CGT Emergences project

Restructuring and health and safety in the UK

Labour Research Department
April 2008
UK employment trends 1978 to 2007

The number of jobs in the UK grew by nearly a fifth in the period 1978 to 2007, from 26.9 million jobs to 31.5 million. During this period of nearly thirty years the pattern of employment changed sharply. Whilst jobs in manufacturing fell by more than half from 7.1 million to 3.2 million the number of jobs in finance and business services more than doubled from 2.8 million to 6.6 million.

Table 1 below shows the percentage of jobs by sector in 1978 and 2007. Whilst manufacturing jobs dropped from 27 per cent to ten per cent the reverse occurred in finance and business services which saw an increase from ten per cent to over 20 per cent. If we look at services as a whole they rose from 61 per cent of jobs in 1978 to over 80 per cent in 2007. Taking the whole of the industrial sector there was a decline from 38 per cent of jobs in 1978 to only 19 per cent in 2007. So in 2007 less than a fifth of jobs are in the industrial sector, compared with nearly two fifths in 1978.

<table>
<thead>
<tr>
<th>Table 1</th>
<th>1978</th>
<th>2007</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Thousands of jobs</td>
<td>Share of employment</td>
</tr>
<tr>
<td>Agriculture &amp; fishing</td>
<td>650</td>
<td>2.4%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>7,130</td>
<td>26.5%</td>
</tr>
<tr>
<td>Energy &amp; water</td>
<td>684</td>
<td>2.5%</td>
</tr>
<tr>
<td>Construction</td>
<td>1,871</td>
<td>7.0%</td>
</tr>
<tr>
<td>Distribution, hotels &amp; restaurants</td>
<td>5,333</td>
<td>19.9%</td>
</tr>
<tr>
<td>Transport &amp; communications</td>
<td>1,704</td>
<td>6.3%</td>
</tr>
<tr>
<td>Finance &amp; business services</td>
<td>2,795</td>
<td>10.4%</td>
</tr>
<tr>
<td>Education, health &amp; public admin</td>
<td>5,598</td>
<td>20.8%</td>
</tr>
<tr>
<td>Other services</td>
<td>1,097</td>
<td>4.1%</td>
</tr>
<tr>
<td>Totals</td>
<td>26,862</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Table drawn from National Statistics Online – Time Series Data, UK Workforce jobs (SA) [www.statistics.gov.uk/statbase](http://www.statistics.gov.uk/statbase)

In 1978 manufacturing was the largest sector of the UK economy in terms of numbers of jobs, but by 2007 it had dropped to fourth place. During the same period education, health and public administration (which could broadly be
described as the public sector) had grown into the biggest sector employing more than double the numbers in manufacturing.

Table 2 sets out the same figures in a different way; it illustrates the changes in the share of jobs between different sectors from 1978 to 2007. Sectors which saw sharp growth in jobs were finance and business services, where jobs more than doubled, and distribution, hotels and restaurants which saw less spectacular growth but nevertheless became the second largest sector by number of jobs.

After finance and business services the sector with the highest growth rate was other services, which almost doubled in the period. The “other services” sector includes both sewage and refuse disposal and such things as libraries, museums, hairdressing, and other recreational, sporting and cultural activities. Both construction and transport and communications saw modest growth in jobs whilst agriculture and fishing fell by a third. The sharpest fall of all was in energy and water which saw jobs contract by nearly three quarters; this sector includes mining which saw massive contraction during the period.

There are now fewer jobs in the whole of agriculture, fishing, manufacturing, energy, water and construction than there are in either distribution, hotels and restaurants or finance and business services.

<table>
<thead>
<tr>
<th>Table 2</th>
<th>1978</th>
<th>2007</th>
<th>Change in numbers employed</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Thousands of jobs</td>
<td>Thousands of jobs</td>
<td></td>
</tr>
<tr>
<td>Agriculture &amp; fishing</td>
<td>650</td>
<td>447</td>
<td>-31.2%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>7,130</td>
<td>3,199</td>
<td>-55.1%</td>
</tr>
<tr>
<td>Energy &amp; water</td>
<td>684</td>
<td>181</td>
<td>-73.5%</td>
</tr>
<tr>
<td>Construction</td>
<td>1,871</td>
<td>2,230</td>
<td>19.2%</td>
</tr>
<tr>
<td>Distribution, hotels &amp; restaurants</td>
<td>5,333</td>
<td>7,070</td>
<td>32.6%</td>
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<td>Transport &amp; communications</td>
<td>1,704</td>
<td>1,835</td>
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<td>Finance &amp; business services</td>
<td>2,795</td>
<td>6,593</td>
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<td>Education, health &amp; public admin</td>
<td>5,598</td>
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<td>42.6%</td>
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<td>Other services</td>
<td>1,097</td>
<td>2,001</td>
<td>82.4%</td>
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<tr>
<td>Totals</td>
<td>26,862</td>
<td>31,536</td>
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</table>

Table drawn from National Statistics Online – Time Series Data, UK Workforce jobs (SA) www.statistics.gov.uk/statbase
Below we present the data as charts showing the changes over the period.

**UK Employment**

**Finance & business services**
The forms of restructuring

The data in part 1 (UK employment trends 1978 to 2007) shows the general trend for UK jobs with the number of jobs rising throughout the period apart from the two recessions of the 1980s and 1990s. However, this conceals major variations with finance and business services showing a near-continuous increase in jobs, apart from a small dip in the early 1990s, whereas manufacturing has been in near continuous decline with small recoveries in the late 1980s and late 1990s. Education, health and public administration has seen a fairly steady growth in jobs with the late 1980s and even more significant growth in the new millennium. The energy and water sectors has seen an unremitting decline in jobs with a tiny increase in the last two years.

These changes have come about through a number of inter-related developments with many companies carrying out restructuring exercise leading to large scale redundancies, and in many instances plant closures.

Manufacturing

The huge falls in jobs in manufacturing in 1980 to 1984 and again in 1990 to 1993 were due in part to the dramatic contraction of the steel industry in the earlier period whilst in the later period this was accompanied by further sharp falls in employment in the motor industry and shipbuilding.
Mining

The drastic reduction in mining jobs was largely the result of a deliberate government policy to reduce coal mining from its former importance as an energy source. The rundown of pits was accompanied by the “dash for gas” with gas-fired power stations being built to replace coal-fired ones, and in so far as coal was still needed it was largely imported. The result is a contraction of the mining industry which dwarfs even the reductions in manufacturing.

Energy and water

This sector also saw some fairly severe job losses, with many of these attributable to the wide scale privatisation which occurred in the utilities during this period.

Offshoring

However redundancies have affected all sectors. Even those sectors such as finance and business services which have enjoyed major growth overall have experienced job losses as a result of restructuring. For instance in the period 1990-1992 there was a drop in employment with many banks including National Westminster, Midland, Barclays and Royal Bank of Scotland making substantial job cuts. The insurance company Prudential has undergone a series of restructuring exercises involving the loss of large numbers of jobs including 4,000 in 1999 and 2,000 in 2001 through a combination of offshoring and outsourcing – in 2002 alone 950 jobs were transferred to India.

Offshoring has become a common feature with examples across all sectors. In manufacturing Wix Filtration in early 2006 closed a factory in Southampton with the loss of 170 jobs to transfer production to Poland and the US. Bookham Technology around the same time closed a fibre-optics factory in Paignton, Devon and moved production to China with the loss of more than 150 jobs. Hewlett-Packard moved 200 jobs from its factory in Erskine, Renfrewshire to the Czech Republic in 2005. More recently, in 2007, Nestle have moved production of Smarties from York to Germany with the loss of up to 645 jobs. In the finance sector Lloyds TSB closed a mortgage application centre near Warwick in 2006 and transferred 300 jobs to India.

Outsourcing

Some job losses result from outsourcing which has been a widespread phenomenon throughout industry. One of many examples is telecoms giant BT who in late 2005 switched call centre work from ClientLogic to HCL which resulted in the loss of 582 jobs at a call centre in Derby and a further 304 in Bristol. In a similar vein Birmingham City Council transferred over 400 staff to a joint venture company with Capita, again in late 2005.

A wide range of companies have implemented programmes in recent years that have resulted in large numbers of job losses. We set out below some examples of companies and the measures adopted.
Engineering group GKN has been gradually shifting production away from the UK with a series of investments elsewhere and moves to relocate to plants in India, the US, Poland, Slovenia, China, and Thailand.

Courtaulds Textiles has undergone a massive contraction with numbers employed in the UK now down to 1,000 after a series of factory closures. The company was owned by Sara Lee of the US from 2000 to 2006 and was then sold to PD Enterprises of Hong Kong.

Pilkington, the glass company owned by Nippon Sheet Glass of Japan, underwent a restructuring in the two years to March 1999 which resulted in the loss of 7,500 jobs. The company was also involved in building new plants in Poland, Iran, Russia and Brazil.

In 1997 Molins, manufacturers of cigarette-making machines cut 500 jobs, mainly at the High Wycombe plant, then in 2000 they reduced the workforce from 815 to 576 and they are now moving into packaging machinery and other areas.

Industrial group BTR began a global restructuring operation in 1996 with the aim of selling off 37 businesses, and then expanding into China, India and Brazil. By 1998 they were cutting a further 1,000 jobs in the engineering business. They then merged with Siebe in 1998 and in 1999 changed their name to Invensys. In their new guise they then cut 5,000 jobs over two years from 1999 which included transferring some work to the Czech Republic and in 2001 some production was transferred to Poland. In the same year the company announced a further 6,000 job cuts. In 2003 the company announced that it was planning further disposals. By the end of 2007 worldwide employees totalled 27,313 of whom 3,121 were in the UK at three production sites and three research and development sites.

Coats Viyella was an engineering and textiles manufacturer which in 1996 announced a restructuring programme which led to 2,700 job losses. During the rest of the 1990s the company closed a series of textiles and knitwear factories and sold some of its engineering businesses. In late 2000 the company announced the loss of a further 1,200 jobs and in 2003 the company was taken over by Guinness Peat Group.

Multinational company Unilever is another group which has undergone extensive restructuring resulting in the closure of 100 plants and 25,000 jobs lost across Europe and North America – this included the closure of two UK plants. They were also involved in outsourcing and expanded their production elsewhere, in particular in China and south east Asia. In 2007 the company announced a plan to shed up to 20,000 jobs and close about 50 of its 300 sites worldwide. Following this 315 jobs were lost at three UK plants and a further three sites were threatened with closure.

Pharmaceutical company AstraZeneca (which was formed through a merger in 1999) is another group which has undergone extensive restructuring which has led to several waves of job losses. During 1999 jobs were cut in its
agrochemicals division and the research operation, and in 2001 the IT function was outsourced to IBM which resulted in the transfer of 1,200 staff. Meanwhile the company invested in a variety of research and manufacturing facilities in India, Egypt and China. In 2007 jobs were cut in the pharmaceuticals business and it was announced that the company planned to outsource more of its pharmaceutical manufacturing activities over the next ten years. This was accompanied by the statement that the company intended to focus on research and marketing, but in early 2008 more jobs were cut from the pharmaceuticals research centre in the UK.

Brewing group Scottish & Newcastle has been closing breweries and depots and in 1996 alone up to 1,600 jobs were lost. In 2001 the costs of restructuring was reported as £591 million and 2004 saw further job losses with the closure of breweries in Edinburgh and Newcastle. In early 2008 the company announced the closure of its brewery in Reading. Over the last two decades the company has moved from being a regional brewer based in Scotland and north east England to being a European-wide group with interests in India. However the workforce in the UK has shrunk to 3,300 and the company has been taken over by a consortium of Carlsberg and Heineken.

All material in this section is drawn from company announcements as reported in UK Activity Report from UK Business Park.

The impact of restructuring on employment

The composition of the UK workforce

In the period 1984 to 2008 the size and composition of the UK workforce changed dramatically. In 1984 the total workforce numbered around 24 million, of these 21 million were employees with 2.7 million self-employed and 0.3 million on government supported training and employment programmes. Among the 21 million employees, 16.6 million were in full-time employment while 4.4 million were employed part-time.

By 2008 the workforce had grown to 29.5 million with 25.5 million employees and 3.8 million self-employed, and only 120,000 people were on government supported training and employment programmes. Of the employees 19 million were full-time but 6.4 million were employed part-time. The number of workers with second jobs had also increased sharply, from 0.7 million in 1984 to 1.1 million by 2008.

So while the overall workforce grew by 23 % the number of employees only increased by 21% and the number of self-employed increased by 42 %. Full time employment increased by just under 15% but part-time employment increased by over 45%. Meanwhile the number of workers with second jobs increased by 59%.

Temporary working has increased but has fallen as a proportion of the workforce. The data from 1992 to 2008 show that in 1992 there were 1.3 million temporary employees representing 6.0% of the workforce, while by 2008 the number of temporary employees had grown to 1.4 million but this only represented 5.7 % of the
increased workforce. The number of temporary employees actually peaked during the period in the final quarter of 1997 when they numbered 1.79 million which was 7.8% of the workforce. The highest percentage of the workforce occurred in the second quarter of 1997 at 7.9%.

In 1992, the most common reason (36%) given for working in temporary employment was that workers could not find a permanent job. However, by 2008 this had been overtaken by those who did not want a permanent job. In 2008 only 25% of temporary employees said they could not find a permanent job while 30% said they did not want a permanent job.

Amongst those working part-time the overwhelming reason given for working part-time was that the person did not want a full-time job. This was given as the reason by 76% of respondents in 1992 and 71% in 2008.

The self-employed are also now more likely to be working part-time – they numbered 17% in 1984 but this figure had grown to nearly 24% by 2008.

The charts below illustrate the information set out above.
Table 3.1: Expansion demand by occupation, 2004-2020

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</tr>
</thead>
<tbody>
<tr>
<td>Managers and senior officials</td>
<td>12</td>
<td>14</td>
<td>15</td>
<td>17</td>
<td>890</td>
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<td>Professional occupations</td>
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<td>10</td>
<td>12</td>
<td>14</td>
<td>980</td>
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<tr>
<td>Associate professionals and technical</td>
<td>10</td>
<td>12</td>
<td>14</td>
<td>15</td>
<td>680</td>
</tr>
<tr>
<td>Administrative and secretarial</td>
<td>15</td>
<td>15</td>
<td>13</td>
<td>11</td>
<td>-360</td>
</tr>
<tr>
<td>Skilled trade occupations</td>
<td>16</td>
<td>14</td>
<td>11</td>
<td>10</td>
<td>-100</td>
</tr>
<tr>
<td>Personal service occupations</td>
<td>4</td>
<td>6</td>
<td>8</td>
<td>9</td>
<td>640</td>
</tr>
<tr>
<td>Sales and customer service occupations</td>
<td>6</td>
<td>7</td>
<td>8</td>
<td>9</td>
<td>560</td>
</tr>
<tr>
<td>Machine and transport operatives</td>
<td>12</td>
<td>10</td>
<td>8</td>
<td>7</td>
<td>-130</td>
</tr>
<tr>
<td>Elementary occupations</td>
<td>16</td>
<td>14</td>
<td>11</td>
<td>8</td>
<td>-850</td>
</tr>
<tr>
<td>Total (per cent)</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>2,230</td>
</tr>
</tbody>
</table>

Leitch Review of Skills; prosperity for all in the global economy – world class skills.
Section 2

The contribution of bodies which monitor people’s health and measure public health.

Health responsibilities are devolved from the UK government to England, Scotland, Wales and Northern Ireland: to the Westminster Parliament for England, to the Scottish Parliament and the Welsh Assembly for Scotland and Wales respectively. Although the Northern Ireland Assembly has devolved health powers, Northern Ireland business is managed from Westminster. Each body works with regional and local structures of government. This approach involves a focus on both health, and on the wider, social factors that are responsible for health inequalities.

The Department of Health (DH) is the government department responsible for public health issues in England. It provides strategic leadership to the National Health Service (NHS) and social care organisations in England. The DH’s areas of responsibility cover health protection, health improvement and health inequalities issues in England, including pandemic influenza, seasonal flu, patient safety, tobacco, obesity, drugs, sexual health, and international health.

The DH has a number of different ways of monitoring people’s health. It monitors health data through the annual Health Survey for England – this is conducted by the Joint Survey Unit of the National Centre of Social Research and the Department of Epidemiology and Public Health at University College London. It is designed to provide regular information on various aspects of the nation's health such as the health of infants aged under one.

The Public Health Observatories (PHO) also exist to carry out a wide range of monitoring and surveillance activity that are used to decide local and national health priorities. Its findings are aimed at helping health practitioners, local authorities and policy makers. Its work covers England, Scotland, Wales, Northern Ireland and the Republic of Ireland.

Health and Safety at work

Meanwhile the Health and Safety Executive (HSE) exists to protect people against risks to health or safety arising out of work activities. It conducts and sponsors research; promotes training; provides an information and advisory service; and submits proposals for new or revised regulations and approved codes of practice.

The Health and Safety Commission and the Health and Safety Executive were originally established as part of the 1974 Health & Safety at Work Act as two separate Non Departmental Public Bodies. From 1 April 2008 HSE became the single national regulatory body responsible for promoting the cause of better health and safety at work.
Further data on the UK’s public health was provided when the UK Presidency of the EC, held between July and December 2005, featured health inequalities as one of two health themes. A paper was produced setting out the UK situation in tackling health inequalities as a case study for the first meeting of the Expert Working Group.\(^1\) Based on findings from the Status Report for England (2005)\(^2\) it revealed that the gap in life expectancy and infant mortality continues to widen, despite overall improvements in population health.

It explained how Scotland is seeking a 15% improvement in the health of the most deprived communities by targeting adults smoking, smoking during pregnancy, CHD and cancer mortality in the under 75s, suicide in young people (10-24) and teenage pregnancy (13-15). Meanwhile a Welsh health inequalities fund was also established to stimulate local action across the most disadvantaged communities, focusing on heart disease and supporting 62 different projects.

\(^1\) EC expert working group on the social determinants of health inequalities – the UK situation, March 2006
\(^2\) Tackling Health Inequalities – A Status Report on the Programme for Action, 2005
The state of health depending on people’s economic and social situation

The Black Report commissioned by the UK Department of Health and Social Security in 1980 provided a detailed analysis of the relationship between mortality and morbidity, and social class. It exposed the inequality of healthcare that still exists despite the foundation of the NHS by showing differences between the social classes in the usage of medical services, infant mortality rates and life expectancy. It found that poor people are still more likely to die earlier than rich ones, and it stated that health standards are directly linked to social class. It concluded that problems were not just about access to healthcare but were linked to social and economic factors such as income, unemployment, poor environment, poor housing and education.

One of the key findings from the Black Report was the discovery that rates of age-specific mortality varied considerably between the regions which make up the United Kingdom.

“Using mortality as an indicator of health the healthiest part of Britain appears to be the southern belt (below a line drawn across the country from the Wash to the Bristol Channel). This part of the country has not always exhibited the low rates of mortality that are found there today. The fluctuation in the distribution of mortality over the years suggests that social (including industrial and occupational) as much as "natural" factors must be at work in creating the pattern of regional health inequalities.”

Almost twenty years later the UK department of health commissioned the Acheson report to again investigate health inequality. It also found that the root cause of inequalities in health was poverty and it stated that in order to improve the health of millions, the growing gap between the richest and poorest in UK society had to be reduced.

“In the early 1970s death rates among men of working age were almost twice as high for unskilled groups as they were for professional groups, by the early 1990s, death rates were almost three times higher among unskilled group.”

Industrial decline

Those parts of the UK identified as having lower life expectancy are most likely to be those that have experienced industrial decline. This is backed up by a paper published in 1998 showing that living in an area in which deindustrialisation has taken place will significantly increase an individual’s chances of reporting ill-health, measured both in acute and chronic terms.

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4 The Black Report, 1980 The pattern of health inequality in contemporary Britain, Chapter 2.
5 The Acheson Report, the Independent Inquiry into Inequalities in Health Report, (1998) headed by Donald Acheson
The map below shows the loss of industrial work across Wales and England.

<table>
<thead>
<tr>
<th>Loss of Industrial Employment</th>
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<tbody>
<tr>
<td>2.7 to 22.8</td>
</tr>
<tr>
<td>-2.2 to 2.7</td>
</tr>
<tr>
<td>-5.5 to -2.2</td>
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<tr>
<td>-8 to -5.5</td>
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<tr>
<td>-10.3 to -8</td>
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<td>-12.7 to -10.3</td>
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<td>-15.4 to -12.7</td>
</tr>
<tr>
<td>-18.5 to -15.4</td>
</tr>
<tr>
<td>-24.5 to -18.9</td>
</tr>
<tr>
<td>-51 to -24.5</td>
</tr>
</tbody>
</table>


This report says that the most dramatic drop in health is in areas that have experienced the most industrial decline. This is demonstrated in the two maps on the next page.
The left hand map shows a clear divide between the industrialised North West and the South East in health once socio-economic and demographic factors are accounted for. The right-hand map shows districts whose population remains significantly more sick or more healthy, after the effects of deindustrialisation are also accounted for. On the whole the two maps are very similar and show that people living in deindustrialised areas already had an increased chance of suffering from ill-health.

“With regard to health, deindustrialisation compounded an already considerable burden on the populations of heavy industrial workers. In addition to the physical effects of working in heavy industry, the populations had then to deal with unemployment and social and economic decline. It is this decline which has been pinpointed as a possible source of influence over health outcomes for the entire population of a deindustrialised area. It must also be remembered that the people experiencing industrial decline were often not very healthy before the process began.”

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Symbolic cases

Civil service - restructuring from the 1960s to the present day

The health of civil servants has been closely followed since the late 1960s as research is carried out on them to better understand the social determinants of health. The first study to monitor this group of workers was the 1967 Whitehall study which looked at the health of 18,000 male civil servants. A key finding from this report showed that men in the lowest grades were much more likely to die prematurely than men in the highest grades. As all the men were in stable jobs it showed that inequalities in health were not limited to the health consequences of poverty but that there was a social gradient in disease in people above the poverty threshold.

A further study, known as the Whitehall II study8, of 10,308 civil servants was set up in 1987 and there has been nine stages of data collection right up to the present day. Participating workers are predominately office-based, administrators or professional and technical employees. To participate in the study they undertake cardiovascular screening – blood pressure, height, weight etc and diet, mental functioning, walking are now also measured.

The study has followed workers through a period of considerable change and restructuring in the Civil Service. Analysis from the study shows that levels of social support at work have tended to decrease and this is associated with worsening mental health, including symptoms of depression, and with an increased risk of angina.9

The impact of privatisation

In the late 1980s it was announced that one of the government department participating in the Whitehall II study, the Property Service Agency, was to be sold to the private sector. The researchers were able to monitor whether employment status after job loss due to privatisation influences health. The data was collected before and 18 months after privatisation. Nearly 700 people were affected – after privatisation all employees lost their original jobs.

This resulted in the research paper “Employment status and health after privatisation in white collar civil servants: prospective cohort study”10. In the periods of insecurity in the lead-up to the sale, civil servants in the PSA suffered more physical ill-health than their colleagues in other departments. They also experienced adverse changes in some of the well-known risk factors for heart disease, such as increased blood pressure. Men who had been transferred and those about to be transferred suffered from poorer physical health, poorer mental health, insomnia and higher blood pressure.

Data was collected on the employees 18 months after the privatisation and the report found that morbidity was greater among insecurely re-employed or unemployed respondents than among securely re-employed respondents. They are also likely to have above average users of GP services – in general having four or more consultations with a doctor in the past year.

It concludes that insecure workers are more likely to be dissatisfied with their jobs. Job insecurity causes intense stress and this stress can remain with the person even when they find a secure job. The overall conclusion is that job insecurity increases ill-health, particularly mental illness.

It proposes that jobs be made as secure as possible to reduce the risk of ill-health among employees. However, if change is inevitable action should be taken quickly to remove a long-term source of stress and workers should be kept well informed.

Organisational change is constant at the Civil Service and employees have seen changes to the nature of their work, the management style and various departments have been transferred to executive agencies.

**Present day**

Phil Madelin, National Health and Safety Officer for the PCS civil service union explains that job insecurity continues to be commonplace in the Civil Service. Recently prime minister Gordon Brown announced that one in five jobs in the civil service would be axed. This announcement came as a shock to many of those concerned even senior government figures.

“We believe there need to be a period of stability for staff in the civil service. Large numbers of staff have been working in an environment where they don’t know what is going to happen for years.

“It is well documented in the Whitehall II report that there is a health impact with job insecurity.”

Madelin report that sickness absence in the Civil Service is primarily due to mental illness or musculoskeletal disorders. “There is evidence to show that people under stress are more likely to suffer from musculoskeletal problems. When you’re under pressure there is a physical manifestation of stress although it is difficult to pinpoint the exact cause and effect of the illness.”

He is also critical of the way restructuring has been handled with people being relocated without due consideration to their working hours or whether or not they have a disability.

Restructuring has also brought in the introduction of “LEAN” work organisation system which breaks up workers’ jobs into a number of less-skilled parts. According to the PCS union this is a process of work organisation originally tried out in motor manufacturing in the 1980s which it believes has been introduced in order to boost productivity and cut jobs.

“They are adopting the production line approach and this goes against what is good for people’s health and work.”
“The Whitehall study highlights the importance of demand and control in the workplace. It showed that senior executives have pressure but they also have control and reward and not just in the financial sense. Someone is a call centre may have less pressure but this is not off-set by control or reward.

“When workers have additional control, they are seeing tasks through it is clearly beneficial but this has been disregarded with this programme of restructuring.”

The Whitehall II study confirms the link between high demand and low control – it found that people in jobs characterised by low control had higher rates of sickness absence, of mental illness, of heart disease and of low back pain.
Car industry

Closure of the MG Rover plant in Longbridge

The MG Rover plant in Longbridge went into administration in April 2005. There had been attempts to secure a deal with the Chinese company the Shanghai Automotive Industry Corporation but this collapsed. Attempts were made to sell it as a going concern with a £6.5 million loan from the government to keep it going for a week – this also failed. The result was 6,000 job losses in the already disadvantaged area of Birmingham and the West Midlands with up to 3,000 more job losses amongst the factory’s suppliers and dealers. It is seen as an example of industrial change happening across the UK and has been described by many of the workers as a bereavement that will affect the entire community.

The high number of people involved made this a very high profile closure and it got even more attention because it all happened in the run-up to a government election.

Various studies have been carried out in to investigate what happened at the factory and the fate of the workers. Amicus and the T&G trade unions, which have now merged to form the general union Unite, represented the workers. Amicus carried out a study to monitor what happened to the workforce after the factory closure. The BBC also commissioned a report investigating the impact of the closure on the workers, their families and the community.

Both studies found that the majority of workers have gone on to find new work but that is not as well-paid or secure and this has had ramifications on their health as well as causing financial anxiety for the whole family.

“80% of the workforce were over 40 years old and half had over 21 years service. 66% of workers have found alternative work, 11% are either retired or on incapacity benefit, and 23% are still looking for work or are on a training scheme. Of the 66% of workers who have found other jobs less than half are employed in manufacturing.”

According to Roger Jeary, director of research at Unite, the closure had a clear impact on workers’ health.

“Most relate to stress-related illness. But it wasn’t just the worker who was affected, it was also their families. The fact that there was a significant loss of income and they were now having to rely on temporary casual work created financial stresses and strains for the whole family,” he said.

A fifth of the workers have gone on to jobs where they are earning just the minimum wage – a dramatic drop from their MG Rover salaries which were on average £22,000 a year with overtime and shift premiums added on. The MG Rover salaries were considered good money for the level of skills required. Unsurprisingly when asked if

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11 MG Rover survey report, Amicus, Graham Cain
12 Life after MG Rover, A report prepared for BBC Radio 4 by the Work Foundation, Kathy Armstrong, March 2006
13 P3 MG Rover survey.
they would go back to Longbridge given the opportunity, two thirds of the workers
said they would – again highlighting the unsatisfactory situation they now find
themselves in.\footnote{P7 MG Rover survey}

The financial implications of losing their jobs has been the biggest source of stress to
the workers and their families. Government money was provided for retraining but
many workers said they could not take advantage of the schemes as their priority was
to earn money to pay their mortgages.

Tim Parker, Amicus regional officer, worked closely with the workers through the
redundancy process. Workers already under stress also found themselves having to
cope with additional concerns.

“A lot of workers suffered real anxiety about what to do with the loans on their
company cars. They were expected to pay up in full and it took several months to sort
out,” said Parker.

“The effects are still being felt now. We don’t have direct contact with many of the
workers as they are no longer members but anecdotally I have heard about a suicide
and people suffering from severe depression because they are still looking for work.”

Jeary agrees that the difficulty in finding a new job will have had a massive impact on
the workers’ health. The region relies heavily on manufacturing for employment and
has a 9% rate of unemployment compared to 5% for the rest of the UK.\footnote{Labour Market Profile – Birmingham, Nomis Official Labour Market Statistics, Office of National Statistics http://www.nomisweb.co.uk/}

“Some might have considered relocation but that’s only if they can afford to do it. If
they do find new work it will be at a significantly lower rate and they will also not be
secure jobs – this from being in a situation from being with a big employer where they
felt they had a real safety net. But it is now clear for UK manufacturing that the safety
net is very fragile.”

The impact on families will have been particularly strong as it was not unusual for
two or even three, four members of the same family to be employed at Longbridge.
Jeary describes the effect on these families as “extreme” and the subsequent effect on
the whole community. The BBC report recorded the impact on family as
“stress/worry/anxiety/upset/shock; financial restriction eg cancelling holidays,
difficulty with mortgage repayments; relationship problems; uncertainty; but also the
family becoming more supportive than before the closure.”\footnote{Life after MG Rover p16}

The BBC report backs up many of the Amicus report’s findings. It interviewed
workers three months after the closure and again at eight months. It found that those
who are still unemployed are those most likely to be suffering from high levels of
anxiety – these workers were most likely to be older, single (separated or divorced),
report the need for further support and say that health problems interfered with their
ability to carry out normal tasks.\footnote{Life after MG Rover p5}
Of the 232 workers they interviewed eight months after the closure most said their health was worse compared to when they worked at Longbridge the year before. Those most affected were those in part-time education or training or unemployed.18

The workers with the lowest levels of anxiety were those who had new jobs that they felt were better than what they had at MG Rover. So a new job in itself was not enough to reduce anxiety levels and as many of the MG Rover workforce was low-skilled they will be forced to accept “low-status” employment.

“On balance, it seems that many of the ex-MG Rover workers are now in jobs that pay less, and that are worse than their jobs at the MG Rover plant in Longbridge. The evidence suggests that this will have an adverse impact on general well-being as well as physical and mental health.”19

The effect on the workers who do find work but that is low-status and low-paid will affect the workers’ physical and mental health. The report says that people in lower status jobs are shown to be more likely to suffer from mental illness, coronary heart disease and gastro-intestinal conditions.

For the minority of workers that become long-term unemployed the report predicts long-lasting negative effects on their health and well-being. Previous research 20 shows that unemployed people are more likely to experience levels of physical and mental illness which will then make it more difficult for them to look for work.

18 Life after MG Rover p5
19 Life after MG Rover p6
Coal industry

The decline of the mining industry has been heavily documented. The collapse of the coal industry devastated communities which were entirely dependent on them for work. The miners' strike of 1984 – 1985 was a defining moment in British industrial relations, and its defeat significantly weakened the British trades union movement. The strike was widely seen as a symbolic struggle, since the miners' union was one of the strongest in the country. The strike ended with the defeat of the National Union of Mineworkers (NUM) by the Conservative government, which then set about implementing its free market strategy.

The dispute exposed deep divisions in British society and caused considerable bitterness, especially in Northern England and in South Wales where several mining communities were destroyed. After the strike the pit closure programme was accelerated and the industry was brought to its knees in 1992 when what was left of the industry was returned to private ownership.  

There are now less than 10 deep coal mines in the country where once there were 170. The National Union of Miners now has a membership of 1,690 when once most of the country's 187,000 miners were members.

One report investigates the legacy of the mining industry in relation to health. Historically miners have had a higher risk of dying at all ages groups than the rest of the population because of their job – this is for a range of reasons from respiratory diseases, tuberculosis to accidents at work. As a result the death of the mining industry was expected to result in healthier communities but this has not happened - ill-health continues to be a major problem but the source is now deprivation, unemployment and poverty.

David Guy, president of the Durham NUM is quoted in the report as saying the biggest amount of work has been looking after members who are either unemployed or suffering from some incapacity whereby they can’t work. This includes representing members who suffer from diseases such as occupation disease vibration which can develop many years after they’ve left the mining industry.

But the bad health of former miners is not simply due to the late onset of diseases brought on by the nature of their work. “There is a recognition that although the mining industry contributed to certain diseases the decline of the industry has had an equally adverse affect on health.”

The research indicates the workers who already had below-average health suffered even more when their jobs disappeared. The loss of jobs resulted in wide-spread deprivation, poor housing and poor local amenities.

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21 Dave Lyddon, Keele University, www.unionhistory.info/timeline
22 The Coalfields Research Programme: discussion paper no. 7, Health issues in the coal districts, Huw Beynon, Emma Hollywood and Ray Hudson, Cardiff University, Economic and Social Research Council, University of Durham, 1999
Another study by Rowland and Huw compared the psychological health of miners at two collieries – one that was under threat of closure and another that had a stable future.\textsuperscript{24} It found that redundancy did have a psychological effect on the health of the miners with increased alcohol consumption and visits to the doctors acting as key indicators. Inevitably it was also found that job insecurity resulted in higher levels of stress.

Mental health problems were one of the main manifestations of ill-health amongst the miners and the rest of the community. A report by Critcher et al\textsuperscript{25} highlights miners’ feelings of personal trauma and stress with some miners being prescribed valium in the most extreme cases.

The effect is felt beyond the miners directly affected – the whole community suffers. As everyone is under stress they are less able to offer support to other members of the community as would have happened before. The coalfields report tells of a woman who worked in the miners’ canteen and received support from her colleagues when her father died and she knew this emotional prop would disappear with her job and this loss caused her as much anxiety as the actual loss of her job.

The coalfields report was able to use a new category in the national census in its study of miners’ health.\textsuperscript{26} The 1991 census asked the population if they suffered from a long-term illness that limits their daily activities. The results revealed a clear North-South divide and within this coalfield areas had the most marked levels of long-term illness, particularly South Wales and the North East.

It also draws a link between deteriorating mental health and the unemployment of former miners. In the four mining districts covered by the report the suicide rate and attempted suicide rate was on the rise. Drug abuse and alcohol misuse were also recorded as being on the rise.

The decline of the mining industry also made accessing health care more difficult for the mining communities. Many of the villages are isolated and individuals needing health care have to travel great distances – when the pits were open medical care was often provided by the Coal Industry Social Welfare Organisation or the unions. Deprived areas also had difficulties in recruiting doctors to come and live in the area.

\textsuperscript{25} Critcher, C. Dicks, B., Waddington D. (1993) Portrait of despair, New Stateman and Society, October 23, pp16-17
\textsuperscript{26} P6 The Coalfield Research Programme


Steel industry

The steel industry used to be the second biggest employer after coal in Wales. However the 1980s were dominated by strike action and redundancies and closures. The announcement by CORUS, the company formed from the merger of British Steel and Hoogovens of the Netherlands, of 7,000 job losses in 2001 was seen as a final blow for the industry – these job cuts affected locations across the UK but Welsh steel plants took the brunt of the drastic restructuring plan.

Simon Pickvance, senior advisor at the Sheffield Occupational Health Advisory Service, was able to observe how the job losses affected workers in the steel industry.

“We found that during a partial closure mortality from heart disease went up with those who remained at work. We expect this can partly be explained by the intensification of work with people doing the work of several people and the unions weakened and less able to represent their members.”

He said the job losses have affected everything. “It is hard to just focus on health as it is all interlinked – the family is hit and it can be a catastrophic event for the community.

“With the job loss can come a loss of meaning; it has been difficult for fathers who expected to be able to pass on their jobs to their sons.”

Pickvance says the situation is made worse by the poor quality work former steel workers have found themselves doing.

“Miners and steel workers had one skill so when they lost their job they had nothing. Communities that have been affected have high levels of drug use, young that have never worked.”

Pickvance says the psychological effect of these workers losing their jobs cannot be underestimated. He explains that when you lose your job your life can lose meaning and the repercussions of this can be profound.

Pickvance believes much more could have been done for these workers. “The biggest gap in government policy is the lack of training opportunities – if you lose your manual job in your 40s there is nothing really there to pick you up. But there is protection from the ill effects of job loss through training.”
Section three
The legal and social framework of restructuring in the UK

Introduction

In line with the overall policy of recent governments, both Labour and Conservative, of adopting a “light touch” approach to the regulation of business, the state plays a limited role in restructuring in the UK. It has some powers in the area of mergers, where it can act to preserve competition, but none in the area of simple cut-backs and closures. Large scale redundancies must be notified to the government, but the government has no power to prevent them. The arrangements in these two areas are set out in more detail below.

Mergers

Mergers involving companies in the UK are dealt with either by the European Commission or the national authorities, largely depending on the size of the companies involved.

In general terms, where mergers involve companies with a total world-wide turnover of more than €5 billion and a total turnover in the EU of more than €250 million, they will be investigated by the European commission under the European rules\(^{27}\), although where the companies have two-thirds of their operations in a single state, they are not subject to the European merger regulation. As these arrangements are the same in all member states, they are not examined further here.

Smaller mergers are dealt with by the UK competition authorities, but only if the UK turnover of the companies involved is greater than £70 million (about €90 million in March 2008) or the merger results in a 25% plus market share for the merged company. There is no obligation on companies to notify mergers to the UK competition authorities, but, as the Office of Fair Trading, one of the most important of the bodies regulating competition, explains, companies normally do:

“Although UK merger control law does not require that a qualifying merger be notified, generally companies seek legal certainty by informing the OFT about a prospective merger in advance. There is always a risk that, if a reference is made after completion, the merged businesses might have to be separated.”\(^{28}\)

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\(^{27}\) Council Regulation (EC) No 139/2004 of 20 January 2004 on the control of concentrations between undertakings (the EC Merger Regulation)

\(^{28}\) Mergers: substantive assessment guidance: Office of Fair Trading, May 2003
In most cases, the process involves an initial examination by the Office of Fair Trading (OFT), an independent competition and consumer protection authority set up under the Enterprise Act 2002. (It replaced an earlier similar body.) The OFT looks at whether the planned merger is likely to result in a substantial lessening of competition, and if it considers that it will, the OFT can either ask the companies involved to give undertakings which will avoid a lessening of competition, for example the merged company may agree to dispose of part of its business, or it can refer the merger to another body, the Competition Commission.

The Competition Commission is also an independent body, in this case set up under the Competition Act 1998, and it investigates cases referred to it, to judge whether competition will be reduced or markets distorted if the merger goes ahead. If, after detailed investigation, it considers that this will happen, it can either prevent the merger or require the merging companies to change their plans, for example, by forcing them to sell part of its business, or behave in a particular way.

It is important to emphasise that employment issues are not part of the remit of either the OFT or the Competition Commission. They are concerned only with issues of competition and markets.

In addition to the usual route of and initial examination by the OFT, followed by a possible later referral to the Competition Commission, there are some mergers, which are dealt with directly by the government – in fact the Secretary of State for Business, Enterprise and Regulatory Reform. These are mergers involving so-called “public interest” considerations, and they are mergers involving national security (defence and similar companies), media mergers (newspapers and broadcasting) and, on a temporary basis, water and sewerage companies. These are areas where issues other than just the impact on commercial competition, although not specifically employment, can be taken into account, and here it is the Secretary of State who takes the final decision.

Redundancies

Although employers are obliged to inform and consult employee representatives in the case of large-scale redundancies (see below), there is no obligation for them to be authorised by a government authority, such as a labour inspector. (There are no labour inspectors as such in the UK system of employment regulation, although there are health and safety inspectors.)

The only obligation on employers in relation to government authorities in the case of redundancies is to notify an office of the Department of Business, Enterprise and Regulatory. As well of the name and business of the company involved, this notification should include the reasons for the redundancy, the numbers employed and the numbers likely to be made redundant, whether or not the redundancy involves the closure of the establishment, the timing of the redundancy, the method of selection for redundancy and details of consultation with employment representatives.

29 The obligation arises from the Trade Union and Labour Relations (Consolidation) Act 1992
This notification is only required where a company plans to make 20 or more employees redundant over a period of 90 days, and it should be sent before any redundancy notices are sent to the employees concerned.

**The opportunities for employee representatives to influence the restructuring process**

**The overall position**

In contrast to most of the other EU countries in this study, the UK does not have a structure of works councils elected by all employees. There is also no legislation or system of legally binding collective agreements which give wide ranging powers to local union organisations to represent all employees. The result is that the structure and influence of employee workplace representation varies greatly from company to company. Unions are the most common way that employees are represented and they can now legally compel the employer to deal with them, but only if they have sufficient support. Most non-union workplaces have no employee representation.

Even through there is no overarching structure, there is both legislation and existing practice which determines the extent to which employees are able to influence the restructuring process. The next sections therefore look at:

- specific information and consultation rights in cases of redundancies and transfers;
- the rights of safety representatives; and
- the extent to which employee representatives are and should be consulted on companies’ future plans.

**Information and consultation rights in the case of redundancies and transfers**

In cases of both collective redundancy and business transfers, employee representatives (the union in some cases, elected representatives in others – see below) have information and consultation rights.

In the case of collective redundancies, these rights are triggered when there is a proposal to make 20 or more employees redundant. Employers are obliged by law to consult about ways of:

- avoiding dismissals;
- reducing the number of employees to be dismissed; and
- mitigating the consequences of the dismissals.

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30 The current version of the law was introduced by the Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 1995 and is set out in Chapter II (section 188 onwards) of the Trade Union and Labour Relations (Consolidation) Act 1992 (TULRCA). In Northern Ireland they are contained in Part XIII of the Employment Rights (Northern Ireland) Order 1996 (article 216 onwards).
Consultation should be undertaken "with a view to reaching agreement with the appropriate representatives" and the employer must consider representations and reply to them.

In the case of business transfers, these rights apply no matter how many employees are involved. All employees who could be affected by a change of employer have the right to be informed in advance of what is happening. This includes both employees working for the old employer (the transferor) and those working for the new employer (the transferee). Employers have a duty to inform representatives of the following:

- the fact that the transfer is taking place, the reason why, and the proposed date;
- the likely legal, economic and social consequences for the employees; and
- what measures are likely to be taken in relation to employees.

This information must be provided long enough before the transfer to allow consultation to take place.

If it is envisaged that measures will be taken (for example that jobs may change) the employer also has an obligation to consult the representatives, to consider any representations they make and to reply to them, stating reasons for objection where appropriate.

If the union is recognised, - this means that the employer has agreed to consult or negotiate with the union or unions over issues affecting the workforce, it is the union which should be informed and consulted in both cases.

If there is no recognised union, the employer should consult representatives who can be either:

- representatives of affected employees appointed or elected generally for consultation and information purposes; or
- employee representatives elected by affected employees solely for the purpose of redundancy or transfer consultation.

In practice, while unions will be consulted if they are present, the available figures suggest that employee non-union representatives chosen to deal with specific issues are rare. A survey looking at consultation on redundancy in non-union companies found that in two of the three cases examined, “management avoided the effects of the regulations [which require consultation with elected employee representatives] by asking staff whether or not they wanted representatives and, having received negative replies proceeded to consult on an individual basis.”

31 Transfer of Undertakings (Protection of Employment) Regulations 2006
32 Legislation passed in 1999 provides for the first time a legal mechanism to compel employers to recognise unions in companies with more than 20 employees, provided the union can show it has sufficient support – in simplified terms a majority of the employees want the union to represent them.
33 Redundancy consultation: a study of current practice and the effects of the 1995 regulations; William Brown, Simon Deakin, Maria Hudson; DTI; 1999
The rights of safety representatives

Recognised unions also have the right to appoint Safety Representatives and their rights are set out in greater detail in specific regulations. In terms of consultation, Safety Representatives should be consulted in good time about:

- the introduction of any measure at the workplace which may substantially affect health and safety;
- the arrangements for appointing competent people to assist with health and safety and implementing procedures for serious and imminent risk;
- any health and safety information the employer is required to provide;
- planning and organisation of health and safety training; and
- the health and safety implications of the introduction (or planning) of any new technology.

Employers are also legally obliged to consult employees not covered by trade union safety reps. The employer can choose to consult these employees directly or through elected representatives. If representatives are to be elected, the employer must make arrangements for elections of “representatives of employee safety”, who are elected by the group of employees with whom they work. Unlike union appointed safety reps, these non-union representatives of employee safety do not have the right to inspect or to establish a safety committee.

These rights only relate to issues of restructuring in a very indirect way.

Ongoing consultation on companies’ future plans

As already stated, there are no existing universal structures giving employee representatives a right to be informed and consulted on the employer’s plans – plans which may result in restructuring. However, this does not rule out this happening in practice.

In companies where the unions are strong, there will often be consultative bodies involving the unions, where future plans are discussed. A report in 2002 for the TUC[^34] found that just over half (52%) of the union-organised workplaces surveyed said that unions were consulted on employment issues, slightly more (58%) on substantial changes affecting the workforce, and two-thirds (68%) said that unions were consulted on redundancies and transfers. (In practice, this consultation is often through normal bargaining rather than through special consultative bodies.) Even where there are no unions there are some cases where employers have themselves chosen to set up consultative structures.[^35]

These arrangements, both in union and non-union workplaces could potentially be strengthened by the legislation implementing the information and consultation

[^34]: Trade union involvement in information and consultation – a survey of current practice; Labour Research Department; October 2002
[^35]: Examples include the major retailer Marks and Spencer, which operates employee representation forums called Business Involvement Groups (BIGs) in every store and office area, and the financial services company Egg, which has had a body for informing and consulting its employees since 2000
directive (EU directive 2002/14/EC). This came into effect in April 2005 for companies with more than 150 employees, and has subsequently potentially required employers in smaller undertakings – in April 2007 those with more than 100 and since April 2008 those with more than 50 employees – to inform and consult with employee representatives on an ongoing basis.

However, the legislation does not lay down a structure which must be set up. Instead it leaves the mechanism for providing information and consultation to be settled by negotiations between the employer and the employees’ representatives with fallback arrangements if no agreement is reached.

The fallback arrangements involve a ballot of all employees to choose the employee representatives, with one representative being elected per 50 employees or part thereof, with a minimum of two and a maximum of 25.

A negotiated agreement on information and consultation is not constrained in the subjects to be covered. However, under the fallback arrangements, which are also likely substantially to influence the negotiated arrangements, the following provisions apply: “the employer must provide the information and consultation representatives with information on

(a) the recent and probable development of the undertaking's activities and economic situation;
(b) the situation, structure and probable development of employment within the undertaking and on any anticipatory measures envisaged, in particular, where there is a threat to employment within the undertaking; and
(c) … decisions likely to lead to substantial changes in work organisation or in contractual relations, including those [covering redundancy and business transfers]37

If this were a universal requirement, this legislation could have a substantial impact. However, it is important to recognise that this legislation does not require employers to establish a structure for information and consultation if one does not exist. The process must be either initiated by the employer or by a request of 10% of the workforce. Once this has happened, the employer and employee representatives are required to start negotiations on an agreement on information and consultation. But if neither the employer nor 10% of the workforce ask for an information and consultation mechanism to be set up, then there is no need for further action.

Where unions are recognised there is some evidence that they have used the regulations to improve their access to information and their consultation rights. A survey of largely union-organised workplaces by the Labour Research Department in April 2006, found that, out of 150 responses, 49 (33%) had reviewed, amended or drawn up new information and consultation arrangements in the light of the regulations, although only 22 had set up new formal arrangements. Of these 15 had been initiated by the employer and seven by the union. In some cases the result had

36 Information and Consultation of Employees Regulations 2004 (the ICE Regulations). Equivalent legislation - the Information and Consultation of Employees Regulations (NI) 2005 - applies to employees of organisations in Northern Ireland.
37 Regulation 20 ICE regulations
been the creation of new staff councils, involving both union and non-union members although generally the unions did not feel their position had been weakened.

Where unions are not recognised, it is likely that new structures will only be set up where the employer initiates the process, as employees will find it difficult to reach the 10% threshold to ask for an agreement, or, perhaps more likely, will not know that they have this right, or wish to exercise it.

Overall the evidence so far is that the regulations have not produced major changes in employee representation at the workplace. Firstly there is no evidence that there are many cases where they have been taken up, and secondly, where they have had an impact, this seems to be limited. A report undertaken on behalf of the Department of Business, Enterprise and Regulatory Reform, which looked at 13 case studies where the Information and Consultation regulations had had an impact, reached the following conclusion in 2007:

“The research found considerable variation in the nature and extent of the case study organisations’ information and consultation practice. In many cases, the role of the I&C bodies is largely confined to the discussion of management-provided business information along with the resolution of employee-raised ‘housekeeping’ issues. Typically, senior management seeks to use the I&C body to highlight the ‘bigger picture’ in terms of business or organisational performance to contextualise and explain the case for proposed new initiatives. Employee representatives often saw the agendas of I&C bodies as predominantly management-led, whereas some management respondents wanted representatives to be more proactive and less concerned with ‘tea and toilets’ issues.”

What rights do employee representatives have on the specific health concerns involved with restructuring?

The preceding sections make clear that the rights that employee representatives have with regard to specific health concerns linked to restructuring are both limited and indirect. They include:

- that in cases of large scale redundancy, employers are obliged by law to consult about ways of mitigating the consequences of the dismissals;
- that in cases of transfer, employers are obliged to inform employee representatives of the likely legal, economic and social consequences of the transfer for the employees in order to allow for consultation to take place;
- that Safety Representatives should be consulted in good time about the introduction of any measure at the workplace which may substantially affect health and safety and specifically the health and safety implications of the introduction (or planning) of any new technology; and

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38 Workplace Report, April 2006
39 Implementing information and consultation: early experience under the ICE Regulations, by Mark Hall, University Of Warwick, Sue Hutchinson, University of the West Of England, Jane Parker, John Purcell and Michael Terry, University of Warwick
that in the case of arrangements set up under the fallback provisions of the EU directive on information and consultation, the employer should inform and consult on possible employment developments and what can be done to anticipate them (other arrangements can also be agreed).

None of these rights amount to a clear obligation on the employer to consult about the health implications of restructuring, still less do they give employee representatives a clear right to take action to mitigate potentially damaging health effects. Despite this employee representatives, principally through the unions, have on a number of occasions been able to influence developments in a positive way, as the following section indicates.

Example of action taken

UK telecommunications company BT was privatised in 1984 resulting in mass redundancies and restructuring – staffing levels have fallen by more than half, from 235,000 to under 100,000. But a recent report reflects how recent restructuring has improved thanks to agreements between the employer and the CWU communication workers’ union. All redundancies are now voluntary with staff now being redeployed across the organisation thanks to an understanding with the union which is ‘refreshed’ every year. Between 2001 and 2003 headcount in BT’s consumer division dropped by 13,000 but this was done through retirement, not replacing empty posts and not renewing agency workers’ contacts.

The report found that union health and safety reps work to identify stress in the workforce which is often heightened during periods of restructuring. By monitoring stress levels problems are addressed earlier on.

“The company has a health and safety committee, based upon trade union representation, described as ‘proactive’ on health and safety. Under a ‘partnership’ agreement the health and safety representatives have ‘extensive rights’ to perform their duties and are integral to all procedures.”

The union has worked closely with BT to promote employee health. This has resulted in the appointment of a chief medical officer and senior manager responsible for health and safety.

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41 P 3, executive summary.
Union recommendations on how social dialogue during restructuring can prevent and reduce health hazards for the employees concerned

Based on the findings of the Whitehall II study of civil servants, the Council of Civil Service Unions recommends that

- Jobs should be made as secure as possible to reduce the burden of ill-health in the workforce and reduce health service use
- If unavoidable, any period of job insecurity should be resolved quickly to avoid the health consequences of exposing workers to a chronic stressor
- Workers should be kept well informed to reduce rumour and anxiety and maintain job satisfaction. 42

Phil Madelin, national health and safety officer for the PCS civil service union, reiterated this point. “The first thing is information: you minimise the period of uncertainty, you manage the information from the start.”

He also said it was important to look at how new jobs were being allocated and if enough consideration was given to employees with special needs.

The process of closing the MG Rover plant showed what could be done better.

- Pre-prepared information on redundancy and pensions rights from the state
- Making it easier for people to access training
- Providing more assistance to companies in the supply chain
- Getting internal and external communications right43

Roger Jeary, director of research at Unite, added that although the government put in lots of money to help the workers find new jobs it wasn’t as well targeted as it could have been.

“The feedback was that it wasn’t as accessible for as long a period as necessary. Lots of money was spent but there are still lots of lessons to be learnt.

“The news of the closure should not have come as a surprise,” he adds – many of the workers at MG Rover found out they had lost their jobs when they turned up for work. “We should think about contingency planning more so people can be better prepared for what is going to happen – it won’t solve the problem but it might help ease it.”

Jeary calls on training and life long learning to be available for employees throughout their working lives.

42 Summary of key findings of the Whitehall II study by the Cabinet Office and the Council of Civil Service Unions
43 P36 Life after MG Rover, A report prepared for BBC Radio 4 by the Work Foundation, Kathy Armstrong, March 2006
“It goes back to planning – every industry is potentially vulnerable. Employers must ensure their workforces are trained and can transfer their skills elsewhere.”

He explains that losing your job is bad for your health so anything that helps to find a well-paid, secure alternative will be beneficial.