

The Government Response to the Report of the Welsh Affairs Committee:

The future of the Newport Passport Office

Government Response to the Welsh Affairs Committee: The future of the Newport Passport Office

Introduction

The Welsh Affairs Committee (WAC) published its report “The future of the Newport Passport Office” on 3 February 2011. This memorandum sets out the Government response to the conclusions and recommendations of that report.

The WAC Report was published during an active collective consultation process with staff, trade unions and others on the proposed closure of the passport application processing centre at the Newport passport office. The Report formed part of that consultation exercise and the Government response to the conclusions and recommendations of the WAC Report have been provided after completion of the consultation exercise.

The Committee’s report includes around 15 conclusions and recommendations for action by the Home Office and the Identity and Passport Service. In this response, the recommendations are identified according to the paragraphs in which they appear in the WAC report and the Government’s detailed response follows the Committee’s recommendations.

Report Summary (Page 3)

“The Newport Passport Office is one of seven regional offices and one of five Passport Application Processing Centres. Newport Passport Application Processing Centre serves the whole of Wales, Devon and Cornwall, Avon and Somerset, Dorset and Gloucestershire. It deals with 47,000 passport applications annually—around 10% of the national total.

On 8 October 2010, the Identity and Passport Service (IPS) announced a public consultation on its proposed plan to close the Passport Office at Newport, with a loss of over 300 jobs. On 12 October, the Home Office announced that a customer service centre would be retained in Newport to service South Wales and the South West of England. A consultation process on the proposed closure began on 19 October 2010 and was subsequently extended to 18 March 2011. The piecemeal nature of the announcements suggests the lack of a co-ordinated strategy regarding the future of the IPS in Wales.

The Newport Passport Office is the only passport office serving the people of Wales. The Committee is concerned that its significance to Wales and its value to the Welsh economy has not been truly appreciated by the Government. No economic impact assessment of the proposal has to date been completed on an area which has suffered long-term effects from the closures of the heavy industry on which its prosperity was once founded. It is therefore important to re-examine and re-evaluate the criteria on which the decision was based. These oversights and omissions should be addressed before the final decision is made.

The Newport Passport Office is the second largest employer in the city centre. Its closure would have a significant economic impact on the city. Wales has recently suffered from the cancellation of several key strategic projects, which would have brought investment and jobs to Wales. The closure of the passport application processing centre would be a further blow for the Welsh economy.

The Committee is not convinced by the Government's argument that long-term savings will be made by reducing the size of the Newport Office. The Office has been responsible for successful, innovative programmes and has a cadre of skilled and experienced staff. The rationale behind the closure is based on short-term savings without a proper examination of the long-term advantages of consolidating services in Newport. The IPS should provide a detailed appraisal of the costs and benefits of consolidation and expansion in Newport as opposed to a reduction of services there.

Without the retention of the office in Newport, we doubt that the Government's duty to provide a Welsh-language service to users can be properly discharged.

The appraisal and consultation process which led to the decision in principle to close the Passport Office in Newport was unsatisfactory and the rationale for the decision is questionable. The Committee calls on the Government to ensure that the

concerns raised in the report are taken into account when deciding on the future of the Newport Passport Office.”

Government response: The Government welcomes consideration by WAC of this important issue for the public, for the Identity and Passport Service (IPS) and for the staff employed at the Newport Office. The Committee’s Summary indicates that IPS planned to close the Newport Passport Office. That is incorrect. The focus from the outset has been to reduce the excess staff headcount and excess estate capacity that exists in the application processing network. That network is currently operated across five centres at Belfast, Durham, Liverpool, Newport and Peterborough.

In October 2010, IPS announced that it would carry out a consultation process with staff and trade unions on the proposed closure of the application processing centre at Newport. This was part of IPS’s strategy to remove the excess capacity of 350 FTE posts and around 25% of the physical estate. As indicated in more detailed responses below, the details of the proposed consultation were leaked in advance of the formal announcement. The reports of the leak mistakenly indicated that IPS was closing all passport services in Wales. That was not the case but it led to understandable concern and consternation from people living in Wales.

IPS is committed to providing its customers across the United Kingdom with a high quality of service. The locations of the application processing centres are not material to delivering a secure and quality passport service to our customers who apply through the post or online. IPS does, however, very much acknowledge the impact of job losses and is grateful to the Committee for its helpful insight and contribution in seeking to protect employment and job prospects in Wales.

On a factual point, IPS issues around 5.5 million passports each year. The footfall at the Newport Passport Office represents 1% of people applying for a passport each year.

CONCLUSIONS AND RECOMMENDATIONS (Pages 22-24)

1. We have some evidence that the Identity and Passport Service has made decisions in the past that have come to be seen with hindsight as short-sighted. Decisions are reversible, but in the case of the Newport Office the impact may be permanent even if the predictions on which the decision is based turn out to be wrong. For this reason we believe it is important to re-examine and re-evaluate the criteria on which the decision was based. They did not include an economic impact assessment on an area which has suffered long-term effects from the closures of the heavy industry on which its prosperity was once founded. Nor did they give any weight to the fact that the Newport Office is the only branch of the service in Wales. For both these reasons, we believe the analysis undertaken by the IPS regarding its

cost saving programme was unsatisfactory. These oversights and omissions should be addressed before the final decision is taken. (Paragraph 12)

Government response: The case for closing Newport APC was set out in the Multi-Criteria Analysis. The Multi-Criteria Analysis (MCA) method was used to establish objectively which office provided the best option for closure. In doing so, IPS applied the criteria of cost, affordability, estates, people, customers and partners, performance and operational feasibility. Consideration was given to the respective weightings of the criteria but these were ultimately given equal weights, as varying the weightings made no discernible impact on the outcome of the analysis.

The MCA identified the potential benefits of closure of each of the current five APCs and of making the necessary savings across the whole of the APC estate rather than by focussing on a single APC. The MCA identified closure of the Newport APC as the most effective approach to remove the excess capacity within the application processing network; and the most efficient approach in terms of one-off costs for closure and avoiding the need to backfill posts in other processing centres.

In accordance with the guidance published by the Department of Business, Innovations and Skills on issuing an Impact Assessment, IPS was not required to complete or publish such an assessment. However, in response to the request from the Welsh Affairs Committee and from interested parties, an Impact Assessment (IA) was issued in March 2011. Both the MCA and the IA show that the benefits to be achieved by closing the Newport APC outweigh any of the other considered options.

The absence of an IA was not an omission. However, the decision to complete the assessment provided IPS with a further opportunity to consider and verify the economic case for closure of the Newport APC. In doing so, the figures and statistics used and calculations undertaken were subject to independent verification by the Office of National Statistics, StatsWales and the Home Office Chief Economist.

The issue of local impact is considered in response to recommendations six and seven below.

Retaining a full passport service at Newport

2. The UK Government is committed to pursuing a programme of relocating public sector jobs to the regions. We support this approach. In the light of this, we conclude that there is a strong case for consolidating services in Newport, rather than removing them. We therefore recommend a further re-examination of the economic case for the Newport Office on the basis of consolidation of services there rather than their removal. In its response to this report and to the public consultation, we expect the IPS to give a detailed appraisal of this option. (Paragraph 16)

Government response: The Chancellor announced in his March Budget the creation of Enterprise Zones in England and the development of Local Enterprise Partnerships all over the country to come forward with proposals. In Wales, responsibilities in this area are devolved and the Government is working with the National Assembly for Wales so they too can enjoy the benefits of this policy.

We have used the consultation period constructively and looked at the ability for services to be consolidated at Newport. Ministers have already announced that a customer service centre will be located at Newport and this will provide 50 FTE posts. We also plan to consolidate some other functions to the Newport Passport Office. This will include a further 75 FTE posts dealing with Customer Correspondence and Complaints and a Customer Enquiry Centre for telephone enquiries.

The decision to base these functions in Newport has been taken as part of the restructuring exercise of all posts which IPS has been carrying out over the last few months. There are benefits to IPS and to customers in consolidating these functions in one or two sites and establishing a centre of excellence for customer services. It makes financial sense by making best use of existing expertise and skills available in the Newport office. It will also reduce significantly the number of job losses in Newport.

Consultation with the Secretary of State for Wales

3. In its report on Wales and Whitehall, our predecessor Committee concluded that Whitehall guidance as it applies to Wales has been misunderstood on a number of occasions. We conclude that such a misunderstanding has occurred again. Devolution Guidance Note 4 is clear on the key role of the Secretary of State for Wales and the Wales Office from the start and throughout any process. On this occasion the Secretary of State for Wales was marginalised during the decision process. The decision-making process was flawed by this omission. (Paragraph 19)

Government response: IPS operates on the basis of fee income from passport applications and has to ensure that it operates effectively and efficiently. A business decision was necessary once the level of excess capacity had been established. Passport fee-payers are not expected to subsidise excess and unnecessary offices or to be pay for over-capacity in staff numbers. Therefore, from a business perspective, IPS had no choice but to achieve savings to satisfy the interests of the passport applicant and the UK economy.

The outcome of that consideration was due to be shared with colleagues from the Wales Office ahead of the planned consultation exercise with staff and trade unions on 18 October. That is a normal process of Government and the advice and guidance received from the Wales Office would have been considered ahead of the announcement. However, details of the proposed consultation were leaked ahead of the announcement and the timeline for clearing the proposed details of the consultation was disrupted.

We are not aware of the source of the leak but it was an irresponsible action that misrepresented the details of the consultation. It also meant that the important input and direction from the Wales Office was diverted from providing pro-active advice and instead part of the reactive communications strategy that was put in place at very short notice.

The Wales Office is from far marginalised on this matter. There has been a series of meetings between Ministers and officials from the respective departments. The Secretary of State for Wales has played a key role in helping secure the customer service centre and other posts in Newport.

Negotiations with the unions

4. The breakdown in the relationship between IPS management and the Public and Commercial Services Union, which has deteriorated to the level of both sides publicly trading claims and counter-claims, is a demonstration of the mismanagement of the appraisal and consultation process relating to the proposed decision to close the Newport Passport Application Processing Centre. (Paragraph 24)

Government response: Negotiating on staff cuts is a challenging environment but we do not recognise the level of discord suggested by this recommendation, which is based on the contention by PCS that IPS “has been evasive and is not willing to consult properly with the union”. We have had regular and frequent meetings with the PCS during the consultation period and have always been available to meet to discuss issues on the proposed closure of the APC at Newport.

Announcement of the proposed closure

5. The initial announcement that the Newport Passport Office would close was followed two days later by the announcement of the retention of a customer service centre. The piecemeal nature of these announcements suggests the lack of a co-ordinated strategy regarding the future of the Identity and Passport Service in Wales. The manner in which the announcements were made public reflects badly on both the Home Office and the Identity and Passport Service. (Paragraph 30)

Government response: As indicated earlier, the announcement of proposed job losses was leaked ahead of the planned date of 18 October 2011. As also indicated earlier, this was an irresponsible action by those who leaked the news because of the added stress and anxiety this caused staff both in Newport and across the whole of IPS. We specifically announced the retention of a customer service centre in Newport because much of the focus at the time, and indeed since, was on IPS withdrawing its passport facilities from the whole of Wales. That was never the intention of the consultation exercise and would have been made clear if the announcement had proceeded as planned.

The Economic Impact of the Proposed Closure

6. The closure of the passport application processing centre at Newport would have a significant economic impact on the city. We find it extraordinary that neither an economic impact assessment nor an equality impact assessment was undertaken before the decision was announced. We strongly recommend that the Government publish its Economic Impact Assessment and Equality Impact Assessment before a final decision is made and that its findings are fully considered. (Paragraph 41)

7. Wales has recently suffered from the cancellation of several key strategic projects, which would have brought investment and jobs to Wales, such as the cancellation of the project to develop the military training facility at St Athan. In addition, uncertainty remains about the electrification of the main train line between Swansea and London. The closure of the passport application processing centre would be a further blow for the Welsh economy. (Paragraph 42)

Government response: Impact Assessments are not required where policy changes will not lead to costs or savings for business, the public sector, third sector organisations, regulators or consumers. Nor are they required where changes to statutory fees or taxes are covered by a predetermined formula such as the rate of inflation, or in respect of other changes to taxes or tax rates where there are no associated administrative costs or savings. Advice was sought at an early stage from the Department of Business, Innovation and Skills who confirmed that an Impact Assessment was not required,

IPS did, however, respond to the Committee's recommendation and issued a full Impact Assessment and Equality Impact Assessment on 11 March 2011. As indicated in response to recommendation 1 above, the IA served to confirm the conclusion that Newport APC represented the most effective solution to achieve the required cut in excess capacity.

IPS has not been able to carry out localised assessments for Belfast, Durham, Liverpool, Newport and Peterborough. That would require the same level of data for each town and for that data to be reliable. The Office of National Statistics informed IPS that consistent and reliable data that were meaningful were not available at such a local level.

An assessment was compiled by Newport City Council and others as part of the consultation in the form of a local impact assessment. This was a helpful contribution to the decision-making process but unfortunately the use of out-of-date multipliers, unsupported assumptions and unreliable conclusions meant that the figures provided could not be substantiated. The figures and calculations used in this document served to confirm the ONS advice that consistent and reliable data were not available at the very local level.

We do recognise the impact on a local economy of losing jobs. That same consideration applies to the geographical locations of each of the five existing centres. That is why we applied similar criteria to all the options.

The Impact of the Proposed Closure on Customers

8. The Newport Passport Office has a reputation for excellent customer care. The closure of the Newport Passport Application Processing Centre would result in the loss to the service of skilled people with significant experience. We are very concerned that a smaller office in Newport might lead to the deterioration of services for the people of Wales and the South West of England. The Government must guarantee that the same high level of service will continue to be provided by the Identity and Passport Service and set out its plans to ensure this is met. (Paragraph 46)

Government response: A customer service centre will be located at Newport. This will provide for the 47,000 people who use the existing office at Newport from South Wales and South West England. In addition, the centre would retain the ability for Welsh language applicants to obtain services in the Welsh language. There are also the additional customer service roles at Newport.

IPS achieves high levels of public confidence in the passport process and high levels of public satisfaction on the quality of service. That is because of the commitment by and application from staff and who are the biggest asset of the agency. The decision to reduce staff is a very difficult decision and we acknowledge the impact that the loss of a job and a career may have.

However, IPS is running at a level where there are simply too many staff and too much physical estate. We cannot expect the passport applicant to subsidise excess capacity.

Welsh language service provision

9. We welcome the Government's commitment to continue providing Welsh language provision in Newport. However, we are concerned that the closure of the Newport Passport Application Processing Centre would mean that, in the first instance, all applications from Wales, including those completed in the Welsh language, would be sent to a processing centre outside Wales. There would then inevitably be a delay as the Welsh language passport forms were returned to the Newport customer office for processing. We are concerned that there may be deterioration in services for Welsh speakers. (Paragraph 52)

Government response: As with existing postal applications completed in the Welsh language, these applications will continue to be directed to the Newport office. The Newport Office, similar to other customer service centres will have the capacity to issue passports locally to those customers who require IPS's premium or fast track services. It will not result in a deterioration of service to Welsh language customers.

Interview Office Network

10. We are concerned that the closures of offices in the Interview Office Network will result in customers in Wales having to travel unreasonable distances for passport

services and that specialist local knowledge, useful in detecting passport related fraud, will be lost. (Paragraph 54)

Government response: IPS announced its closure programme for the Interview Office Network on 12 March 2011. The offices in Aberystwyth, Swansea and Wrexham will be replaced by flexible teams. That means that IPS will look to use offices and other premises owned or leased by other government departments or local authorities and provide a service which is focussed on meeting demand in local areas. There will also be an interview facility at the customer service centre in Newport.

Conclusions

11. The Newport Passport Office is the only passport office serving the people of Wales. We are concerned that its significance to Wales and its value to the Welsh economy has not been truly appreciated by the Government. The Government should take this into account when deciding the future of the IPS in Newport. The Government must publish an economic impact assessment of the proposed closure and consider its findings before a final decision is made. (Paragraph 55)

Government response: The decision to locate the customer service centre and consolidate other customer services in Newport recognises the importance that IPS places on making use of experienced and expert staff resources. It also emphasises the recognition by IPS of ensuring that customers across the UK have access to passport services at an economic cost to the applicant and the UK economy.

12. We are not convinced by the Government's argument that long-term savings will be made by reducing the size of the Newport Office. The Office has been responsible for successful innovative programmes and has a cadre of skilled and experienced staff. The rationale behind the closure is based on short-term savings without a proper examination of the long-term advantages of consolidating its services in Newport. The Identity and Passport Service should provide a detailed appraisal of the costs and benefits of consolidation and expansion in Newport as opposed to reduction of services there. (Paragraph 56)

Government response: Both the MCA and the IA provide evidence of long term benefits in closing the application processing centre at Newport. The evidence in support of this has been subject to independent verification. The proposals for an enhanced customer service facility at Newport recognise the benefits of making best use of the skills and knowledge of staff at Newport. That decision also recognises the long-term approach taken by IPS to continue to provide a safe, secure and economic passport service whilst enhancing the quality of service provided to its customers.

13. Without the retention of the office in Newport, we doubt that the Government's duty to provide a Welsh-language service to users can be properly discharged. (Paragraph 57)

Government response: The proposed restructure of the APC network will not impact on the services available to Welsh language users.

14. The decision reflects a failure on the part of the UK Government to give adequate consideration to the cumulative impact of its decisions on Wales. (Paragraph 58)

Government response: The decision taken by IPS is an operational decision to ensure the efficacy of the passport process. Whilst it has been necessary to make cuts in the application processing centre at Newport, the restructuring process that IPS has carried out will enable other posts to be provided in Newport and the establishment of a new centre of excellence for customer services.

15. The appraisal and consultation process which led to the decision in principle to close the Passport Office in Newport was unsatisfactory and the rationale for the decision is questionable. In particular, the duty to inform and consult the Welsh Assembly Government and the Secretary of State for Wales were not properly discharged. The Government should use the extended consultation period to question again the rationale behind the decision, taking full account of an economic impact assessment, and the whole process needs to be presented in the context of a properly thought-through strategy for the IPS in Wales. We call on the Government to ensure that the concerns raised in our report are taken into account when deciding on the future of the Newport Passport Office. (Paragraph 59)

Government response: The Government acknowledges the concern expressed by the Committee and hopes that the responses to the individual recommendations provides clarity on the lengthy, detailed and objective process undertaken by IPS.

IPS has worked closely with the Wales Office and other government departments and taken their advice and support. The outcome of the consultation has shown that we have listened to the consultation process and taken on board suggested approaches to achieve a workable and effective solution.

23 May 2011

An electronic version of this document will be available under the 'Publications' section of the IPS website www.ips.gov.uk