question of skill needs and technical competence, which may be lost to the principal company/public authority if a service is transferred to a new provider. These issues are addressed in the PSIRU report, "Restructuring and outsourcing of electricity distribution in the EU", May 2003.

However, the main issues which need to be addressed in terms of collective bargaining cover:

- Trade union rights;
- Job security;
- Pay and conditions and in particular pensions;

- Equality;
- Health and safety;
- Information and consultation.

With outsourcing more often than not seen as a part of a policy of cost-cutting and achieving greater flexibility, the risk is that employees will pay the price through an erosion of their pay and conditions.

Services are transferred to contractors who try to win contracts by cutting back on jobs and the pay and conditions of their workers. Lower pay, poorer pensions and other benefits, weaker health and safety procedures and inadequate training provision have all been typical of much of outsourcing, particularly in the public services.

It is hardly surprising then that for most trade unions a policy on outsourcing starts, and often ends, with opposition.

However, while opposition might be the starting point is this an adequate policy and are all outsourcing companies bad employers? Are there cases, for example, where employers have more strategic view with aim to benefit from service provided by better-resourced organisation? Could a specialist company also provide better pay and conditions and career prospects for transferred employees? Furthermore, in situations of financial crisis could outsourcing also be alternative to other potentially worse cost-cutting options?

These are all questions that trade unions might want to address once they are consulted over the outsourcing process. However, this is the first battle to win – the right to proper consultation before the outsourcing decision is made. Unions need to be told at earliest stage that outsourcing is under discussion and to get answers to the following questions:

- why is it under discussion?
- which activities will be affected?
- what are the alternatives?
- what is the timetable?
- which potential outsourcing companies are involved?
- which consultants have been used and what research has been done on the issue – what alternatives can be considered?

Earlier this year the French Economic and Social Council, bringing together trade union and employer representatives at national level, produced a report on outsourcing that underlined the need for early and detailed information and consultation. It argued that information on the economic and social consequences of any proposed outsourcing should be made available.

The Council also stressed the need for a social dialogue at each stage of the process that takes account of its impact on the workforce. It suggested that ideally a social charter should be negotiated setting out the conditions under which outsourcing should take place and the impact on workers' contractual and statutory rights. The Council also proposed the negotiation of a right for transferred workers to return to their original employer within a specified time and depending on the circumstances of the original employer and outsourcing company.

Evidently the level of opposition to outsourcing may rise or fall depending on the extent to which the employer responds to these questions and the kinds of answers he gives. If initial consultation reveals that outsourcing is an unavoidable or even preferred option then a process of negotiation/consultation should clarify:

- employees affected;
- is there relocation/transfer choice;
- details of outsourcers;
- trade union rights/collective bargaining under new employer – can the takeover directive be applied here (see also EPSU merger and acquisition checklist);
- protection of pay and conditions – beyond legal minimum – right to return to (or not to leave) the original employer.

Outsourcing means that company will continue to have a contractual relationship with outsourced service provider. Therefore trade union organisation in the original company can play a monitoring role and put pressure on the company to approach the outsourcing company if it fails to meet its commitments in terms of the transferred employees.

Ultimately there should be the possibility of bringing a service back in-house (“insourcing”) if new service provider fails to provide adequate service or meet commitments on workers’ rights and working conditions.

EPSU survey

A survey of EPSU affiliates in the utilities sector suggests that it is possible to protect collective bargaining rights and pay and conditions in cases of outsourcing. The survey provides information on 50 cases of outsourcing from eight countries – Austria, Czech Republic, Denmark, Estonia, Finland, Germany, Slovakia and Sweden. The responses are summarized in the table on pages 8-9.

Affiliates were asked in particular to provide examples of best practice and so it should be emphasized that the survey is not necessarily a reflection of what normally happens in cases of outsourcing.

In 46 of the 50 examples unions were informed in advance of the plan to outsource and negotiations over jobs and pay and conditions were possible in 43 cases. Guarantees on jobs and pay were harder to achieve but unions did get them in 36 of the 50 cases.

In 40 of the examples union representation continued although in several cases this meant workers joining a new union. Collective bargaining rights were maintained in 38 of the 25 examples.

Assessment of pay, health and safety and training provision after outsourcing produced several non-responses. This was no doubt because of the difficulty of being able to confirm this particularly where employees switched to different unions.

Only just over half 50 (26) could confirm that pay and conditions had not worsened since outsourcing while 29 responses said that health and safety had not deteriorated. Only 15 respondents could say that training provision had been maintained.

Some of the comments (see pages 10-11) from the 50 cases reflect what unions have been able to achieve but also some of the challenges they have faced. In the three German companies, for example, pay and conditions were guaranteed and in two cases workers had a right to return to the original employer. However, the e.on Kernkraft case also highlights

how a two-tier workforce is created when the outsourcer takes on new employees on poorer terms and conditions when workers transferred from the original company leave their jobs.

A co-ordinated campaign

This survey and the discussion within EPSU has provided some useful background on outsourcing and the challenge now is to see to what extent affiliates can now take part in some form of co-ordinated campaign. This could be one where affiliates approach their employers on a co-ordinated basis. As this was initially formulated within the utilities sector the targets for the campaign were seen as multinationals with a European works council, and the electricity employers' organisation, Eurelectric, which would be approached via the social dialogue.

The focus of any form of co-ordinated campaign is now on a checklist, which sets out all the key issues that trade unions would want to see, addressed if faced with the prospect of outsourcing by their employer. The checklist was drawn up by the EPSU secretariat and then discussed at the Social Dialogue and Collective Bargaining Conference in December 2005 and then at a smaller working group in February 2006.

Draft outsourcing checklist

- **Excluded services** – an agreement on outsourcing could specify services which the employer would be committed not to outsource under any circumstances
- **Bringing services back in-house** – any agreement on outsourcing should also include a commitment from the employer to keep things under review and consider taking services back in-house
- **Training and qualifications** – the employer and trade unions should regularly negotiate over levels of training and qualification to ensure that employees have the best training available – this should lessen the possibility that a service could be better delivered through outsourcing but also that the outsourcing company must commit to provide services with employees given the same level of training and qualifications
- **Improving productivity** – the employer and trade unions should regularly discuss productivity improvements and how these can best be delivered on the basis of maintaining a well-paid and highly trained workforce thereby ensuring that the in-house workforce can match or better any potential outsourcing threat
- **Advanced notice** – the employer must give trade unions adequate advance of any plans to outsource any work
- **Strategic decision** – the employer (whether public authority or utility or private company) must justify outsourcing as part of its overall strategy and not just as a short-term cost-cutting measure
- **No redundancies** – the employer must give a guarantee of no redundancies – and agree to full consultation over potential redeployment of workers who are not transferred as a result of outsourcing
- **Alternatives** – trade unions must have the opportunity to put forward and discuss alternative proposals to the outsourcing plans and be given the resources and expertise to do this effectively
- **Timetable** – If unions concede the strategic justification for outsourcing then the employer must agree a proper timetable for full consultation and negotiation over the outsourcing process
- **Information** – the employer must provide the unions with as much information on the potential outsourcers as is needed to assess them
- **Transfer rights** – while it is acknowledged that the Acquired Rights Directive provides a range of protections for trade union and employee rights these are limited and the aim of any agreement on outsourcing should be to close any potential loopholes
- **Trade union rights** – the position of the potential outsourcers on recognition of union rights and collective agreements must be clarified at the earliest stage and the unions must have a right to reject them if they provide inadequate responses
- **Pay and conditions** – there should then be detailed negotiations on the impact of outsourcing on pay and conditions, pensions, training and career development.
- **Health and safety** – health and safety procedures need to be established so that the responsibilities of the outsourcing company are clearly set out and there is a requirement for reporting to the principal company which should also have its own internal procedures for monitoring the outsourcing company.
- **Right to remain and return** – employees should have the right to remain with the original employer or, if transferred to the outsourcer, should have the right to return to the original employer within a specified period
- **Continuing monitoring** – the original employer must agree to continue to monitor employment relations in the outsourcer and provide information to the trade unions and must use its contractual position to ensure that the outsourcer meets its commitments to the transferred employees.

Outsourcing and collective bargaining – EPSU survey summary table

Key to columns – Info – information provided in advance; Neg – negotiations over outsourcing; Guar – job guarantees; Jobs – number of jobs affected/lost; Rep – continuing trade union representation; CB – continuing right to collective bargaining; P&C – worse pay and conditions; H&S – worse health and safety; Train – training provision maintained

Company/ Public authority	Service outsourced	Info	Neg	Guar	Jobs	Rep	CB	P&C	H&S	Train
Austria										
Labour Market Service	Labour market administration	Y	Y	Y	4,500	Y	Y	N	N	
Federal Museums	Museum management	Y	Y	Y	1,100	Y	Y	Y	Y	
Federal Computing Centre	IT services	Y	Y	Y	650	Y	Y	Y	Y	
Health and Nutrition Agency	Health and nutrition	Y	Y	Y	1,200	Y	Y	Y	Y	
Universities	University lecturers and research	Y	Y	Y	20,000	Y	Y	Y	Y	
Czech Republic										
CEZ	Distribution	Y	Y	Y		Y	Y			N
Pražské plynárenské	Construction, redevelopment of gas networks	Y	Y	Y	17	N	N			N
Pražské plynárenské	Leasing gas appliances, operating and renovating boilers	Y	Y	Y	43	Y	N	N	Y	N
Pražské plynárenské	Hardware/software leasing, data process. Training, consultancy	Y	Y	Y	35	Y	N	N	N	N
Pražské plynárenské	Assembly, repair, inspection and testing of gas appliances	Y	Y	Y	148	Y	N	N	Y	N
Technicke služby Melnik	Municipal refuse collection	N	N	Y	30	N	N			N
Denmark										
NordRen	Waste management/collection	Y	Y			Y	Y	Y		
Affaldsregion Nord	Waste management/collection	Y	Y			Y	Y	Y		
R98	Waste management/collection	(Y)	(Y)	(Y)		Y	Y	N	N	
Nyborg Forsyning A/S	Public utilities in general	Y	Y	Y		Y	Y	N	N	
Odense Renovations-selskab A/S	Public utilities in general	Y	Y	Y		Y	Y	Y		
Entreprenørgården A/S	Public utilities in general	Y	N	N		Y	Y			
Copenhagen Airport	All services	Y	Y	Y		N	Y	N	N	Y
Danish Telecom	All services	Y	Y	Y		N	Y	N	N	Y
Danish Railways	Metropolitan trains	Y	Y	Y		Y	Y	N	N	Y
Danish Postal Service	All services	Y	Y	Y		N	Y	N	N	Y
National Car Inspection Agency	All services	Y	Y	Y		N	Y	N	N	Y
Estonia										
Parliament	Cleaning	Y	N	N		N	N	Y	N	N
Finland										
Haapavesi Waste Water Plant	Whole operation	N	N	N	<10	N	N			
Hameenlinna town + five councils	All water and sewerage services	Y	Y	Y		Y	Y	N	N	Y
e.on Joensuu	Grid maintenance	Y	Y	N		N	N			

Company/ Public authority	Service outsourced	Info	Neg	Guar	Jobs	Rep	CB	P&C	H&S	Train
Company/ Public authority	Service outsourced	Info	Neg	Guar	Jobs	Rep	CB	P&C	H&S	Train
Germany										
e.on Kernkraft	General services	Y	Y	Y	265	Y	Y	Y ¹	N	Y
GEW Koln	Telecoms	Y	Y	Y	30	Y	Y	N	N	Y
Stadtwerke Kiel	IT-Services	Y	Y	Y	31	Y	Y ²	Y+N	N	Y
Slovakia										
ZSE	Construction assembly activities	Y	Y	N	500/ 100	Y	Y	Y	N	N
ZSE	Meter calibration	Y	Y	N	100/ 25	Y	Y	Y	N	N
Sweden										
Stockholm Entreprenad	Road and pavement work	Y	Y	Y		Y ³	Y	N	N	N
Stockholm Vatten	Security and emergency services	Y	Y	Y		Y ³	Y	N	N	N
Norr Vatten	Security and emergency services	Y	Y	Y		Y ³	Y	N	N	N
Telje Bostader	Personnel management and administration	Y	Y	Y		Y ³	Y	N	N	N
Telje Energi	Personnel management and administration	Y	Y	Y		Y ³	Y	N	N	N
Lt Varmland	Administrative civil servants, doctors, secretaries	Y	Y	N	40/16	Y	Y	N	Y	
Västerås City	Geriatric care	Y	N	N	20/20	N	N			
Bergslagen Municipal Technical Dept	Chefs	Y	N	N	1/1	N	N	N	N	N
Skara, Lidköping, Götene Councils	IT services	Y	Y	Y		Y	Y	N		
Umeå Council	Reception	Y	Y	N	11	N				
Kiruna Council	Cleaning, ventilation and sanitation	Y	Y	Y	25	Y	Y	Y	N	Y
Skellefteå power	Maintenance of power network	Y	Y	Y	4	N				
Skåne Region	Simrishamn Hospital	N	Y	Y		Y	Y	Y	N	Y
Skåne Region	Reception	Y	Y	Y		Y	Y	Y	N	N
Simrishamn Council	Technical office	Y	Y	N		Y	Y	N	N	N
Nacka Council	Invoicing	Y	Y	Y	3	Y	Y	N	N	Y
Stockholm Council	Reception	Y	Y	Y	18	Y	Y	N	Y	Y
Löwenströmska Hospital	Telephony	Y	Y	Y	16	Y	Y	N	N	Y
Gävle Council	Catering and cleaning	Y	Y	Y		N	Y	N	N	Y

1 Yes for new employees 2. Yes only for outsourced 3. Employees joined new union after transfer

Summary of comments from the survey

Labour Market Service – This is regarded as the best example of good practice from Austria as the unions were involved throughout in negotiating the process and a large number of civil servants were happy to transfer to the new organization. Cases of outsourcing since then haven't managed to achieve the same standards.

Danish state sector – There is an Agreement on Co-operation which includes a paragraph on information and consultation in relation to restructuring and in 2004 the CFU union federation and Ministry of Finance published joint guidelines on the conditions of employees in public procurement and outsourcing.

e.on Kernkraft - Jobs and conditions are guaranteed for the outsourced employees. Employees who leave are replaced by others from a another e.on company with lower conditions. The aim of ver.di and Works Council is to integrate them in the overall collective agreement. Negotiations have started.

GEW Köln - Starting with 30 workers, Netcologne the outsourcing company now has 500 employees. It has a collective agreement with ver.di at company level. A transfer agreement into the new company agreement was negotiated too. The 30 affected employees have a right to return to GEW Köln AG (used by one).

Stadtwerke Kiel - Protection of all social standards by Stadtwerke Kiel AG. Right to return to SW Kiel AG. Protection of Works Councils responsibility. Opportunities to gain new market shares. Protection of jobs in Kiel (last chance before the majority shares in SW Kiel AG are purchased by MVV).

Pražské plynárenské - When operations were split off from the parent company Pražské plynárenské a.s., the employees of the new companies continued to be members of the union operating at Pražské plynárenské a.s. From then on this union acted on their behalf with the employer with the aim of concluding a collective agreement. Up to now they have not been successful.

ČEZ - The outsourcing process at ČEZ is currently taking place. By 2006 about 12 subsidiary companies will have been created from the 5 regional distribution companies controlled by ČEZ. Each new company will perform one single support activity, (projections, network management, IT, customer services etc.), but covering the whole of the Czech Republic.

The unions are beginning negotiations with ČEZ management, with the aim of providing the same working and salary conditions for the employees, who will transfer to the subsidiary companies. ČEZ management is prepared to accept a union proposal, which will safeguard basic conditions (but by no means all of them), which will be binding on the new subsidiary companies. The agreement will be signed in the next few days. It is not a collective agreement because some new companies have not yet been set up. Negotiations with ČEZ management will provide safeguards for the representatives of the original regional distribution companies and the management of the ECHO Trade Union.

Why was it not possible to use a collective agreement to a greater extent? Because, in accordance with current legislation a wider agreement applies only to employers who are members of the employers association. In the meantime nobody guaranteed that the new Subsidiary companies would be members of the employers association.

Stockholm Entreprenad AB - A collective agreement has been drawn up between Stockholm Stad and SKTF covering outsourcing contracts involving the local government-owned company Stockholm Entreprenad AB. Members at Stockholm Entreprenad AB who

transfer to the new company (PEAB) have the right to return to the employment of Stockholm Stad within the first two years, if they are not happy, or feel a lack of career progression, at PEAB.

NordRen and Affaldsregion Nord - Traditional examples of outsourcing where employment conditions were only partly maintained and only through pressure from the unions.

R98, Nyborg Forsyning and Odense Renovationselskab - Three examples of alternatives to private outsourcing where companies are publicly owned but separate from the councils. There have been some difficulties but in general employees have maintained public sector working conditions.

Entreprenørgården - In fact, a case of insourcing where a publicly owned company has taken over from a private company and where there were problems because the publicly owned company was unwilling to take over the employees from the private company.

Italian electricity industry – The sectoral agreements for the electricity industry (2001) and gas and water sectors (2002) provide a major source of protection. They provide unions with the scope to negotiate over what processes are outsourced.

Swedish local bus transport – The outsourcing of most bus services to private companies in 2000 produced a marked deterioration in pay and conditions. Union action following this produced a new collective agreement in 2005 which replaces the previous six different agreements and provides better conditions and protection for workers in the event of future restructuring and takeovers. The union is informed before a business is to be tendered and in many cases will be involved in, and able to influence, the decision-making process.