



COMMUNIQUÉ BY THE VICE-CHANCELLOR AND PRINCIPAL

INSOURCING OF SERVICE WORKERS AT THE UNIVERSITY

Dear Alumni

The purpose of this communiqué is to provide you with an update on the process of insourcing service workers. This communiqué is quite lengthy; however, it is important to include detailed information on the matter.

As you are aware, the sectoral challenge arose from the protests related to the #Fees-Must-Fall campaign. One of the demands of the protest campaign at the end of 2015 was that operational activities, which were previously outsourced by many institutions, be reintegrated (in common parlance "insourced") into universities' structures. The outsourced service activities involve different profiles and workers, as well as varying degrees of vulnerability. On the one hand, there are the cleaning and gardening staff, whose sectoral determinants place them at the lowest wage level, and who are therefore the most disadvantaged. In addition to the direct cost to company, there are other institutional costs for which universities must budget, including supervision, management and operating expenses (*Universities South Africa (USAf), November 2016*).

At the Central University of Technology, Free State (CUT), it was decided that, rather than regarding the matter as the insourcing of activities and workers only, other important elements of employment equity and social justice should also be considered. These elements relate to fair and decent employment for all, and the need to protect the dignity, safety and integrity of all those who work on our campuses. In this regard, the University's original intention was to address the plight of the most vulnerable workers. CUT entered into discussions on the matter on the basis of financial sustainability on the one hand, and fairness in employment on the other, and de-emphasised demands that cannot be justified on the basis of fairness, but that place undue pressure on the University's finances (*USAf, November 2016*). Correspondingly, a CUT Task Team, comprising of unions, the Students' Representative Council (SRC) and key senior staff, was established to address this matter in a manner that applies the nuances of the above.

The CUT Council, at its meeting of 26 November 2016, approved the following proposed implementation schedule:

- ❖ *Phase 1a – filling of existing vacancies in the cleaning and gardening functions with employees of the service providers currently on site, with length of service on CUT's campuses being the primary criteria (to be completed by December 2016);*

- ❖ *Phase 1b – filling of existing vacancies in security services from within the University; thus possibly creating more vacancies to be filled, as detailed in Phase 1a;*
- ❖ *Phase 2 – creation and filling of new posts, at a post level P18, in cleaning and gardening services, at both campuses. Filling of posts should meet the same criteria stipulated in Phase 1a (to be completed by January 2018); and*
- ❖ *Phase 3 – creation and filling of new posts in security services, following the implementation of an integrated security system.*

The progress regarding the implementation of each phase is as follows:

Phase 1a and 1b: In recent years, the University has, for various reasons, integrated/re-integrated certain functions as part of its permanent staff establishment, namely:

- ❖ the absorption of **five** employees, who were previously appointed by labour brokers, in the Maintenance Section in 2012, following the implementation of the reorganised P8 to P16 support services structure;
- ❖ the absorption of **six** Senior Administrative Assistants (SAAs), who were previously appointed by labour brokers, in the four faculties in 2013, following the implementation of the new faculty structure;
- ❖ the absorption of **30** employees, who were previously appointed by labour brokers, in the grounds, gardening and various other functions in 2016, following the amendment of the Labour Relations Act (LRA); and
- ❖ the filling of **five** long-standing vacant positions in Protection Services during 2015.

Furthermore, the Task Team agreed to fill existing vacant positions in cleaning and gardening services through a process of absorbing employees of the service providers to whom these functions have been outsourced, and who are currently assigned to CUT's campuses. To date, **15** vacant positions in cleaning and gardening/grounds services have been filled in this manner.

Thus, Phases 1a and 1b resulted in the appointment of **61** employees over the past five years.

Phase 2: The CUT Council, at its meeting of 10 June 2017, approved the following proposal for the implementation of Phase 2 of the insourcing process:

- ❖ *the creation of new gardening and cleaning positions on an annual basis, as a phased approach for insourcing, based on the availability of funds;*
- ❖ *the creation of ten positions in cleaning and gardening services for 2017 (Phase 2a); and*
- ❖ *that CUT should review the amount of money that can be allocated to the creation of new positions in cleaning and gardening services on an annual basis (Phase 2b, 2c, etc.), provided that the goal of finalising the insourcing of these two functions is constantly kept in mind.*

In response to this approval, **ten** new positions were created in cleaning and gardening services, which positions were filled in 2017 by using the same criteria as stipulated in Phase 1a. This has resulted in the insourcing of a total of **71** positions during the past five years. The University Council and Management remain committed to revisiting this decision on an annual basis, to ensure continued progress with Phase 2.

The total annual salary cost for the insourcing of employees during Phases 1 and 2, as at the time of their appointment, is R8, 242 million, as indicated in the table below:

| Phase | Description | No. of employees | Effect on 2017 salary bill (R) |
|--------------|---|------------------|--------------------------------|
| Phase 1 | Maintenance | 5 | 865 660 |
| | Faculty SAAs | 6 | 1 038 792 |
| | Absorbed due to amendments to the LRA | 30 | 3 196 850 |
| | Protection Services | 5 | 865 660 |
| | Existing positions in cleaning and gardening services | 15 | 1 365 165 |
| Phase 2 | New positions in cleaning and gardening services | 10 | 910 110 |
| TOTAL | | 71 | 8 242 237 |

Note: The amounts above are exclusive of the operational costs related to these insourced functions.

Phase 3: CUT has embarked on the implementation of an integrated security system in a phased approach, starting with access management to, and security cameras at, critical areas of the University's campuses and residences, in order to enhance the safety of our staff and students. A total budget of R5 million was availed by the University Council, and a further R2 million by the Department of Higher Education and Training (DHET), for this project in 2017. Furthermore, as per Council's resolution, the University will revisit the need for the provision of security services on our campuses in line with this decision, and will make informed decisions on the insourcing related thereto as the process unfolds.

From the above, it is clear that the University Council, Management and the Task Team on Insourcing are committed to the phased insourcing of service workers in a financially sustainable way. We believe that this phased and consultative approach will ensure fairness in employment on the one hand, and the financial sustainability of the University on the other. I would like to commend the CUT Task Team on Insourcing, comprising of Union and Student leadership, and key senior staff, for their hard work and dedication to this project.

In conclusion, full insourcing at a number of larger institutions placed their academic project under severe pressure, which, in turn, resulted in early retirement packages for senior academic staff, and drastic cuts in their faculties' operational budgets.

CUT is not prepared to compromise the quality of our teaching and learning, and research and innovation projects, as the students and staff will be the ones suffering at the end. Therefore, we rely on the support of the entire CUT community whilst attempting to manage this process in a responsible manner.

Yours sincerely



Prof. Henk de Jager
Vice-Chancellor and Principal
12 September 2017