



## **Draft code of practice on outsourcing**

EURELECTRIC, EPSU and EMCEF support the following code of practice on outsourcing and urge their member organisations to abide by the code when dealing with this issue at company level.

Outsourcing is taken to be any process that results in an activity being transferred to a new organisation, whether this involves the contracting out of an activity to another company or the hiving off part of the company as a separate economic entity.

Employers should inform and consult with unions/works councils at the earliest stage if the outsourcing of any business activity is under consideration. They should also provide unions/works councils with copies of reports from consultants or advisors on the outsourcing process.

Employers should try to ensure that outsourcing is only considered as part of a long-term strategy to ensure continuing prosperity or survival and should not be a short-term tactic to cut jobs and undermine the pay, conditions and collective bargaining rights of its employees.

Unions/works councils acknowledge that in certain circumstances outsourcing may be a legitimate part of an employer's strategy to survive or prosper in the long term and may therefore be justified in terms of job security.

Employers considering a plan to outsource should strive to consult with unions/works councils at the earliest stage over the reasons for the proposal, setting this in the context of their overall corporate strategy.

Unions/works councils should be allowed an opportunity to question management over the proposal and over potential alternative strategies. Employers should provide unions/works councils with relevant data about the outsourcing proposal including information on the company or companies likely to take on the outsourced activity.

Unions/works councils should be given the opportunity to call for independent research and advice if it needs it to help assess the proposal.

If the unions/works councils believe that outsourcing will undermine job security and result in a worsening of employment conditions then the employer should consult in good faith over alternative proposals.

If unions/works councils agree that outsourcing is a justifiable policy in these circumstances then it should establish a further period of consultation with the employer over the actual process of outsourcing.

The employer and unions/works council should agree a timetable leading up to outsourcing which will allow for proper consultation and enable the unions/works council to compare in particular the current rights and working conditions of the employees affected and their future rights and conditions as set out by the potential outsourcing company or companies.

The employer and unions/works council should endeavour to ensure that the pay and conditions of workers to be transferred are protected. They should also ensure that the health and safety policy and procedures are at least as good in the outsourcing company as in the original employer.

As the very minimum the employer will ensure that it abides by any national or European legislation governing the transfer of employees but will also endeavour to do more to protect the rights and conditions, and in particular pension entitlement, of transferred employees if these are not specifically covered by the legislation.

If, following the transfer, the union/works councils representing the transferred workers complains that the outsourcing company is failing to meet its commitments then this may be taken up by the original employer and unions/works council with the employer encouraged to use its contractual relationship with the outsourcing company to protect the rights and conditions of the transferred employees.

EPSU, EMCEF and EURELECTRIC will agree a process and timetable to review and evaluate the application of this code of practice.