



A Gathering Storm? Procurement, re-tendering and the voluntary sector social care workforce

*A
study for
the Voluntary
Sector Social
Services Workforce
Unit*

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The *Scottish Centre for Employment Research* is part of the Department of Human Resource Management, University of Strathclyde Business School. It produces high quality academic research on work and employment that is intended to be useful to policy-makers and practitioners in the public, private and voluntary sectors.

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Executive Summary

This report assesses the impact of the re-tendering of social care services on workforce morale and commitment in the voluntary sector, outlining the implications for national workforce policy and planning in Scotland. It summarises the results of research undertaken in three voluntary sector organisations who had all recently been involved in re-tendering exercises with local authorities. These organisations encompassed a provider that had lost several re-tendering exercises, a provider that had won several re-tendering exercises, and a provider that had won and also lost services through re-tendering exercises.

The main findings from the research are:

- Re-tendering is becoming a major challenge to the financial stability of voluntary sector organisations for the foreseeable future.
- There are significant organisational impacts from re-tendering including:
 - Increased organisational resources devoted to such exercises
 - Breakdown of co-operative relations between providers
 - Concerns over service quality
 - Difficulties in interpreting TUPE regulations
 - Losing highly motivated staff
 - Continued undermining of terms and conditions of employment.
- Evidence of a highly motivated workforce present in the sector prepared to undertake work over and above their contracted responsibilities to meet service user needs.
- Workers expressed shock, disappointment and dismay at news that their services were being put out for re-tender.
- Significant violation to the psychological contract of some workers as a consequence of re-tendering, with some looking for alternative employment.

- Employees expressed dual concerns regarding their own employment security and the well-being of service users.
- Employees received inconsistent information regarding their rights under TUPE.
- Feelings of violation among those whose employment was transferred were offset by protection of terms and conditions of employment under TUPE and continuity of service.
- Management and unions also contributed to the continued commitment of employees transferring to a new employer by dealing promptly with specific issues arising out of transference.
- Employees who retained employment with original employer expressed significant relief.
- Employees who had been transferred or remained with their original employer continue to express high levels of commitment to service users.
- Employees expressed significant concern regarding their employment security and continuity of employment if re-tendering became the norm.
- There was general satisfaction with the information and support provided by unions to their members, and re-tendering could provide opportunities for union membership growth.
- Service users and their families received little information about re-tendering and had no say in whether services should be re-tendered.



Introduction

This report assesses the impact of the re-tendering of social care services on workforce morale and commitment in the voluntary sector, outlining the implications for national workforce policy and planning in Scotland. The report is divided into five sections.

Section 1 - explores the impact of local authority finance on employee morale and commitment in the voluntary sector, including an overview of the current financial climate faced by voluntary organisations and early assessments of the impact of the EU Procurement Directive. This section also considers the psychological contract among workers in the voluntary sector, and how it can be influenced by changes to employment conditions and service quality that are a direct consequence of financial decisions by local authorities. As re-tendering of services potentially affects the status of employees through transferring employment to another employer, the final part of this section includes a summary of the potential protection given to workers through the Transfer of Undertakings (Protection of Employment) Regulations 2006.

Section 2 - presents a profile of the three participating case study organisations and respondents.

Section 3 - presents the first part of the findings, focussing on the impact of re-tendering on the organisations, in terms of changes to their operating environment, responses to re-tendering, and the impact on terms and conditions of employment.

Section 4 - provides an overview of employee responses to re-tendering, exploring their initial reaction to the news of re-tendering; reactions to the failure or success of management's efforts to secure existing contracts; continuing concerns after re-tendering; an evaluation of commitment and desire to stay with their employer; and assessments of the impact on service users and their families.

Section 5 - provides the conclusions and recommendations.

Section 1: Financial and workforce challenges facing the voluntary sector in Scotland

A challenging operating environment

In recent years the voluntary sector in Scotland has faced a challenging financial and regulatory environment, with significant implications for terms and conditions of employment in the sector. Funding decisions by local authorities have led to a steady move away from pay comparability with local authority workers, work intensification and the encouragement of greater flexibility from the voluntary sector workforce.¹

Recent changes to local government finance have seen the Scottish Government provide £93.6m for various initiatives in the sector over the next three years to support social enterprise.² There has also been the signing of the Concordat between the Scottish Government and COSLA. The Concordat has reportedly halted the decline in local government's share of total expenditure, by introducing a marginal annual increase over the Spending Review period of 2008/09-2010/11.

There are also significant changes to the structure of funding, in particular the rolling up of funding streams that previously were ring-fenced. The implication being that local authorities will receive, within the prescribed limits of the Scottish Government's framework of national outcomes and indicators, more autonomy to deliver services in accordance with local needs. This removal of ring-fencing implies sources of funding previously dedicated to particular initiatives such as Supporting People, the Mental Health Specific Grant and the Changing Children's Services Fund will no longer be protected, but placed in the local government settlement.³ The implication of this decision is that these sources of funding will be more vulnerable to shifts in priorities of individual local authorities in the face of financial issues and policy changes. The voluntary sector is seen as especially vulnerable to such changes as a recent study found that 96% of large organisations in the sector were in receipt of funding from a ring-fenced source in 2007/08. Moreover, since the removal of ring-fencing a majority of these providers (74%)

have reported that budgets have been frozen.⁴

There are also issues arising from the recently published Single Outcome Agreements (SOAs), with concerns that they say little about the role of the voluntary sector in social care, or the importance of the social care workforce.⁵ The move towards SOAs and the decision to end ring-fencing of services is also being introduced within the context of a troubled economic environment, with Scotland likely to suffer more in the current recession than England.⁶ The onset of recession creates opportunities and threats to the voluntary sector, including increasing competition around fundraising. There is also uncertainty regarding whether government policies should be directed towards the sector collectively, or targeted according to emerging recession-driven needs. If the second option is followed the implication is that there will be winners and losers among the sector's providers. In particular, the prospects of Scotland's voluntary sector during recession are likely to be more onerous than those faced in England.⁷

Within this context, re-tendering has emerged as another issue that challenges the stability of the voluntary sector. Re-tendering has increased as a consequence of the implementation of the Public Contracts Regulations 2006 (Public Contracts (Scotland) Regulations 2006) which was introduced as a consequence of the Public Contracts Directive 2004/18/EC. Recent research by Community Care Providers Scotland (CCPS) has highlighted a number of concerns from the providers' perspectives on the way in which re-tendering exercises have been taken forward, including:⁸

- A lack of engagement and involvement with service users and their families in the tender process.
- Inadequate consideration to 'quality' issues in re-tendering exercises including insufficient rigour in the assessment of 'quality', the failure to account for good practice by current providers



and the weight accorded to quality in scoring systems.

- The costs, financial and otherwise of re-tendering, including transfers of staff and services, levels of administrative and management time, expense and effort.

It was also apparent there were significant concerns regarding evidence of undercutting among providers and an emphasis on cost in determining which organisation won tenders. Moreover, once contracts were won and lost, there were reported difficulties in relation to TUPE, especially concerning the receipt of accurate information between providers and local authorities. One voluntary sector provider had to withdraw from service provision once the full TUPE costs involved in the transfer of services were disclosed, as the service was not financially viable.⁹

Whilst the above studies provide valuable insights into the dynamics of re-tendering and the current social care market in Scotland, there is limited analysis of the human cost of these exercises, particularly on the employee side. The voluntary sector is renowned for its high levels of staff commitment, but this loyalty may have limits, especially within a changing and more competitive environment. The next section outlines what we already know about why people choose work in the voluntary sector, and the conditions that cause discontent among the voluntary sector workforce.

Orientations to Work in the Voluntary Sector

A recent study utilizing the psychological contract construct has confirmed that people's orientations to work in the sector can be complex.¹⁰ The psychological contract includes traditional transactional (attraction to pay and conditions, etc) and relational (career development) elements. Additionally, on the relational part of the spectrum is what has been called a Voluntary Sector Ethos (VSE).¹¹ With the VSE employees join the sector because they strongly identify with the mission of a particular voluntary organisation and its client group.

Tensions can arise if employees in the voluntary sector feel that there have been breaches and violations to the psychological contract which can occur across this transactional and relational spectrum. For example, violation could occur on the VSE part of the spectrum if employees were unable to provide the level of service to particular vulnerable groups. Cuts to people's terms and conditions of employment, the erosion of skills, the intensification of work, employee burnout and feelings of insecurity are also significant causes of violations of the transactional elements. Often these tensions in the psychological contract are directly related to decisions made by local authorities regarding the funding of the sector, with changes to terms and conditions of employment, especially pay, leading to employees quitting their posts or leaving the sector altogether.

Certain factors may moderate the impact of breaches to the psychological contract, so that full violation would not occur. For example, with regard to breaches to transactional aspects, continued loyalty to the service user group and organisational mission could mitigate feelings of violation, but only for a limited period. Other moderators of violations to employees' psychological contract such as management interventions and union activity are contingent on power relations between the voluntary organisation and local authority funding bodies, and the degree to which the former could exercise autonomy when dealing with the latter.

A further aspect which has the potential to severely undermine voluntary sector employees' psychological contract is a transfer of their employment to another employer, because of re-tendering of services. In particular, the transference to another organisation could effect service quality, challenging people's capacity to fulfil their VSE and lessen their commitment to work in the sector.

Research from other sectors (e.g. transfers from public to private sectors) confirms how the psychological contract of employees can be violated by transfers of employment. Employees have feelings of shock and helplessness, and often feel that their terms and conditions of employment

are threatened. They also express concerns about whether service quality is undermined as a result of the transfer.¹²

These observations make this particular research especially important in considering what is happening to the psychological contract and worker commitment in the voluntary sector as the re-tendering of services escalates. The project also explores the extent to which another factor - the legal protection offered by the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) acts as an effective moderator of violations to the psychological contract during transfers of employment through protecting terms and conditions.

TUPE is the main legislation governing the transfer of an undertaking, or part of one, to another. The regulations seek to protect the rights of employees in a transfer situation enabling them to enjoy the same terms and conditions, with continuity of employment, as formerly. The TUPE regulations were originally introduced in 1981, being derived from the Acquired Rights Directive (1977/187/EC). Subsequent Directives - the Acquired Rights Directive (1998/50/EC) and the Acquired Rights Amendment Directive (2001/23/EC) - led to a number of amendments in the UK regulations over the years, with significant changes coming into place in April 2006. The main changes in the regulations with the introduction of TUPE 2006 are:

- A wider definition of the transfers covered by TUPE – in particular the inclusion of a new definition of 'service provision changes'.
- Refinement of the effect of TUPE on changes to terms and conditions of employment and dismissals for reasons connected to the transfer.
- Increased opportunities for employers to dilute the protection of TUPE in the event of insolvency.
- The introduction of a new obligation on the part of the old employer to 'provide employee liability information' to the new employer.

The wider definition to include 'service provision changes' means that where services are outsourced, 'insourced' or assigned to a new contractor TUPE now explicitly applies and this change extends coverage to the re-tendering process. It is generally recognised that TUPE is a complex piece of legislation and since its initial introduction has created much controversy, confusion, and litigation with significant case law. It is also suggested that the extent of uncertainty with regard to TUPE has been exacerbated by the ever-increasing drive towards privatisation, contracting-out and contracting-in.¹³ In short, employers face real issues in understanding and operationalising the regulations.

This complexity is illustrated with a number of common issues which have arisen in case law, including:

- To what extent can employers vary terms and conditions in connection with a transfer?
- Which employees are transferred?
- Which employer is liable for a failure to inform or consult?
- To what extent does liability under collective agreements transfer?
- Do employees have the right to object to transferring?

A recent analysis of TUPE 2006 suggests that whilst it continues to provide important legal safeguards for workers, there is also some latitude for employers to take advantage of increased opportunities to cut terms and conditions.¹⁴ This is particularly the case with the 'ETO' reason, where an employer can vary terms and conditions on the basis of issues arising due to economic, technical or organisational reasons. Employers can also dismiss an employee if the reason is principally due to the 'ETO' reason. Other issues which are commonly problematic for organisations include the greater emphasis placed on information and consultation during the transfer and the release of workforce information from transferor to transferee, and its timing. If there is a lack of information and consultation both the old and new employer can



be jointly liable and subject to a claim from a trade union or employee representative. It is also noteworthy that under TUPE there is no right after the transfer for employees to participate in the same occupational pension and there is only limited

protection for employees under the Pensions Act 2004. Where there is a collective agreement with a trade union this will be transferred, as will union recognition, 'when the group of employees who transfer retain a distinct identity'.¹⁵

Section 2: The research

Three case study organisations (each of which has been given a pseudonym) who had all recently been involved in re-tendering exercises with local authorities were chosen for the research (**Table 1**):

- A provider that had lost several re-tendering exercises (**Sapphire**)
- A provider that had won several re-tendering exercises (**Emerald**)
- A provider that had won and also lost services through re-tendering exercises (**Diamond**)

Interviews were also held with a number of employees, both managers and support workers, in the case study organisations (**Table 2**).

It is worth highlighting that among the employee interviewees there were some who were transferred to another employer as a consequence of a re-tendering exercise (nine respondents). Six of these were now employed in Diamond, but were previously employed in Sapphire and three were employed in Emerald, but had previously worked

Table 1: Profile of Organisations

	Sapphire	Emerald	Diamond
Employees	1000+	1000+	1000+
Union recognition	Unison	Unison	Unite
Service user group	Range of service users including adults & children with learning disabilities, physical disabilities	Learning disabilities	Learning disabilities
Number of projects	50+	400	60+
Re-tenders lost	2	0	2

Interviews were conducted with key respondents in each organisation including HR Directors/Managers, and individuals such as Operational/Business Development Managers who were part of 'tender teams' or had responsibility for developing and sustaining current business.

Questions were asked about the broad nature of the market they operated in; their perceptions regarding the rationale and processes behind local authority re-tendering; the balance between cost and quality evident in re-tendering decisions; the employment implications of re-tendering; and the impact on service users and their families.

in an organisation which did not participate in this study, but had been subject to re-tendering. Among employees who had remained with their original employer because of a successful bid during a re-tendering exercise (18), seven were employed by Diamond and the remainder by Emerald. Interviews asked about employment history; orientations to work; nature of work in care; their experiences of the tendering process and its impact on service users; their reactions once re-tendering decisions were made; the impact on their terms and conditions and service quality; and intentions to quit.

Table 2: Profile of Employee Respondents

	Sapphire	Emerald	Diamond
Total	6	14	8
Male	1	5	3
Female	5	9	5
Line Management	2	5	3
Non-management (Support Worker)	4	9	5
Union member	3	4	3



Section 3 Findings from interviews with HR directors or managers, and managers who were part of ‘tender teams’

The current market environment of the voluntary sector

Respondents were unanimous in stating that competition had intensified significantly over the past two years:

“You’re in a situation where you compete or you die basically” (Tender Team member, Emerald).

A vivid illustration of this competitive market and a move towards a more ruthless private sector culture was outlined by one respondent from Sapphire who described re-tendering exercises by local authorities as ‘life and death’ for providers because of the substantial sums of money involved. The respondent likened the current environment to ‘Whacky Races’ where voluntary organisations could not be ‘Penelope Pitstop’, but instead ‘Dick Dastardly’, where providers place tacks on the road to burst each other’s tyres so they don’t make the tender presentations on time.

Although respondents were of the general opinion that all competition, voluntary, public or private presented a challenge, it was the latter that represented the significant threat during re-tendering. This was because private sector organisations cut employment costs and therefore their hourly rate in tenders by having minimum holiday entitlement, virtually no sick pay and less generous pension provision.

In turning to the precise impact of the Public Contracts Regulations 2006 respondents felt that local authorities were interpreting the directive differently, with some calling for wholesale re-tendering of services to ensure compliance, while others pursued the re-tendering route on a much more ad-hoc basis. It was also the case that some respondents felt that local authority lawyers and finance departments were becoming much more influential in driving the re-tendering agenda.

Other respondents reported that some local authorities were not explicitly blaming the regulations for turning to the re-tendering route, but also cited issues such as the need to rationalise the number of providers and abiding by their own standing orders of re-tendering services every three or more years. In addition, some felt the current economic and financial climate was encouraging local authorities to use the regulations as a rationale to save money.

Opinions regarding whether the final decisions on re-tendering were based on price or quality were mixed. A manager from Sapphire pointed out how cost was the key issue as there appeared to be a concerted effort by local authorities to reduce the hourly rate of services from an average of £16.00 to £14.00. The HR respondent from Emerald also stated:

“We’ve been involved in two major re-tender exercises in the last eighteen months and the way that the tender documents have been provided to us and from the information that we received behind that, we cannot see really any other motivation other than trying to save money”.

Other respondents felt that local circumstances within authorities could contribute to this climate of cost cutting especially if they had suffered significant cuts in Supporting People budgets in recent years.

In contrast, some respondents cited factors unrelated to cost as influencing re-tendering decisions. Individuals pointed out how the tender documentation was framed in accordance with principles of ‘Best Value’ stipulating that the decision was made on the basis of, for example, 60 per cent quality, 40 per cent cost, but respondents were not in full agreement regarding how far these proportions were actually applied by local authorities. Other factors cited included bids

failing because organisations had not sufficiently evidenced quality in their tender documentation; poor quality verbal presentations; inexperience across the tender team; and unfamiliarity between local authorities and providers.

Evaluations of the Government’s policies to encourage more financial stability and longer term contracts in the sector were also mixed. ‘Best Value’ principles were increasingly being applied in relation to the length of contracts, as respondents reported local authorities awarding three to five year contracts to successful organisations. The inability to ensure ‘full cost recovery’ was a source of disappointment:

“Full cost recovery, I mean that is a joke! That is a joke! You just couldn’t do it” (Tender Team member, Emerald).

As a consequence of this environment, case study organisations were becoming ‘tender savvy’, through establishing ‘Tender Teams’ drawn from different management functions, such as finance, business development, quality, operational/care management and HR. Respondents from these teams were frustrated regarding the waste of time and resources involved with re-tendering. As one team member from Emerald revealed: ‘When a tender arises this is a priority and everything else is dropped’.

The erosion of co-operation and partnership

Intensified competition was leading to a breakdown in the tradition of co-operation and information sharing among voluntary sector providers:

“You’ve got organisations all in the same business. We’re all supportive organisations, carrying on and to the common good for the world. You’ve got organisations that are trying to move in one direction end up in conflict with each other ... we’re all very polite in the meetings and supportive and all that kind of stuff, but ... they’re all competing” (HR Manager, Sapphire).

Instead, organisations were increasingly engaging in intelligence gathering concerning their competitors, through the web, public documents and contacts across organisations and among people who worked with competitors in the past, but were now employed by them. Such intelligence gathering was also targeted at local authorities in response to the variety of approaches to re-tendering because of differing interpretations of the EU Directive and varying levels of financial difficulty.

Re-tendering was also undermining partnerships with local authorities. Respondents felt that individuals from procurement teams within local authorities were generally fair and transparent. Some respondents did however feel that formerly close working partnership relations with local authorities were being undermined, or at least suspended, during re-tendering. One respondent from Diamond reported out how he felt the close working relationship with one local authority led to an exemption from a tendering exercise, but added:

“In other situations I’m sure what happens is the council’s lawyers and procurement people come in and say, ‘No, its got to be a level playing field, transparent, no exemptions. Everybody is going through the process”.

Others doubted that partnership working existed at all, as it was only voluntary sector services that came up for re-tender, while equivalent local authority services were left. A member of the tender team from Emerald noted: ‘I think that’s the one thing [partnership] that we all talk about but they don’t do it’.

Another added:

“We’re providing the biggest amount of support to the local authorities across Scotland and you’re treated in a lot of cases as second class citizens ... It’s a buyer and supplier relationship really in effect”.



Concerns for service quality

Concerns regarding the impact on service quality from re-tendering included almost universal anxiety arising from projects being transferred to the private sector. It was felt these providers did not encourage staff to 'go that extra mile' for service users, but instead adhered to the strict terms of contracts. Respondents from Emerald expressed alarm that on securing re-tendered projects, they found that they had won additional services out-with the organisation's traditional area of expertise. It was also the case that managers who were responsible for the operational/implementation of these new services were not initially aware of these additional responsibilities and that this represented a significant intensification of their workloads, leading to further concerns about quality.

There was felt to be some improvements to service quality from transfers of projects. A respondent from Emerald pointed out how on receiving projects from one organisation that did not participate in this study, it was clear that further investigation revealed how the old employer was not utilizing staff shift patterns to fit closely with service user needs. She described how some staff had 'a very cushy life'. It was therefore decided that through a process of consultation working hours would be altered to secure services that were more person-centred.

Implications of the Transfer of Undertakings Regulations

Respondents reported some difficulties for organisations from working with the TUPE regulations during the re-tendering process. This began with the complexity of the regulations, which led to a need to bring in external legal advice, and for HR managers to embark on a huge learning curve regarding the demands of the regulations. Respondents also felt the knowledge base regarding TUPE within local authorities was quite low, which meant at times the voluntary organisations did not always get the information they required.

There were also frustrations regarding exchanging

information concerning commercially sensitive workforce data. Difficulties could also emerge between voluntary organisations once decisions had been made. Respondents from those organisations that had won contracts pointed out how it was extremely difficult to build a constructive working relationship with an organisation that was handing over staff and possibly losing a substantial part of its income. There were also joint concerns over communication with staff during transfers of employment. On one side the representatives from the old employer expressed frustration at having to lead the consultation with employees regarding the transfer to a new employer, while on the other side, the new employer would express concerns regarding the lack of influence over such consultation and the extent to which employees were receiving adequate information.

Losing experienced staff/Gaining demotivated staff

For those who lost projects and staff through re-tendering exercises, the key issue for the organisation was losing people that it had invested significant resources in:

"We build, instil the values with the training we give them, the way we want them, and then we say 'well sorry, you're going elsewhere'. I mean it's absolutely tragic ... Ethos, that's what it is and that in my view, in HR terms, is the most difficult to instil, to get people on board with that, and therefore its one of the greatest losses, when we lose our people. There's the tangible investment in terms of training that adds stuff, but there's also that unquantifiable aspect" (HR Manager, Sapphire).

Managers also experienced emotional turmoil when staff transferred across, particularly if they were long-serving employees. Fears also arose regarding what former employees were being transferred into. The loss of contracts to another voluntary sector provider was seen as acceptable as they saw all such organisations

sharing approximately the same values, and terms and conditions of employment. Perceptions were different when employees transferred to the private sector. The Business Development Manager from Sapphire expressed concern that staff that had transferred into the private sector were 'heading into the unknown', with only the limited legal framework of TUPE protecting them. There was also a profound sense of having let former colleagues down by losing the re-tender.

For successful organisations, one of the problems associated with taking on staff transferred in was sustaining motivation. Respondents reported how widespread absences and turnover in the projects affected by re-tendering was not evident across the three case studies. We did not, however, specifically ask for details of absence figures in each project we investigated to compare with overall organisational trends and those within projects unaffected by re-tendering. Despite this, the data did provide evidence of problems with motivation as the HR respondent from Emerald reported:

"The more difficult side of it is, you know, the motivational aspect for staff who are transferring over ... they didn't trust us. I think they were still worried about their terms and conditions when they transferred over. I think there was anxiety and it took us months to try and reassure people what we were all about, what our values were, what was going to happen to them and what was not going to happen to them".

This was aggravated in one particular situation where Emerald had to make incoming managers redundant through the ETO provisions under TUPE, leading to some concern among the rest of the workforce.

Impact on employment conditions, unionisation and organisation of work

Pay and conditions and the way work was organised were problematic areas for the organisations. Emerald transferred in staff

whose terms and conditions were either partially or wholly superior to those it offered its existing employees. The HR respondent reported how they justified this to existing staff by pointing out how the transferred employees had additional supervisory responsibilities. Concerns remained among management, however, regarding how far the process of re-tendering would evolve, become the norm and lead to the successful organisations taking on transferees with numerous terms and conditions.

To resolve this tension, Emerald was allowing natural staff turnover to take its course, and have new starts hired on the organisation's own terms and conditions. This was seen as a slow process and not necessarily the most ideal:

"It's a worry for the future if you're going to end up with all kinds of staff on different terms and conditions, and how you manage that and whether you can get away with harmonising it, which, in some ways you would like to do" (HR Manager, Emerald).

Organisations that had won contracts such as Emerald had made alterations to their working practices and organisational structures. These changes were not specifically undertaken to secure the re-tendered services as they were part of an earlier senior management strategy to improve competitiveness. They included a restructuring of the line management role through reallocating administrative responsibilities to lower paid employees. The reported outcome was a reduction in the hourly rate and the number of line managers, without making any detrimental impact on service quality. Emerald had also altered its skill mix in projects by increasing numbers of Support Assistants, as opposed to Support Worker grades. The HR respondent pointed out, however, that the organisation would struggle to make any further savings from restructuring and skill mixes or changes to general terms and conditions because she felt Emerald had gone 'as low as they could go'.



Organisations that lost contracts were also introducing changes. The two respondents from Sapphire reported how senior managers in the organisation were reluctant to cut terms and conditions such as sick pay, or other entitlements for fear of alienating staff. Instead, cuts occurred in areas such as payment for subsistence and travel allowance, which could lead to quite significant cuts in disposable income for those affected. It was reported how in order to improve competitiveness the organisation would probably have to make similar changes to the skill mixes of teams such as undertaken in Emerald.

There were also implications for unionisation from the transference of staff to the private sector. Respondents from Diamond reported how one of the voluntary organisations it had lost services to (not in this study), did not traditionally recognize a union, but in accordance with TUPE allowed collective bargaining rights to be maintained for employees transferring in. In contrast, respondents from Diamond and Sapphire indicated how despite pressure from the unions and themselves, representatives from two private sector contractors held the line that they were, and would remain non-union companies even when employees transferred in with recognition rights.

Why did people join the voluntary sector, and what is it like to work in the sector?

Employees reported that they had formed complex psychological contracts relating to practicality, family had worked in care, income and convenience. It was also the case, however, that all individuals interviewed joined the sector because of a strong VSE illustrated by the quotes below.

“It began with an altruistic wish to help and makes things better for folk ... and that was the kind of area I wanted to go into ... it’s a kind of underpinning motive over the years” (Area Manager, Sapphire).

“To help people to make a difference in their lives, because why shouldn’t they have the same opportunities as you and I and I think that’s really, really important that we are all equal” (Support Worker, Emerald).

In terms of the nature of work in the organisations, respondents reported that while there was an element of routine to the jobs that included domestic, direct personal care or the keeping of appointments with service users, most days were unpredictable and dependent on what individuals in their care required. The phrase ‘no two days were the same’ was common throughout the interviews. The majority of respondents across the three organisations and individual projects also reported how their responsibilities included undertaking sleepovers and in one case waking night shift. For managers as well as covering sleepovers, a proportion were also responsible for on-call shifts.

Prior to the re-tendering exercises, respondents almost universally reported how they were willing to work beyond contract, including:

- Working voluntarily through lunch breaks.
- Agreeing to work extra shifts.

Section 4: Employee interviews

- Work over without pay on a voluntary basis.
- Use their own resources or money for service users’ social activities.
- Involve service users in family social activities.
- Cancel annual leave to care for service users.

The most common aspect of working beyond contract was ‘working voluntarily through lunch breaks’, though there was some ambiguity regarding how far employees voluntarily missed lunch. In one organisation, employees were contracted to work through lunch so they could simultaneously meet service user requirements. In other cases the requirement was less formal and typified cultures that expected a degree of self sacrifice. A former employee from Sapphire illustrated the ambiguity in this area:

“I don’t think we’ve got identified breaks ... if you think about it in terms of twenty-four hour care how could you just say I’m breaking off for lunch for an hour in the role that we play, because somebody might need you in that hour ... I feel the Service Managers are the same and it kind of cascades down where ... I’m not saying it’s like conscious blackmail, but they feel that they need to” (Support Worker).

Irrespective of whether such breaks were voluntary or not, others outlined the intensity of such services:

“That’s a hard one with supported living because you don’t actually get a lunch or breaks, so yes you do, you just work through. You have your lunch with whoever you’re working with” (Support Worker).

Employees also regularly worked over without pay, without claiming time back through time off in lieu. The categories that employees were less likely to involve themselves in was using



their own resources or money for service user activities; involving them in family social activities and cancelling annual leave. With regard to the involvement of service users in family social activities, it was the case that respondents from Diamond reported how the organisation had a policy that discouraged this. The majority of employees did agree to cover extra shifts in the case of the absence of colleagues. When asked why they undertook such extra work, employees responded with statements that reflected a high level of commitment to the wellbeing of the service user.

Reactions to re-tendering

Employee reactions to the news that their projects were being re-tendered were mixed, with some genuinely unperturbed. Within Sapphire, for example, some employees were reassured by the confidence of managers that their organisation would successfully retain its services.

“He [the line manager] sounded very confident, and that they were confident at that point, that they were going to get the contract, so I didn’t come away with any feeling of worry, that I’d joined an organisation that might have to transfer. It didn’t worry me” (Team Leader, Sapphire).

Another outlined how because she was not the main income earner in her household, re-tendering did not raise too many concerns.

This lack of concern contrasted with the views of other respondents, who revealed a profound sense of shock at the news of re-tendering:

“I remember what I did was that I burst into tears in the meeting, we were in a managers’ meeting and we were told and I can’t think of any words to describe how awful it actually felt at that point” (Employee transferred to Emerald).

The announcement of re-tendering also had an impact on employee morale across the case studies. Some staff felt the decision reflected badly on them as service providers, as one respondent

now working in Diamond stated:

“Well I thought it was a kick in the teeth to us. It was more or less them telling you you’re doing your job but you’re not. There must be something not right when you were re-tendering”.

There was also evidence of a disruption of team spirit among respondents. In Diamond, for example, one service was put up for re-tendering where another one was not, resulting in employees in the former group feeling marginalised. A line manager stated:

“In the beginning before we definitely knew that part of the service was going to be involved and the other part wasn’t we did have a spell of not knowing whether or not we were all going to be included in the re-tendering process ... people started talking about looking for other jobs, underlying anxiety all the time. And then when they eventually got it confirmed that they were still part of the service that was going to be re-tendered that team actually then felt quite excluded from everybody else”.

Employees also expressed concerns regarding the lack of control over their working lives resulting from re-tendering:

“Where I’m sitting, am I going to be happy in some other organisation irrespective of whether or not it’s the same kind of care or not? You know, there’s no choice in the matter ... Why would I not want to be with Emerald? I would make that choice myself every day if I didn’t like who I was with, I would put my notice in. I would like to hand my notice in but somebody else was talking that away from me. I think a lot of the staff felt that way as well” (Senior Line Manager).

Employees expressed dual concerns about their own employment conditions and future job security, and the well-being of service users if their continuity of service was disrupted through any significant

changes to staffing. The key issues for employees with regard to their jobs appeared to be concerns over various forms of insecurity. For some female respondents in Diamond, for example, there were concerns that re-tendering would lead to changes in their shift patterns by their new employer and disruption to their childcare arrangements. In the main, however, these concerns focused on issues around pay and job security. One older respondent from Sapphire reported:

“There’s younger members of staff who have got mortgages, but they didn’t even know if they’d have a job, nobody came out and said to us until latterly”.

In some cases this anxiety over terms and conditions was aggravated by rumours spreading among employees, and the fact that information received regarding their rights appeared to be inconsistent across projects and case study organisations. Respondents from Sapphire, for example, reported how managers only informed them of their rights under TUPE once they knew that the contract was lost:

“We didn’t really know, we were surmising that if we lost the tender we would need to re-apply for our jobs and go through the proper interviews again”.

In Diamond employees expressed concern regarding rumours that the re-tendering would lead to their employer being undercut raising fears of redundancies, relocation, cuts in pay and intensification of work. This was in contrast to other workers who reported satisfaction with the quality of information provided by management with the implications with regard to winning or losing the contract:

“I would say they were good [with communicating about the re-tendering process] ... they told us everything that they could tell us ... we were looking for more information but they didn’t know what was happening either” (Support Worker, Diamond).

The dual concerns regarding employment and the

rights of service users were clear throughout the three case studies:

“I was concerned as to obviously what would happen with our jobs, well personally with my job or what would happen to our service users, because we’d built up such a close relationship with them and then, you know ... Would it change, would we still have jobs?” (Support Worker, Diamond).

Employees were also especially concerned regarding service users who did not have any surviving families. Others were offended by the use within local authority documentation and statements by individual officials of the terms ‘lots’ or ‘blocks’ to describe the services that were up for tender, rather than acknowledge that they actually related to people.

This climate of uncertainty had a detrimental impact on employees’ psychological contract as a minority of respondents across the case study organisations reported they had considered applying for other jobs during this period of uncertainty. As one Support Worker formerly employed by Sapphire stated:

“I didn’t get fed up with what I was doing, I got fed up with the not knowing what was going to happen. I didn’t know if I was going to be in a job”.

Other respondents admitted they had job offers and seriously considered leaving their employer.

Reactions to re-tendering decisions – ‘The Losers’

Staff reacted with shock when they heard that their employer had lost the contract. One individual stated:

“I was amazed. I was saying ‘What? We’ve done everything right, we were getting good reports for looking after the boys ... everything was going great’, then nothing, just your firm has lost the tender. I didn’t think it was right”.



In terms of how this made individuals feel about their employer, the responses were mixed. There was some disquiet with regard to how management broke the news to employees, especially if relayed through e-mail. Several employees formerly employed by Sapphire, but transferred into Diamond, felt that the organisation had done all it could to defend the contract and held no animosity. Others were angry on behalf of their former employer that services they had established for the benefit of clients were now being taken away from them. Respondents also expressed a desire to stay with Sapphire rather than move to Diamond. As one individual put it:

“There wasn’t a choice. I think myself and a few of the staff may have stayed if there was a choice but the way that Sapphire lost it wasn’t like we had a choice”.

Employees subjected to transfer expressed a profound sense of powerlessness, using phrases such as ‘disempowered’ and ‘disenfranchised’ and a loss of control over their destiny. One Area Manager sensed some staff felt Sapphire had not done enough to retain the services. This was coupled with deep uncertainty aggravated by rumours about the outcome of transferring services to Diamond, as one Support Worker stated:

“I think I was a bit apprehensive. Will we keep our jobs? Will everything progress as normal? What’s it going to be? Will we restructure our workplace? Will they completely change things, how we’re working?”

Similar concerns were evident among transferees to Emerald. This was not initially helped by uncertainty regarding where employees were going to be transferred to. Transferees reported how their original project was split into two, with some of them transferring to Emerald and others to a private organisation, but that this was shrouded in confusion and the final decisions regarding the final destination were seen to be arbitrary. Once

transferees entered Emerald, there remained concerns regarding what would happen to their terms and conditions of employment and job security:

“Was I going to be kept on, were they going to have too many people employed because obviously if it was a costing issue ... the people that got it maybe paid a lot less for the tendering so they would have to claw back some of that money somewhere and we thought that we were going to be out of a job”.

On transferring to Diamond, there were also ongoing concerns over issues around pay and other terms and conditions. The most significant issue being alterations to the dates people were paid, and disruption to their monthly budgeting and direct debit payments. In addition, there was also some confusion relating to annual leave, as the dates for the beginning of the holiday year were different between the two organisations. An Area Manager also outlined how transferees would lose out because the new contract did not transfer over a budget that paid for basic food items such as milk and sugar and which could also be used for funding purchasers when accompanying service users into the community.

Sustaining high commitment among transferees

Despite the above, the transfers did not lead to any significant violations to people’s psychological contracts either on the transactional or VSE related parts of the spectrum. In the former case, employees attributed this to the impact of TUPE regulations protecting their terms and conditions. There was also no widespread work intensification, changes to hours or shift patterns, etc for front-line, non-management employees. There was evidence, however, of significant intensification of work among the existing line managers of Diamond. Respondents revealed how the taking on of additional services led to significant increases in their workload, leading to difficulties finding time to continue with their SVQ accreditation,

but more alarmingly deterioration in their sense of well-being and health in the workplace. These individuals expressed considerable discomfort at having to deal with the continued emotional ‘fall-out’ among staff as a consequence of re-tendering. They reported that these feelings were exacerbated by a sense of isolation and lack of support from senior management from the Tender Teams whose attention, they felt, had moved on to other issues and re-tendering exercises. In terms of respondents’ VSE transfers also did not involve any detrimental change to the provision of care, with employees expressing relief that they could provide continuity of service.

Organisational factors in Diamond and Emerald facilitated the sustaining of the psychological contract among transferred employees. It was the case, for example, that the transferees felt almost universally that if transfer to another employer was inevitable, employment with a voluntary organisation was preferable. Transferees into Diamond also felt that it was the better of the potential voluntary sector providers. Individuals appeared to engage in quite detailed scrutiny of the values of Diamond and Emerald to see if they matched their own and that of their previous employers in their commitment to service users. A Service Manager from Sapphire stated:

“I was aware of the new organisation anyway. Quite a good reputation as well. Just had a better idea about the organisation, and as I say I’ve been quite impressed with them so far”.

A Support Worker who had grown disillusioned with Sapphire added:

“I had become slightly disillusioned with my previous employer, so I think I was hoping they [Diamond] would come in and be more like my previous company was originally. And so far they have, they do seem to be slightly more service user orientated”.

Management within Diamond and Emerald were also seen to positively intervene to sustain people’s psychological contract. Several respondents reported how they found Area Managers within their new employer more approachable than in Sapphire. One line manager expressed relief at Diamond’s decision to recruit more frontline workers into the service to cover existing staff:

“They’re recruiting for male relief staff and their recruiting for two thirty hour posts for my services which badly need it so that’s a positive side of it ... Because I have been struggling for a long time ... I think they’d already themselves seen the way I was running about like a headless chicken”.

Transferees to Emerald also reported how management representatives from their new employer joined representatives from their previous organisation on a joint ‘roadshow’ to reassure staff about the transfer. As one respondent reported:

“I mean we’re still in a job eighteen months later and the people we support are still receiving that support”.

Another mitigating factor concerned the sense of ‘powerlessness’ and ‘disenfranchisement’ expressed across the two organisations. Transferees to Emerald, for example, reported how they felt angry at the transfer, but became resigned to its inevitability as it was the nature of working in the sector. In these cases blame for the transfer was ultimately placed with the local authority, rather than previous or current employers.

Most transferees expressed commitment to their new employers, its values, their projects and the individual well-being of service users. Indeed, it was this latter aspect to their commitment that was strongest, and it appeared that as long as the transactional and VSE aspects of their psychological contract were not fully violated they would remain with that employer. One Support Worker stated:



“I’m quite content, Diamond have pretty much carried over everything that Sapphire has been doing, so I didn’t have anything really as such to worry about”.

Employees also reported they continued to undertake many tasks beyond contract, and expressed no desire to quit.

Those that had left prior to the transfer were reportedly line managers who had secured alternative employment with their previous employers. Ironically this caused some anger among transferees that was directed against their previous employer and the managers who secured alternative employment. A transferee to Emerald stated:

“Its okay for you but it’s not ok for us and we asked them well why could you choose who you were going to work with for and you wouldn’t let the Support Workers choose ... so we were angry at that, really angry at that”.

At the same time, there appeared to be a ‘wait and see’ attitude among employees who were transferred suggesting the potential for future threats to employee psychological contracts. These involved ongoing anxieties over terms and conditions, the organisation of work and services as some respondents did feel that Diamond may try to reduce pay, or their hours in the future. One individual who was employed on a waking night shift feared that Diamond favoured introducing a sleepover. His concerns were dual in nature, i.e. they touched on transactional and the VSE aspects of his psychological contract. In the first instance he feared a loss of income and job security from switching to sleepover, in the second he felt the service would be significantly diminished if carers were not on waking night shift to support the individual during unsocial hours.

Similarly, transferees to Emerald revealed how they were aware that although there was currently stability to their working lives and services a future round of re-tendering could undermine these

perceptions of security and that filled them with anxiety. As a Support Worker stated:

“We may well be in this situation next year or the year after or maybe the year after if they’re looking at it after three years which I think is absolutely appalling if they going to do this again so we’re all going to go through the same emotions and feelings”.

The outcome and aftermath of re-tendering ‘The Winners’

In terms of employees’ reactions to their current employer winning the tender, the majority of respondents expressed significant relief. In Diamond, some staff felt that three to possibly five year contracts offered them greater security. Others were apprehensive about the whole re-tendering process occurring again and implications for job security:

“You don’t know if it’s going to happen again in the future so I think there is a bit of uncertainty even now ... Am I going to go home one day and find a letter behind the door saying that the service is now gone?” (Support Worker, Diamond)

There were some changes to the nature of work caused by the re-tendering that were causing concerns among employees. From Diamond, for example, the re-tendered service involved the introduction of a new ‘on-call’ responsibility for some managers. For one line manager this was seen as an improvement as he felt that prior to the re-tender he worked on the basis of an informal ‘on-call’ system where he could be called upon to intervene at any point during evenings and other unsocial hours. The new contract meant that there would be greater regulation of ‘on-call’ with every manager taking a turn. In contrast another manager was uncomfortable with the introduction of ‘on-call’ as it would lead to tensions in her work-life balance. Another area of change concerned how organisations who were successful in the re-tender would also take on extra services that they

won. Line managers were especially concerned over the potential impact of intensifying their work.

In Emerald, there were other issues. One line manager outlined how he felt that his health and safety had been compromised by the stress of re-tendering.

“For the first time I’ve worked in this kind of work, I’ve never felt vulnerable the way that I do now as a result of the re-tendering and restructure. I mean a year of not knowing whether you had a job or not, it was detrimental to my health, well being and personal life. For the family it was extremely stressful and this kind of waiting and feeling that you didn’t have any control”.

Another manager reported members of his team were suffering increased stress brought on by the uncertainty of re-tendering.

Despite the above, it was generally the case that where employees retained their employment with their original employer they sustained their high levels of commitment and applied the variety of behaviours associated with organisational citizenship behaviours. Frustrations remained, but were generally directed against the local authorities, rather than their employer:

“I was just more upset about the whole process ... it just seemed very, I don’t know, cavalier, just the possibility of turning people’s lives upside down, even projects changing hands, I find it hard to describe it. I just feel quite disgusted with the whole thing because we have lost a few services and they’ve been taken over by others, so it’s upset people’s lives and its upset staff who have had to leave and go to other employers” (Support Worker, Diamond).

There were, however, exceptions to this as some vehemently objected to the way in which Emerald had reduced its hourly rate as a consequence of initial restructuring to cope with the rigours of the market and then re-tendering. The quote below illustrates this frustration and how he felt it would eventually undermine terms and conditions of employment for staff:

“They’re undercutting each other every year, the rate’s coming down all the time ... I know we undercut, we came down in our rate and the long term effects of that is going to be the pay that you’re paying and the pay that you are offering staff it’s going to be lower. The rate of pay that people are starting on is the rate of pay I started on nine years ago, and they changed all the contracts because they’re having to do that to meet the needs of the re-tenders because you can’t afford to pay them at a higher rate. We’re going back down to paying peanuts, and if you get peanuts you’re going to get monkeys. The more you re-tender, the more they cut the money, the more they’re going to have to cut wages of the staff and then you’re not going to get decent qualified staff. Just think what are we going to be like in ten year’s time. It’s a scary thought” (Support Worker, Emerald).

The role of unions

There were generally positive responses regarding the role of unions among employees, with both groups of respondents (successful and unsuccessful in re-tendering) reporting union presence and activity during the re-tendering process, sometimes participating in joint ‘road shows’ with management. A line manager outlined how some members from Sapphire were positive as the union organised a protest at local authority meetings. Once the transfer occurred, it was also reported the union (Unison) contacted members by letter and held several meetings for members and non-members regarding their rights under TUPE.



Of those who attended these meetings, there was satisfaction with the information provided, and some indicated that they appreciated how union and management liaised to provide sufficient information:

“The management from our old providers and the union, I think they all liaised regularly, to keep us in the picture with what stage it was. So I was certainly happy with that. And obviously I received letters and that on the decision as well, and kept us up to date” (Support Worker, Sapphire).

Once Sapphire employees transferred into Diamond, there were also reportedly union (Unite) efforts to resolve employee concerns around payment dates, and the cutting of the budget that subsidized expenses for staff undertaking social events with service users. In Diamond, among those who were not transferred one Support Worker stated:

“I think they did look after our interests because they did actually send a letter, and it was kind of updating you on what was happening, not just our tender but tenders in the general area”.

Any dissatisfaction concerned inconsistency or lateness of contact. Others were concerned that the union’s emphasis was more on recruitment, rather than aiding workers.

Organising new members or retaining existing ones was certainly a factor in union intervention, but this was not an easy environment to do so. It was apparent that the unions had difficulty contacting incoming employees working unsociable hours. Transfers of employment between Sapphire to Diamond were complicated by each organisation recognising a different union. Here, however, union members expressed satisfaction with how the unions co-operated to exchange members once the transfer was complete. For transfers into Emerald unions had the difficult task of attempting

to recruit employees who had worked in a non-union environment. While transfers presented a challenging environment for union growth, across the three organisations there was evidence of employees seriously considering or actually joining the union because of fears over job security and terms and conditions of employment.

Impact on service users and their families

The impact on service users and their families was mixed. There was evidence of limited if any consultation with service users and their families from local authorities regarding the decision to put a particular project out to tender. This was regardless of the level of satisfaction service users and their families expressed concerning the current provision, performance of staff and individual organisation. Indeed, employees and managers reported how local authorities placed pressure on them to not discuss the re-tendering exercise with family members so as not to avoid harming the council’s reputation.

Employees reported how, as a consequence, awareness of the re-tendering with service users was mixed due to communication difficulties or deliberate instructions by management to avoid informing individuals so as not to cause any anxiety. Where service users were informed, it was noticeable that employees were distressed by the degree to which this upset the service users they cared for.

There were real concerns among service user families who in some cases reportedly actively campaigned on behalf of the existing service provider and staff, which again placed employees in a difficult position. This was because local authority officials accused staff of agitating against the council among service user families. Irrespective of the result of the re-tendering employees also reported a significant degree of bemusement as to why re-tendering occurred. At the same time, once the decision was made and it was seen that service provision remained the same, anxiety among service users and their families receded.

Section 5: Conclusions and Recommendations

This report considered the impact of re-tendering on employment in the voluntary sector, focussing on organisational impacts and the consequences for employee morale and commitment. As the Scottish voluntary sector comes to terms with the consequences of re-tendering, the findings offer clear warning signs for those concerned with employment rights and service delivery within the sector.

In terms of organisational impacts, the current economic climate and enforcing of EU procurement regulations has led to a series of negative consequences including:

- An intensification of competitive pressures in the sector; increased resources being put into re-tendering exercises to the detriment of the development of services.
- Evidence of a break down in previously co-operative relationships between voluntary sector providers.
- Concerns for service quality.
- Tensions emerging over the interpretation of TUPE regulations.
- The loss of experienced and highly motivated staff.
- Continued undermining of terms and conditions of employment for the voluntary sector workforce, with concerns that the sector has already gone ‘as low as it can go’ in terms of the pay and conditions of staff.

The report revealed a highly committed and motivated workforce within the sector, willing to undertake a range of additional responsibilities above their contracted obligations, such as working without a break and working additional hours without pay, or taking on additional shifts. The re-tendering process has had implications for this high level of commitment and morale. The majority of the workers interviewed revealed how they experienced a profound sense of shock, disappointment and dismay at news that their services were being put out for tender. Employees

expressed dual concerns about their own job security and the future of service users. The intensity of feelings of shock and powerlessness led to a minority considering leaving even before the result of the re-tender was heard. These perceptions were not helped by inconsistent information by management regarding employee rights under TUPE, and the future of service users.

Among those employees who worked in services that were transferred, the news of the loss of contracts by their old employers was offset by a number of factors, including:

- Terms and conditions of employment being protected under TUPE.
- Continuity of service provided to their clients.
- Management and union interventions to smooth the transition.
- Resignation that they could not alter the outcome.

Those employees who worked for organisations that were successful in retaining services expressed significant relief, but some had a continuing sense of anxiety. In the majority of cases, both sets of employees also reported that re-tendering had not led to any significant changes to the way their work was organised. This meant the employees who either were transferred to a new employer or continued to work in the successful organisations remained largely committed within these services.

However, there are storm clouds on the horizon for the sector if re-tendering becomes the norm. Within Emerald management felt the organisation had gone as far as it could go in terms of changes to terms and conditions. Management in two of the cases were preparing a series of changes to terms and conditions and skill mixes within teams to respond to this new competitive environment. Yet, such changes carried obvious dangers for employee morale and the psychological contract across the three organisations, where individuals reported a large degree of discomfort about their



future employment and services to clients if their employers had to continue to make cost savings to secure contracts and re-tenders.

This report also confirms how re-tendering is leading to the breakdown of co-operation across voluntary organisations. In the long run this intensification of competition is likely to undermine the sector's ability to act with a unified voice to government initiatives and funding constraints.

It also confirms previous research regarding how the transactional and VSE aspects of the psychological contract are crucial in understanding what makes employees stay or quit the sector. In this case, the two aspects of the transactional and VSE aspects of the psychological contract were sustained by a combination of familiar factors such as management and union interventions, and an element of resignation among employees that re-tendering was now part of the climate of the sector. In addition the impact of protection from the TUPE regulations acts as an intervening factor that sustained employee morale.

The question remains regarding whether management within the sector will take advantage of some of the loopholes in this legal protection offered employees subject to transfer. Again, this depends on how far re-tendering becomes the norm. Organisations who are successful in re-tenders may find the continuation of multiple terms and conditions of employment in a tight financial environment driven by external pressure on costs unsustainable. If this scenario does emerge, then this promises to be a difficult employee relations environment in the Scottish voluntary sector.

Previous studies have indicated that employees in the sector have been seen to adopt 'a wait and see' approach, and in a similar vein the respondents in this study pointed out that if the two pillars of the psychological contract are undermined by enforced changes on terms and conditions and service delivery, then the prospects for violation may become more acute. Within the current economic climate, recruitment and retention may not immediately suffer, but evidence of union

success in recruiting members threatened or subject to transfer could be a sign of forthcoming conflict.

Recommendations

Employers and policy-makers within the sector should consider the following courses of action.

- Gather intelligence into the competitive practices of private sector social care providers.
- Given some evidence of inconsistency in information dissemination to employees outlined in the above findings, and joint liability to trade union and employee claims under TUPE, employers and policy-makers in the sector should work to ensure consistency of information dissemination to staff regarding their rights during re-tendering exercises.
- Provide support for line managers who take on additional projects as a consequence of re-tendering. This should take the form of additional support to help them cope with continued emotional and motivational fall-out from staff who experienced re-tendering.
- Employers and policy makers in the sector should continue joint working with the unions at national level to highlight and campaign against the worst consequences of re-tendering.
- Joint sector and union campaigns could include efforts to emphasize how sector employers have 'gone as low as they can go' in terms of reducing terms and conditions of employment for staff.
- Seek to persuade local authorities to disseminate more information to service users and their families during re-tendering.
- Campaign for local authorities to give service users and their families' greater voice in whether services should be re-tendered.
- Request greater transparency from local authorities with regard to why tenders are won and lost, and the balance between cost and quality in the final decision.
- Continue to campaign for 'full cost recovery' to become a reality in purchaser-provider relations in the social care market.

Future areas of research:

The research undertaken for this project also highlighted a number of other areas which are worthy of further research:

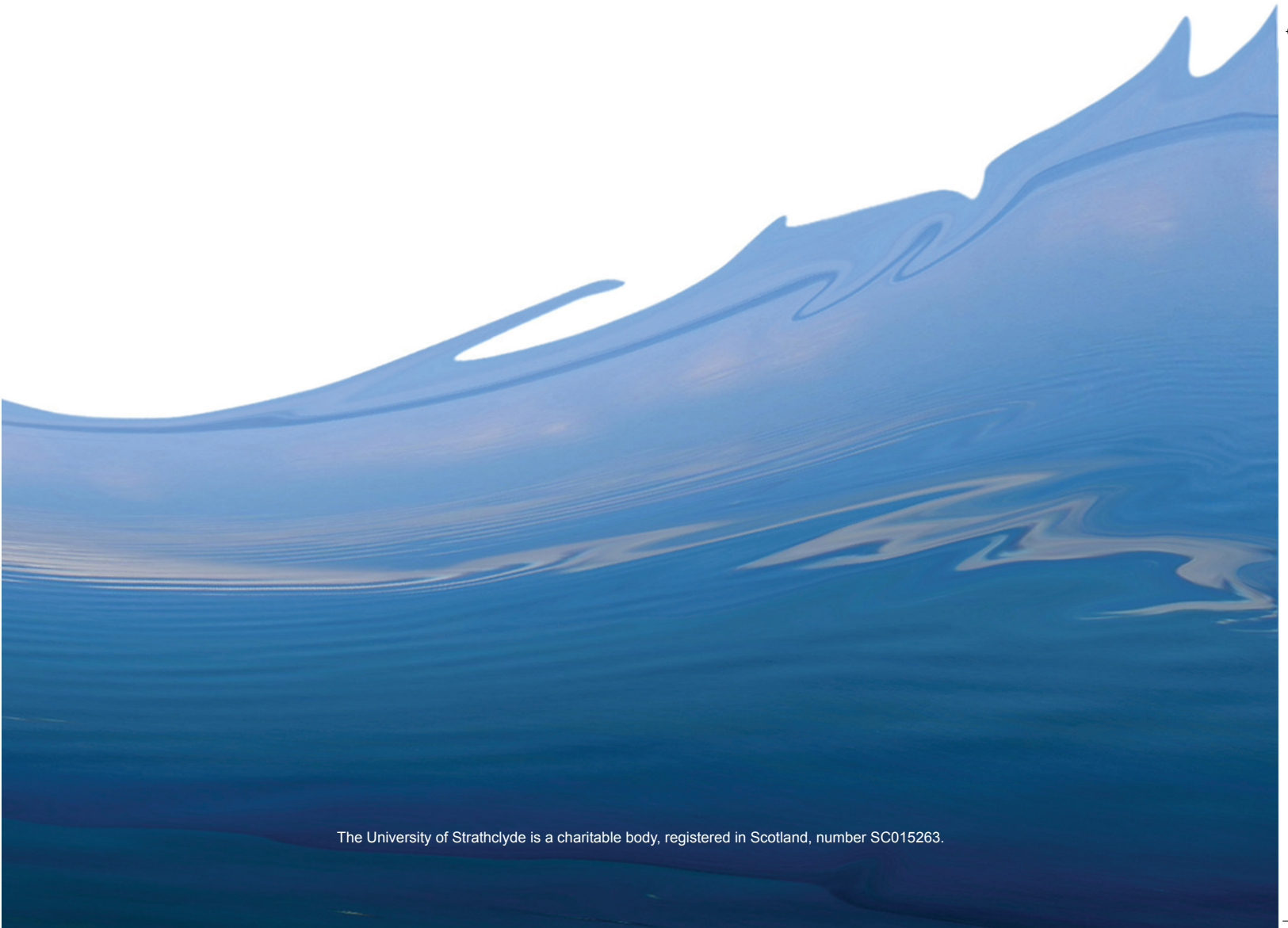
- The impact of re-tendering and the tightening financial environment on other aspects of employment in the voluntary sector, including efforts to meet Scottish Social Services

(SSSC) targets on workforce registration and qualification.

- Longitudinal work (after three years) to be undertaken with regard to worker orientations and psychological contract after transfers to other employers.
- Longitudinal work exploring impact on service quality from re-tendering across the voluntary sector.

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