Third Sector Leaders

acevo

The way ahead: trade unions and the third sector

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Preface

The Rt Hon Ed Miliband MP

The third sector is a vital element in creating a fair and enterprising society, whether giving people a voice, providing services for our communities, or helping deliver change to meet social and environmental needs. As we said in the Third Sector Review, this government is committed to helping the third sector – and the people who work in it – to grow and thrive.

Staff are at the heart of all the third sector does, and organisations rightly strive to be employers of choice. Trade unions, with their role in the workplace can make an important contribution to the success of third sector enterprises.

This report is a timely examination of the current state of relations between the third sector and trade unions. It sets out a series of proposals to improve how the two stakeholders can work better together.

The government will look closely at how it can help achieve the outcome the report recommends – a positive working relationship that will benefit the sector as a whole and the people who work in it.

Acevo is to be commended for having commissioned this important report.

The Rt Hon Ed Miliband MP,
Minister for the Cabinet Office
and Chancellor of the Duchy of Lancaster

About the Author

Nita Clarke, Director, IPA

Nita Clarke is the newly appointed director of the Involvement and Participation Association (IPA), taking over from retiring director Willy Coupar.

She was formerly the adviser on trade unions to the former Prime Minister Tony Blair, working as assistant political secretary in the Political Office at 10 Downing Street from January 2001 to June 2007. Her role included liaison with individual unions and the TUC, the developing national policy in areas such as the two-tier workforce and work-life balance, supporting ministers by trouble-shooting in industrial disputes, and helping to manage relations with MPs and the Labour Party. She was one of the key architects of the 2004 Warwick Agreement.

From 1992 to 2001 she was Political Officer for UNISON, with responsibility for liaison with the Labour Party and its policy making machinery.

From 1990 to 1992 she worked for the Government of Jamaica, representing their interests in the UK and Europe.

From 1983 to 1990 she was press officer for the leaders of the GLC and ILEA. She was Ken Livingstone's press officer during the Save the GLC campaign years, and is the author of *London for Beginners*, (published by Writers and Readers 1984 republished 2001).

She was press and campaigns officer for the health service union COHSE from 1976 to 1981.

Nita is a graduate of Warwick University, studying history and politics and has a MA in labour history from the same university.

She was an active member of the Arts Lab set up by David Bowie and others in Beckenham in the late 1960s.

Nita is married to Stephen Benn and they have two children. Her daughter Emily is the youngest person to be selected as a prospective parliamentary candidate, having been chosen by Labour Party members in East Worthing and Shoreham when she was 17. Her son Daniel is a cellist and a member of the National Youth Chamber Orchestra.

Contents

Introduction

I was asked by acevo in the autumn of 2007 to undertake an examination of the current state of third sector-trade union relationships; to identify strengths and weaknesses, to identify particular areas of concern and to indicate possible ways forward.

As a former UNISON official, with subsequent experience of the workplace implications of public sector reform whilst assistant political secretary at No 10 from 2001 to 2007, I was very happy to undertake this project. Workforce issues have been at the centre of debate over public services as the reform agenda has gathered pace since 1997. However, there is no doubt that government's approach towards the workforce delivering and reforming public services has been inconsistent over the past ten years; we could never quite decide whether staff were agents of change or obstacles to it. Responding in part to the pressure from public sector unions, I was heavily involved along with colleagues in developing the various codes of practice for outsourcing staff – in particular the two-tier workforce agreement – which sought to address the legitimate concerns of trade unions and employers. We wanted to eliminate the perceived unfairness of groups of staff working on different terms and conditions depending on whether they had been TUPE transferred with their outsourced jobs, or had been pre-existing employees or new joiners to the contract. These moves were motivated both by equity and by a desire to remove the fear factor from contracting, by establishing a more level playing field so far as terms and conditions were concerned.

They took place against a background of increasing government emphasis on the major role of the third sector both as a social partner, community representative and service provider, and the setting up of a whole series of mechanisms for two-way dialogue with the sector, culminating in the setting up of the Office of the Third Sector and the recent publication of the Third Sector Review.

The third sector is, of course, a many and varied creature; it is not homogenous and there are huge cultural differences between social enterprises and charities, and between charities themselves, in size, scope and approach. Large parts of the sector do not necessarily have a relationship with government, local or national, financial or otherwise. But where an interface is found, it can contain tensions.

Outsourcing, contestability and opening up the supply of services to non-traditional providers in both the third sector and private sector was, and remains, controversial. The legacy of compulsory competitive tendering and the privatisation of ancillary services in health and local government as developed in the 1980s, which drove a race to bottom for pay and conditions of some of the most vulnerable staff in public services, still looms large.

Many trade unions remain to an extent opposed to reform of public services based on the ideology of increasing diversity of supply.

At the same time, increasing involvement in the delivery of services has posed some difficult questions for the third sector. These include, whether their crucial independence is compromised by acting as effectively agents of the state, whether growing capacity to meet demand destroys the very cutting-edge qualities of innovative provision which make the sector so vibrant and whether an increasing move from grant to contract income threatens the long-term financial viability of the sector.

Against this background, it is not surprising that the relationship between trade unions and the third sector continues to be characterised by deep ambivalence on both sides. On the one hand, for trade unions, given the explicit direction of government policy – which no amount of resolutions at Labour Party conference or at the TUC Congress has been able to halt – the third sector could be seen as a more palatable alternative as a provider than the private sector, given the progressive aims and values that underpin it. Trade unions are after all among the largest voluntary membership bodies in the country, not to mention social enterprises with a long history. On the other hand, there remains a real suspicion of the capacity and traditions of the voluntary sector, whether or not directly providing public services. It is perceived as amateurish when it comes to employment issues, has a history in some cases of job substitution, and is seen as potentially fragmenting service delivery by involving a multiplicity of small local providers. Trade unions also know that recruitment and retention of members in small enterprises is extremely difficult and usually not cost effective. Public sector unions suffered some of the biggest falls in membership as a direct result of Compulsory Competitive Tendering (CCT), when it proved impossible to track down and re-sign outsourced staff, not least because of the hostility to unions that some of the private providers exhibited at that time.

There is no less nervousness on the part of voluntary sector chief executives. There is a deep desire by third sector leaders to be good employers, but many are uncertain whether trade unions are a help or a hindrance. Many third sector employers have no experience whatsoever of trade union organisation, and are unaware of the potential benefits that modern trade unions can offer. Some are put off by the rhetoric of some union officials who seem to hark back to a 'them and us' approach to industrial relations. Many have chosen, whether instigated as an explicit alternative to unions or not, to implement alternative avenues of communication with staff, channelling the relationship through consultative forums or other forms of employee engagement. This has been in response not just to low union density, but due to a positive recognition of the importance of communication and engagement in delivering high performance.

There is also the complication of the role of trustees. Trustees form an important avenue of communication between the chief executive and staff of third sector organisations. Yet many trustees continue to have little understanding of the actual mechanics of trade unions and, as such, their relationships with trade unions remain limited.

At the same time, relatively un-noted by the outside world, a plethora of good practice models of local union involvement with third sector employers and of innovative partnership working have been developed, which have been hugely beneficial both to the staff and the organisation concerned. Indeed there are some classic examples of a win-win approach which deserve to be more widely known. Many third sector chief executives whose organisations contain little or patchy union membership would welcome a more developed relationship, because they explicitly recognise the added HR value a professional union approach could bring. Some trade unions are crafting new opportunities for the third sector in terms of their own internal organisation, commitment of resources and their approach towards the workplace 'contract'.

I believe the potential exists for a fruitful step-change in dialogue between trade unions and the third sector. Both sides need to understand each other's motivation and to appreciate what the other has to offer. They need to openly acknowledge the actual and potential difficulties in the relationship, but then move forward to create common aims, objectives and practical goals that will benefit both parties and the communities that both seek to serve. This report outlines some of these requirements.

Researching this report provided insight into the surprising dearth of hard information about union membership and indeed about information generally concerning industrial relations in the sector. Government statistics are not sophisticated enough to isolate figures for the voluntary sector – the categories are public or private. Currently neither unions nor the voluntary sector have reliable figures for memberships or organisation.

The information that is available has been collated. This information has been substantiated by a series of in-depth interviews with national and local union full-time and lay officials and with a wide range of third sector chief executives; encompassing the very large national bodies as well as local organisations, some delivering public services, broadly defined, others more traditional voluntary bodies. In addition I have interviewed MPs, government ministers and Cabinet Office officials, and staff of both acevo and the NCVO. All have been unfailingly helpful and interested in the project. Indeed, I have lost count of the numbers of people who said "about time" when I explained what I was doing.

I took an early decision that I would not identify organisations or individuals for the most part – where I have done so it is with their agreement. I have tried to let interviewees speak for themselves and spent some considerable time exploring the preconceptions and anxieties of both sides, because I think that only by both sides understanding where the other is coming from, accepting the importance of the point of view to the holder, acknowledging what is, rather than what ought to be, will it be possible to chart a common way forward.

I have sought to place my analysis and recommendations in a real world context, reflecting the likely direction of policy and political travel as well as the historical background. The recommendations are addressed to trade unions, to the third sector and its leaders and to government. I hope they represent a type of 'roadmap' which will enable the relationship between trade unions and the third sector to flourish.

Some people will ask why this matters, what possible importance such a relationship has in the modern world where trade unions are a fading force. Others would counsel a laissez-faire approach, and not countenance any positive steps – unions should be free to recruit, but given no encouragement or facilitation at any level.

Whilst it is true that unions are not the force they once were, and union membership must always be a matter of individual choice, I think doing nothing would represent a huge missed opportunity for the mutual benefit of both sides, and indeed might be detrimental to the very improvements in services that government, unions and third sector alike want to see.

Firstly, there are many issues of common interest where lobbying together would be much more effective than apart, including fair funding, length of contracts, full cost recovery, skills development and securing a level playing field for all types of providers, all of which would improve the position of organisations and their staff.

Secondly, improving the employee experience of work and the workplace should be integral to what the third sector brings to improving public service delivery. The third sector should be the employer of choice because it is seen as a good place to work. A happy, well-managed workplace, where employees feel fairly treated and where they feel they have a voice is vital – and unions can have an important part to play in securing this state of affairs. Quite apart from anything else, the reputational risk to a third sector organisation of bad publicity because of industrial relations problems, with the potential consequent loss of grant or contract income, is real. Recruiting and retaining staff with the right skills sets is difficult enough without being outed as a bad employer.

Thirdly, many people employed in the third sector work in jobs which make them vulnerable, perhaps to the client group they work with, or because they work alone in difficult circumstances. Union membership is a form of work insurance for people, offering them protection, advice and support if something goes wrong – a standby that is valuable for the individuals concerned and their employers.

Fourthly, trade unions potentially have a great deal to offer small and medium-sized organisations in terms of general employment and industrial relations advice, and guidance through the increasing thickets of employment legislation and regulations. They are at least as qualified as many of the consultants who offer such advice on the open market.

Finally, healthy unions which represent the individual and collective interests of their members through a sophisticated and non-adversarial relationship with employers are an important indicator of a healthy and flourishing civil society and should be encouraged as such. From the unions' point of view, to pay insufficient attention to a thriving sector where employment has increased by 26 per cent in ten years to total over 611,000 by the end of 2005 would seem to be perverse. Indeed it is possible that, working together, the voluntary sector and the union movement could provide excellent exemplars of collaborative high performance organisations in which decent work standards, respect and involvement are seen as integral to success.

Above all it seems crazy that organisations which have their roots in the same social impulses for individual and collective betterment and support, which are heavily dependent on volunteer labour – whether as charity fundraisers or local union activists – fail to recognise their common interest in promoting the interests of the mutual not-for-profit sector of which both are such important components.

Of course, in the real world it is true that many third sector organisations, particularly small, community-based groups employing very few staff, will not have existing union members and will not be approached by unions seeking to recruit. In these instances the crucial tasks of employee engagement, of creating a just and happy workplace, will have to be carried out in different ways, for example through strong individual relationships with staff and collective consultation arrangements which can be extremely effective.

Indeed, many employers may and do seek a mix of both types of union and non-union relations and representation, arrangements which have evolved over time and which work for them, and I look at some of these 'pick and mix' arrangements. I am certainly not saying that a workplace relationship with a trade union is the only option – that demonstrably is not the case – but I do believe it has potential attractions for third sector employers which are currently underappreciated.

To end this introduction on a more general note, I have been surprised at the general lack of emphasis on workforce issues in both the literature and the policy development relating to the third sector. Industrial and employment relations in the sector have sometimes seemed like the love that dare not speak its name. Everyone knows it is a big issue, of vital importance to the success or failure of individual organisations and the sector as a whole, but it does not seem to me that it gets anything like enough attention or emphasis. Organisations, particularly the smaller ones, are left to struggle along, trying to be good employers but often unable to be proactive enough in developing good workplace relations because of the sheer pace of events. Of course both acevo and NCVO provide valuable training and support and there are many excellent consultancies and law firms, alongside organisations such as Acas, the Work Foundation and the Involvement and Participation Association (IPA), which can offer proactive guidance and action when things get rocky. But there is little systematic, positive advice and support offered as a matter of course.

In particular, it seems extraordinary that government has not made improving IR and HR a key part of its capacity-building effort with the third sector. It is hard to understand the rationale behind the recent decision by Capacitybuilders not to add workforce issues as a theme to the nine national ChangeUp programmes that will replace the hubs, including the workforce hub, in 2008. Instead it appears that workforce (and IT) issues will be taken up by a 'learning and innovation programme' which will be separate from the nine planned national support programmes, and will be commissioned directly by Capacitybuilders (*Third Sector,* 22 October 2007). The most recent announcement suggests that Capacitybuilders has set aside £550,000 for providing support in the areas of human resources over the three-year period "but has not decided how it will be spent." (*Third Sector,* 26 February 2008).

This emphasis on skills rather than broader workplace issues has been echoed by the decision by the new Department for Innovation, Universities and Skills to launch a study to assess the feasibility of a third sector workforce development council.

Of course skills and staff development are a crucial part of the agenda for a good third sector workplace – but by no means are they the only ones. Some of these broader issues are highlighted in this report and I make no apology for that, because the development of more positive relationships between third sector employers and trade unions is part of the wider story of how relations between the sector's employers and its staff can continue to improve.

As the new director of the Involvement and Participation Association, a third sector organisation working to spread employee involvement and engagement, I both recognise the challenge posed and sympathise with third sector stakeholders. I hope this report will get all the relevant partners talking, and help chart a path that will benefit organisations, staff and, above all, the communities they serve.

The Background Facts

The employment background

Figures from the 2007 Voluntary Sector Almanac and the Workforce Almanac, both published by the NCVO, and the final report of the Third Sector Review : The future role of the third sector in social and economic regeneration, except where otherwise referenced.

- The sector has grown from 483,000 employees in 1996 to 611,000 in 2005 – a 26 per cent increase in ten years – equivalent to over 2 per cent of the UK's paid workforce.
- Nearly 40 per cent work part-time, compared to 29 per cent in the public and 23 per cent in the private sector. More than 80 per cent of these employees do not want a full-time job.
- More than four in ten are employed in higher-end occupations, as the professionalisation of the service gathers pace. Two out of three employees have a qualification at A level or beyond.
- One third are employed in workplaces with fewer than ten employees compared to 25 per cent in the private and 8 per cent in the public sector. More than half of employees work in workplaces with fewer than 25 people. Only 3 per cent have jobs in workplaces of more than 500 employees, compared to 31 per cent in the public sector and 13 per cent in the private sector.
- Over two thirds of small and medium-sized voluntary organisations do not have a dedicated HR specialist.
- The number of staff on temporary contracts in the voluntary sector has remained static while it has declined for both other sectors.
- More than two out of three workers are women, equal to the public sector but much higher than a private sector figure of 50 per cent. Nearly half of the female employees are employed part-time, by contrast to the 79 per cent of men who work full-time.
- Nearly one in five people working in the sector has a disability – higher than in the public sector (14 per cent) and the private sector (13 per cent). The number of disabled employees has increased by 4 per cent since 1999.

- More than half of all voluntary sector employees are employed in social work activities; 9 per cent in housing and 7 per cent in education.
- Median staff turnover for voluntary sector organisations was 22 per cent per year compared to 15 per cent for all organisations.
- Median pay of staff in the sector rose by 3.7 per cent in 2007, according to a survey by Remuneration Economics, compared to 4.9 per cent in 2006.
- The same survey showed that 8.7 per cent of staff in the sector had resigned in 2007, compared with 5.6 per cent the year before. 62 per cent of charities reported difficulties in recruiting staff in 2007 while 57 per cent had difficulties keeping staff. "The most common cited reasons for retention problems were a perceived lack of career progression, followed by salary levels."
- The national median salaries for the sector ranged from £56,186 for directors to £12,835 for junior staff.
- Only 25 per cent of voluntary organisations had a planned approach to pay; 60 per cent said the most important factor in setting pay was inflation (CIPD Annual Reward Management Survey 2007).
- Although bonus schemes had not taken off, 86 per cent did provide free tea and coffee for staff (CIPD).
- Only 19 per cent of organisations had undertaken an equal pay audit in the past three years, although 52 per cent plan to do this in the next three years.
- More than eight out of ten had funded some on- or off-the-job training in the previous year.
- The 2005 Citizenship Survey estimates that 11.6 million people formally volunteer at least once a month in England. 1 million full-time workers would be required to replace this substantial resource at a cost of £23.4 billion a year.

The financial background

Figures from the 2007 Voluntary Sector Almanac and the Workforce Almanac, both published by the NCVO, and the final report of the Third Sector Review : The future role of the third sector in social and economic regeneration.

- Of the 168,600 registered charities in England and Wales at the end of 2006, 630 had an annual income of over £10 million.
- Overall turnover has increased from around £16 billion in 1997 to over £27 billion in 2005-4.
- More than 10 per cent of voluntary organisations had experienced a large rise or fall in their income over the previous year.

- Many large charities have grown rapidly in recent years; currently eighteen charities generate one eighth of the sector's income. Small or medium-sized charities have seen their income decline; the total amount generated by organisations with incomes less than £10 million fell in 2004-05.
- Government funding has increased by 1.5 per cent since 2001. Grants were down from 52 per cent to 38 per cent, while contract income rose from 48 to 62 per cent. Larger organisations appear to have benefited the most from the switch to contracts, with 37 per cent of government funding to charities going to organisations with incomes of over £10 million, compared to 0.4 per cent going to organisations with incomes of up to £10,000.
- In 2003-4 central government funding of the sector was estimated at £2.8 billion; local government funding was estimated at £4.3 billion. When including the funding of housing associations the total figure came to in excess of £9.4 billion. In addition to that, spending by NHS bodies on third sector organisations in 2004-5 was estimated at £1.6 billion.
- 37 per cent of government funding went to organisations with incomes of over £10 million – 0.4 per cent to organisations with incomes up to £10,000.
- Voluntary donations from individuals represent 23.5 per cent of total income. While the number of individuals giving has fallen recently, the amount each person gives has increased. Charitable giving has kept up with the growth in GDP in recent years at around £9 billion in 2005-06.

How employees feel

Figures from the 2007 Charity Pulse survey by Birdsong.

- 84 per cent of respondents were proud to work for their charity – but only 70 per cent felt sufficiently satisfied with their organisation to recommend it as an employer, indicating some disquiet about employment reality.
- 64 per cent thought their charity inspired the best in them; 86 per cent said they enjoyed the work they did and 78 per cent felt they made a difference.
- Only just over a third reported only working their contracted hours; only 39 per cent reported rarely getting stressed at work and just 44 per cent felt that morale in their charity was high.
- Although 82 per cent were clear about what was expected of them in their jobs, only 60 per cent felt they got the support they needed to do their jobs well.
- Only 27 per cent thought poor performance was handled effectively in their charity. Three quarters had a good relationship with their manager.
- 61 per cent felt they received sufficient training to enable them to do their jobs well; just 43 per cent felt supported in developing their careers.

- Employees in small charities with fewer than 200 members of staff were more positive than those with more staff.
- New recruits tended to feel more appreciated than those with more than two years' service.
- Staff permitted to work from home were much happier than those who did not have that opportunity – but they were much more likely to work longer hours than those who weren't.
- Only 24 per cent of staff under 30 planned to be working for the same charity in three years' time compared to 41 per cent of over-thirties.
- Women had worked for an average of 4.4 years for their charity, compared with an average of 3.6 years for male staff, but 70 per cent of the women taking part earned less than £30,000 a year compared to just 51 per cent of the men.

Trade Unions in the Third Sector

This section of the report looks at the current state of union organisation in the sector. It then examines the various attitudes and approaches of unions towards the third sector and the implications of these. It concludes by looking at the issues unions raise as matters of concern, both in regards to contracting for public services and more generally in relation to employment in the sector.

Introduction

Union membership and representation in the sector is relatively low and appears not to be keeping pace with the growth of employment in the sector. Unions recruiting in the sector claim around 150,000 members in total. There is no overall pattern of representation – not surprising in a sector which encompasses over 190,000 registered charities, over half a million voluntary and community organisations in the UK and 16 million volunteers. Not all organisations, of course, employ staff.

Where unions are present, there are a large variety of relationships. Some are full-scale partnership agreements with one individual union, where that union is accepted as speaking on behalf of all staff and where a wide range of workplace issues, not just pay and conditions, are the subject of negotiations in addition to consultation. Some simply are workplaces where union membership provides a form of insurance for the individual member and the union has no formal rights to negotiate or to be consulted. Even in those workplaces with full union negotiating rights, a minority of workers may be union members at any one time.

Workplaces with over 100 employees (50 from April 2008) carrying out an economic activity are required under the Information and Consultation Directive to have structural arrangements in place to inform and consult staff when requested by employees; these arrangements can also be initiated by the employer. Where these exist, unions may have seats as of right, stand for election alongside non-union representatives, or have no right to seats on the workplace council.

There is a substantial mixed economy of representative and consultative arrangements in the sector, but a majority of chief executives who spoke to me emphasised the importance they placed on consultation with staff, whether or not a union was present.

The danger for the union movement is that a plethora of locally developed staff consultation – and in some cases negotiation – models are emerging in which unions play little or no part, which fulfil many of the functions traditionally carried out by a union, including engagement over pay and conditions. Without a strategic campaign by unions to explain the benefits of membership to individuals and of collective staff representation to sector chief executives and boards, the risk is that union influence and presence will continue to decline.

There are no reliable statistics on trade union membership in the voluntary sector. The *UK Voluntary Sector Workforce Almanac,* published in autumn 2007, reported the following from Agenda Consulting's 2006 people count study:

- Only 42 per cent of voluntary sector respondents 'recognised' one or more trade unions (although a report by NICVA indicated 56 per cent of responding organisations in Northern Ireland recognised union representation for their employees).
- A median of 15 per cent of employees belong to a trade union – significantly less than the 23 per cent reported in the previous year's report.
- Trade unions are involved in salary negotiations in less than a third of organisations.
- Half of the respondent organisations had no employees covered by a union or other collective bargaining arrangements.

A study by Remuneration Economics indicated that just over one third of voluntary sector organisations recognised union representation for their employees.

These figures are impressionistic, and since they do not give a picture of where on the spectrum of 'recognition' union representation may fit in each individual organisation, they are not particularly illuminating, except in so far as they illustrate the low base of both membership and formal relationships in the sector.

Unions themselves report that, unsurprisingly, membership is significant in those parts of the sector which were previously more closely associated with direct public sector employment – housing associations, organisations providing 'social work' or services for young people. But given the turnover of staffing in the sector, it is not necessarily the case that membership is strongest in organisations with a significant history of TUPE transfer. They also indicate that membership tends to be concentrated in the larger longstanding organisations, particularly children's charities.

Hardly a hotbed of militancy

It should be stressed that there is no history of militancy in the sector. Indeed media references to disputes are few and far between – although of course it is true that any incident can have profound repercussions on the organisation and individuals concerned. A trawl through the relevant media produced the following:

- A threat of industrial action at the RSPCA over potential redundancies at regional call centres. Although it was rejected in a staff ballot, this produced a solution without industrial action and led to an agreement between managers and Amicus on a structure for resolving potential disputes in the future (*Third Sector,* 22 October 2003).
- The previous week staff at Child Poverty Action Group (CPAG) held a one-day strike over new contracts. These two incidents led to NCVO producing a guide to mediation in industrial disputes (*Third Sector,* 8 October 2003).

- A threat of industrial action at English Churches Housing Group. When the association moved away from local authority pay scales, the T&G was concerned that some staff might lose out. The issue was resolved (*Third Sector,* 5 February 2003). The same housing association experienced industrial action by T&G members – one third of all staff – over a below-inflation pay offer which it blamed on cutbacks of government funding (*Third Sector,* 20 October 2004).
- The Simon Community in Northern Ireland faced industrial action by support workers in a dispute with UNISON over job gradings (*Third Sector,* 3 November 2004).
- Acas intervention averted threatened strike action by Citizens Advice staff after Amicus objected to the introduction of new contracts (*Third Sector,* 16 June 2004).
- Strike action by UNISON members at the Mungo Foundation was averted after the community care provider tabled a new pay offer with a flat rate element to help the lower paid (*Third Sector*, 24 April 2007).
- A long-running pay dispute between UNISON and Quarriers was similarly resolved after the Scottish social care charity tabled an improved offer (*Third Sector,* 1 June 2007).
- In February 2007 the University and College Union picketed the RNIB over its plans to close courses for visually impaired people and 350 members of the Public and Commercial Services Union (PCS) at the Charity Commission went on strike (*Third Sector,* 12 September 2007).
- 450 Shelter staff were balloted for strike action over the charity's plans to restructure as a result of changes in contract arrangements. Shelter refuted Unite allegations of bullying, pointing to nine months of negotiation with staff over the proposals (*Third Sector,* 23 January 2008). However, two days of strike action took place at the beginning of March 2008 at the time of writing the dispute is still going on.

Disputes over recognition are rare. In one of the few cases, social landlord Pierhead Housing was required by the Central Arbitration Committee (CAC) to recognise Unite, despite not regarding the union as 'conducive to good industrial relations', after the union demonstrated that a majority of staff supported unionisation. Pierhead responded by saying "we now propose to establish a constructive working relationship with the union"(*Third Sector,* 3 September 2007). Unite also won the right to conduct collective bargaining on behalf of 30 non-managerial staff from Victim Support West Yorkshire after the CAC ruled in their favour (*Third Sector,* 4 April 2008).

The major unions in the sector, in no particular order, are:

UNISON, which increasingly expresses its desire to build on and nurture relations with what it calls the community and voluntary sector, which a senior official stressed "has always done good, innovative and independent work." UNISON believes it has around 60,000 members in the sector, some of which are former employees of local government

– e.g. housing association staff – or the NHS. The union has a dedicated structure for the sector, including a section of the UNISON website and regular publications, and activists meet regularly.

GMB, which has a long history in the sector, particularly in care services. The union believes it has around 30,000 members in the sector and is intent on building on this base; a national officer is now tasked with developing further engagement with the sector.

PCS, the civil service union, whose members have been affected by changes in the delivery of employment services, particularly those for the disabled where the third sector has had an increasing role. PCS has a commercial sector which has built strong links with private sector service providers, including Accenture, Capgemini and Siemens, and is developing a public service concordat with industry leaders.

Community, which is intent on developing positive relations with the third sector, building on its historic relationship with the National League of the Blind and Disabled, which merged with the former ISTC. The British Union of Social Work Employees (BUSWE) is in the process of merging. The union has developed a new approach to its organisation, believing it should be as much a community-based resource as a representative organisation and is keen to use its considerable financial resources to build links with community organisations in the localities where it has a strong presence, as well as membership in national organisations.

Unite, formed by the merger of Amicus and the T&G. Both unions had a significant presence in the sector, with predecessor union ASTMS/MSF first under General Secretary Clive Jenkins and then Roger Lyons positively targeting the voluntary organisations for members based on a partnership approach. Indeed ASTMS followed a 'partnership' approach with Save the Children Fund as early as 1983 following recognition. The T&G's role in the sector was strengthened by its merger with the former Community and Youth Workers' Union. Partner unions had dedicated structures for the sector, and Amicus had an active activists' network which exchanged good practice. It is not clear what effect the merger will have on Unite organisation in the sector; the union believes it has around 60,000 members in the third sector.

The view from the unions

There is no doubt that the national officials charged with developing relations with the third sector are very positive about the aims and values of the sector and the benefits to voluntary organisations that relations with unions can bring. Mike Short, a UNISON official, emphasises that "we are interested in entering into partnerships with employers. That doesn't mean we'll agree on everything, but it does mean we can agree a mechanism for when there are disagreements." These sentiments were echoed by Unite's Rachel Maskell: "We want to work with leaders of the sector to secure a general improvement that will lift the floor, raise standards. Trade unions have information and experience to bring to the table." The GMB's Brian Strutton said: "We bring a professional approach on employment issues that can be of huge value to smaller organisations struggling with their HR; social partnership with unions should be win-win for organisations, unions and staff." Joe Mann of

Community commented: "We share values and we both work for improving the lot of individuals and communities. This should be one of the deepest relationships there is." Graham Steele of PCS drew the lesson from his union's partnership with Working Links that "we're stronger together in pushing for improvements like a real learning agenda, getting the funding, agreeing the plans." He pointed to a political danger if relations were not improved: "If unions are fighting third sector providers, especially those working with vulnerable groups, it will undermine their role, and make it easier for an unsympathetic incoming government to ignore their role or cut provision. We need a united voice to defend social provision, not to fight among ourselves." It is only fair to record that the TUC has made significant efforts to bring together the unions recruiting in the sector but the strategic challenge still exists.

It is important to recognise that the different unions – and their constituent parts – are influenced by different traditions and enduring cultures. These are certainly not all the same, not even within the same unions; pressures on union leaders will be different as will the make-up and role of local officials. But there are many common threads and issues around which most of the unions have come together, for example within the TUC, to push policy in a certain direction. Chief among these issues has been the contracting out of public services. The brutal experience of compulsory competitive tendering (CCT) led to a massive loss of union membership, as unions were unable to re-sign large numbers of privatised workers; at the heart of union concern about out-sourcing lies a fear of this experience being replicated. CCT undoubtedly led to major losses in income for many low-paid workers, as well as worsening conditions, particularly the loss of access to public sector pensions. Again unions fear that contracting out might have the same effect. Given the history of CCT, these concerns are understandable. But at times they have been expressed in an ideological idiom that has made engagement difficult.

At the same time, unions raise a variety of issues relating to employment in the sector, whether or not organisations are involved in contracting – and it is important to recognise that only a minority are. These issues form the central ground of the trade union/third sector relationship and it is vital that leaders of the third sector and government engage with these (see below).

Public sector contracting: an enduring issue

A strong element of concern about the expanding role of the sector has persisted since unions began to grapple with the implications of the new approach articulated by the Labour Party when in opposition in the mid 1990s.

These issues are detailed in a series of documents, including:

Third Sector Provision of Local Government and Health Services, produced for UNISON by Steve Davies from the Cardiff School of Social Science, 2007.

False Economy? The costs of contracting and workforce insecurity in the voluntary sector, produced for UNISON by Ian Cunningham of Strathclyde University and Philip James of Oxford Brookes University.

Terms and Conditions in Housing Associations, produced by UNISON in 2007.

Third Sector Provision of Employment-related Services, produced by Steve Davies of the Cardiff School of Social Science for PCS, 2006.

Amicus/Unite Response to the Third Sector Review, prepared by the union, 2007. Other Amicus documents include a survey of work-life balance in the community and non-profit sector, and a report, *Short Term Funding, Short Term Thinking*.

The direction of travel after Labour won the election in 1997 could have come as no surprise. A significantly increased role for the voluntary sector was clearly previewed in the document *Building the Future Together: Labour's policies for partnership between government and the voluntary sector*, published in March 1997, which followed Tony Blair's early decision as leader to launch a review led by MPs Alun Michael and Ann Coffey on the relationship between government and the sector. Building the Future Together previewed the establishment of the Compact with the voluntary sector and set out the framework of intended partnership with government.

These foundations were built on in the 1997, 2001 and 2005 election manifestos, the latter, for example stated "the voluntary and community sector has shown itself to be innovative, efficient and effective. Its potential for service delivery should be considered on equal terms." In 2006 the Prime Minister explicitly tasked the new Cabinet Minister for Social Exclusion to deliver "a step change in the provision of public services by social enterprises, charities and other third sector organisations." That year the government created the Office of the Third Sector to develop and structure the relationship still further, with a minister with specific responsibility for the sector.

Although some commentators believed that the change of Prime Minister in June 2007 might lead to a change of approach, this does not appear to be the case. The Third Sector Review, conducted as part of the discussions around the comprehensive spending review, published in July 2007, was unequivocal: "The government (therefore) wants to continue to ensure that the third sector remains at the heart of measures to improve public services including as contractors delivering public services, as campaigners for change, as advisers influencing the design of services and as innovators from which the public sector can learn."

Indeed the voluntary sector's concern is that, if there is a change evident, government appears to be leaning perhaps towards an increasing role for the private sector, as evidenced by the outcome of the tendered for contracts for Pathways to Work, of which more later.

The degree to which unions are prepared to concede a role to the voluntary sector varies.

PCS has perhaps set its face most firmly against any significant voluntary role in the provision of statutory employment services.

"We consider that many questions about the expansion of the state's use of the third sector have not been answered or even considered in any detail. It has the potential to return significant sectors of the public service to a pre-war model where the 'deserving poor' were expected to show gratitude to their charitable benefactors. This would be another phase in dismantling the welfare state. It is of massive concern both to those who currently battle to provide services in the face of cuts and privatisation and to those who use them." (Mark Serwotka, 2006, *General Secretary's Introduction to Third Sector Provision of Employment Related Services*).

Somewhat ironically in the light of subsequent events, the PCS report goes on to criticise third sector organisations involved in delivering employment services to hard to place groups for an excessive involvement with private providers particularly through the Employment Related Services Association. It suggests that because of the increasing reliance on government funding – which it estimates at over £400 million in Jobcentre Plus contracts – "there is a clearly identifiable 'producer interest' developing and (for the charities at least) a growing conflict between their role as advocates and their role as service providers. Finally several of the charities have very strong links with Big Business (sic), some involved in privatisation or contracting out, drawing many of their trustees from this sector. It is difficult to believe that this does not play a critical part in influencing their attitude towards public services and the drive to contract out more of the core work of Job Centre Plus."

Many of the same arguments and statistics appear in the **UNISON** report *Third Sector Provision of Local Government and Health Services*, also written by Steve Davies. UNISON however, generally has a rather less stringent approach, with General Secretary Dave Prentis opening his foreword to the report by emphasising: "UNISON has always been a friend to, and a member of, the community and voluntary sector. We have many thousands of members in the sector in organisations which campaign for progressive social change, develop new and innovative ways of improving civil society and work in partnership with statutory bodies. We recognise that all these roles are vital to the UK's public services."

A recent UNISON fact sheet on the sector states: "The community and voluntary sector has long been a force for progressive social change. Independent, value-based organisations have historically carried out key roles in British society – campaigning for change, defending the rights of vulnerable people, identifying gaps in public sector provision of services and working with the public sector to develop solutions to those gaps. More recently, the government has begun to use the sector in a radically different way, competing with public and private organisations and providing core public services. While the Government appears to recognise the value of the community and voluntary sector's traditional qualities, it also seems determined to use competition for contracts among voluntary organisations as a means of reducing costs and reducing public sector provision. UNISON believes that this direction of travel is already damaging both public services and the community and voluntary sector itself. Service quality and treatment of staff are deteriorating, and the ability of voluntary organisations to innovate and campaign independently is being compromised." (*UNISON Fact Sheet: Community and Voluntary Sector*, September 2007).

UNISON takes the view that the delivery role of the voluntary and community sector should essentially be limited to providing niche or specialist services; in other words support, not substitution. The report says: "The transfer of public service delivery to the third sector has become an important part of the government's public service reform programme. Unfortunately the focus on transfer risks losing sight of the transformational role that the third sector could play, and potentially threatens the future independence of the sector itself. The government underestimates the issues raised by large scale transfer in terms of quality of service and fragmentation; accountability, equity and transparency, choice and voice; user involvement and diversity; and third sector capacity."

Then there is the Trojan horse concern: "Given the description by a senior CBI official of the third sector as 'the weapon of choice' in the battle for public sector reform, it is perhaps not surprising that some believe contracting out to the third sector will be followed by further contracting out to the private sector".

It is difficult to predict what the post-merger **Unite** approach will ultimately consist of. Amicus's view is best summarised in its response to the TSR: "Due to the independence of the third sector, it has developed good models of advocacy, campaigning and innovation. Running statutory services could undermine these strengths…Amicus suggests a collaborative model of improving public service design. This would involve a comprehensive stakeholder group designing the service and the framework for the contract. This collaborative model is diametrically opposed to the government's model of contestable tendering.

The union, however, recognises that many public services are, and always have been, delivered by the third sector." The third sector is changing. Many organisations that grew out of local communities are becoming larger through mergers. Good examples of this are housing associations, which have been encouraged to merge by government. The risk of identity loss has long been a subject of debate. However, the third sector has maintained an ethos and has a workforce devoted to serve. Amicus members working in the third sector would argue that the strength of their organisation comes from their independence from the state. This enables organisations in the sector to work beyond statutory requirements. It frees up time for innovation and comprehensive service development at a reasonable resource level to match this objective in order to reach those in society that statutory services can't or don't reach. Through this work the sector can not only deal with the urgent issues of the day, but also provide the preventative measures to reduce the risk of issues developing in the future. Many of our members have at some point transferred from the public sector to work in the not-for-profit sector for these very reasons, albeit often on worse terms and conditions."

Amicus believes contestability itself is the problem. "If cutting costs is seen as the prime objective, then the current proposal (in the review) would produce this, since contestability forces organisations to compete for contracts…it is clear that the competitive model of service design, where organisations have little or no input, can destroy a service, or certainly ensure that the best service framework has not been put together."

Unions point out, fairly, that some within the sector itself share to some degree the philosophical and ethical concerns about the increasing role of certain voluntary sector organisations as 'agents of the state', as well as the potential danger of increasing reliance on state funding. Not everyone is convinced that the role as spelt out in the Third Sector Review will be an unalloyed blessing. It is also true that union leaders feel that some in the sector have been too eager to gloss over some of the implications of the expanded role for the sector in their enthusiasm for the new direction of travel. Indeed, acevo itself has on occasion been seen by some unions as the 'advanced guard' for promoting the delivery role for the sector. And there is certainly a debate within the sector itself about 'professionalisation', as set out in an article by Stephen Bubb in *The Guardian* on 7 November 2007, which looked at some of the fundamental 'existential' issues facing the sector. This followed a Directory of Social Change survey earlier in the year which found that significant numbers of staff surveyed were concerned that the drive towards professionalism was killing the spirit of charitable activity.

Nevertheless, acevo has robustly responded to many of these ideological arguments in its published response to the UNISON reports: "A contracting and commission environment where statutory commissioners define and buy the services they want from independent providers is not the same as privatisation. There is no transfer of ownership. Government and its agencies will make decisions about what services are required and will pay for them with public money…those services will remained commissioned and funded through statutory authorities and as such will remain accountable to the general public through democratic structures…Buying services from the organisation which can do the best job for those service users is a natural and desirable evolution of the welfare state. Third sector organisations have been delivering services to the public for centuries, much longer than the state has been doing so. Those third sector organisations which want a greater role in delivering public services do so because it will allow them to better fulfil their missions and better serve their beneficiaries…there is poor evidence that a role in service delivery blunts a charity's ability to campaign…far from being mutually exclusive, campaigning and delivering services can be entirely compatible and mutually beneficial…ensuring independence and that an organisation is led by its mission is best achieved through strong leadership and governance, high calibre trustees and better commissioning and funding relationships with the sector, not by withdrawing from interaction with the government...the third sector has much more to offer public service reform than the 'specialist and niche' provision desired by UNISON." (*The Case for Change: third sector provision of employment services*, acevo briefing, 2007).

The twin track approach

I have gone into the unions' arguments in some depth, because it is important that all the players recognise where the others are coming from. But these 'headline' approaches are only one side of the story. Without exception, the senior union officials I have spoken to have emphasised that their organisations in practice take a far more pragmatic approach. Indeed, they have been at pains to stress that their practical concerns about capacity and funding are of far more significance – issues which they are strongly focused on discussing and solving together with the leaders of the sector, day to day issues which are of more interest to local activists.

The problem, of course, is that this 'twin track' approach, as it was described to me by one senior union official, risks sending out very mixed messages to the sector itself. Sometimes all that gets through is the negative one.

As one chief executive put it: "It's hard sometimes when you hear the rhetoric at the Labour Party Conferences or at the TUC, to believe that these senior union figures see any role at all for the sector, or have any interest in dialogue. When someone tells me I'm doing the wrong thing, for the wrong reasons, it doesn't make me feel there is any basis for partnership."

Another said: "The unions want to have their cake and eat it. They want to be able to slag us off as privatisers and cut-throat operators, but then expect us to open our doors to them to recruit." Another made the point that "union people may think that our staff don't hear the suspicion and disdain that sometimes comes across when they talk about the voluntary sector – but they do. My feeling is that it makes staff less rather than more sympathetic or likely to join a union, because they don't believe unions understand the value of their work." These sentiments were echoed by many chief executives.

It would be helpful, too, in my view, if union officials reflected on the language sometimes used in referring to the sector. One chief executive drew my attention to remarks by a senior union official in 2002, during a union campaign to encourage third sector organisations to match the pay deals awarded to local government workers, when he referred to the organisations concerned as 'rogues' – an epithet that was still causing offence five years later (*Third Sector,* 27 November 2002).

More recently, another union official raised some eyebrows when he predicted a "wave of industrial unrest" among third sector employees unless rates of pay and working conditions were improved, and remarked that staff were becoming frustrated at "the scale of pay cuts" (*Third Sector,* 30 November 2007). Some CEOs – and not a few union officials – felt this reflected a misunderstanding of the funding regime for voluntary organisations "which did not bode well for a fruitful relationship". Others suggested it was an inappropriate use of traditional rhetoric – while several commented that they felt "making idle threats which the union can't carry out" risked making the union "look silly".

Other union approaches

Chris Ball was one of the first trade union officials to be given specific responsibility for the voluntary sector when MSF appointed him project leader in 1985 to develop a strategy for organising in the charity sector. The success of this approach was based on a commitment to work with the sector, stressing the shared values, and emphasising the issues of mutual importance, such as HR capacity and equal opportunities. "We set out to add value to an organisation. We said to each organisation that their staff would take the decisions that were right for that organisation – they were sovereign. But they also had access to a huge reservoir of union experience, of support from trained full-time officials, and to union education and training services. Our magazine *Common Ground* emphasised a partnership ethos, with articles from sector leaders. We also asked staff in the sector what the issues were they most wanted to see the union tackle. On that basis we developed a major campaign against bullying, which we launched in partnership with leaders in the sector, with support from the DTI. We also worked with the sector to secure a series of working rights for volunteers, and explored the possibility of a sector-wide stakeholder pension scheme, as well as collaborating with NCVO on a much-needed survey of pay and conditions in the sector.

"The union's capacity to deliver in the sector depends on the leadership at national level having the commitment and understanding to allocate staff and financial resources. The problem is always that hard-pressed regional full-time officials have too big portfolios and patches and they are not always well enough tuned to the special nature of the sector and don't have the specialised knowledge of how it works and what makes people working in voluntary organisations tick."

He emphasises that there are many possible models of union and staff involvement – but considers that this plurality can be a strength because the local structures can, at least in theory, be responsive to local demands and circumstances. "Unions can afford to be creative with smaller organisations – and that is a good thing. So should there be community-based branches? In Bradford, MSF established a community branch for members; Bradford City Council set up a forum for third sector employees that liaised regularly with the branch. Among other things, a city-wide job evaluation scheme for voluntary sector employees was established.

"We would get organisations on the phone asking the union for advice. People understood the value of our offer to the sector and they appreciated the range of knowledge and skills we brought."

The GMB, while recognising many of the 'ideological' concerns, has raised the issue of how the unions themselves have responded to the growth and new roles of the sector. The union official responsible for the sector commented that unions themselves bear some responsibility for the current uncomfortable relationship. "Trade unions have failed to work out together how to handle the sector. We have flipped between treating them the same as private contractors, to thinking them our best friends." With the large numbers of separate organisations and the huge variety of terms and conditions in the sector, unions "need to get their heads round what this means for recruitment and organisation. Perhaps there should be a national agreement which allocates different sectors between the different unions."

He was also keen to stress the need for appropriate union behaviour in the sector. "It has got to be based on a social partnership approach. We should work to set a national framework for the relationship which can then develop with individual organisations and locally. We bring a professional approach on employment issues which could be hugely valuable to hard-pressed small and medium-sized organisations".

Community's lead official echoed this view: "Unions should endeavour to offer a more constructive approach. Neither side should play into old stereotypes; there needs to be a more strategic approach with a mutual understanding of roles. Confrontation does not work. Unions need to make sure CEOs understand our positive role and work with them to develop a joint agenda around improving the quality of work. After all we are part of the voluntary sector. We also strongly believe we need to expose union members themselves to the vital work the voluntary sector carries out – national affiliation filters down to local level."

The effects of contracting and contestability

All the trade union officials I spoke to expressed huge concern over the impact of the contracting regime on funding and employment, as well as capacity-building in the sector. Many of these issues are set out in the UNISON report, *False Economy*, based on a detailed study of twelve organisations where the union organises, and from which the quotes below are taken.

In its response to the report, acevo explicitly recognised the validity of many of the issues raised: "Acevo recognises many of the concerns raised in this UNISON report. Poor commissioning and procurement causes problems for many third sector organisations and their workforces…' (acevo response to two UNISON reports, 2007).

Among the key issues identified:

The effect of length of contracts/contract renewal: Unions were strongly critical of the effects of short-term funding on staff, making employment prospects uncertain, leading to premature issuing of redundancy notices and generally undermining good relations in an atmosphere of insecurity and instability – "the sword of Damocles", as one person described it. It was difficult to negotiate pay settlements when it was not clear what an organisation's income was going to be and when fee increases were not paid straight away. Redeployment was not always an option. Some organisations, whilst in negotiations for new services, were being told by the funder that they could not automatically take on staff from a service that was being closed.

> "It stresses the whole organisation out because you know if one of your colleagues has about three weeks until her contract runs out, you see management running about trying to raise money and everybody feels that, and feels the stress and that just reminds you that this is going to happen to you in six months, three weeks, whatever."

There was also concern whether particular groups of workers were more vulnerable to these pressures – older workers, younger staff on short-term contracts or disabled staff. One said:

"It frightens me a bit because I think 'what am I going to do if I don't have a job here? Where am I going to next? What am I going to be like? What kind of support am I going to have in that job, or lack of support in that job and how am I going to manage?' That is quite a scary prospect."

The loss of contracts can have a devastating effect on staffing; the consequences of Pathways to Work procurement have placed more than 100 voluntary sector jobs at risk, when New Deal for Disabled People third sector providers failed to get contracts.

TUPE: Unions were very critical of the government's failure to place TUPE protection at the heart of contracting, and were extremely alarmed at the implications of the recent awards of contracts for Pathways to Work by the Department for Work and Pensions, when the department removed the requirement for contractors to price for TUPE in their bids, and indicated it was up to each contractor to take their own legal advice as to whether TUPE applied. While some officials thought that TUPE was a blunt instrument, even for transferring staff, unions were strongly of the view that all public sector contracts should specify costing for TUPE transfer, rather than leaving it up to tendering organisations to decide whether or not to include the cost in bids. The Cabinet Office code of practice designed to end the two-tier workforce "does not have enough teeth if TUPE can be ignored in this way", one official said.

The GMB worked with the Shaw Trust to protect the interests of the trust's staff affected by the loss of contracts to Work Directions UK. The trust had offered to fund staff taking tribunal cases to establish their right to TUPE transfer.

The McDonald enquiry commissioned by acevo in the wake of widespread concern about the Pathways to Work procurement process similarly concluded that the government should give a definitive opinion on whether employment transfer rules apply when carrying out procurement exercises. It called on the Office of the Third Sector to work with the Office of Government Commerce to develop a cross-government code of practice around TUPE.

Contract cost pressures: Unsurprisingly, union officials reflected the universal concern within the sector about the effect of too-tight contracts, which ran the risk of strangling innovation, and would "weaken precisely those special qualities community organisations bring", as one official put it. Local authorities were felt to be increasingly looking simply for cost savings, rather than the specific added value the third sector offered – the general view was "they should be focussing on service-user outcomes, not cost outcomes." Cost pressures were leading to staff working longer and harder. For example, unrealistic funding of time per client was leading to huge pressure on CAB staff. One organisation reported that one of its main funders had requested it to repay some of the money from a series of contracts because the authority was facing financial difficulties. Others reported core funding being cut, with little notification; in each case financial disaster was only averted by protracted negotiation. The uncertainty was also preventing organisations building up reserves, thereby undermining the security and potential viability of the organisation itself.

> "In a tight contracting environment, organisations have to look at ways of streamlining their organisations in order to win a contract…Our representatives report to us about redundancies, reorganisations and reduction in benefits from below-inflation pay increases, removal of training, apart from regulatory requirements only, cuts in terms like antisocial working payments, and cuts in pension provision" (Amicus).

Intensification of competition for funding and a level playing field: Organisations felt that local authorities failed to compare unit costs fairly, because they did not include realistic estimates of their own costs for management and administration, making the voluntary sector look expensive in comparison. Staff training budgets were also widely felt to be under threat as a result of increasing cost pressures.

Pressure for a move away from National Joint Council rates of pay and terms of conditions: Smaller organisations believed that linking pay to local authority pay scales was essential to retaining competitiveness in the local labour market, but was dangerous since the annual uplift from the funders usually did not cover the full cost of local authority increases. This had the result that reserves and donated voluntary income needed to be drawn on to cover annual pay rises.

Morale of staff: The intensification of cost pressures was having an effect on morale and on the relations between staff and managers. The union view was echoed by one chief executive whose organisation had been forced to implement a pay freeze and changes to allowances: "Up to that point we had goodwill with the shop stewards and generally with the staff which allowed us to get that kind of agreement without any serious objections. My feeling now is that there is not a bottomless well that we can go back to and draw on, and we already know if we have to make other efficiencies of that kind, I think we will not find the same goodwill.' Other staff interviewed reported a sense of "helplessness among staff", which stemmed from a lack of real influence over external funders and the lack of any machinery to establish a 'going rate' for the sector.

Intensification of workload and assumption of new responsibilities without additional training, applying to managerial and administrative staff as well as care providers were identified as issues. In addition to a potential increase in lone working practices, a decrease in on-call cover, and a reduction in rest periods were matters of concern.

"I am coping at the moment….to be quite honest I am not sure how it's going to go. I actually feel quite stressed…you know it was a full-time job, now I am doing seven days' work. Seven days to fit into five…you hear somebody is not being replaced and then you think 'am I going to be taking this on as well?"

Training and staff development were widely considered to be under risk from cost pressures, with even large organisations reporting that they had to cut back on efforts to meet the external targets on NVQ qualifications for their workforces.

Tackling equal pay: Unions were aware of the potential consequences of the ongoing issue of equal pay in both the NHS and local government affecting the sector. They wanted to see sector-wide agreement on tackling potential fall-out and moving the issue forward.

Increasing employee turnover: Exit interviews indicated this was related directly to job insecurity and issues around pay and conditions. Hiring temporary and agency staff added to increasing costs, while leading to discontinuity of care and services, which impacted detrimentally on clients. Amicus respondents reported that morale was being hit; while staff's willingness to 'go the extra mile' was widely cited and was felt to have saved many projects, there was concern that this could not be relied on indefinitely, and high levels of sickness absence were a cause for concern as indicating rising stress levels.

Full cost recovery: Unions strongly believed the true costs of running services should be met by procurers, but pointed to inconsistencies and confusion: "For too long contracts have just covered the service to be delivered and have excluded the on-costs to the organisation for doing this. If only parts of the costs are met by funders then budgets within organisations are further squeezed when it comes to actually paying for the services to be delivered" (Amicus).

The two-tier code: Several union officials hoped that the discussions recently underway under the aegis of the Public Services Forum, to develop a workplace compact which would improve the level playing field between direct, voluntary and private providers, would provide a means of strengthening equity. There was also a widespread view that the development of social clauses in contracting would benefit the voluntary sector as a whole, by allowing the specific added value the sector provides in service provision to be specifically taken into account in contracting. They could be an important factor in mitigating some of the negatives of contestability. Unions welcomed the establishment of the Social Clauses Project Board and the local authority pilots that are being run, looking at the practical difficulties for commissioners in building in social clauses.

The difficulty of promoting collaboration when organisations are competing: Amicus suggested discussion around a stakeholder model working together to identify the improvements needed to a service, the impact on pricing, the location of risk, the needed outcomes. Establishing such a group at the earliest stage of commissioning would help in service redesign and help identify realistic outcomes, as well as building in the benefits of collaboration.

It is of course evident that most of these specific concerns are shared by chief executives and leaders of the third sector, and many have been recognised in the recent Third Sector Review. Working together to continue to provide solutions to these challenges constitutes a major opportunity for developing positive relations between unions and the sector.

Other union concerns

Apart from the specific concerns arising from the contracting culture, unions also pointed to more general employment issues of concern where they would welcome a strong dialogue with sector leaders. Findings are taken from Amicus publications. Interestingly, union officials accepted that pay levels as such were not at the forefront of many staff's concerns.

The large variety of potential funding streams and the time and effort required to access these were also considered to be a problem. One organisation reported that 95 per cent of its 50 projects had their funding renegotiated on an annual basis, which took up inordinate amounts of management time. Another major national charity's income of £155 million came from over 500 different sources. Management committees were spending so much time on funding issues that strategic issues and service development were being ignored.

The increasing bureaucratic demands from funders as part of monitoring exercises: "You have to do three-monthly support plan reviews and support plans, you've got needs assessments which have twenty-odd questions, which themselves can trigger twenty forms, you have got health and safety assessments, you've got risk assessments."

Poor human resources systems within the sector: Unions recognised that a professional HR approach was easier for larger organisations with the resources to employ specialist staff, but they wanted to see the sector as a whole examine how HR and ER could be improved in smaller organisations, with more standardisation of good practice. PCS officer Graham Steel said: "Often their enthusiasm to do good things sees them overlook basic good management practice – not deliberately, but because people are so keen to get on."

Amicus reported that "while our members believe that the majority of their employers are keen to provide good HR, this is often not the outcome. Amicus has seen individual cases having to go tribunal unnecessarily, causing avoidable financial costs on an organisation because of poor HR practices. Other employees will opt to simply leave when things go wrong, particularly in bullying or poor handling of cases by management, creating further recruitment costs to the organisation."

As well as tackling bullying, other examples of poor practice identified included the handling of redundancy and redeployment, lack of clear policies for handling disciplinary or grievance issues, lack of equality policies, inadequate health and safety policies, insufficient consultative arrangements and a poor use of family-friendly working arrangements.

The union was also concerned that in smaller organisations where trustees have responsibility for HR "it is often with no experience of what is required for the role."

"In larger organisations HR is generally of a higher quality, however Amicus knows of hundreds if not thousands of organisations where HR management fails its employees due to a lack of accessible expertise…Where there is poor HR, Amicus would advocate a practice where good HR is brought into the organisation to help raise its standard. The HR that is brought in should be from a successful organisation. This concept is well rehearsed in schools which are in 'special measures' or in local authorities."

Unions also point to many cases where the local union organisation was in fact carrying out many aspects of the HR function, including devising draft policies and acting as a conduit to management.

"Where there was strong partnership with trade unions, members believed that HR was at its best, since unions in effect were able to negotiate high standards of practice as well as provide 'free advice' to management from their base of expertise."

Although the Employment Tribunals Service does not have statistics on particular types of claimant, the 2003 survey of employment tribunal applications found that the non-profit sector as a whole accounted for 6 per cent of ET cases, although voluntary sector staff account for only 2 per cent of the national workforce. A Liverpool University survey in 2003 revealed that 25 per cent of charities had been called to a tribunal in the last year (*Third Sector,* 20 October 2004). A report on HR provision in the sector in 2004, *A Stitch in Time*, acknowledged that "voluntary organisations are approaching infrastructure organisations for help with human resources issues too late, often when the situation has already reached crisis point." Volunteer management, equal opportunities and training development and appraisal were among the most common issues on which organisations sought support.

Mike Emmott, an adviser on employee relations at the CIPD, acknowledged that "there are some desperately bad management practices in the senior levels of the voluntary sector." Since staff were often strongly motivated in their work by a wish to make the world a better place "a lot of staff won't hesitate to take action if they feel their employer has misbehaved." (*Third Sector,* 20 October 2004). Ian Bruce of the Centre for Charity Effectiveness at the Cass Business School pointed out in the same article that "many managers want to think that things can be resolved informally and when they aren't they haven't got the necessary evidence of proper procedure."

A report on human resources management in the sector by Simon Kerr Davies (*Third Sector,* 17 May 2006) acknowledged that "expenditure on employee relations could be seen as an inappropriate use of resources and potentially damaging to funding prospects. In such an environment management can easily become overstretched and HR practices and procedures can suffer as a result."

Cases recently highlighted in the media include Walsall Deaf People's Centre (*Third Sector,* 12 July 2007), Arthritis Care (*Third Sector,* 16 October 2007), the National Trust (*Third Sector,* 1 February 2006), Lepra (*Third Sector,* 12 September 2007) Action Cancer (*Third Sector,* 21 September 2007), Royal London Society for the Blind (*Third Sector,* 12 May 2004) and YWCA (*Third Sector,* 30 January 2008).

The huge variety of terms and conditions across the sector: There is a huge variety of pay rates for similar job roles across the sector, even between relatively comparable organisations, and relatively few organisations undertake analytical job evaluation. Some officials felt that the development of a national notional pay framework for job groups typical of third sector employment would give organisations a set of benchmarks against which to set their own pay scales. Such a framework would also help organisations carrying out job evaluation schemes. Amicus for example calls for the setting up of an Industry Standard and Framework for jobs and employment procedures in the sector. It states that "terms and conditions in parts of the sector are some of the worst in the economy."

Short-term contracts: Unions highlighted the effects of short-term contracts, including the stress and uncertainty caused to staff, the difficulty of financial planning and accessing mortgages. Such contracts contributed substantially to the high levels of staff turnover in much of the sector and made recruitment very difficult.

Pensions: There was unanimous concern about what one official called "the pensions chaos" in the sector. Unions wanted to see a level playing field, with more transferred staff retaining their public sector pensions, or more options for admitted body status for voluntary sector schemes. As one official said: "The public sector is going to bear the cost one way or another." Unions also strongly advocated the development of a sector-wide scheme, with government support, for third sector staff, although efforts in the early 1990s to set up such a scheme met with little support. Amicus wants to see such a scheme based on defined benefits and flexibility to accommodate changing employment patterns. "Changing employers due to TUPE, redundancy or for some other reason removed the opportunity to maximise benefits under the current system, thus pensions become of little value to the employee….Amicus knows that many small organisations do not manage a scheme since they even avoid the minimum of having to offer a stakeholder pension, and for those that do offer a pension, they are on such poor terms that they are of little benefit." Many large organisations have changed their pensions arrangements in recent years, moving from final salary to defined benefit schemes; although unions have decried this development they have nevertheless accepted the inevitable and in most cases been willing to negotiate. Evolving government plans for a more universalist approach to a second pension will impact on the sector.

Skills and training and career development: Union concerns in this field strongly reflect the findings of the 2007 *Skills Survey* produced for the workforce hub. They identified increased work pressures, a lack of protected, earmarked funding, increased turnover in staff and a lack of priority given to the problem.

Nevertheless, it was felt that the publication of the Third Sector Review, which identified the need for a new third sector skills strategy, based on the 2007 DES (now DIUS) Third Sector Strategy and Action Plan, the setting up of the programmes under Capacitybuilders and the likely development of a sector skills councils were crucial to effect change in these areas.

The skills deficit

One quarter of employers reported hard-to-fill vacancies in their organisation; over a third with hard-to-fill vacancies reported skills shortages in applicants. Nearly a quarter of employers cited a lack of specialist skills and/or experience in applicants.

Most frequently identified hard-to-fill vacancies were in specialist activity functions including youth work, social care and health care.

Around three in ten employers reported under-skilled staff; small employers were most likely to be affected. Areas affected included marketing, fundraising, IT and legal knowledge. Within medium-sized organisations, gaps in leadership skills were an issue. As a result other employees were having to cover skills gaps; small employers in particular brought in volunteers to cover the work.

Employers anticipated future skills shortages and gaps. Nearly half thought there would be a skills need as a result of future developments within their organisations, particularly specialist skills such as fundraising and IT.

Half of employers thought the skills gaps were caused by lack of time and/or funding for training, particularly in small organisations.

But voluntary sector employers acknowledge the importance of training with just over three quarters formally assessing staff for skills gaps and/or holding a training and development policy – although lack of time and money often mean these strategic intentions cannot be fully realised.

There has been a marked reduction from 55 per cent to 47 per cent of part-time employees across all sectors of the economy receiving training. (National Institute of Adult Continuing Education, 2007).

Unions have a highly valued expertise in encouraging staff to take part in education and skills training, both to compensate for existing weaknesses and to expand individuals' horizons and skills sets. In many sectors where unions organise, employees and employers alike value the contribution of union learning reps, a network which has received substantial backing from government. UNISON has launched a voluntary sector learning and development scheme to help charities improve training opportunities, based on learning partnerships with organisations.

Unions were very keen to see the introduction of a funded training right – replacing the individual learning accounts – in the sector, perhaps with matched funding. In addition, procurement should specify a percentage of ring-fenced resources to be dedicated to meeting training needs. A sector skills agenda needs to dovetail into learning structures elsewhere, particularly in the NHS and local government.

Work-life balance: An Amicus report on work-life balance in the sector in 2006 found that 35 per cent of staff surveyed felt their employer displayed a negative attitude towards work-life balance; 85 per cent felt that improving the balance would improve their stress levels; 37 per cent said they were not able to spend enough time with their families. At the time of the report, only 25 per cent had requested flexible working, with fewer than 40 per cent not having heard of the right to request flexible working. "We know that the long hours culture is prevalent across many organisations. Often it is difficult for workers to carry out their job in contractual working hours. Employees in the community and non-profit sector are often so dedicated to the campaign and services they work on that they sacrifice their time and health to get the job done." With the government consulting on extending the right to request flexible working beyond parents of young children, the need for the sector to systematise its approach to this issue is growing.

Equalities issues: With a large number of part-time female workers and a generally positive approach towards employing disabled staff, it remained important for the sector to ensure that specific needs were being met and good practice spread around the sector. Many union officials felt the sector should be an exemplar.

Health and safety and bullying: Unions have been at the forefront of developing good practice in these areas, based on a pro-active risk assessment approach. "Employees working in the third sector expose themselves to many vulnerable people and equally need the same protection. Development of good sector-wide strategies to deal with health and safety is long overdue. Members recommend that there should be a system of roving safety inspectors that operate in the sector to ensure compliance with regulation and who could also advise organisations on how to improve their standards." (Amicus).

The union has a long history of campaigning on the issue, after surveys found that levels of bullying in the sector were particularly high. It launched a major national Dignity at Work campaign after union representatives reported that bullying was the major issue facing staff in the sector, and the issue they had to deal with most. An Amicus survey published in December 2005 found that of 500 members in the sector questioned, 42 per cent claimed to have been bullied at work over the previous two years; 18 per cent said they had taken time off work because of bullying; 24 per cent said it led to anxiety and panic attacks and 35 per cent said it made them feel less productive at work. The campaign includes practical advice for representatives and managers on changing a bullying culture, based on a zero tolerance approach; it includes an anti-bullying email address for staff affected.

Fragmentation of the sector: Unions accepted the need to forge strong relations with third sector representative organisations such as acevo and NCVO to try and establish some kind of framework. Some joint work has taken place between NCVO and individual unions including Amicus and UNISON, and unions were supportive of the Third Sector Network initiative chaired by MP Alun Michael, which currently provides one of the few national forums for engagement between unions and the third sector.

The TSN was set up in 2006 to bring together all stakeholders "to consider what the different parts of the third sector have in common and identify the potential for future collaboration." It is a loose alliance of umbrella organisations and professional bodies, including NCVO, acevo, Co-operatives UK, National Housing Federation, TUC, NAVC, Volunteering England and the Social Enterprise Coalition among its members. It has produced a statement of principles and values which members have signed up to: these include independence, social justice, valuing people, diversity, dignity and respect, participation and empowerment, collective wealth creation and social entrepreneurship, responsiveness, accountability and sustainability.

Relations between full-time staff and volunteers: Unions have long been aware of the need for an agreed framework for ensuring smooth working relations between full-time staff and volunteers. The GMB – while strongly supporting the principle of volunteering – identified the potential for difficulty if full-time staff were held responsible for the activities of volunteers and said this was an issue that needed clarification. One of the first attempts to systematise the relationship came with the report of the Working Group on Volunteering in the NHS in 1996, on which UNISON was represented. This emphasised the principle that "volunteer work should complement the work of paid staff, not supplement it. Volunteers should not be used as a substitute for paid staff…the scale and range of volunteer activity should be agreed locally and enjoy the support of staff and recognised trade unions." It set out a range of practical recommendations for written agreements and specified frameworks for volunteer activity at local level. Amicus has agreed a charter for volunteers and employees with major volunteering organisations, building on these principles. Organisations should ensure proper protection for health and safety and against discrimination or bullying, as well as improving the engagement and involvement of volunteers. "With recent cases of volunteers taking cases against their organisations, organisations would be prudent to prevent such cases arising in the first place…Volunteers require similar protection to other employees in some areas, including access to training and development. However, Amicus does not believe that full rights would be appropriate".

The exact legal status of volunteers – and therefore their rights under the law – has become an issue. RNLI and the Scout Association have experienced difficulties over the management of volunteers, and faced claims for unfair dismissal. Recently the government has decided not to change the application of minimum wage rules to voluntary workers, despite concerns from charities that the law could prevent them offering incentives to volunteers. Other practical issues include the reimbursement of childcare costs, accommodation and out-of-pocket expenses, which can impact on the legal status of volunteers.

Difficulties in union access to small workplaces: The nature of the sector, with the large number of small and medium-sized organisations, many of which also have scattered worksites, makes union access problematic. In the majority of cases this is not because of employer hostility, but due to organisational constraints. These problems will be exacerbated by the employment impact of the personalisation agenda in social care as the workforce fragments even further.

Relations with trustees and governance issues: Unions are clearly aware of the complex and sometimes difficult issues arising from relations between trustees and chief executives – illustrated by the current difficulties at the YWCA – and have expressed concern about the possible impacts on staff, and on the wider operational viability of some organisations when these relationships break down. Many officials expressed the view that capacity-building in these areas and more training both for trustees and chief executives were urgently needed.

The Third Sector Perspective

Some union officials believe that leaders of the sector are overly critical of trade unions – or at the very least are ignorant of their role and value. Other officials believe that unions are wrongly seen by chief executives as bureaucratic and out of touch, and that many have an inflated view of staff being willing to speak without a union behind them, preferring a direct relationship rather than one mediated through the union. There is no reason, of course, why both direct and indirect relationships cannot be followed simultaneously, and indeed in talking to chief executives I found that most who had a working relationship with a union also used other methods of communicating and consulting with staff.

From my discussions with leaders of the sector, I found no evidence at all of a general atmosphere of hostility towards trade unions at any level. Indeed, a poll in April 2007 of *Third Sector* readers found a resounding 85 per cent saying that unionisation in the sector was a good thing. The NCVO director of public policy said in 2004 that "unionisation is central to establishing good employee relations that are based on the principles of consultation and representation. These principles also lie at the heart of our sector…union representation not only creates a fairer environment for staff, but reduces the chances of relationships going wrong. Unionisation should be seen by trustees and senior charity managers as part of the improvement of their organisation's employment practice…we are operating in a competitive labour market. An organisation's reputation as an employer and its employment policies play an important part in attracting and retaining staff. Organisations simply cannot afford to dismiss the notion of signing up to a union recognition agreement. To do so not only puts them in a much higher risk environment, but goes against the voluntary sector's ethos."

Acevo has admittedly been more cautious. Interviewed by *Third Sector* magazine (2 May 2007), Chief Executive Stephen Bubb said: "Most union officials are very antipathetic towards the third sector. They're very critical and they don't know much about us. The whole concept of having a strike among voluntary sector staff is very damaging to the wider community. It's simply not appropriate." While accepting that unionisation of the sector was inevitable, Bubb suggested unions should take a softer approach towards charities because of the altruistic nature of the sector and the fact that many organisations deal with vulnerable clients.

In a diverse sector, which contains organisations that have been in existence for a century or more and which pride themselves on 'traditional values', and exists in an environment where the union presence is at best patchy, it would be not be surprising if unions sometimes felt unwelcome.

The view on the ground

CEOs in the sector who had no experience of unions do not appear to feel instinctively that they could be a helpful force for good, or a positive asset to their organisations. Several remarked that they just did not know enough about what a trade union could offer either to individual members of staff or to an organisation as a whole.

Some CEOs who had low density union membership did not believe it was appropriate for them to offer recognition when a substantial minority of staff were not in membership. They tended to take the view that it was up to the union to demonstrate significant support from staff before discussions could begin – but most were sanguine about such a development and several I spoke to positively wished, as one put it, that the union "would get its finger out" and make a real effort to recruit more members in the organisation, "because it's not my job to act as the recruiting officer; I'm a union member myself but I've got enough on my plate trying to run the organisation!"

On a more positive note, those chief executives whose organisations had developed a strong partnership relationship with a union were enthusiastic about the benefits such partnership could bring and were prepared to publicly promote these positive benefits.

The difficulties

Some chief executives do not believe unions show sufficient understanding of the sector as a whole, are more concerned with defending members in the state sector and consequently are in danger of advantaging the private sector. "My recent experience of the attitude and approach of trade unions to the voluntary sector is that they see us as a fertile recruiting ground whilst wanting to argue against the expansion of public service delivery being undertaken by the third sector. So on the one hand it's 'oh let's cosy up to the voluntary sector and recruit new members', and on the other 'oh let's protect the salaries, terms and conditions of local authority workers'. They lack an appreciation and understanding of the sector – its history, pedigree, flexibility, additionality and positive outcomes approach – and fail to understand that local authority pay terms and conditions are unaffordable and if adopted by the third sector would make us not as cost-effective and drive services to the private sector."

Others have been on the receiving end of local 'anti-privatisation' union campaigns, where local activists have accused them of 'stealing jobs' or using under-qualified staff during tendering processes and have an understandably jaundiced view of union involvement.

Some organisations, particularly housing associations, which have inherited staff from local authorities have experienced difficulties with some union activists transferring their militant approach to the new organisation. One described how, over time, union membership dropped as a result of a series of disputes being called over travel allowances; ultimately the union failed to get support for a dispute it wished to call. He felt he suffered the disadvantage of a union agreement which was effectively inherited with the staff, but that now his staff felt the union itself was putting the organisation at risk and it had lost their respect and support as a result.

Another new executive accepted that poor management often led to unhealthy staff relations which unions could exploit. But they also felt that a new approach, changing the culture of a failing or under-performing organisation, could face union reps with a choice "of being part of the problem or part of the solution. Once they understood the old ways had gone for good, they did get the need for change. Now I have a good – if sometimes tense – relationship with my convenor, but still a major problem with the local full-time official." He acknowledges, however, that "it is hard when people are caught up in restructuring."

Third Sector reported the chief executive of Quarriers social care charity, who faced industrial action over a pay claim, as saying: "We are acutely aware of the low pay of our basic grade staff and agree they should be paid more. We are not being targeted because Quarriers is a bad organisation, but because we recognise UNISON." The charity was unable to pay as much as the union was demanding because income from local authorities had not risen sufficiently. This reflected unease among some chief executives that encouraging union membership might sour industrial relations, or lay the organisation open to potential industrial action which would not otherwise be a threat.

One chief executive recounted how the presence of politically motivated staff in her housing trust had soured the relationship with the union. She feels that firm management guidelines and full discussion about appropriate behaviour has led to major improvements and a recognised role for the union, yet managers feel empowered to take disciplinary issues seriously. In her view, while the best channel for negotiating pay and conditions, the union was not an appropriate vehicle for staff consultation, with staff themselves advocating an alternative staff forum. Union opposition was countered by managers threatening to do a survey which would expose the weak support for the union, and a staff consultation on the best form of consultation produced an overwhelming majority in favour; although the union was offered seats on the new forum, they declined the offer. She feels the union branch failed to represent the interests of women and part-time workers in particular; as a result the staff forum discussed new policies on issues such as childcare and transport. The trust achieved an 82 per cent staff satisfaction rating in its latest staff survey. Nevertheless, the union is still given facility time and union dues are collected by the check-off system.

In her view "the union locally needs to be much more attuned to what the people actually working in the organisation need. I don't think they are responsive enough. There is a union agenda, sometimes dictated from the top, which bears no relation to the issues in the workplace my staff care about."

Another chief executive said: "We have thirty-five staff and recognise a trade union, and have a formal agreement which includes a commitment to consult on matters that affect terms and conditions of employment. My observations are that it helps managers to have a union recognition agreement as it means we can consult and negotiate with staff as a group, rather than in a fragmented way, which easily leads to inconsistencies, misunderstanding and frustration.

"But staff who join trade unions and become trade union reps often say they feel poorly supported by their union when they seek advice or assistance. Staff sometimes join unions specifically because they are in a dispute with the organisation and want help with a disciplinary or grievance case. Union representatives can be effective at supporting members on procedural grounds but don't always add much in terms of tackling unfairness or injustice.

"I feel there is a general perception that unions operating in the third sector are focused on protecting vested interests rather than pushing for positive social change. I don't really know how true that is, but if that perception is unjust, then the unions are failing to communicate, and if it has any truth in it then perhaps more alliances between unions and campaigning third sector organisations on specific social issues might be a way forward."

Others addressed the union capacity question. One chief executive of a medium-sized charity said: "In the far-off days when I was a shop steward for the union in the local government setting, the big decisions on pay, holiday entitlements etc were handled by high-powered, skilled specialist professional negotiators (for both union and employers) nationally, leaving us local people not much more than car parking, the on-call rota and other relatively trivial matters to discuss locally. Now charities such as ours have to tackle the big issues through our generalist HR staff, negotiating with very unskilled voluntary union convenors on big issues where feelings run high, in a no-man's-land stranded between the public and private sectors. This can be a recipe for unhappiness which in the end harms everybody, but most severely the service users."

A chief executive who had worked hard at getting good relations with her unions was critical of the role of the full-time officials: "Someone would come in and be difficult without knowing much about us or the facts of the case. They sometimes undermine the local people, and it was difficult not knowing who to talk to."

A seasoned industrial relations practitioner was similarly concerned that the nature and depth of union activity and representation in the sector was declining, or at the very least not keeping pace with the huge growth and changes in the sector. In particular, access to full-time union officials, given the often low level of skills of local activists, was a cause for concern. "I sometimes think the unions know they have a bunch of members out there in the third sector, but except in the really big charities, they don't know what to do with them." He pointed out that even isolated cases of threatened or actual industrial action caused huge waves of concern, and were evidence that some in the unions did not understand the sensitivities, financial realities and nature of small third sector organisations.

Mixed economy

Another chief executive set out a not untypical mixed economy of staff relations: "If there is anything major coming up we inform UNISON at the beginning and keep them informed of our approach. Usually we set up a working group to look at reviewing a policy, for example changes to employment law; a document is put together highlighting changes and it's then circulated to all staff through the intranet for feedback and comment. This leads to agreed changes, which are then incorporated and the document goes to the personnel sub-committee; for any areas where changes are not agreed, we usually have a half-day consultation. All points are noted and fed back to committee for their consideration.

"We have certainly benefited from having access to UNISON policies that we have amended to fit our organisation. We have worked with the union to move forward diversity policy in the workplace; we would like to see this higher up the agenda, and that any commissioning of work from local authorities is not undertaken without this policy in place for staff.

"Training and development costs for staff are high and to lose all of this resource as a result of short-term funding is a great waste for the sector. It particularly impacts on women who constitute a high proportion of staff in the sector."

She would like to see more joint campaigning and lobbying on these issues of mutual concern.

Another chief executive in an organisation providing services for elderly people explained a staff involvement model without formal union input. "My only contact with unions has been with the RCN for nurses, when we've issues with staff. I've found their involvement to be helpful. However, we have a very active staff representation committee with reps from each area who are voted into post by the staff themselves. We have provided them with training and have a formal governing document based on the Acas best practice model, which they agreed. We don't have a formal process for negotiating pay, but they approved the pay policy and we formally seek input on pay satisfaction from staff annually. This year staff reps at one home raised informally with me the issue of pay being too low so we worked with them to analyse local pay benchmarks and this resulted in significant pay increases for staff at the home in addition to the general 3 per cent rise approved. The committee meets twice a year and is actively involved in making decisions on issues that impact on staff, including policy making and setting targets in the business plan. They start each meeting with a closed session at which management is not present, and I then co-chair the main meeting with their elected chairman. Each of the eleven representatives also provides a detailed assessment of my performance into my annual appraisal, as do the four directors and eight managers. I meet each home's reps whenever I visit and they also meet their home manager roughly once a month, so we can deal with local issues effectively, as and when they arise.

"I think that it's very important that our staff have a real say in leading the organisation for the simple reason that it leads to better results for our residents. However, given the effectiveness of our staff reps committee and the costs of union membership, I doubt they'd be particularly enthusiastic about joining a union. Certainly, no-one has ever raised the issue with me."

On the other hand, it was not hard to find large organisations with a professional union input which were positively enthusiastic about the contribution to the success of the charity that union involvement bought.

A chief executive who inherited an organisation with union members, but where the union was not part of the consultation machinery, moved to build up the union role and has nothing but praise for the role and input of local officials. "I took the view I needed the union to be part of the management of change I wanted to put through. We have an open and transparent relationship and they have been willing to engage. Now the union itself plays a role in fundraising for the organisation." Despite this very strong relationship, the union has never asked for formal recognition and appears content with the informal arrangements that nevertheless give reps a central role. "It was a crisis that helped develop our relationship."

Issues where he is working with the union include full cost recovery and pricing of services in an increasingly competitive social care market. He would like the union to campaign alongside his organisation in challenging recent policy developments which have led to funding being concentrated on high dependency clients with a consequent loss of services for the less disadvantaged, and a narrowing of the range of provision.

"I am spending a lot on ER consultancy to make sure I get issues like compliance right. I would like to see the union come in with a package of ER support. That would help us reduce costs – and cement the relationship, too. I would be willing to see if other local charities would want such a service. I am sure it would do the union nothing but good to be seen to offer such a service."

Another chief executive who was enthusiastic about the success of his organisation's recognition agreement emphasised that he had sought to bring UNISON into his social enterprise at an early stage, with regional representatives invited to attend his board meeting prior to developing the formal agreement. However, he cautioned that, over time, progress came to depend on the presence of one very effective union representative; although staff were encouraged to join "they're not that fussed; most staff are not interested. Union places aren't filled on the remuneration committee." He himself wants to maintain a collective relationship with his staff as the numbers grow. "At first when policies and procedures were adopted we could talk to each member of staff face to face – now with twenty-five and growing, it would be nice to have effective collective representation." He feels the social enterprise would be strengthened if the union was "more pro-active. As we move to more socially beneficial policies towards employing people traditionally excluded from the labour market we clearly have common goals with the union movement; they should be partners, not enemies. The reality is that the alternative to social enterprises is privatisation; if unions refuse to work with social enterprises they may produce exactly the situation they are trying to avoid.

"There is a major business interest in being good employers – but we don't necessarily know how to do it. We should have a national engagement with the unions – it is as much our responsibility to be good employers and get the unions in as it is theirs."

One chief executive bemoaned the fact that even though they were invited to play a part, the union "originally missed a chance to be a partner in change" when his organisation took over services formerly directly provided by a higher education institution for students. "They reacted to events rather than getting proactively involved. Now, even though the unions asked to attended new staff induction sessions and we agreed to encourage membership, newer staff are not joining and membership is very low while staff satisfaction is high. I still meet regularly with the union reps, though."

The chief executive of another large organisation that had come under union pressure on pay nevertheless welcomed joint working with the union on issues such as bullying. The charity offered facility time for union reps, but reported finding it difficult to "get people interested enough in the union to take up the facility. Unions don't seem to have a narrative that speaks to voluntary sector staff."

A very experienced chief executive of an organisation with a strong volunteer base felt it was important to help staff take up union roles, and learn the job of shop steward: "I have found it a good learning experience, and staff have been successful in their careers." In the 1970s she was promoting the role of volunteers, but found union resistance because of fears of job substitution. She asked the then TUC General Secretary Len Murray to organise a dinner with leading trade union general secretaries which eased the problem by securing agreement to a protocol on the use of volunteers; later she ensured union representation on a Department of Health working party in 1996 on the use of volunteers in the NHS. "For these kind of national agreements you need to have union engagement; there is no substitute for getting the proper arrangements agreed that everyone is OK with."

The chief executive of a major environmental charity invited unions to make a pitch to the organisation's employee forum; although one organisation was preferred by staff the union failed to follow up the contact. Despite the CEO personally encouraging staff to join, and pledging to join himself, under 15 per cent took up the offer. As a result the main relationship with staff collectively takes place through the employee forum. He feels the TUC needs to take strategic control of relations with the sector. "We share values with the trade union movement. It's barking mad that it doesn't work better than this."

Barnardo's

Martin Narey, Chief Executive of Barnado's, drew a strong contrast between his experience of trade unions in his former job as Director of the Prison Service and his current relations with UNISON. He described the union as 'first class' in terms of its internal role, but adds: "What is irritating is finding UNISON nationally attacking the third sector. Why don't unions work with the third sector to protest about issues instead? I find it odd that union relations appear to be better with the private sector.

"With all the challenges facing the sector, there is a real need for full trade union engagement to manage change. We can't have voluntary income subsidising poor practice and inefficiencies, and competitiveness is coming to the sector whether we like it or not."

Barnardo's has a recognition agreement with UNISON, and Narey chairs the partnership board. Branch officials have facilities time, paid for by the charity nationally with the national convenor on full-time release. The board meets regularly and regions have joint forums which meet three times a year; the union has access to the internal email system and can put material in the Barnado's newsletter and on the website. The union is invited to every staff induction, and all HR teams have UNISON new joiners' packs on hand and all new staff are told about the relationship with the union. Even so, sign-up of new members has been slow. Narey believes that on employment issues, such as the charity's determination to be an exemplary employer for gay and lesbian staff "we can push the boat out in exciting directions and get the union engaged. I would welcome a discussion about doing long-term stuff, as well as issues such as grading and pay."

He is very complimentary about the union's "practical and even-handed approach" to challenges, singling out how the union worked with him to deal with the necessary changes to pensions arrangements for staff.

The UNISON full-time convenor Bob Woods echoes the need for the union to be involved in managing change: "The outcomes when UNISON is not involved are worse."

He points out that when local disputes do arise, the relationship means that issues can be taken and resolved at national level and lessons learned. He believes the relationship could be taken further and that the union could be more than a 'critical friend' when Barnado's tenders for work. "It would be good to talk to the senior managers before tendering, so that our support can be incorporated, and managers can point to our support. We should look at badging good employers like Barnado's as employers of choice." He is particularly proud of Barnado's record as a model employer of gay and lesbian staff.

He draws attention to the fact that there are issues on which the union and the management clash – but the key issue is that "these are managed through, because we all want the best outcome for the organisation and, more particularly, our clients." It was an appreciation of the financial reality facing children's charities that led the union to accept the need to negotiate changes to the pensions schemes.

Bob is a member of UNISON's community and voluntary sector national committee and is committed to trying to spread the good practice epitomised by the Barnado's experience through the union. He acknowledges that the sector can be seen as "a square peg in a round hole" in UNISON, squeezed between the powerful health and local government sectors, and believes unions need to consider structural questions seriously to ensure the sector gets its fair share of resources from the union.

Dimensions
Supporting people with learning difficulties

Andy Donelan is Director of HR at New Dimensions, a national provider of care, support and housing for people with learning disabilities, which has grown substantially in recent years. With a large number of service locations, the organisation recognised four years ago that initiatives to involve staff were having mixed success. But in a fast-changing service, it was vital to get staff involved with new types of commissioning and delivery, and to maintain a corporate identity. "The key question is how to engage staff whose whole focus is the client. We also found some resistance to our training offer from staff who had been doing the job their way for some time and who were nervous about new ways of working."

New Dimensions has a partnership agreement with UNISON that was drawn up with Acas support; even though at the time a low percentage of staff were in membership, Donelan took the view that it was vital to work with a union to find ways of embedding support for changes in the way staff were asked to work. Having secured staff support for the partnership agreement, New Dimensions now encourages new employees to join the union, features the union in the staff newsletter, and has a time-off agreement for representatives. Even so membership remains relatively low.

He believes it is strongly in the staff's interests to join a union. "Our staff are potentially vulnerable, and by the nature of the work, some of the risks they run are substantial. The union can provide an important backup. But I also think the union can work with us to improve the business. Partnership is an effective tool if we can work collaboratively, in our mutuality of interest. But it has to be based on openness and honesty on both sides." He reports, however: "One of the reasons it took some time to develop our relationship was that it wasn't clear where our members would go in the UNISON structure."

The Children's Society

The Children's Society has a long-established partnership single union agreement with Amicus which is highly valued by both sides, and which has led to joint working on a range of issues, in particular a major campaign to eradicate bullying at work, used as a case study for developing awareness training for staff. The HR director says: "At the end of the day, both sides want to get the business to work. We have similar interests, although with different emphases. The agreement gives us the chance to discuss strategy at the highest level; it acts as an early warning channel. I explore possible changes affecting staff at a very early stage with the union and assess their reaction. It gives me a chance to get it right. These discussions are without prejudice, but staff know this channel exists and they trust the process. Some issues are for negotiation, others for consultation, but we've worked this through and got the balance about right."

The Society found the relationship with the union was vital in implementing changes to its pension scheme, but it has also led to important new work on valuing diversity and a positive approach towards disabled staff.

"The important thing is to recognise that there is a strong business case for doing these things and getting it right, because when things go wrong it is so costly to the organisation."

The full-time union representative, Fergus Roseburgh, emphasises that "the most important thing in developing the culture of trust was the quality of the people involved. It has been a long journey. But the role of the union is now embedded to everyone's benefit." The partnership arrangement has been accepted as a 'pre-existing structure' for information and consultation arrangements in the Society.

The relationship has enabled the Children's Society to become an acknowledged leader in developing a non-bullying culture, building on the national Amicus campaign. After a staff survey in 2006 revealed that about 5 per cent of employees felt they had been bullied in the previous twelve months, both sides acknowledged the problem and agreed to work towards implementing the Dignity at Work standards. A senior management working group was established to assess compliance needs; Roseburgh and a colleague were sponsored on a week's course in Italy on workplace bullying and harassment. After they reported back to HR staff, front-line managers and directors, the charity appointed between ten and fifteen 'first contact officers' within the organisation to be the first point of call for anyone seeking advice on bullying and harassment; because a substantial proportion of complaints are against line managers it gave staff another way to pursue their concerns. Staff can now approach a first contact officer, a union representative or a line manager and the charity is obliged to act according to a charter covering policies and procedures. "It's about making people feel confident about saying that 'shouting at me doesn't work'", according to Roseburgh. "We didn't really have a proper understanding of what constituted bullying. It's down to perception 99 per cent of the time. Whenever you raise awareness of bullying, what was previously regarded as acceptable soon becomes

A chief executive of a small trust working on crime prevention with young people, herself a union member, believes a union could provide a service she currently pays for from management consultants. "We needed advice and support on how to restructure services, how to help staff faced with being displaced, how to make sure we are compliant with all the changes in the law. I would welcome a union offering HR and employment advice. I don't want to end up in front of a tribunal because I did the wrong thing out of ignorance. But my young staff aren't going to go out of their way to get a union in. They don't seem to find them relevant; some are former clients and have a distrust of big organisations. They seem to feel they would pay out money and get nothing back. But above all, no-one has approached them to try and get a dialogue going."

The leader of a social enterprise organisation echoes these views. "We sometimes assume we are better employers than the private or public sectors, but we don't know that. I suspect we are often too informal and somewhat amateurish. We should be employers of choice. One of our principle functions is to provide employment for people who couldn't find it elsewhere, to empower them." As a former trade union full-time officer she is concerned that unions "think they are above working with us; as a result they have no offer."

One third sector leader believed his experience was not unique, of coming in to turn round a failing organisation, and discovering the union's support for entrenched interests stood in the way of necessary change. "We had to lose a quarter of our staff, because of years of questionable management. Not surprisingly, the union was defensive, but they had become cocooned from the outside world. Now we have a proper relationship; it's still bedding down, but I do think the union now realises it has to be part of the solution. Restructuring is hard, and you've got to have a proper redundancy agreement."

A chief executive officer for a housing association had the experience of his in-house union calling a dispute over proposed changes to the pension scheme, but failing to get members' support. As a result "some staff felt the union was putting the organisation at risk." Union recognition transferred over with the staff who were former council employees; the new information and consultation forum "may make the union redundant in the longer term."

Another chief executive had a different view, and moved to bring the in-house union into the consultation forum. "An in-house crisis helped develop our relationship and confidence-building has enabled the union to be part of the management of change. Our local reps are very good, and our consultation is always open and transparent so people are willing to engage at every level. We have put a union rep on our fundraising appeal. I expected the union to clean up members and get full recognition, but it has never been on their agenda. I value their support in the difficult marketplace we operate in, and we talk about things like pricing issues and full cost recovery. If the union operated an HR consultancy I would welcome their support, rather than me spending a lot on consultancy."

mencap
The voice of learning disability

Mencap has a mixed, non-traditional union relationship, based on an informal partnership with UNISON. This was established eight years ago when staff were consulted over what kind of arrangement they favoured. Even though a small proportion were in membership, they opted for Mencap to develop a partnership with UNISON. At the same time, workforce and non-workforce reps sit on the consultative committee structure at various levels of the organisation. The national committee meets twice a year with the chief executive, and both sides value the opportunity for a strategic discussion. The Involvement and Participation Association (IPA) was brought in to help make this employee engagement relationship more effective. Director of HR Jill Tombs believes the structure has developed to meet the needs of the organisation, but acknowledges that it comes under strain because of the financial difficulty Mencap faces in giving reps sufficient time off to form an in-depth relationship with the people they are representing.

Like many other HR managers and chief executives, she values the contact with the union's national official responsible for the sector, and the advice and guidance he provides, which she regards as a major benefit of the partnership arrangement with UNISON.

She also accepts how difficult it is for UNISON to recruit staff in widely scattered work units; even though Mencap publicises its relationship with UNISON to new joiners and it is clear staff are welcome to join, membership remains stubbornly low. This challenge is likely to get even worse, she suggests, as the whole social care workforce atomises even further as a result of the personalisation agenda and direct payments.

She is also concerned about the implications for staff in social care who may be faced with considerably worse terms and conditions, such as pensions and sick pay. She would welcome a national discussion on how the benefits of the new agenda for clients can be matched by a fair deal for staff.

Conclusion

It is clear that some common themes emerge from this snapshot of views, echoed in the contributions of other chief executives I interviewed.

- Frustration that unions are not part of a national campaign to enhance the role of the third sector.
- Frustration that unions' perceived ambivalence towards the sector prevents them from being allies in demanding improvements in contracting processes.
- Frustration that unions do not have a strategic approach towards organising in the sector and are missing opportunities for recruitment.
- A concern that the union 'offer' is outdated and not designed to appeal to specific characteristics of third sector staff.
- Concern that unions do not understand the unique aspects of the sector.
- Recognition that individual union membership offers protection and insurance to staff who are potentially vulnerable due to their client group or place of work.
- Enthusiasm for partnership agreements from those organisations which have brought them in and created the in-house culture that makes them work.
- Willingness to be creative about structures for negotiation and consultation and develop 'mixed economies' involving unions and non-union representative structures.
- Concern about future patterns of employment leading to a dilution of terms and conditions for staff without union voices raised to defend staff.
- Interest in what other services, including ER and HR consultancy, unions might offer.
- Anxiety about the ability of local union reps, and a sense that the union infrastructure is losing capacity.
- Anxiety that existing effective relations are too dependent on one or two union officials.
- Concern that inviting unions in might be creating 'a rod for my back' and increase militancy.
- Concern that unions are too focused on defending the status quo in-house and are reactive rather than proactive.
- Acknowledgement that union engagement in delivery of change can be crucial to success.
- Acknowledgment of the value of union policies on issues such as bullying and equality and diversity.
- Acknowledgement of benefits recognition can bring, systematising bargaining, and delivering a channel for staff consultation.
- Concern about the attitude of some regional union officials, but enthusiasm for their contribution in other cases.
- Concern that cost pressures make time off for union reps to train and carry out functions difficult to support.

Working Towards a Common Goal

It is, of course, a matter for union leaders to consider whether they wish to tone down some of the public rhetoric because it is seen as counterproductive. Unions are perfectly entitled to articulate democratically-decided policy positions on the right role for the sector, which certainly reflect the views of many union activists at union conferences.

There is no doubt that chief executives and voluntary organisations themselves will continue to espouse a variety of different approaches and will feel free to publicly criticise some union policies or attitudes. At its most polarised, neither side, in essence, will convince the other. However, there is no good reason why this 'white noise' should determine practical relations between the two parties. I suggest it is in everyone in the sector's interests to acknowledge that it exists – and to then move on to more fertile territory where joint interests map a way forward.

"It is imperative for employers to concentrate on the management of human resources both in terms of organisational and individual development. Employment policies and practices are likely to be central to the continued successful growth of the sector."

Voluntary Sector Workforce Almanac, 2007

"I want voluntary and community sector employers to see unions as value-added, problem solving partners in the success of their organisations."

Mike Short, UNISON

"Engagement with acevo and NCVO is very important for us. We come from the same perspective and have the same concerns."

Rachel Maskell, UNITE

"Our members know just how important it is to be a good employer and I personally know of the huge benefits that healthy union engagement can bring to the workplace. Engaging with unions can provide many useful resources for the third sector in terms of support and advice and it is obvious that we both cover a lot of common ground."

Stephen Bubb, CEO, acevo

The way forward

To begin with a general point, many voluntary leaders believe industrial and employee relations in a fast growing, professionalised environment where roles and rules are changing daily to be a potential Achilles heel for the sector.

No-one suggests this is because chief executives and managers set out to be inadequate employers, ride roughshod over their staff, or fail to manage effectively. But there is no question but that many third sector organisations are inexperienced in the challenges that modern employee relations throw up, and feel themselves ill-equipped to meet the task. Many chief executives have no training in human relations – but have no-one to delegate the task to. Many organisations muddle through, but the dangers of an 'amateur approach' to these issues are evident and growing.

Managing Conflict at Work, published by CIPD in 2007, found that there was one grievance case for every 92 staff in the not-for-profit sector, compared with one in 516 in the private and one in 323 in the public sector. It also showed that one in 62 employees at not for profit organisations had been subject to formal disciplinary procedures in the previous twelve months, compared with one in 119 in the private and one in 364 in the public sector. These figures should be ringing alarm bells across the sector. They undermine the third sector's aim to be an employer of choice – not just because employees identify with the aims and values or the organisation, but because the sector enjoys a high reputation as a good place to work.

Chief executives are rightly aware of the reputational risk that bad publicity around a tribunal case, an accusation of bullying or other poor or discriminatory practice brings. In the current climate of difficulty in staff recruitment, when public funding is under scrutiny and private donors have such a wide range of potential 'good causes', the impact on the stability, income and credibility of a third sector organisation can be devastating and indeed place its entire future at risk. As this report was being compiled, *Third Sector* (30 January 2008) reported that the YWCA was facing employment tribunal claims from two ex-employees, including former chief executive Deborah Annetts, alleging unfair dismissal and sexual discrimination. In a separate finding, an employment tribunal found the charity had discriminated against another employee on the grounds of race (*Third Sector,* 9 January 2008).

Managers are aware they need advice and support. There is a wealth of good practice in employee and industrial relations out there – but it may not be easily accessible. The difficulties include cost and capacity. Larger organisations can and do establish HR departments; for them the task is ensuring they are effective. For smaller organisations with little or no in-house HR capacity, it is much more difficult; consultants can be expensive, and may not be experienced in industrial or employee relations, or in the latest means of informing and consulting staff. Implementing equalities or disciplinary and grievance procedures and policies and changing cultures in the workplace require specialist skills which well-meaning trustees cannot necessarily provide, and adequate time which hard-pressed generalist chief executives performing twenty tasks before breakfast do not have. The need for training and development in workplace relations applies equally to trustees.

So irrespective of whether unions come knocking – or are positively invited in – I suggest the sector needs to take a long, hard collective look at how the employment ship might be steadied. In particular, as part of the broad engagement with government and Capacitybuilders, a fresh look should be taken as to how infrastructural support for improved industrial and employee relations across the sector can be provided. Support cannot and should not reduce the issues of individual skills, important though these are. Government should institute a dialogue with the sector, involving unions, as to how the ER deficit might be addressed.

Major charities with experience of HR in particular might consider how best to share experience and practical support to smaller organisations. Consortia arrangements, twinning and mentoring within sectors could be considered. Services currently offered by acevo and NCVO should be developed further. Opportunities for exchanging information, experiences, good practice and pitfalls need to be established and training courses developed. **I recommend that acevo works with stakeholders to develop a national strategy for improving HR and ER as a matter of priority.** Trade unions should be part of that discussion and provide some of the answers, but the issue goes wider than that. It is a fundamental capacity question for the sector as a whole.

Building relations

It will be apparent from the previous chapter that there are a wide range of issues of common interest, or issues where the interests may be different but the concern is shared, on which trade unions and leaders of the third sector could and should work together for mutual benefit. Existing links and joint working should be further developed and systematised. In particular there is a joint interest in securing speedy improvements in the quality of public commissioning and procurement, engaging with central and local government and the NHS.

Given the current reality, for that to happen, **I recommend that a series of confidence-building measures need to be implemented to establish relations between third sector leaders and their trade union counterparts.** There have, of course, been working relationships at various levels on specific issues, and some important relationship-building has resulted from the work of the Third Sector Network, which should be maintained. Individual union relationships such as that between UNISON and NCVO should also be encouraged.

I therefore recommend that acevo takes steps to develop a dialogue with trade union general secretaries and with the TUC. This could include informal first steps to establish contact and to begin identifying common agendas.

I recommend the declared objective should be to establish a regular machinery for discussion of issues of joint interest between trade unions and the third sector. Work with the trade union officials responsible for the sector should begin as soon as possible to pave the way for these developments.

For this to happen, trade union leaders will need to indicate a positive desire to engage in dialogue, to recognise the specific nature and needs of the sector, as well as the real challenges it faces, and a willingness to find ways of 'parking' issues of ideological difference.

It would be helpful in encouraging dialogue if acevo and other relevant third sector organisations publicly signalled a willingness to engage with unions on the type of issues outlined in this report.

The issues of mutual interest which could be the subject of national discussion between unions and the third sector include:

- Development of a **union/third sector protocol**, similar to those being drawn up between unions and private companies, covering issues such as union recruitment, skills development, ethical standards, applying best practice in employment relations and staff/volunteer relations.
- Development of a **third sector/union dispute resolution procedure**, including an early warning of problems.
- Establishing **a mechanism for the regular exchange of good practice on industrial and employee relations.**
- **Exploring possible new models of employee engagement** – this could include a series of conferences and seminars where effective existing partnership and employee engagement models can be examined. A senior officer of NCVO addressed UNISON's 2006 sector seminar and was well received.
- Exploring opportunities for public **engagement between sector leaders and trade unions** including speaking opportunities at each other's conferences.
- Discussion of the potential for a **sector pensions scheme.**
- **Identification of issues of mutual concern**, including the operation of procurement and commission, the effects of current public sector funding regimes, and other deficiencies of the current contracting regime.
- **Examination of new workforce protocols in contracting.**
- Discussion of **possible joint representation to government** on these and other issues.
- Consideration of a possible joint **third sector/trade union 'good employer' kitemark** scheme.

I also recommend that the unions which recruit in the sector find ways of working together to develop a common approach for engagement with sector leaders. The TUC has an important role to play in bringing the relevant unions together and in systematising relations. At the same time individual unions will want to maintain their particular relationships within the sector. **I recommend that the TUC develops further the appropriate mechanisms to develop a joint approach towards the sector. Building on the joint commitee that already exists.**

I recommend that individual unions consider afresh the structural issues involved in servicing third sector members, ensuring that sufficient financial and staffing resources are available, and that the interests of third sector memberships are reflected in union organisational structures at local, regional and national level.

I recommend that individual unions re-examine their 'offers' to third sector employees to ensure they reflect the variety of their aspirations and needs. Accepting that one size does not fit all.

I recommend that trade unions begin discussions on how best to meet the IR and ER needs of the sector, by developing a 'consultancy' approach, to offer advice and assistance on issues such as health and safety, up-skilling and workplace learning, good practice on equalities issues, to small and medium-sized third sector organisations.

The involvement of the TUC will be critical in developing engagement with the government and the Office of the Third Sector. As with the establishment of the Public Services Forum, the ability of the TUC to bring the relevant unions together within a framework and to represent the collective views of the unions will be an important element in encouraging government to engage at a national level. Meetings are currently held with the minister for the third sector; **I recommend these should be regularised, with agreed agendas and action points. Dialogue with the OTS should be maintained and further union input on policy questions sought.**

To get the most out of the relationship, it is vital that there are opportunities for unions and third sector leaders to engage jointly with government. This will be particularly important as the new support arrangements under Capacitybuilders take shape. **Unions and the third sector should consider together those issues on which a joint approach to government – in addition to existing separate representations – would pay dividends.**

Following the decision to invite the third sector (and the private sector) to take up membership of the Public Services Forum, I suggest there should be stakeholder pre-meetings to agree agendas and regular monitoring of action points.

I recommend union engagement with relevant government reviews and ministerial advisory structures to be set up following the Third Sector Review; unions should be enabled to establish a formal relationship with Capacitybuilders. In particular there should be union input on the Social Clauses Project Board.

The inter-governmental work being developed by the Department for Innovation, Universities and Skills to develop a programme of action to address the skills issues identified in the Third Sector Review, looking ahead to the new Commission for Employment and Skills should seek union views. In particular **I recommend that union input into the feasibility study on setting up a Workforce Development Council for the sector, as announced in the Third Sector Review, should be sought**.

I recommend the government signals its support for engagement between unions and the third sector and facilitates dialogue towards that end.

This is not an exhaustive list by any means, but it does constitute a roadmap for constructive engagement, building on exisitng links and good practice, which would put relations between the third sector and trade unions on a firmer footing.

As the new director of the Involvement and Participation Association, a third sector organisation committed to encouraging the 'good work' agenda, and in particular developing workforce engagement as a key aspect of organisational change and improvement, I stand ready to assist in any way I can in furthering this very desirable objective.

Acevo is the professional body for the third sector's chief executives, with over 2000 members. We connect, develop, represent and support the leaders, to improve the sector's impact and efficiency. The UK's broad not-for-profit sector now employs the full-time equivalent of 1.5m staff, with a collective annual turnover of £46bn. We promote a modern, enterprising third sector, and call on these organisations to be:

- **Professional and passionate** in achieving change and delivering results
- **Well-led**, with a commitment to professional development, training and diversity
- **Well-governed and accountable**, with robust and fit for purpose systems to protect independence and enable effective decision-making
- **Enterprising and innovative**, taking a businesslike approach to funding issues and striving for continuous improvement and sustainable development

For more information, visit our website, www.acevo.org.uk acevo

The way ahead: trade unions and the third sector