

Chapter 6

Multi-employer bargaining in the UK – does it have a future?

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1. Introduction

The 2008–2009 crisis gave the green light to an approach to public policy in the European Union that sees collective bargaining as part of the problem rather than a solution to economic recovery. Alongside its European Semester process and country-specific recommendations the European Commission (2012) highlighted reforms ‘likely to increase employment’ as including government interventions or tripartite agreements to decrease bargaining coverage or decentralise the bargaining system. The Great Depression of the 1930s may have inspired a dominant system of multi-employer bargaining (MEB) in most Western democracies (Visser 2013) but the first great recession of the twenty-first century looks like having the opposite effect.

In the United Kingdom the form and role of collective bargaining has not been part of the official dialogue about economic recovery. Country-specific recommendations for the United Kingdom (themselves all but invisible in its national political life) have addressed mainly exports, housing, household debt, infrastructure, child care and skill gaps. In the latest Council Recommendation (2014/C247/26) ‘lower-than-expected growth due to constrained wages curtailing private consumption’ was identified as a risk to budgetary projections, but the United Kingdom’s wage-setting system itself warranted no comment.

It may be that the Commission had no interest in exploring the United Kingdom’s ‘constrained wages’ because collective bargaining already plays a much more limited role in private sector pay setting than is typical in many other EU countries; and where it does take place it is generally already decentralised to firm or workplace level. Brown *et al.* (2008), who offer one of the most recent accounts of how UK employers

brought pay determination ‘in house’, argue that multi-employer bargaining ‘shrank at a much faster rate than collective bargaining per se’.

The decline and decentralisation of UK collective bargaining received plenty of comment and academic discourse in the past (for example, Daniel and Millward 1983) but it has recently begun to attract renewed attention in the context of declining real wages and increased inequality following the recession (Ewing and Hendy 2013; Onaran 2014).

For the 2010–2015 Conservative-led coalition government, and for the top-level UK employers’ body (the Confederation of British Industry, CBI) multi-employer or sector-level bargaining was not really on the radar. In a comment for the Collectively Agreed Wages in Europe (CAWIE) project, Rob Wall (CBI), Head of Education and Employment Policy said:

‘While multi-employer bargaining is prevalent in large parts of the public sector it has limited relevance in the private sector. In some industries, where it makes sense, multi-employer bargaining still persists but the presumption is that bargaining usually takes place at company level. Efficient – and that means local, responsive and flexible – labour markets benefit both employers and employees. They help the UK become more productive and provide choice and flexibility for employees.’

But on the union side the decline in bargaining coverage and membership has a sectoral, multi-employer dimension, allied to concerns about the weaknesses of UK law on recognition and negotiating rights (Moore *et al.* 2013). Carl Roper, a national organiser at the TUC made the connection, shortly after the 2010 general election:

‘It locks us in to workplace by workplace campaigns, which for individual employers makes them potentially uncompetitive in their sector and makes them resist unionisation. Plant-by-plant organising is also very resource intensive so there’s a disincentive for the employer to be neutral and a disincentive for the union as it is expensive and there is no guarantee of success.’ (LRD 2010a)

From that perspective, the previous Labour government’s term in office looks like a ‘missed opportunity for the value of sectoral bargaining’.

However, historical accounts of the decline in bargaining and in particular of multi-employer bargaining in the United Kingdom (Milner 1994; Gospel and Druker 1997) reveal it to have been a more dynamic process than is often perceived; an ebb and flow between centralised and de-centralised pay-setting. Even the high point for collective bargaining in Britain was characterised by many levels of pay determination (Daniel and Millward 1983).

The long-term direction of travel away from multi-employer bargaining in the United Kingdom up to this point is clear but the impulse to collectivise the relationship between employers and trade unions has not entirely disappeared, even in the private sector.

2. Overview of the development of collective bargaining in the United Kingdom

Any debate about pay setting in the United Kingdom has to start from its shrinking union membership and declining bargaining coverage. Total union membership almost halved from a high of 13.2 million in 1979 to 7.9 million in 1999–2000, before levelling off (see Figure 1). Employee membership (GB) fell from 8.7 million in 1989 to 6.76 million in 1999, remaining at around that level until the recession hit, although rising employment meant that membership density continued to decline (Figure 2). After some further decline membership stood at 6.21 million in 2013 (6.45 million UK employee members).

The correlation between union density and levels of bargaining coverage is generally weak under conditions of sectoral bargaining as low density can go together with high coverage (Visser 2013). However, in the United Kingdom collective bargaining coverage followed union membership on a declining path. Having peaked at 70 per cent in the 1970s and early 1980s (Van Wanrooy *et al.* 2013), by 1996 it had fallen to 36.0 per cent of employees and by 2013 to 29.5 per cent (see Figure 2).

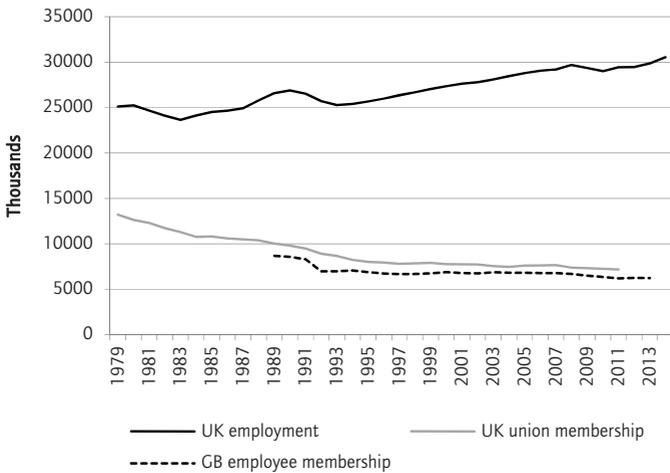
A huge gap has developed between the private sector, with coverage of 16.6 per cent and membership density of 14.4 per cent, and the public sector, with coverage of 63.8 per cent and membership density of 55.4 per cent. UK public sector coverage is more reminiscent of countries with strong MEB bargaining (Keune and Vandaele 2012, citing Visser 2011) and indeed that is largely still the case (although pay setting also

involves a number of Pay Review Bodies that advise the government on a range of public sector pay settlements¹).

Behind these headline figures, collective bargaining coverage remains higher in workplaces with 50 or more workers. By industry, it is high in the privatised energy and water companies, confirming that collective bargaining can remain dominant without MEB bargaining if membership density is high enough (Kersley *et al.* 2004). There's a similar, if less marked pattern in transport and storage and in finance, neither of which is now subject to MEB bargaining.

Coverage is apparently lower in construction, despite its many large and small MEB agreements; as well as in manufacturing, in which multi-employer bargaining persists in pockets; and in wholesale/retail, in which

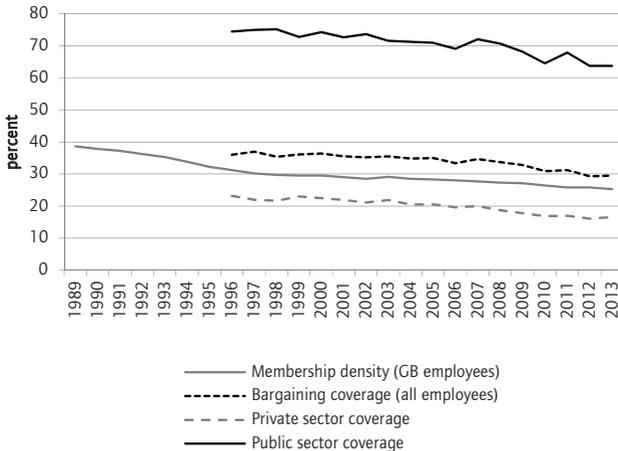
Figure 1 Employment and trade union membership



Source: Trade Union Statistics, Department of Business, Innovation and Skills (2014).

1. In 2014 eight Pay Review Bodies (PRBs) were advising the government in its pay setting, taking evidence from stakeholders, which usually include the well-organised public sector unions; collective bargaining on terms and conditions can take place in parallel, or replace PRB recommendations (as in the NHS 2014–2015).

Figure 2 Union density and bargaining coverage



Source: Trade Union Statistics, Department of Business, Innovation and Skills (2014).

the big retail chains recognise unions nationally on a company-by-company basis. It is largely absent from some other sectors.

These figures – published by the Department for Business, Innovation and Skills – are drawn from the household-based Labour Force Survey (LFS). There is evidence (from the employer-based Annual Survey of Hours and Earnings, ASHE) that bargaining coverage is higher than the LFS suggests. In 2011 ASHE results indicated that 46.9 per cent of employees had their pay set ‘with reference to an agreement affecting more than one employee’, 27 per cent in the private sector and 91.9 per cent in the public sector (BIS 2013). There are a variety of possible reasons for these higher figures (including the role of public sector Pay Review Bodies), but one is that they reflect agreements reached at a higher level than the workplace, which householders in the LFS survey were less aware of.

3. Scope and coverage of multi-employer bargaining

The general decline in bargaining coverage in the United Kingdom has been attributed to a variety of factors. Brown *et al.* (2008) highlight a

tendency by employers not to recognise unions in newly-established workplaces and the unions' inability to extend recognition among continuing workplaces. They point to implicit de-recognition (a reduction in the range and intensity of negotiations); and a fall in private sector collective bargaining associated with increases in the proportion of women and non-manual workers employed.

Nevertheless, they say that only around a tenth of the decline in workplace collective bargaining in the private sector could be put down to compositional change (the decline in manufacturing industry and large workplaces). Increased competition is seen as a strong influence.

However, the key to a high bargaining coverage rate seems to be multi-employer bargaining (Visser 2013) and it is that which has disappeared fastest in the United Kingdom, according to the influential Workplace Employment Relations Survey (Brown *et al.* 2008). In the latest survey (Van Wanrooy *et al.* 2013) 43 per cent² of public sector workplaces set pay for at least some of their workers through multi-employer bargaining, but in the private sector the figure was just 2 per cent, as it was in 2004. To put that into context, only 7 per cent of private sector workplaces used any kind of collective bargaining to set pay but they accounted for almost a fifth (19 per cent) of employees (the 2011 WERS survey included very small workplaces with as few as five employees, where collective bargaining is known to be less likely).

The WERS surveys have been criticised for fostering an 'extreme' view that collective bargaining has 'almost entirely withered away in the private sector' when in fact it continues in many large and medium-sized private sector organisations (Incomes Data Services 2008). Earlier WERS surveys (based on workplaces with 25 or more employees) indicate that the big fall in the proportion of private sector workplaces covered by MEB bargaining can be traced back to the 1980s when it dropped from 18 per cent in 1984 to 9 per cent in 1990 and then to 3 per cent in 1998 and 2004.

The number of agreements included each year in the Labour Research Department's annual Pay Survey point to a rather more prolonged

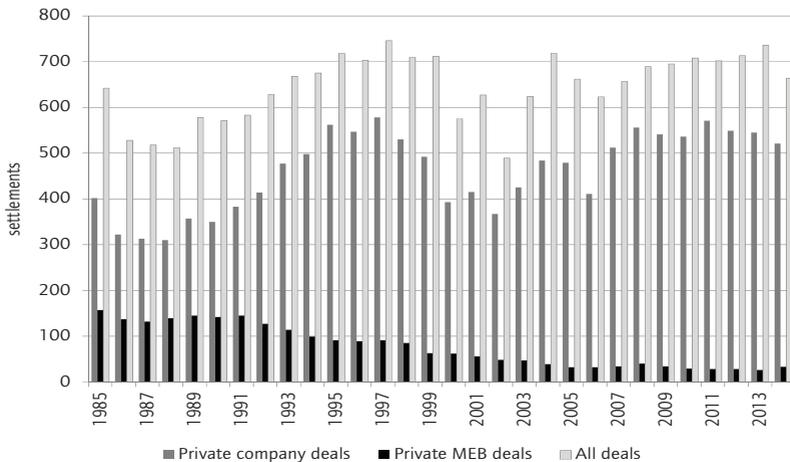
2. The 2011 result was an apparent decline from 58 per cent in 2004 but may have reflected the extension of the Pay Review Body system.

decline (see Figure 3). The surveys represent only a fraction of deals done (especially at company level, as there is no requirement for all employers to be included) and coverage varies from year to year. However, over time they clearly show that the decline took hold from 1991 onwards. By 2010 the total number of MEB private sector agreements dwindled to just over 30, compared with over 150 in the mid-1980s.

MEB decline was accelerated by the abolition of around 30 Wages Councils (included in the above figures) covering 2.5 million workers during the 1993–1994 pay round. These were statutory bodies made up of representatives of employers and unions, together with independent members that set minimum pay rates and other conditions in particular industries. They were aimed at ‘sweated’ trades that had no union organisation and no parity of bargaining, where ‘the good employer is undercut by the bad, and the bad employer is undercut by the worst’ (Winston Churchill).

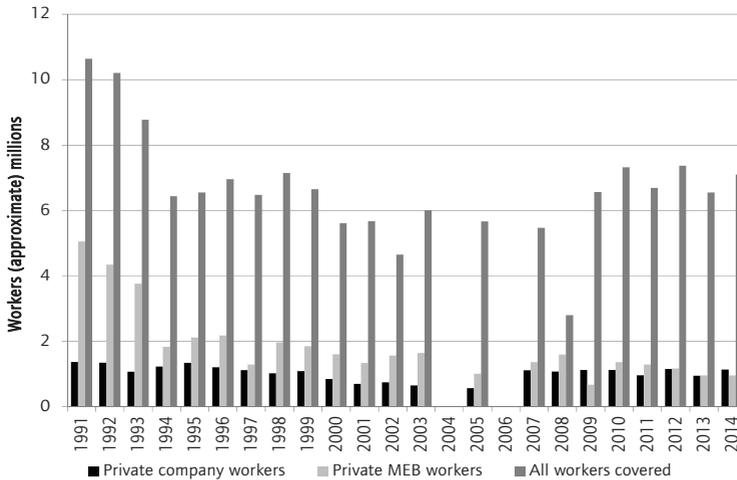
When it comes to the number of workers covered by MEB bargaining (Figure 4) evidence from the LRD survey is also affected by the reliability of estimates of the coverage of individual MEB agreements (see

Figure 3 Pay deals by bargaining level



Source: Figures published annually in Bargaining Report, Workplace Report and the LRD Pay Survey.

Figure 4 Workers covered by bargaining level



Source: Figures published annually in Bargaining Report, Workplace Report and the LRD Pay Survey (an aggregate estimate of workers covered was not published before 1991, while figures for 2004 and 2006 are unavailable).

below). The biggest deals in construction cover hundreds of thousands of workers but some small specialist multi-employer agreements only affect hundreds.

The estimated aggregate number of workers covered by private sector MEB bargaining stabilised at 1.5–2 million after 1995, following its earlier decline, including Wages Council abolition (Figure 4). A further decline to a little less than 1 million was recorded after the 2008–2009 recession, with the result that the number covered by MEB agreements from that point on roughly matched the number covered by private company deals.

The total number of workers covered by the survey (including in public sector agreements) fell from around 10 million in the early 1990s to somewhere in the region of 6 to 7 million, consistent with the general trends in membership and bargaining coverage. The chart reflects the fact that public sector pay deals within the all-worker column (many of which operate on a multi-employer basis) affect more workers than

private sector deals. In these statistics, higher and further education (each with its own MEB bargaining arrangements) are treated as part of the public sector, but in official statistics they are classified as being in the private sector.

3.1 In which sectors has MEB bargaining survived?

By 2014 private sector MEB bargaining played a much-reduced role. However, it remained dominant in construction where there were at least sixteen different MEB agreements. It also operates in the offshore energy sector, although negotiations are conducted with construction contractors, caterers, diving contractors and drilling contractors rather than with the oil companies themselves. A multi-employer agreement covered a handful of companies in the United Kingdom's small surface coal mining sector.

In manufacturing there were agreements – some of them specialist and narrow in scope, others broader – in baking (Scotland), clothing, knitting, textiles (Lancashire), leather producing, footwear, papermaking, corrugated packaging, printing (Scotland), flat glass, monumental masonry, furniture and organ-building. Some of these were specific to Scotland (in one case, Scotland and Northern Ireland) or England and Wales. Others were regional simply because their industry base is geographically concentrated.

The Agricultural Wages Board for England and Wales (a statutory negotiating forum between the Unite union and the National Farmers Union, with an independent chair) was abolished in 2013 but boards in Scotland and Northern Ireland survived and the devolved Welsh government was in the process of re-establishing a similar body. In that and other ways, public administrations, cultures or traditions in Scotland, Wales and Northern Ireland appear to be more open to sectoral pay setting arrangements; they also have higher levels of union density (probably linked to higher levels of public sector employment³).

3. As of December 2014 the public sector (as defined) accounted for 27 per cent of employment in Northern Ireland, 23 per cent in Wales and 21 per cent in Scotland; in most English regions it was between 15 per cent and 18 per cent but was closer to the Scottish level in the North East of England, Office for National Statistics.

There are isolated but notable examples of MEB bargaining in the private services sector (which plays such a large part in the UK economy). They include film production, theatres, sport (horse racing) and voluntary-sector housing (in Scotland). Large MEB agreements set the framework for pay in higher and further education.

Finally, many public sector agreements operate in a multi-employer fashion, to one degree or another, covering schools; community and youth work; the National Health Service Agenda for Change agreement (which has recently become differentiated between the four countries in the United Kingdom); police staff; and local government (including the United Kingdom's biggest agreement, the local government services NJC for England, Wales and Northern Ireland). A cartel of employers in the South West of England tried but failed to break away from the nationally-agreed terms of the Agenda for Change agreement in 2012.

The local government agreement is national in scope, covering well over a million workers and 350 employers (a parallel agreement operates in Scotland). However, as Bach and Stroleny explain (2014) it 'has not precluded vigorous debate about the most appropriate balance between national and local decision making'. That balance has been severely tested by successive pay freezes and a national dispute over the 2014 settlement, and by local changes to terms and conditions which are set by the national agreement (*LRD Workplace Report* March 2015).

Local variations in school teachers' pay rates and conditions have also been encouraged by government-driven changes to their pay system, while the growing number of Academies and 'Free Schools' were not required to abide by the nationally set School Teachers' Pay and Conditions Document for England and Wales or 'Burgundy Book' conditions of service.

However, there have been MEB 'casualties' since the recession. They include the end of national bargaining between the British Printing Industries Federation (BPIF) and the Unite union (there is still a separate Graphic Enterprise Scotland agreement). That was followed by the end of sectoral bargaining in the building brick industry in 2012 and the end of bargaining between the ceramic workers' union Unity (which subsequently merged into the GMB union) and the British Ceramic Confederation (BCC).

Government action was instrumental in ending the Agricultural Wages Board (AWB) for England and Wales in 2013, following on from the scuppering of the then newly-formed School Support Staff Negotiating Body (SSSNB). The Conservative-led coalition also attempted to impose localised ‘market-facing’ pay on public sector wage setting. Although supported in some quarters (Wolf 2010) that approach ran into opposition from other actors (such as the Welsh government and trade unions) and was unsuccessful.

In 2010 the government also removed the closest thing that the United Kingdom had to an ‘extension’ arrangement, the 2005 Code of Practice on Workforce Matters in Public Sector Service Contracts (the two-tier code, still in force in Wales) and a similar arrangement in the NHS. Abolition has led to new starters being appointed on lower rates of pay (Smith Institute 2014).

Finally, recent amendments to the transfer of undertakings regulations (TUPE) deny transferred workers the benefit of any post-transfer improvements negotiated under a sector-wide collective agreement, unless their new employer agrees (codifying the decision of the European Court of Justice in *Alemo-Herron v Parkwood Leisure Limited* [2013] EUECJ C-426/11).

3.2 Coverage

The number of workers that MEB agreements cover is extremely varied and can be difficult to verify – even the relevant employer associations themselves cannot always make an estimate. The largest numbers of workers affected are undoubtedly in the public sector (local government, schools, health care) and parts of the private sector that deliver higher and further education.

The Construction Industry Joint Council (CIJC) Working Rule Agreement (negotiated on behalf of nine employer associations and three trade unions) is said to cover over 500 000 workers. However, the CIJC employers’ side sees this as an overestimate, pointing out that 200 000 workers are registered under an industry insurance scheme. Nevertheless, the agreement’s basic terms – such as holidays and Christmas close-down – are recognised as an industry norm. Other construction

agreements cover tens of thousands of workers and potentially large numbers of employers.

The Federation of Master Builders, a Building and Allied Trades agreement (BATJIC) signatory, has almost 10 000 members. Smaller agreements may cover far fewer workers but, potentially, many separate employers. In the Steeplejack and Lightning Protection Engineering Industry NJC, the employers' association ATLAS has 45 member companies with a total workforce of just 1 100. The Leather Producing Association represents 12 member companies but its agreement covers only about 500 workers.

There are some comparatively large agreements in manufacturing, such as the paper industry, while the Corrugated Packaging industry agreement covers 50 sites but only three main employers. In 2014 Unite's collective agreement with Employers in Voluntary Housing (EVH) in Scotland covered 97 employers and 3 000 of the industry's 8 000 staff. Half of the Lancashire Textile Manufacturers' Association's 39 member companies (concentrated geographically in Cumbria, Lancashire, Greater Manchester and West Yorkshire) followed its agreement with the Unite, GMB and Community trade unions.

4. Results of multi-employer bargaining

A major factor influencing social partner attitudes to MEB bargaining will be how they perform when it comes to pay, conditions and other issues, and how that is perceived by employees and member companies (adoption of the electrical contracting agreement, for example, is expected to be seen as a way of telling employees that they are valued and that the employer wants to retain them).

The performance of MEB agreements on minimum pay would be impossible to assess without taking into account the existence (since 1999) of a statutory National Minimum Wage in the United Kingdom, worth £6.31 per hour (at the adult rate) up until October 2014 and £6.50 after that.

Also of increasing significance is the voluntary Living Wage (LW, an initiative launched in 2001 by London Citizens⁴ and subsequently taken up

4. Living Wage Foundation, <http://www.livingwage.org.uk/history>. The voluntary Living Wage preceded the lower, statutory, National Living Wage announced in 2015.

by the Greater London Authority). It is worth about 20 per cent more than the NMW (£7.65 until November 2014, £7.85 after that) with a higher rate set separately for London (£8.80 until November 2014, £9.15 after that).

By early 2015 there were over 1 300 ‘accredited’ Living Wage employers, committed to paying future increases announced by the Living Wage Foundation and to extending it to their contractors. Many other employers are beginning to use the LW as a benchmark without necessarily seeking accreditation.

4.1 Wages

An assessment of MEB-negotiated pay rates for 2013–2014 reveals that the surviving agreements perform very differently, whether judged on their minimum pay rates, how their rates compare with earnings levels in their industries and the scope they offer for higher pay.

Minimum rates

On the basis of their negotiated minimum rates (excluding trainees or youth rates) the surviving MEB agreements can be divided into four roughly equal groups: Those whose minimum rate is set at or just above the NMW; those that pay a bit more but less than the LW; those that pay at or just above the LW; and a slightly bigger group that pay a minimum significantly above the LW.

Sectors with the lowest minimums include agriculture (until recently accepted as needing statutory protection); parts of manufacturing, such as textiles, which suffered an 80 per cent fall in jobs between 1979 and 2013 and with the lowest average wage in manufacturing (Office for National Statistics 2014); local government services (hit by a series of pay freezes); and parts of the entertainment industry (theatres outside London).

Being ‘caught up’ by rises in the minimum wage has been an uncomfortable experience for some negotiators and a number of MEB agreements have managed to stay a little ahead of the NMW. There were cases in the local authority craft sector (labourers in England and Wales), education (sixth-form college staff), health care (NHS Agenda for Change in England), community and youth work, sport (stable staff), and in the construction staff agreement (environmental engineering) where pay

scales start at a basic level but progression towards higher guide rates is expected.

Minimum rates were at or around Living Wage level in some of the bigger construction agreements, higher and further education (where unions campaigned for the Living Wage) and public service–related agreements in Scotland (local authorities and the NHS but also voluntary housing) where it is government policy to pay the Living Wage.

Minimum rates were significantly above LW level in the offshore energy sector and most construction industry agreements. That held true in 2014 because construction unions successfully resisted efforts by some of the sector’s main employers’ associations to introduce lower pay levels within their agreements.

Minimum earnings

How negotiated minimum rates compare with earnings levels in their immediate sector is arguably a better test of MEB bargaining than the NMW. For the purposes of this chapter, comparisons have been made against a ‘lower industrial earnings level’ defined as the lowest published quantile of basic hourly earnings (usually the lowest decile) by two-digit Standard Industrial Classification (NACE) in the 2014 ASHE survey.

Once again, MEB agreements can be divided roughly into four groups: those whose minimum pay is below the lower industrial earnings level (95 per cent of it or less); those at or around the lower industrial earnings level; those paying a bit more (105 per cent to 120 per cent); and those paying significantly more.

The first of these categories includes some agreements with minimum pay rates that are close to the NMW, but also some that are at or just above the Living Wage (for example, the Police Staff agreement for England and Wales). This can happen where the range of earnings in a sector is particularly wide. However, where MEB agreements set a minimum rate that is significantly above the Living Wage, it is also likely to be above the industry lower earnings level.

Median earnings

The closeness of negotiated pay rates to actual earnings indicates the extent to which an agreement is applied in practice (Gospel and Druker 1997) and is likely to be an important consideration for the social

partners. But it can also depend on a number of other factors, such as whether the range of earnings in a sector is broad or narrow; the involvement of very different occupational types within a single sector; and the precision (or lack of it) in the two-digit SIC code.

A survey of company wage rates by the employers' side of the furniture sector agreement in 2013, covering 22 different occupations in production and associated areas, recorded an average wage of just over £9.00 (considerably higher than the agreed 2012 rates). Evidence from ASHE 2014 shows that seven out of ten workers in that sector earned between £6.50 (the lowest decile) and £13.02 (the 80th percentile), while the median was £9.40.

Dividing MEB agreements again into four groups, they split roughly equally between those whose minimum rate is worth around half the industry median; those worth more than half but less than two-thirds; those worth around two-thirds but less than three-quarters; and finally a group whose minimum rate is worth three-quarters or more of the industry median.

The latter included construction agreements (plumbing, painting, thermal insulation and engineering construction) and also industries in which the workforce is divided between professionally qualified staff and those without a professional qualification (education and youth work).

Scope for higher pay

The ability of MEB agreements to deliver higher earnings is limited if they operate merely as a 'safety net', with no negotiated basis for higher pay. However, collective bargaining is generally seen as compressing the pay distribution (Metcalf *et al.* 2000; Kersley *et al.* 2004) and even the highest negotiated rates could be expected to fall short of the earnings being achieved by the higher or highest-paid employees in the relevant industry.

A comparison between the highest negotiated rates (including pay scale maximums, where these exist) and upper industry earnings levels (defined for this chapter as the highest published quantile of basic hourly earnings, usually the highest decile) again sees MEB agreements divided loosely into four groupings.

There were those with negotiated rates worth less than half of the upper earnings level; those with rates worth half to three-quarters of that

level; those similar to upper earnings; and also some that exceed it. The positioning of different sectors within these four groups is more varied, however all of the agreements in the last category covered workers who may be professionally qualified.

Harmonising wages

The extent to which UK MEB agreements harmonise wage rates within their sector depends on whether they are prescriptive, or focus solely on setting a wages ‘floor’. The offshore caterers’ agreement sets out the minimum level of terms and conditions to be applied, while standard terms will be for each COTA member company to determine (but no less than the minimum terms in the agreement).

This is a more familiar approach than the ‘no more and no less’ wording still found in the electrical contracting JIB agreement, which appears to prescribe higher pay as well as lower pay. However, the NHS Agenda for Change agreement has job evaluation–based national job profiles that indicate which of the nationally agreed salary bands a particular job offered by an individual health care employer should fit into.

Although the issue of banding can be discussed at local level, NHS Trusts arguably have less leeway over pay than local government services, where nationally defined grades and scales no longer exist. Under the agreement local authorities are in fact expected to develop their own pay structures, on an equality basis, using the national pay spine points.

Equity

As a force for equity, whether measured by pay dispersion, gender pay inequality or other considerations, UK MEB agreements vary. Before its abolition in 2013 the Agricultural Wages Board for England and Wales broadly matched the NMW at its lowest rate, but paid 150 per cent of the basic rate to its top grade (management). In practice, pay levels were concentrated around the grade 2 rate (60 pence per hour more than the minimum), which applied to about half of the workforce,⁵ with 16 per cent on the craft rate (up to £1.90 more than the lowest rate).

Dividing MEB agreements once again into four groups, the degree of internal pay dispersion provided for in their pay structures ranged from

5. Farm Labour and Wage Statistics 2012.

125 per cent or less (for example, labouring versus craft rates in local government in England and Wales) to 300 per cent or more. The maximum pay level for staff in construction (environmental engineering) was 333 per cent of the lowest rate, taking the agreement's provision for pay progression fully into account.

Gender pay inequality has been a driving force behind the renegotiation of multi-employer pay structures in the public sector. The issue seems to have less prominence among private sector MEB agreements, perhaps because it was seen as the responsibility of individual employers. However, the leather-producing industry's agreement commits the parties to develop positive policies to promote equal opportunity and eradicate any form of discrimination in employment.

Before national pay bargaining between the British Printing Industries Federation and Unite came to an end, national policies were developed on issues such as dignity at work, cancer screening and part-time, temporary and agency workers. Employers in Voluntary Housing (EVH) continued to provide model policies on equality, including diversity, indirect and direct discrimination, harassment and victimisation.

Finally, there are issues of equity in the use of precarious or casual forms of employment. The engineering construction NAECI agreement expresses support for the principle of direct employment (in an industry where contracting out and sub-contracting are common), while the electrical contracting JIB condemns false self-employment.

4.2 Working conditions and other issues

UK multi-employer agreements provide an opportunity to negotiate not just over pay but also on conditions of employment where there might otherwise be no negotiation or consultation. The Community trade union is involved in a number of manufacturing MEB agreements and has had some success, particularly in recent years, in improving sick pay and minimum rates, particularly for younger workers.

Steve McCool, National Secretary, said:

‘I think those aspects would have been much harder to negotiate on an individual company level. Similarly on guaranteeing rates

of pay in possible production breaks, improving training and dispute resolution. Because in some respects the multi-employer apparatus with a resolute approach from the trade union side can help prevent a “race to the bottom”.’

The ability to negotiate minimum standards over a wide range of working conditions is a potentially significant aspect of MEB bargaining. The 2011 Workplace Employment Relations Survey shows that in workplaces with five or more employees (where a union was recognised for collective bargaining purposes and at least one union member was present) the employer negotiated over pay in only 56 per cent of private sector workplaces, and consulted in 70 per cent.

Negotiation and consultation on holidays and hours, pensions, grievance procedures, health and safety and training was progressively less common (see Table 1). Unless pay and these other conditions have been negotiated at some higher level then it means they are not negotiated, even if the union is recognised.

These issues, and other aspects of pay and conditions – such as maternity leave, paternity leave and sick pay entitlement – are likely to have been addressed in a multi-employer bargaining context, so that negotiated entitlement would probably exist irrespective of an individual em-

Table 1 Negotiation and consultation in workplaces recognising trade unions, 2011 (%)

	Pay	Hours	Holiday	Pensions	Training	Grievance procedures	Health and safety
Private sector workplaces							
Negotiate	56	37	41	24	6	19	10
Consult	70	61	61	55	42	68	59
Public sector workplaces							
Negotiate	52	45	44	38	17	30	22
Consult	72	72	66	62	54	71	69

Note: Percentage of workplaces with five or more employees with at least one union member present and a union recognised for bargaining purposes.

Source: van Wanrooy *et al.* 2013, p. 81, table 5.4.

ployer's willingness to negotiate or not. But, as with pay, MEB conditions of service vary substantially, from the equivalent of statutory entitlement only, to more generous provision.

Expertise and duplication

Traditional arguments for adopting the multi-employer approach (efficiency, expertise and avoiding duplication) can still be heard in the United Kingdom. Unite has noted that its negotiations with the Offshore Contractors Association (OCA) covering around 70 companies (with a total workforce of more than 20 000) can be completed within two days, allowing officers to spend more time on other aspects of their remits.

The electrical contracting JIB agreement lists a wide range of efficiency benefits: A 'one-stop shop' on terms and conditions and legal obligations on employment matters; a holiday pay scheme to help employers with their cash flow; work opportunities (JIB members are required to sub-contract electrical work to JIB members); funding for training; an industry pension scheme; advice and mediation; discounted goods and services; and an e-newsletter.

Quality and innovation

Training and skills have been identified as an area in which the UK government needs to improve its performance after the recession. As a driver for quality and innovation it can benefit from a multi-employer approach (Gospel and Foreman 2002). Employers and unions can and do cooperate over training in sectors without MEB pay bargaining, for example through the Sector Skills Councils,⁶ but a link to industry pay structures and bargaining could help 'anchor' skills and training in the workplace (provided that the agreement has kept abreast of working practices and trends at employer-level).

There is no guarantee of success. In the flat glass industry, in which workers tend to be competent but not qualified, the Glass and Glazing Federation was setting up a training programme for installers in 2014 and hoping to do the same for the processing side (being dissatisfied with the Construction Industry Training Board and the government's approach to this issue).

6. Employers already cooperate with each other, trade unions and the government through the Sector Skills Councils (SSCs), a network of 18 councils and four other bodies working with over 550 000 employers to define skills needs and skills standards in their industries.

Unions are directly involved in Cogent,⁷ the SSC for science-based industries (which also provides research and labour market intelligence), while union officers from Unite and UCATT sit on the Construction Industry Training Board (CITB). In 2014 the GMB, Prospect and Unite unions were taking part in a new Energy & Utility Industrial Partnership encouraging skills and growth in the power, gas, water, renewables and waste management industries.⁸ Arrangements of this kind do not necessarily lead to sector-level wage-setting but do at least transcend a single-employer framework.

MEB agreements can also play a role in monitoring training and grading (as in the electrical contracting JIB); obliging employers to facilitate training and employees to take part (as in engineering construction NAECI); requiring employers to commit to a minimum level of training (1 per cent of the total basic hours worked by all employees in the steeplejack and lightning protection sector); and the regulation of quality and workmanship standards (mastic asphalt).

MEB bargaining has the potential to institutionalise skill and training issues by linking these directly to pay (as was possible until recently,⁹ in courses and apprenticeships provided by Lantra, the SSC for the land and agriculture sector). However, the widely varied pay premiums on offer for 'skilled' rates suggest that the approach taken both to skills and pay differs between different MEB agreements and sectors.

Social, economic and government policy

The UK does not have a recent history of 'pacts' designed to coordinate collective bargaining with government policy, although public sector pay restraint has been used extensively as a means of applying austerity measures. Social progress on equal pay was certainly advanced through the redesign of MEB agreements during the period of the previous Labour government (for example, in local government and the NHS) and it also helped to promote partnership principles, for example in the print industry.

Employers' associations do, however, interact with government on issues relevant to their industry, including those (among the 90-plus

7. See: www.cogent-ssc.com/TU_Toolkit/LMI.php

8. See: www.tuc.org.uk/industrial-issues/skills-policy/employer-ownership-skills-pilot

9. See: www.lantra.co.uk/News-Media/Case-Studies/Agriculture/Harry-Lobb---Penvarcoe-Farm.aspx

associations listed by the Certification Officer¹⁰ in 2014) that still negotiate collectively with trade unions over pay and conditions. Examples range from energy policy (CoalPro, the employers' side of the Surface Coal Mining agreement) to knitting (where the employers' association represents the industry to government, the EU, other bodies and the media); waste, re-use and recycling (the National Federation of Demolition Contractors has its own code of conduct on this); and consumer advice (the British Footwear Association).

Steve McCool, of Community, argues that multi-employer bargaining offers the possibility of a stronger partnership to lobby to protect the interests of these sectors and their members' jobs:

'A one company approach can't work at this level. For example, many of Community's members are in energy intensive industries. We are all for a greener environment, but it has to be won on a level playing field. Otherwise we will just export our members' jobs to areas with weaker or even no environmental protection. So we will work with employers to protect industry and our members' jobs. The multi-employer approach adds substantially to that argument.'

Industrial peace

Ideas of cooperation and peace are still expressed in many MEB agreements. The papermaking agreement talks of its three 'pillars': work together, grow together and stay together. And in footwear, the BFA employers' association and Community 'equally recognise the importance of their respective organisation as being numerically strong and as fully representative as possible of employers and operatives in all centres of the shoe trade', supporting the principle of 100 per cent membership of each other's organisations.

But current UK MEB agreements do not stand or fall on their ability to deliver discipline, stability or industrial peace. MEB industries hit by disputes in 2013–2014 included corrugated packaging, local government, the NHS, further education, engineering construction and the electrical contracting industry (once seen as a 'deviant' case because of the capacity of its bargaining arrangements to survive; Gospel and Druker 1997).

10. See: <http://www.certoffice.org/Nav/Employers-Associations/Active.aspx?>

More recently, the RMT and Unite unions were holding consultative ballots over industrial action in response to the withdrawal of the 2015/2016 pay offer as part of the year two deal by the offshore catering contractors' group COTA, following the huge fall in oil prices. The RMT union pointed out that the COTA was one of the oldest industrial relations arrangements ever to be negotiated offshore in the UK continental shelf and was born out of one of the first ever successful strikes in the North Sea (Blowout 2015).

5. Collective bargaining and wage developments

The loss of much of the United Kingdom's multi-employer bargaining framework does not seem to have hindered unions – where they are recognised – in negotiating pay rises for their members. Indeed, while some of Britain's main competitors (Germany and the United States) faced 'stagnant or declining real wages for over a decade', full-time British employees saw real wages grow by almost two-thirds since the mid-1980s (Van Wanrooy *et al.* 2013). The lowest-paid experienced higher than average real wage increases, with the National Minimum Wage (introduced in 1999) acting as a 'countervailing force' to the reduction in bargaining.

Between the mid-1990s and 2008 pay settlements in the United Kingdom followed a higher trend (3 per cent or more) than in the euro area as a whole or in Germany, until the 2008–2009 recession (see Figure 5). Cumulatively (1995–2012), median increases on the lowest basic rate in UK pay settlements amounted to 67 per cent compared with 49 per cent in the euro area and 44 per cent in Germany (see Figure 6). When the annual increases are offset against inflation (the Harmonised Consumer Price Index, see Figure 7) UK pay rises still out-performed the euro area and Germany between 2003 and 2008.

However, since the 2008–2009 recession high inflation combined with exceptionally slow growth in average weekly earnings – due in part to compositional changes and public sector pay restraint – has led to an 'unprecedented' fall in real wages and living standards (Gregg *et al.* 2014). Figures of 8–10 per cent were widely quoted in 2014 and that was on the basis of the Consumer Price Index (CPI) whose use as an inflation yardstick for pay (rather than the generally-higher RPI inflation figure) remained controversial.

Evidence like this propelled the issue of wages to the centre of the political stage and helped open the door to a debate about the role of sector-level bargaining and ‘modern wages councils’, as proposed by the TUC. Some trade unions began to argue for a £10 minimum hourly rate, above the level at which state benefits or tax credits become payable. But the living standards crisis also provided a platform for arguments in favour of extending collective bargaining, including sector-level bargaining, possibly on a statutory basis (Ewing and Hendy 2013; Onaran 2014).

Grimshaw *et al.* (2014) have shown that the strength of collective bargaining dictates the degree of ‘ripple effect’ (weak in the United Kingdom) where pay levels further up the distribution are influenced by minimum wage increases: ‘Where governments act to improve pay equity by gradually raising the minimum wage over time, in the absence of complementary collective bargaining the positive impact is likely to be limited to the lowest paid.’

This debate is relevant to now well-established concerns that the UK labour market is not delivering opportunities for progress into higher paid work. The Confederation of British Industry (CBI) has warned that a third of workers are stuck in the bottom pay group:

‘Progression needs to be a focus for business and government to avoid workers getting stuck on low wages. A job should be an opportunity for a worker to progress, either within their firm or – if opportunities are limited – to use their work as support while gaining the skills required for a different role. This will often be the case in some sectors, where there are limited possibilities for pay progression.’ (CBI 2014)

As has been made clear, the CBI was not in favour of more MEB or sectoral bargaining, but that connection could be made.

MEB pay deals and the economic cycle

MEB bargaining creates an opportunity to regulate pay levels and conditions for wider sections of the workforce but it is not immune to the business cycle. When the recession hit in early 2009 the level of pay freezes recorded by the LRD Payline database rose to a fifth and then a quarter of settlements. The median in private company deals fell to 2.5 per cent for the 2008–2009 pay round as a whole, whereas the private sector multi-employer median was 3.7 per cent (4.5 per cent in construction

and 2.75 per cent in 'other manufacturing' where it compared with a private company median of 1.55 per cent).

However in the 2009–2010 pay round the multi-employer median settlement level fell to zero (including manufacturing and construction MEB deals), whereas the overall private company median was held to 2.0 per cent. LRD's pay survey concluded that 'more workers have had their pay frozen in 2009–2010 than in 2008–2009 because of the many industry-level multi-employer agreements that were affected (in some cases for a second year running) coupled with the pay freeze in local government' (*LRD Workplace Report* October 2010).

Post-recession freezes hit the huge Construction Industry Joint Council (CIJC) agreement, prompting Phil Davies, GMB National Secretary, to warn that the national agreement was 'in trouble' and that members should 'negotiate where they can'. But with high levels of casualisation, false self-employment and a lack of fixed sites, people move jobs frequently and expect to negotiate a new rate every time they start at a new site (raising the risk of 'anarchy' when the industry eventually picked up).

Similarly, in the print industry activists were encouraged to put in claims for 3.7 per cent (the rate of inflation at the time) and 60–65 per cent of members normally covered by national bargaining (in companies ranging from a thousand workers down to just half a dozen) were reported to have had a pay agreement. Unite officer Steve Sibbald said: 'Deals have ranged from 1 per cent to 3.5 per cent, with many employers settling for far more than they would have done had there been a national agreement, although others are still on freezes'. At that stage the union was working with the employers' organisation (BPIF) to restore national bargaining but admitted there was a chance that it might not happen 'ever again' – as turned out to be the case.

Over the years, successive LRD pay surveys (1995–2014) reveal no clear difference between private sector multi-employer and company-level settlements, when annual medians are averaged out: private sector MEB agreements average a 3.0 per cent increase on their lowest basic rates, private company agreements 3.1 per cent. There are similarities to be seen, too, in the use of long-term deals (a regular feature of pay bargaining in the United Kingdom, often with an in-built inflation link) with MEB examples in coal, offshore energy and construction.

Union premium

As multi-employer bargaining decreased and company-level bargaining increased in the United Kingdom, an increase in the union premium might have been expected. Visser (2013) points out that estimating wage differentials between union and non-union members and firms ‘makes sense’ in the North American and British context, although it is meaningless in many European countries because, under conditions of sectoral bargaining, the ‘co-evolution’ of union decline and decreasing bargaining coverage is absent.

There is still a ‘sizable and statistically significant’ union wage premium in the UK labour market (Bryson 2014), but it has declined over the years and varies from positive to negative between sectors. Raw statistics (unadjusted for worker characteristics) show that it fell from 25.9 per cent in 1995 to a low of 12.4 per cent in 2008. After that it displayed a counter-cyclical trend, rising to a peak of 18.2 per cent in 2011 before dropping back to 15.8 per cent in 2012 and 16.4 per cent in 2013.

6. What future for multi-employer bargaining in the United Kingdom?

At the top level the UK social partners seem to disagree about the relevance of sectoral or multi-employer bargaining, with the employers’ side (the CBI) assuming that company-level bargaining benefits both employers and employees, and the Trades Union Congress (TUC) making the case for a more sector-based approach. Comments, interviews and reportage taken into account for this chapter show that views among the social partners at lower levels are very mixed, but that the door to more multi-employer bargaining could be open if it works for both sides, supported possibly by a strong push in that direction from government-level.

Taking wages out of competition

A traditional claim for multi-employer bargaining, still heard in the United Kingdom today, is that it can ‘take wages out of competition’ or – more usually – prevent a ‘race to the bottom’. That style of bargaining implies a considerable ability of ‘the higher level to bind the lower level’ (Traxler 2003), but it was precisely the historical role of the Ceramic Joint Council (CJC) agreement, which in its heyday covered 90 per cent of the Staffordshire-based industry.

Pay negotiations through the CJC ceased in 2013 after the ceramic workers union Unity, which has since merged into the GMB union, pulled out (see Box 1). Unity general secretary Harry Hockaday explained that it had been reluctant to proceed at the speed of the ‘slowest ship’; and that to believe the alternative would be a ‘race to the bottom’ would be to underestimate its commitment as a trade union.

However, he concluded that multi-employer bargaining may still have a place, if all the companies are in a similar state and amenable. But this is difficult in manufacturing where there are, for example, outsourcing costs and the need to take each set of circumstances into account.

The British Ceramic Confederation (BCC) was party to another MEB agreement that ended in 2012, the Building Brick NJC. It followed the earlier demise of another BCC agreement, the Refractories Wages Board (covering kiln brick businesses whose fortunes were tied to the Sheffield steel industry).

According to the BCC these agreements were wound up not as a result of ideological opposition or a strategic decision, but because of rationalisation in what was a nationally-spread industry of single-site factories competing in their local labour markets, as well as declining local demand for a specialist product. These examples highlight circumstances that may be more or less favourable to multi-employer bargaining but also confirm that UK employers are not necessarily hostile to this form of pay setting.

Tony Burke, Unite Assistant General Secretary, has argued for a return to industry bargaining in the print industry on the grounds that it provided a level playing field where every employer knew exactly the minimum terms and conditions, a safety net with collective bargaining ensuring that the distribution of pay is evenly spread.

Unite was, in 2014–2015, also hoping to end disparities on London’s buses where some drivers are paid up to 25 per cent less despite doing the same job for the same employer. Len McCluskey, Unite General Secretary, described this decentralisation as madness, demanding a ‘common, decent rate for the job’ (September 2014).

Similarly, a positive effort to harmonise pay and conditions for further education lecturers and staff in Scotland was under way in 2014, fuelled

by a National Bargaining Development Group survey in 2013 that found salaries for an unpromoted college lecturer ranging from £31,009 to £37,274.

Fostering social partnership, efficiency and good industrial relations

The idea of social partnership still has some relevance in the United Kingdom. There was an acrimonious dispute in the construction industry in 2011–2012 when a group of employers tried (unsuccessfully) to substitute what the unions saw as an inferior agreement (known as BESNA).

Peter Corby, chair of the electrical contracting Joint Industry Board multi-employer bargaining structure, wrote afterwards (Joint Industry Board 2013): ‘Everyone involved in the workings of the JIB sees the importance of a National Framework of employment provisions and procedures which provide for fair and just Social Partnership and engagement and for the JIB to be the provider of this to the entire Electrical Contracting sector’

In a similar vein, Eamonn Connolly, Director of Employers in Voluntary Housing in Scotland, was proud of the continued popularity of its collective agreement with Unite: ‘There is little point in 100 similar employers conducting separate negotiations each year, and to do so may be disruptive and divisive within a clearly identifiable industrial sector’.

In terms that may strike a chord in other service-sector industries, he added that having common benefits allows for free movement and development of staff between employers, with continuity of service being honoured. He said: ‘We would certainly commend our arrangements to others in the voluntary housing sector across the UK’ (LRD 2014).

Protecting low-paid employees and nurturing skills may be best done at sector level. When the UK government abolished the Agricultural Wages Board for England and Wales in 2013 it was welcomed by the employers’ side, the National Farmers’ Union: abolition presented new opportunities ‘as negotiations between individual workers and individual businesses become the norm’ (NFU 2013).

However, devolved governments in Scotland, Northern Ireland and Wales took the opposite view. Michelle O’Neill, Northern Ireland Agriculture Minister, said that the AWB ‘guarantees fair pay and conditions

for agricultural workers, including migrant workers', adding, 'it is essential that workers in this industry are both protected and have the skills, not only to help the sector flourish but to encourage others to consider a career within it.'

Delivering results for the social partners

MEB arrangements have to deliver results for the social partners. The examples given here confirm that there are still employers in the United Kingdom's private and voluntary sector who can see the benefit of multi-employer bargaining, but on the union side the results also have to be worthwhile: if they are not, it may be the union that walks away (see Box 1).

Steve McCool, National Secretary of the Community trade union, said: 'The multi-employer route has its advantages and disadvantages. Clearly there is some history of compromise, where short-term gains were postponed for the longer-term goals of creating a mechanism for negotiating continuous improvements for the workforce'.

McCool can point to positive results, but 'on the negative side there may be a tendency for multi-employer bargaining to concentrate on 'crying wolf' by always concentrating on the company in the sector with the lowest profits, the biggest problems and the most precarious future'. A multi-employer approach adds expertise, objectivity and collective strength to a sector that an individual company might lack: 'Obviously we must be vigilant that this possible strength is not used against the interests of our members. But then surely that is the point of strong trade unions'.

His conclusion is that the union has to be 'professional' in negotiating with multi-employer bodies and 'separate the wood from the weak trees they might want to put before us'. But multi-employer bargaining also presents great opportunities to organise and recruit new members: 'If trade union density in private industry is about 14 per cent then it is obvious that these bodies represent other companies with more employees (and potential members) that we need to sign up'.

But Martin Smith, national organiser for the GMB union, took a more critical stance while insisting that the union is no less committed to the political and industrial principle of multi-employer bargaining than other unions. Many employers like 'to wear the badge' of membership

of a trade group that bargains with unions, he said, and value them as a point of reference (for example, for industry safety regulations), 'but very few employers honour the national pay settlements in our current experience, for example in Flat Glass and Furniture – with a large number of employers paying higher than the agreed rate. So the role sectoral bargaining can play right now, in reality, in improving living standards is greatly exaggerated'. His comments focussed on the downsides of some multi-employer bargaining in the United Kingdom, 'zombie agreements' with low membership fuelled by disaffection; agreements 'hollowed out', decayed beyond repair that have to be managed and controlled by national officials on both sides, which are of much more value to the employer than the workforce:

'Certainly local bargaining is more popular with our members and officials alike and in most cases seems to deliver better results both in terms of pay and membership growth. But local pay claims can legitimately be submitted in parallel within most agreements and this is our plan for regeneration where the patient can be saved. In other areas we are also considering maintaining structures for the purposes of common agreements on safety standards, training and the like – but removing pay bargaining.'

The recession has undoubtedly exacerbated problems in one of the industries mentioned by Smith, flat glass. Nigel Rees, Group Chief Executive and National Secretary of the Glass and Glazing Federation, the employers' side of the Flat Glass Council agreement, highlighted its impact on the window industry where business had virtually halved and the domestic sector had crashed. It suffered from almost 'suicidal' costings, undercutting, its goods not being treated as a premium product – in short, it is in need of a big change.

From the employers' perspective, too, the agreement was seen as struggling and in need of a total overhaul, although Rees hoped it would survive. Its pay rates were poor and nearly every company paid above them, not a great advert for an industry that has a transient workforce (which tends to be competent but not formally qualified). It was out of date with current activities, the old grade names no longer used and not an aid to managing the business. Although other terms and conditions in the agreement were very useful, and there was a good relationship with the unions, there could be pressure to go to company bargaining.

Member involvement

There was a more positive story from the GMB about the engineering construction NAECI agreement. It had been nearly ‘dead in the water’ five years ago, Smith argued, with pay deals not honoured, membership chronically low and activist membership almost non-existent. The dispute at the Lindsey oil refinery in 2009 (over the application of the agreement in the context of the Posted Workers Directive) seems to have been a turning point and since then the union’s membership and activist base has grown and the pay deals have got better.

But the union’s more critical assessment of multi-employer bargaining in the United Kingdom has led it to consider different approaches, from ending agreements and rebuilding from scratch, to recapturing long-standing structures; submitting local claims in parallel with national claims; or maintaining agreements on safety standards, training and the like, but removing pay bargaining: ‘We don’t think the road to continued membership renewal lies in propping up out of date rickety structures or in trying to rebuild and reform them from the top down – for example by appealing to Government for support’, Smith concluded.

However, there are other examples of member involvement in the push towards raising standards on a multi-employer basis, such as Unite’s campaign of industrial action on London buses; or the 2010–2012 campaign by its tanker drivers to secure industry-wide minimum standards. Although that did not lead to sector pay bargaining, talks with the major oil distribution companies (through the Advisory, Conciliation and Arbitration Service) resulted in agreement on an industry-wide accreditation or ‘passport’ covering health and safety and training (with working groups on that, on pay benchmarking and on pensions, to be overseen by a Governance Group involving union officials and company representatives).

Government action

As these accounts show, views among the social partners on both sides are extremely varied and that leads on to differing expectations as regards the government’s role. The Confederation of British Industry (CBI) accepted that concerns about a squeeze in living standards were valid, but warned that ‘a more rigid labour market’ is not the answer. And, with an eye to the debate about increasing the National Minimum Wage, it warned that political interference in that process would undoubtedly have a negative outcome for some workers.

But while the CBI feared ‘political interference’ the TUC has been campaigning for government action to promote a more sectoral approach. Something of the kind featured in the Labour Party’s 2015 workplace manifesto (*A Better Plan for Britain’s Workplaces*) alongside plans for a higher National Minimum Wage and ‘carrot and stick’ promotion of the Living Wage.

Labour’s plan to ‘tackle the underlying causes of low pay and insecurity in different sectors’ involved empowering the Low Pay Commission (already tasked with making recommendations on the level of the National Minimum Wage) to identify sectors that can afford to pay more, and lower productivity sectors with high levels of low pay. The proposed mechanism for raising productivity and pay, ‘industry-led taskforces’, made no reference to unions or collective bargaining, but the sectors to be prioritised were ones the unions have been very concerned about: ‘There is a case for the first sector taskforces to focus on social care and agriculture, in the latter case to address the damage done by the abolition of the Agricultural Wages Board and ensure agricultural workers are properly protected at the sector level’. Labour said it would also ‘support and not undermine’ national conditions and pay review bodies in the public sector.

This was all much less ambitious than the calls for a state-led move towards sector-level collective bargaining proposed by Ewing and Hendy (2013) or Onaran (2014), but how would the social partners respond? International experience suggests that ‘institutional destruction’ is often irreversible (Visser 2013), so putting wider MEB collective bargaining back on the agenda for the United Kingdom’s private sector will certainly be a challenge.

Overcoming doubts

Historically, the UK social partners have plenty of experience with multi-employer bargaining and state intervention to foster it, in the form of Wages Councils and Boards. Much more recently, the success of the Living Wage – which, for employers that seek accreditation, implies a commitment to apply minimum-rate pay increases determined by an external agency – could also be seen as significant. And despite the many challenges faced by the big public sector bargaining groups they remain a significant reservoir of multi-employer bargaining in the United Kingdom.

But overcoming doubts among the social partners of the kind identified in this chapter would mean finding the ‘middle ground’ (as Nigel

Rees of the glass employers' federation put it), a deal that both sides can buy into. It would need to deliver not only on minimum pay but also on broader pay structures, pay progression, training, more equitable pay and employment relationships, conditions of service that improve on statutory minima; expertise and back up; and a framework with space for quality and innovation.

Experience also suggests that future multi-employer bargaining will work best where it fosters active participation by workers and employers at all levels, transparency and a sense of mutual ownership. It would not be a dispute-free environment, as disputes are a consequence of involvement and engagement, and it could not be a failure-free environment either, as some of the examples in this chapter show. But the impulse to collectivise industrial relations in the UK private sector has not entirely disappeared and might be re-kindled under the right circumstances.

Box 1 The ceramic industry – a case of role reversal?

Multi-employer bargaining in the ceramic industry ended in 2013, not because of a lack of support from the employers' side (although the industry had fragmented), but essentially because the union felt it could do better with single-employer bargaining.

The Ceramic Joint Council (CJC) used to operate as a disciplined, highly formalised and locally concentrated industry agreement, although there was some variation between individual employers over issues such as bonus payments and piecework rates. However, from the 1980s onwards, individual employers began to break away.

The first company to go found it hard to alter its wage structure, but more followed, leading the employers' federation to relax its rules so that they no longer compelled adherence to the agreement. Flexibilities (in this case an 'enabling agreement') were negotiated to provide more latitude for local changes, but problems accelerated after the National Minimum Wage was introduced from 1999.

Diversity within the ceramic industry (some parts of it depended on the success of the construction industry, some did not) created further fragmentary pressures, making it difficult to conclude annual agreements and bringing the risk of a 'lowest common denominator' approach. As the employers' side (the British Ceramic Confederation, BCC) saw it, things could have stabilised around the remaining dozen gift and tableware manufacturers, had the union been willing to continue.

Francis Morrall, BCC Deputy Chief Executive and Employment Director, said that the remaining companies still supported the CJC not just because it delivered for them in terms of pay but because they had a forum to talk to the union about other issues and useful procedures on issues such as grievances, discipline and sick pay.

He also stressed that there had always been 'some award' even during recessions, when many companies were freezing wages. The employers' side regarded that as at least some compensation for low basic pay rates. However, for pottery workers in Stoke-on-Trent, the concentration and domination of the industry in the area seems to have been a force for keeping wages low.

The union's case for stopping industry pay bargaining was, in part, specific to its circumstances (declining employer adherence, diversity in the sector) but it also reflected a view that employers with differing abilities to pay should be expected to pay differently, even where that means accepting smaller rises or a pay freeze where the alternative would be job losses.

Those that found the CJC agreement restrictive and decided to pull out included some big companies, but some of those left in were significant employers, too. Some were doing well and could afford a decent pay rise, others were struggling – for example on short-time working – and the union had on occasion been told there would be redundancies if a particular deal was agreed.

Unity general secretary Harry Hockaday confirmed that there was 'always something' in CJC deals, but settlements were 'subsidised' by members in bigger companies that could afford to do better. Bigger companies were 'hiding behind' the multi-employer agreement and might, for example, agree to pay the minimum pay rise but then pay big bonuses that were not negotiated (and claim the credit for it).

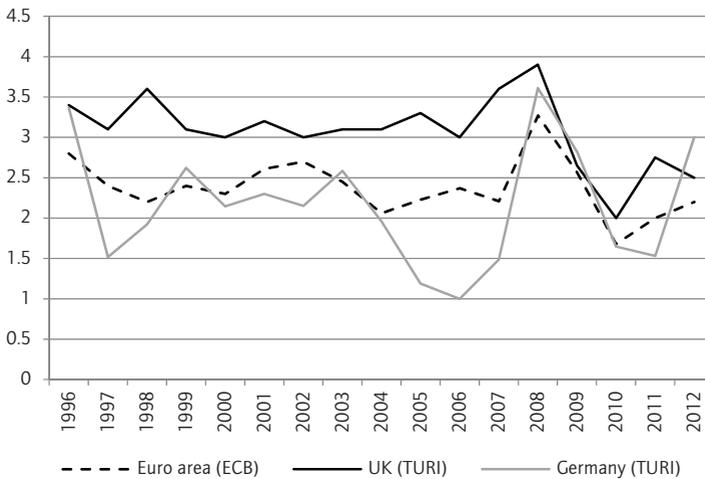
Moving to single-employer bargaining meant more work for the union as each employer had to be spoken to individually and some had never had to negotiate, letting the employers' confederation do it for them. Although they were outside their 'comfort zone', the union did not fail to reach an agreement.

Most non-federated companies (those that left the agreement) had better terms and conditions (although not necessarily better rates of pay), things which the union felt it could not get in the Federation, such as better overtime rates. The union said it still had a good relationship with the employers' side and hoped to continue to meet to discuss non-pay issues (such as the energy intensive industries initiative). It was also very positive about the industry's work on health and safety. However, for pay bargaining, the focus switched to company level.

7. Conclusion

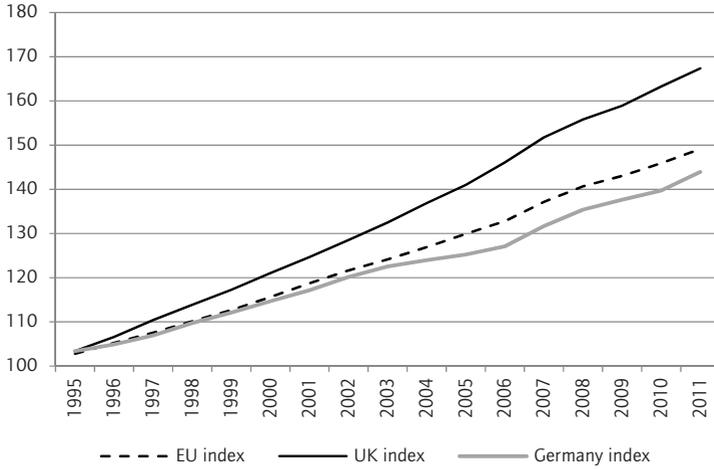
Multi-employer or sectoral bargaining has become something of a rarity in the private sector of the UK labour market, where union membership density and collective bargaining coverage have fallen to a low level. But it has not completely disappeared, remains dominant in the public sector and has become a focus for renewed consideration in view of the decline in real wages since the recession. However, experience with the surviving multi-employer bargaining (MEB) agreements varies and the system has its supporters and detractors on both sides (employer and trade union). Opinions differ on the extent to which government action in support of multi-employer bargaining would be beneficial and desirable but if it is to play a bigger role in future it would need to deliver clear benefits and foster active participation by workers and employers. This chapter focused mainly on the private sector, while recognising that the public sector is a major component in UK MEB bargaining.

Figure 5 Whole economy collectively agreed wage increases (%)



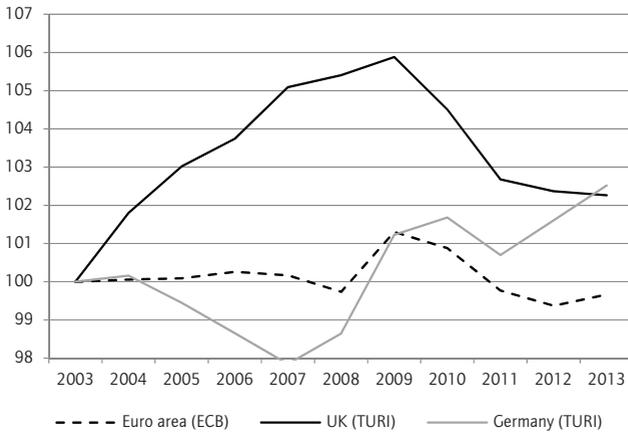
Source: European Central Bank and TURI database (WSI).

Figure 6 Whole economy index of collectively agreed wage increases



Source: TURI database (WSI).

Figure 7 Whole economy index of collectively agreed wage increases minus HICP inflation



Source: TURI database (WSI).

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