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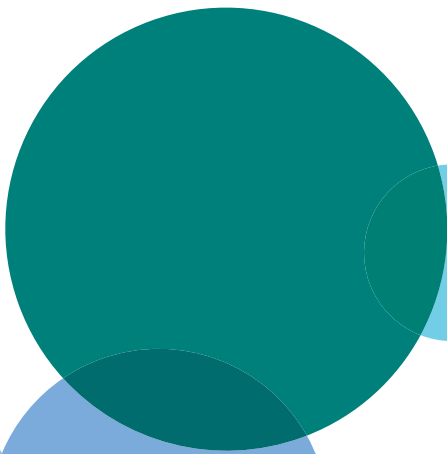
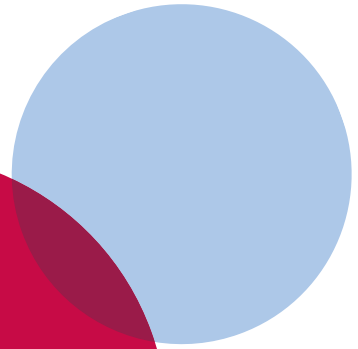
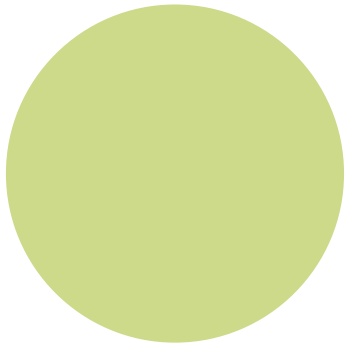
INVESTOR IN PEOPLE

This report on the activities of the Advisory, Conciliation and Arbitration Service (Acas) for the period 1 April 2006 to 31 March 2007 was submitted to the Secretary of State for the Department for Business, Enterprise and Regulatory Reform on 24 July 2007 as requested by the Trade Union and Labour Relations (Consolidation) Act 1992.

Acas Annual Report and Resource Accounts 2006/07

This report on the activities of the Advisory, Conciliation and Arbitration Service (Acas) for the period 1 April 2006 to 31 March 2007 was submitted to the Secretary of State for the Department for Business, Enterprise and Regulatory Reform on 24 July 2007 as requested by the Trade Union and Labour Relations (Consolidation) Act 1992.

Ordered by the House of Commons to be printed 24 July 2007.



area

Acas aims to improve organisations and working life through better employment relations. We provide up-to-date information, independent advice, high quality training and we work with employers and employees to solve problems and improve performance.

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< **Rita Donaghy CBE** has been Chair since 2000. She was formerly a member of the Low Pay Commission and the Employment Tribunal Taskforce and chaired the TUC Disabilities Forum. She was appointed to the Committee on Standards in Public Life (formerly Nolan) in 2001



< **Sarah Anderson CBE** is involved in running a number of small businesses and is also a non-executive member of JobCentre Plus. She was formerly a member of the Small Business Council

> **Dr Simon Auerbach** is a partner in a firm of solicitors, Pattinson Brewer, and co-heads their employment department



> **William Coupar MBE** is the Director of the Involvement and Participation Association



< **John Cridland CBE** is Deputy Director-General of the CBI and is responsible for the management of the CBI's policy and membership activities



< **Tony Dubbins** is the Joint Deputy General Secretary of trade union Amicus

> **Su Jenkins** is a lawyer specialising in employment and diversity law and former Head of Employment Law for J Sainsbury plc



> **Ronnie McDonald CBE** was formerly Deputy General Secretary of the Scottish Trades Union Congress (STUC)



< **John McMullen** is partner and Head of Employment Law at Watson Burton LLP and Professor of Labour Law at the University of Leeds



< **Dave Prentis** is the General Secretary of Unison

> **John Steele** was formerly Group Personnel Director with the telecommunications company BT plc and currently holds a number of non-executive positions



> **Sarah Veale CBE** is the Head of Equality and Employment Rights at the TUC





Once again this has been a busy year for Acas – and once more the organisation has delivered a first class service to its many customers and stakeholders.

One of my Council colleagues described Acas as the ‘jewel in the Crown’ of British employment relations. I certainly believe this to be the case. Our expertise is valued both here and in other countries throughout the world, who would dearly love to have a similar service.

Our reputation for objectivity and integrity remains our unique selling point – and it is this that enables us to be so successful at what we do.

It is always difficult to pick out ‘highlights’ of the year, particularly when there has been so much success. I must, however, mention the introduction of age discrimination legislation – possibly the biggest development in British employment relations law for some years. People assume age discrimination only affects older people. The Acas message is that it affects everyone, old and young alike. It was good to see us at the forefront of considerable public interest – and I believe we seized a rare opportunity to promote our expertise and get our message across to new audiences.

Acas’ reputation is built on its people, who continue to deliver in increasingly difficult circumstances and I thank them for their dedication and professionalism.

Finally, I would like to thank the outgoing members of the Acas Council – Willy Coupar, John Cridland, Tony Dubbins, Ronnie McDonald and John Steele – for their loyal service. And welcome the new faces – Susan Anderson, Peter Bennett, Debbie Coulter, Jonathan Michie and Derek Simpson – who will replace them.

This is my last year as Chair of Acas Council and I look back with real satisfaction at what we have achieved. It is now time for the organisation to look forward, face the challenges that lie ahead, and have confidence in what Acas can deliver.

A handwritten signature in black ink that reads 'Rita Donaghy'.

Rita Donaghy CBE
Acas Chair

Chief Executive's statement

Forty-five years ago, when Bob Dylan proclaimed that 'the times they are a-changin'', he knew he was on pretty safe ground. Change is inevitable. It is part of life – and the world would be a very strange place without it.

It is how we adapt to change and use the cards we are dealt to best advantage that will define our future success. This year has seen major impacts upon employment relations and the resources at Acas' disposal to carry out its wide-ranging mission to improve organisations and working life.

One thing has remained constant however – the excellence of our services and the high standards we deliver to our customers. This year our training services received a 96 per cent satisfaction rating from our customers; our helpline answered almost 850,000 customer enquiries; and our website grew in popularity, with over 2.7 million visits.

We conciliated in over 105,000 individual cases – saving 73 per cent of all potential tribunal hearing days – and achieved a satisfaction rating of over 90 per cent. We also assisted in over 900 collective disputes, 95 per cent of which were resolved with our help.

To add to this impressive list, Acas claimed 220th spot in a British business-to-business super-brands survey published in the *Sunday Telegraph*. We were one of only a very small handful of public sector organisations to make the top 500 list.

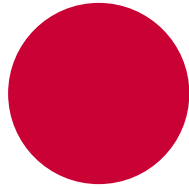
A core feature of Acas activity is helping the world of work to adapt to the challenges of equality and diversity. This year saw one of the biggest developments in employment relations law in recent times, with the introduction of age discrimination legislation. Acas was at the forefront of meeting this new challenge. We developed expert plain English guidance; conducted an excellent awareness-raising campaign; and ran a very successful series of training events for employers all over Great Britain. We also delivered a robust programme to support the Government's Sexual Orientation, Religion or Belief legislation.

Our international reputation continues to grow. This year saw the completion of EU-funded projects in Romania and Bulgaria, while we also provided employment relations advice to the Brazilian government. We were visited by delegations from China, Japan, Malaysia, France and Ethiopia.

Last year we reported on the introduction of a three-tier service for conciliation cases, with particular anticipated pressure on streamlining short-period ones (which need to be resolved within seven weeks). This, combined with the loss of 60 conciliator posts, has tested colleagues to the full.

The fact that the organisation has continued to deliver across all fronts is a tribute to the talent and commitment of our staff, whether they are out in the field or based at the centre. We are one organisation, proud of our people, and committed to investing in their future.

I would like to acknowledge the outstanding contribution that Rita Donaghy has made in her years as Chair of the Council. She leaves her post in October 2007 and will be very much missed by Acas colleagues. On behalf of us all, I would like to wish her the very best for the future.



So, what will next year bring? One thing is certain – Mr Dylan is sure to enhance his prophetic credentials. For a start, we will have a central and continuing role to play in helping the new Commission for Equality and Human Rights to fulfil its role. We will also have a central role to play in helping to shape and deliver the new employment relations system that emerges following the Gibbons Review. And we are currently working with the Department for Business, Enterprise and Regulatory Reform (formerly the DTI) to see how our website and helpline will be delivered in future. Finally, we will continue to explore the challenges that reduced funding will bring to the organisation.

As the saying goes, we live in interesting times.

John Taylor
Chief Executive

We were one of only a very small handful of public sector organisations to make the top 500 list



To achieve our mission we provide practical support and advice to employers and employees.

We help all involved in the employment relationship to make sense of sometimes complex employment legislation and promote good practice in the workplace. We are here to help prevent disputes and, when they do occur, to help resolve them. Our key performance indicators (KPIs), set out in our Service Level Agreement (SLA) with the Department of Trade and Industry (DTI), attempt to measure the impact and effectiveness of our work. In addition to the outcome measures contained in the SLA, we have a number of other service performance indicators.

This section gives a brief overview of how Acas has performed against its key performance indicators during the 2006/07 year.

Our mission is to improve organisations and working life through better employment relations

train



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Performance indicators

Conciliation in collective disputes

Our objective in collective conciliation is to become involved in all large-scale disputes, at the very least to keep in touch with the parties even if our dispute resolution services are not required. For those disputes where we do conciliate, our aim is to help the parties resolve the issues successfully, with a KPI target of 80 per cent.

In the 2007 Collective Conciliation Survey, customers reported that our involvement led to a successful outcome in 90 per cent of the cases we handled. During the year we established contact with the parties in all large-scale disputes, including North Sea divers, university and further education college lecturers, Central Trains, British Airways and the Civil Service (see page 17). In most cases, we became actively involved in conciliation and helped the parties reach successful outcomes. In the cases of British Airways and the Civil Service, we established contact with the key players and ran alongside the dispute without becoming involved in formal conciliation.

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Conciliation in employment tribunal cases (individual rights disputes)

On individual conciliation, the KPI looks at the percentage of hearing days saved based on settlements and independent customer feedback on the percentage of withdrawals where our conciliator made a significant contribution to the outcome.

Our individual conciliation KPI is complemented by two other performance measures. The first focuses on the percentage of potential hearing days saved by settlements and all withdrawals that take place in open period cases and within fixed periods for conciliation in all others (including those with agreed extensions to the window and where we have exercised our power to intervene outside the fixed period). This year 73 per cent of potential tribunal hearing days were saved by successful outcomes within the conciliation window. Broken down into the separate tracks, 52 per cent of potential hearing days were saved against a target of 50 per cent in short-period cases; 63 per cent were saved against a target of 60 per cent in standard-period cases; and 84 per cent were saved against a target of 85 per cent in open cases.

Secondly, we undertake independent research to look how satisfied our customers are with the service we provide. Against a target of 85 per cent, 90 per cent of customers were either fairly satisfied or very satisfied with the service.

In addition to tribunal complaints, we dealt with approximately 56,000 equal pay cases before any claim had been presented to the tribunal, representing a further substantial saving on tribunal resource (see page 31).

Workplace projects

Our main objective for workplace projects is to improve workplace employment relations (see page 14). The KPI looks at the percentage of projects where the parties reported an improvement in employment relations following our intervention.

We measure our impact by using independent customer feedback surveys to establish whether there has been an improvement in at least one of the following areas:

- communications
- day-to-day working
- trust
- employee morale; and
- fair treatment of employees.

In 2006/07, 70 per cent of our workplace projects reported improving employment relations, against the target of 70 per cent.

At a glance: Acas performance during 2006/07

Acas training

Our charged services aim to raise awareness of good employment practice contributing to improved organisational performance (see page 22).

The KPI on Acas training sessions focuses on the percentage of managers from small and medium-sized enterprises (SMEs) – those with fewer than 250 employees, who introduce or reform discipline and grievance procedures after either attending an Acas training event or using an Acas website e-learning tool, with a target of 70 per cent.

We also have a service performance target for training that 95 per cent of customers are satisfied with the session. In 2006/07, 96 per cent of customers who attended an Acas training session were either satisfied or very satisfied with the session. Customer surveys encouragingly indicate that the training received is put into practice in the workplace.

Acas national helpline

The Acas helpline gives impartial information and advice on all sorts of employment-related matters to employers, employees and their representatives.

Feedback is gathered by independent customer research every two years. The 2007 Customer Feedback Survey reported that 87 per cent of callers were able to take clear action following their call to the helpline therefore comfortably exceeding the KPI target of 70 per cent.

We also have service standards for the helpline to provide callers with quick access to a helpline adviser, aiming to answer 70 per cent of incoming calls within 20 seconds. This year, 63 per cent of calls were answered within 20 seconds, falling below our target. This shortfall was principally caused by increases in demand and shortage of staff due to business restructuring (see page 25). Over the last three years the number of calls to the helpline has increased by around 10 per cent a year.

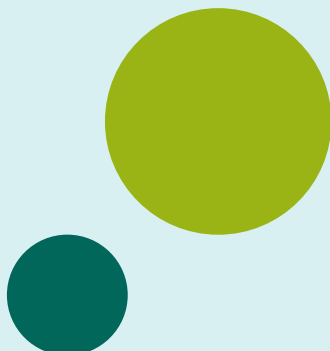
Mediation services

Mediation is an effective way to prevent workplace disputes from reaching the employment tribunal stage. Our objective is to promote internal workplace mediation in organisations by training individuals to handle these disputes (see page 28).

As this is relatively new area of activity, we have an interim KPI of 72 candidates gaining accreditation following the successful completion of the Acas workplace mediation course in 2006/07. About 250 delegates attended courses during the year and 100 gained accreditation.

Acas equality and diversity services

Our objective is to assist employers to formulate and introduce policies and practices to ensure equality at work (see page 17). Our work in this area was re-shaped internally at the beginning the year and the KPI is being reviewed. Our customer survey conducted in February 2007 shows that three-quarters of organisations with which Acas worked had introduced or changed an equal opportunities policy as a result of Acas input. Ninety-one per cent of customers were fairly or very satisfied with the service that they had received from Acas and a similar proportion were likely to recommend Acas equality and diversity services to a friend or a colleague.



Unit costs

We aim to deliver a cost-effective and efficient service to our customers and stakeholders. We look for efficiency savings where this is practicable, without affecting the quality of the service.

In 2006/07 the average cost of a successfully cleared individual conciliation case (including non-tribunal claims) was £219, a fall compared to the previous year. The main reason for this was the successful and efficient handling of the equal pay non-tribunal cases mentioned above.

The average cost of a successful collective conciliation case was £2,044 and an arbitration case was £2,287. Although, we have devoted fewer resources to both collective conciliation and arbitration, the fall in the number of cases is the main contributory factor to the increase in costs for both activities.

The average cost of our advisers answering a helpline call was £9.11 up from £7.33 and reflects the fact that in the first half of the operational year, many of our newly-recruited staff were undertaking a lengthy initial training programme and were not able to answer calls.

For a more detailed breakdown please see the Facts and Figures section of this report, pages 51 to 66.



Performance targets

Key performance targets for service level agreement (SLA)

	2006/07		2005/06	
	target	outturn	target	outturn
Conciliation in collective disputes				
a) The promotion of a settlement in disputes in which Acas is involved	80%	90%	80%	n/a
b) Acas involvement in large-scale disputes	100%	100%	100%	100%
Conciliation in employment tribunal cases				
The percentage of potential hearing days avoided as a result of Acas interventions	50%	*73%	50%	66%
Workplace projects				
The percentage of workplace projects reporting an improvement in employment relations following Acas intervention	70%	70%	70%	75%
Acas training services				
The percentage of managers in SMEs who introduce or reform discipline and grievance procedures following				
a) Attendance at an Acas training event	70%	n/a	70%	**68%
b) Use of an e-learning tool	70%	n/a	70%	78%
Acas helpline				
The percentage of callers who were able to take clear action following their call to Acas helpline	70%	87%	70%	n/a
Mediation training services				
The number of individuals receiving accreditation	72	100	72	54
Equality services				
a) The percentage of parties who respond that agreed objectives are 'mainly or fully met'	70%	n/a	70%	n/a
b) The percentage of workplaces reporting an improvement in equality policies	70%	n/a	70%	n/a
Publications on good practice at work				
The percentage of customers reporting that information provided by Acas resulted in a change in policy or practice	60%	n/a	60%	n/a

Performance against key targets

	2006/07		2005/06		2004/05		
	target	outturn	target	outturn	target	outturn	
Promoting settlements of employment tribunal cases							
Percentage of tribunal hearing days saved during fixed period of conciliation in short and standard period cases or prior to the full hearing in open period cases ¹	short period	50%	52%	50%	53%	n/a	n/a
	standard period	60%	63%	60%	64%	n/a	n/a
	open period	85%	84%	85%	86%	n/a	n/a
Customers very satisfied or satisfied with service	85%	90%[†]	85%	90% [†]	85%	84%	
Provision of information and advice							
Percentage of helpline callers answered within 20 seconds	70%	63%	70%	73%	70%	68%	
Customers satisfied or very satisfied with the service	95%	94%	95%	n/a	95%	93%	
Training Services							
Customers very satisfied or satisfied with charged events	95%	96%	95%	95%	95%	96%	

¹ This was a new measure introduced in 2005/06 superseding one that looked at the percentage of cases not proceeding to a full hearing. For the first full year of its introduction, no target was set in order to allow impact of the new regulations to be assessed.

* This figure is based on Acas settlement and claim withdrawals which took place within the fixed conciliation period.

** This figure was reported as 89% in 2005/06 but was later adjusted to 68%.

† The customer satisfaction survey bridged the years 2005/06 and 2006/07.

Other performance targets

	2006/07		2005/06		2004/05	
	target	outturn	target	outturn	target	outturn
Percentage of arbitration awards provided to parties within three weeks of hearing	100%	88%	100%	92%	100%	98%
Percentage of letters to helpline answered within seven working days	100%	98%	100%	98%	100%	97%
Percentage of bills paid within the terms of the relevant contract or within 30 days of receipt of valid invoice	100%	96%	100%	96%	100%	100%

Other performance indicators

	2006/07	2005/06	2004/05
Number of ET1s and non-ET1s received	162,653	141,288	86,816
Number of non-ET1s received	57,476	31,576	4,983
Number of re-employments	660	913	1,010
Number of requests for statutory arbitration scheme	3	6	5
Number of collective conciliation requests received	912	952	1,123
Number of workplace projects started	221	245	331
Number of requests for trade dispute arbitration	47	57	58
Number of calls answered by the national helpline	839,335	908,553	880,787
Number of calls answered by Equality Direct	6,182	5,061	4,736
Number of advisory visits	1,343	2,002	1,923
Number of training sessions delivered	2,707	2,964	2,989
Number of equality contracts delivered	1,008	135	99
Parties to tribunal cases who felt that Acas helped speed up the resolution of their case	n/a	81%	63%
Costs of completed collective conciliation case where a settlement was achieved or significant progress made	£2,044	£1,873	£2,312
Cost of an arbitration hearing	£2,287	£1,850	£1,993
Cost of individual conciliation case settled or withdrawn	£219	£280	£415
Cost of a helpline enquiry answered	£9.11	£7.33	£8.00

The background is a solid green color with a white curved corner in the top right. There are four circles: a large blue circle in the upper center, a smaller white circle to its right, a large light green circle in the lower right, and a large light green circle in the lower left.

workplace effectiveness



Good employment relations are key to business success. Our advisers work with employers and employees to get to the root causes of problems in the workplace. Where working relations have broken down, we will work with all parties to try to find a way forward.

Improving relationships – what our advisers have been doing

For more than 30 years we have worked closely with managers and employees/representatives to improve working life through better employment relations. Involving employees in things that affect their lives at work leads to a more committed workforce and ultimately to a more effective and productive organisation.

Our work covered a range of issues. Our senior advisers continued to carry out workplace projects in both private and public sector organisations during the year to help to improve performance, business effectiveness and productivity. These included:

- improving working relationships
- developing partnerships
- understanding the root causes of problems, such as high absenteeism
- putting in place structures, such as employee councils.

Information and consultation remained an important activity and advisers helped many organisations set up and train employee representative groups thereby giving employees real input in to the management and future of their organisations.

During the year our network of stress advisers continued to support organisations working with the Health and Safety Executive (HSE) Management Standards. These Standards are based on tackling six areas that cause stress:

- demands
- control
- support
- role
- change
- relationships in the workplace.

We assisted around 60 organisations, mainly in the public sector, which are using the HSE Standards to identify the causes of stress and develop ways of preventing it. See over for an example of how we worked with the West Yorkshire Probation Board (WYPB) to reduce stress-related absence.

The WYPB was one of the organisations we helped. They were concerned about stress-related absence. This partly reflected the nature of their work, but also that the national probation service has undergone a period of great organisational change since the introduction of the National Offender Management Service.

Stressed out
– how we
helped the
West Yorkshire
Probation
Board (WYPB)

As a member of the health and wellbeing steering group, which was set up to manage the stress project, we helped the WYPB to introduce the HSE Standards.

We provided objectivity. We helped to set up a stress survey to identify the main causes of stress at the WYPB. We also ran focus groups to look at the underlying causes of stress and to come up with solutions. We encouraged people to speak openly and freely about what caused stress and used focus groups with low 'stress scores' as a benchmark for the progress we were making.

Stress-related absence fell from a peak of 2.35 working days per employee in the six months to March 2005, to 1.2 working days in the six months to September 2006, a 49 per cent reduction.

Clear action points for managing stress in future at WYPB were identified. These included:

- investing in leadership skills and support for line managers and middle managers
- encouraging area managers to produce their own local versions of the corporate plan for managing stress.

We were asked to train facilitators within WYPB to carry on the work once our involvement had finished. The Human Resource Director described our involvement in the steering group as a catalyst for getting things going, and as instrumental in persuading the unions that management took the issue of stress seriously. Feedback on the training was that it was 'absolutely valuable'.

Resolving collective disputes

The purpose of conciliation and mediation is to try to help parties to resolve their differences and move towards agreement.

Knowing how to deal swiftly and effectively with workplace conflict before it escalates and parties become entrenched is key to maintaining a healthy and productive workforce. One of our key aims is to enhance awareness and take-up of dispute resolution and conflict management techniques in the workplace.

We provide both a collective dispute resolution service, covered below, and a statutory individual conciliation service (see page 29).

Collective conciliation

Collective conciliation provides a means whereby parties (employers and employee representatives) can be helped to reach a mutually acceptable settlement of their dispute by an impartial, independent third party. In 2006/07 we received 912 requests for assistance in collective conciliation.

Success is not only measured by settling the dispute. Sometimes helping the parties to re-establish a direct dialogue is a successful outcome, as it often results in them settling their dispute. We either resolved matters or helped to make progress towards resolution in more than 95 per cent of cases during the year. The issues we helped with were once again headed by pay and other terms and conditions (62 per cent of cases), followed by trade union recognition (18 per cent).

The background: the Davy Roll Company Limited has been on Tyneside for 150 years. It concentrates on cast roll manufacture for the steel industry and is part of the Union Electric Steel Corporation of Pittsburgh USA.

Business was good but competition was increasing and there was a need to respond more quickly to change. Bottlenecks in the machining areas were causing production delays that could no longer be covered by overtime. The concept of multi-skilling was considered to increase the pool of available workers in the areas most affected. Workers were asked to volunteer to become multi-skilled. Once they were trained, they would receive an enhanced rate of pay. The whole pay round was underpinned by this concept being accepted, and bonus earnings would be further enhanced.

How Acas helped

However, the workforce resisted the concept of multi-skilling. At one point, there was talk of strike action and with the agreement of all the parties, we were called in to conciliate. We facilitated an exercise among the union delegates, which teased out a list of benefits of multi-skilling. Despite misgivings on the part of the Amicus and GMB union representatives, the management tabled their financial package. Further disagreements meant that industrial action was still a real possibility. After more 'toing and froing', the parties agreed to carry on negotiating. We continued to provide conciliation. On the second day there was a breakthrough and a recommendation from the company and unions was tabled.

The results

A ballot was held and the results indicated a strong acceptance of the deal, so the company could move forward with confidence. The Davy Roll Company Limited was awarded the prestigious 2007 Queen's Award for Enterprise in the category of International Trade.

'I am very proud and pleased that the company and its workforce have been recognised in this way. After many difficult years, it is satisfying to be part of the company's change in fortune. I believe that this Award has been achieved as the result of teamwork both inside the company and through its supporters. I would like to thank Acas for its interest and, of course, for all the help we have received from you recently.'

Steve Bell, Managing Director

The Davy Roll Company Limited, Gateshead

Acas collective conciliation in practice



case study one

Conciliation occurs when parties cannot reach agreement using their own internal negotiation procedures. Our conciliators can only become involved with the agreement of the parties. Although their role is to help find ways of reaching agreement, they have no powers to decide upon a settlement or to make formal recommendations. Our conciliators use a number of techniques. These include:

- providing external, alternative perspectives and new thinking
- acting as a catalyst
- playing the role of devil's advocate
- challenging the parties to reach a mutually agreed solution.

In March 2007 we concluded a survey of collective conciliation customers and as we go to press the results are being analysed. However, early findings indicate that customers are very satisfied with our service, with 86 per cent likely to use or recommend us in the future. In addition, more than 50 per cent of respondents said that if we had not been involved, the dispute would have taken longer to resolve or would not have been resolved at all.

Working behind the scenes

We provide a low profile and confidential service to parties in dispute but our involvement in conciliation cases can sometimes trigger intense media interest.

The North Sea divers' dispute did not have a high public profile although they play an important role in Great Britain's offshore industry. Some 900 North Sea divers and support staff, represented by the National Rail, Maritime and Transport (RMT) Workers' union, took industrial action in November 2006 over pay. Talks resulted in a three-year deal covering pay, holidays and a new formal recognition and procedural agreement.

One case that did attract media attention during the year was the dispute in the higher education sector over annual pay involving the Universities and Colleges Employers' Association (UCEA) and the University and College Union (UCU). We worked closely with all parties in this long-running dispute, facilitating talks and working with the Trades Union Congress (TUC) to help the parties in dispute to agree a three-year pay settlement and other new structures. Moreover, the threat of trade union action preventing examination papers being marked was averted.

Even in disputes where we were not directly involved, our high level contacts with business, trade unions and the wider employment relations field ensured that we were aware of developments as they unfolded and stood ready to assist.

Equality and diversity

Acas equality and diversity services

Our equality and diversity advisers help organisations to provide equal opportunities for all employees. This work helps to achieve our aim of improving working life by providing practical advice and guidance.

During the year our specialist advisers carried out more than 400 visits to employers. Our advisers help employers to understand how recognising and encouraging diversity can increase productivity, encourage creativity and improve customer service and customer outreach. That is ensuring the service or product is accessible and relevant to different groups and communities, and reaching as many organisations as possible.

Our advisers encourage and help organisations to measure the impact of their policies and procedures on equality of opportunity. Our advisers can offer:

- a 'healthcheck' on equality and diversity within an organisation
- help with drawing up or improving policies and procedures
- help to embed these policies through workplace training.



In full flow! As the temperature soared and Brighton's seafront sizzled, Steve Williams, Head of Acas Equality Services, talked to TUC conference delegates at the Acas Fringe meeting about the introduction of the anti-age discrimination regulations.

Training our equality and diversity advisers

We continued to invest in training and developing our equality and diversity advisers, this year providing courses on monitoring and impact assessment, the disability equality duty and the gender equality duty (see page 45 for more details about Acas staff training). Our equality and diversity advisers also attended networking and conference events to share good practice. This will complement a range of management modules that are available to new line managers and those who want a refresher. These events support both performance management and Investors in People (IIP).

The 2006 age discrimination regulations

The Department of Trade and Industry (DTI) asked us to develop practical guidance to introduce the age discrimination regulations that came into effect in October 2006. We worked closely with partners and organisations to do this on time. We ensured that the guidance met the needs of users by road testing it in more than 100 organisations and taking their comments on board.

Our advisers also ran a country-wide programme of events to raise age awareness and help organisations to prepare for the new regulations. These events were well-attended. Our communications team ran a highly successful campaign to raise awareness with employers and employees.

The emerging Commission for Equality and Human Rights

Over the year, we have been exploring how we will work with the emerging Commission for Equality and Human Rights (CEHR), which will be launched in October 2007. The CEHR will bring together the various strands of equality across the themes of employment, goods and services,

and education to ensure that discrimination is tackled and equality is promoted.

Sexual orientation, religion or belief

This year we concluded a £500,000 DTI-funded project to help embed the 2003 equality regulations on sexual orientation and religion or belief. This project had five parts:

- 1** Developing an enhanced training programme for our advisers, to help them in the work they do on gay, lesbian, bisexual and transgender issues in the workplace.
- 2** Carrying out a qualitative examination of employment tribunal claims and the impact they had on those making claims, as well as for the organisations defending them. This research gave valuable insights into the impact of bullying and harassment experienced by people because of their sexual orientation or their beliefs. It is available on our website at www.acas.org.uk/index.aspx?articleid=1300.
- 3** Developing an audit tool for organisations to test their awareness and preparedness for complying with these regulations, in partnership with the Universities of Birmingham and Northumbria. Our advisers delivered this tool to a range of organisations reaching more than 10,500 employees. Early indications show a growing interest in using these tools. We use audit tools as an integral part of an equality healthcheck or training needs analysis. The tools are freely available on our website.
- 4** Reviewing and rewriting our guidance on the regulations in Plain English to open it up to all workplace communities. We also launched an e-learning package for individuals or employers to explain the regulations.
- 5** Running a very successful awareness-raising campaign with employers and employees.

a day in the life of...



Graham Rainsforth

Senior Adviser Northern Region on secondment to Bulgaria

Graham has been working in Sofia, Bulgaria since January 2006. He is a Resident Twinning Adviser on an EU-funded 20-month Phare project 'Support to Social Dialogue'. He works with his Bulgarian assistant to plan, organise and implement activities and manage his budget of 1.6 million euros.

8.15 am

Time to check my emails and scan the online news before I set off. A quick check of the airport arrivals website confirms that the Acas trainers for tomorrow's course have arrived safely.

9.00 am

Arrive at my office in the Ministry of Labour and Social Policy and open the windows. It is already getting hot. Log on and read my English translation of local newspapers to see what's happening. My assistant Malina arrives. She is finishing translating the Acas training materials for tomorrow's course.

10.00 am

Attend a regular meeting of my working group, which is made up of representatives of the trades union and employer organisations in Bulgaria. This is where we discuss activities and review progress. Today I need their help to organise training events, make arrangements for a future

international conference, and identify delegates for a study visit to the UK. This last item ensures the meeting is well-attended! There is lots of praise for the training courses already completed and for the Acas trainers.

11.30 am

Back to my office to discuss translation problems Malina is having. How do 'foot in the door', and 'no one size fits all' translate into Bulgarian?

12.00 pm

Lunch with representatives of the British Embassy to discuss employee relations in Bulgaria, providing background information for a Department of Trade and Industry delegation due out here next week. Unfortunately I'll be out of Sofia when they come, so will not meet them.

1.30 pm

Back in the office for a meeting with a publishing company. We have produced a good practice/

training manual, *'Working Together'* and are checking the final draft before printing. We will be launching the manual at the international conference and I am assured that it will be ready in time.

2.15 pm

Meeting with the Deputy Minister, Mr Bankov, who has overall control of my project. I report on our recent activities and enlist his help to get the Minister to open and chair our conference. Now I just need to confirm guest speakers from the UK and Brussels.

3.00 pm

Preparing speakers' notes and handout exercises for tomorrow's training course. Malina confirms that the transport, interpreters and training venue are all OK.

3.30 pm

Final check of training materials, then off to Hotel Niky to meet the Acas trainers and discuss arrangements.

5.00 pm

The minibus arrives with the interpreters and materials. I set off with the Acas trainers on the four-hour drive to Gabrovo. This is where we will be for the next three days, training regional representatives of the social partners. At least I can practice my Bulgarian on the bus and look forward to a beer later.

Gender

During the year we worked with the Equal Opportunities Commission (EOC) to enhance gender equality. We facilitated eight roundtable discussion and debate events that brought together 208 delegates from public sector organisations to consider how to proactively eliminate discrimination in what they do and how they do it, and to encourage this in their supply chains.

Regional work

In response to enquiries and demand from customers, Acas North West developed a half-day training event on cultural awareness. This explores concepts and meanings of culture in its widest sense, and their impact on how people behave, consciously and unconsciously, at work. It also looks at various cultural groups and offers case studies about culturally-based management issues. A range of employers have attended these events and feedback has identified their usefulness in addressing discrimination and integrating diverse employee as well as customer groups into business.

Acas North West were also called in as lead consultant in a project to assess the impact of Business Link North West's service proposals. The assessment covered race, gender and disability. Acas' work on this was praised by Business Link North West's Chief Executive, especially for the way key stakeholders

were engaged. The final report and recommendations gave practical and clear action points for Business Link North West to follow up.

Our equality and diversity staff in the South East delivered training to all teaching and support staff in a private college to raise awareness of bullying and harassment. These had been identified as major causes of stress within the college.

Acas East Midlands is a member of the Steering Committee of the East Midlands Equality and Diversity Network. During the year this network has organised three events covering issues such as equal pay, HIV and the workplace, cultural awareness and the practicalities of access provision under the Disability Discrimination Act. Acas was a founder member of this network, which now has over 50 members from public and private sector organisations. As well as taking part in the formal events, our staff played an

active role in planning events and keeping in touch with members, providing help and advice across the whole range of equality and diversity issues.

Equality Direct helpline

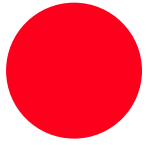
The number of calls to our Equality Direct helpline during the year was 6,182, a 22 per cent increase on last year's total of 5,061.

Equality Direct offers employers free, confidential and practical advice on issues relating to race, sex, disability, religion and belief, and age. For in-depth advice the employer is referred to an equality and diversity adviser.

The Equality Direct team work alongside our Acas helpline advisers (see page 25). They also offer advice on related issues such as recruitment, flexible working and implementing equality policies.

Act your age. Acas raised awareness of the new regulations at events and exhibitions around the country as well as delivering a programme of training sessions (see page 18).





relationships with small companies



A key part of our mission is to provide information and practical advice and guidance to promote good employment relations. This is especially useful for small and medium-sized organisations that have limited human resource expertise.

One of Acas' key target audiences is employers and managers in small and medium-sized organisations (SMEs). Reaching this audience was one of the principal motivations for Acas' reprofiling exercise in 2004. Since then, we have certainly succeeded in getting this message across and awareness and take-up of Acas has increased. Research in June 2006 showed that 63 per cent of SMEs have used Acas – up from 49 per cent in 2004. However, there is more work to be done because there is a hard-to-shift perception that Acas is all about dispute resolution. Many small firms still are not aware of the full range of services that we offer. Also, a lot of small organisations think that Acas is for large employers only.

We have now established a special project group to look at ways of raising Acas' profile and increasing awareness amongst SMEs about how Acas can help them. As part of this, we carried out further research into our customers' needs as well as exploring partnerships with other organisations.

We are currently redeveloping our website with this very much in mind (see the day in the life of Fiona Pugh, page 39 for more details). This will ensure that we target SMEs effectively and provide them with the advice and information they need. Services are a key part of this, including the national helpline, training, guidance and consultancy.

Acas training

Our training sessions on employment law and good practice are especially helpful to employers and managers in small companies who may not have an HR specialist in-house to turn to for advice.

We continued to build on our reputation as a key provider of training in good employment relations practice, with 96 per cent of our customers being 'satisfied' or 'very satisfied'. Our customers particularly valued our interactive style and the 'real life' experience our trainers bring to the sessions.



a day in the life of...

Nick Riddle

Area Director, Acas South West

Nick joined Acas in November 2006 from the Legal Services Commission and is responsible for the strategic development of Acas South West Region.

9:00 am

Arrive at the office to prepare for a meeting with the Sector Skills Development Agency. This is a key player in the region and can provide a valuable insight on how to interact better with business on a sectoral level.

10:30 am

The meeting goes really well. We get good advice about how best to work with the individual Sector Skills Councils and the opportunity to speak at one of their regional forums.

12:00 pm

Attend and present at our Regional Employment Relations Forum. This is a new venture for Acas in the South West, and follows our inclusion in the Regional Economic Strategy. The forum is made of representatives from the trade unions, skills sectors, government office and Regional Development Agency, to name but a few.

The meeting is well-attended and we cover a lot of ground, agreeing that we should aim to organise and promote a conference for businesses in the South West. This will mean a lot of work, but should really contribute to helping business in the region think more strategically.

2:00 pm

Light lunch with the forum members. Make some interesting contacts.

2:30 pm

Spend some time at my desk catching up on emails. Start working on a training package for a private sector employer on age awareness. We're funded by the 'South West Opportunities for Older People' project to run the training, but also to undertake a detailed evaluation of attitudes and operational policy before and after to ascertain the real impact that our work has. Again, this is another new piece of work for us in the South West. It should provide tangible evidence of how our training actually influences operational practice and performance.



4:00 pm

Set off for Plymouth to run an Acas stand at an advice evening organised by the Federation of Small Businesses. On the way collect one of our conciliators, who is also a mediator, who has agreed to take part in the event.

6:00 pm

The stand is all set up with lots of our publications. We have a steady stream of enquiries as the evening progresses from both employees and employers, all seem interested in what Acas can do for them.

Quite by chance we're located next to a stand from a business advice service that deals with small businesses. It is one of our priorities to ensure that we reach small employers and we make an excellent link that should enable us to run collaborative training events in the area, pooling our resources to create a rounded package.

8:00 pm

Pack up the stand and set off for home.

We delivered 742 open-access sessions during the year. Once again, the discipline and grievance session was our most popular event representing 16 per cent of all open-access events. Sessions on the introduction of 2006 age discrimination regulations were also popular with SMEs, as well as with larger organisations.

We developed a new training event 'Having difficult conversations' which drew on our experience of dealing with workplace conflict to support our discipline and grievance and absence management training sessions. Anecdotal evidence had showed that while managers understand what they ought to do, actually having the confidence to discuss difficult issues with their staff was a stumbling block. This new event gives managers the opportunity to think about and practise the skills needed, building confidence and giving them practical skills that they can take back to their workplace. This is now proving to be one of our most popular subjects.

We continued to develop bespoke workplace training during the year, delivering 1,480 sessions. Popular topics included absence management, stress management and the development of employee representatives in their new role; 27 per cent of the sessions delivered were on discipline and grievance. Training managers and employee representatives to recognise and deal with bullying and harassment also remained an important topic with the subject being delivered either alone or as part of a wider equality programme.

Our training staff entered into a range of collaborative partnerships during 2006/07 to deliver their message alongside Business Links, Sector Skills Councils, Chambers of Commerce, HM Revenue and Customs.

Our e-learning packages are proving popular meeting the needs of people who find it difficult to attend our training sessions or who wish to access information at a time and place that best suits their needs. We have added a further two covering religion or belief and sexual orientation to our portfolio, which can be freely accessed on the Acas website. We plan to add more e-learning packages, including one on age discrimination during 2007/08.

Acting up! Acas trainers and participants take on roles to practise having those difficult conversations. Winning Oscars is highly unlikely but with excellent customer feedback, this course is set to be even more popular in 2007/08.



Relationships with small companies

The Acas helpline

The Acas national helpline deals with a wide range of employment-related questions, providing a confidential and impartial service to both businesses and employees. It is particularly useful for small businesses and in 2006/07 more than 80 per cent of calls came from organisations with fewer than 250 employees, with around 63 per cent coming from those with fewer than 50 employees. Just less than half of all callers (49 per cent) were from organisations with no personnel or human resource specialists.

Over the last three years the number of calls to the helpline increased by a rate of around 10 per cent a year. Our advisers answered 839,339 calls during 2006/07, compared with 908,553 in 2005/06. However, for much

of 2006/07 we did not have the resource capability to deal with the rising volume of calls and taking account of people who experienced difficulties getting through, we estimate that we should have answered one million calls (see page 9 for more details).

The most frequently asked questions were once again about discipline and dismissal issues. Calls on these subjects accounted for almost one-quarter of calls in 2006/07.

Helpline advisers often refer callers to other areas of expertise within Acas for further help. During the year there was a rise in referrals concerning mediation services, both for in-house workplace mediation training and for mediators to assist in resolving a workplace dispute. Callers were also referred to advisers who help improve working relationships as well as being directed to our website, which contains guidance and interactive training packages.

World events affect the type of calls we receive. For example, in 2006/07 employers asked how to facilitate time off for employees who wished to watch the FIFA World Cup, without upsetting colleagues with no interest in football.

During the year eight helpline advisers successfully gained a Certificate in Employment Law and Employment Relations (CEREL). The CEREL course is run by Strathclyde University and covers relevant employment legislation as well as the wider employment relations context. It helps our advisers to deal with a range of complex and often contentious queries on employment law.

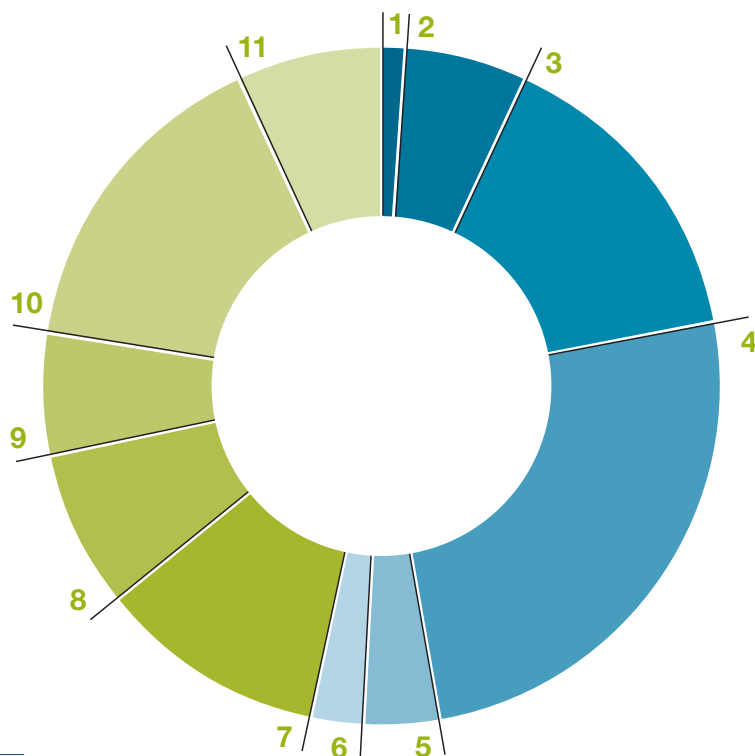
To make the service more accessible to callers whose first language is not English, we contracted voice interpretation specialists Language Line to provide a telephone interpretation service for callers as well as for users of our conciliation services. Since its introduction in November 2006 we have seen a steady increase in the use of the interpretation service, especially by callers to the helpline, with peak usage from callers with Polish and other Eastern European language needs. By March 2007, 108 calls had been routed through the service. We expect demand to continue to increase to a rate of around 600 calls a year.



Helpline satisfaction survey

Helpline calls by subject matter:

- 1 Absence, sickness and stress
- 2 Age discrimination
- 3 Contracts
- 4 Discipline, dismissal and grievance
- 5 Diversity and discrimination
- 6 Family, friendly policies
- 7 Holidays and working time
- 8 Maternity, paternity and adoption
- 9 Others
- 10 Redundancies, lay offs and business transfers
- 11 Wages and National Minimum Wage



Helpline satisfaction survey and use breakdown:

97% of callers would use the helpline again if they had other enquiries relating to employment issues

90% found the information valuable

94% were satisfied with the service they received from the helpline

88% agreed that the information they were given answered their enquiry in full

The top three topics people rang the helpline about were:

24% discipline and dismissal

17% redundancy, lay-off and business transfers

12% contractual matters

Of those who called the helpline:

34% were employers

39% were employees/workers

21% represented someone else

6% former employees

individuals in the workplace

No two employees
and no two workplaces are
the same, so we tailor our
services accordingly





Alternatives to tribunals

Our individual mediation, arbitration and conciliation services aim to help organisations and individuals manage conflict and resolve disputes as early as possible.

We aim to help organisations manage conflict at the earliest possible stage and, in this way, maintain working relationships. Training events, such as 'Having difficult conversations' (see page 24) and advisory publications like *Managing conflict at work* help to develop conflict management skills and provide the confidence to manage day-to-day conflict. Film clips of mediation and conciliation, which can be viewed on our website, have been watched by some 25,000 viewers. A website poll showed 86 per cent of respondents found them useful.

Acas mediation services

Over the past few years, we have developed and expanded our mediation services building on our reputation for impartiality and professional integrity.

Individual mediation

Our individual mediation service helps to resolve employment problems between employers and individual employees or between individuals or groups of colleagues.

We dealt with 134 cases during the year, compared with 85 cases in 2005/06. This increased demand meant we could not always respond as quickly as potential customers requested. However, in 80 per cent of the cases, we succeeded in helping the parties either to resolve the matter fully or to make progress towards resolution.

Cases came from across all business sizes and sectors. Public sector organisations represented 59 per cent of cases, 35 per cent came from the private sector and 6 per cent from the voluntary/not for profit sector. Firms with fewer than 100 employees made up 43 per cent of cases. Employee grievances accounted for 60 per cent of the mediations, while 26 per cent concerned allegations of bullying and harassment.

During 2006/07 we developed a new quality assurance programme for our individual mediation service, which will be implemented from 1 April 2007.

Individuals in the workplace

Internal workplace mediation schemes

Many organisations, particularly in the public sector, have introduced internal workplace mediation. As well as providing training for their mediators, our advisers help organisations to design, implement and evaluate workplace mediation arrangements.

During the year we developed five pilots with the National Health Service (NHS) Capacity Board and the NHS Social Partnership Forum in England and Wales. These looked at how mediation might help the modernising government agenda. All five trusts have completed their mediation training and some have launched mediation schemes.

We trained a group of employment tribunal chairs to mediate in discrimination tribunal cases as part of a Department for Constitutional Affairs (DCA) pilot. We also helped the Labour Relations Commission in the Republic of Ireland to set up their workplace mediation scheme. Other countries that visited during the year showed great interest in this area of work.

The Acas Certificate in Internal Workplace Mediation

Our Certificate in Internal Workplace Mediation (CIWM) course trains individuals to act as mediators in workplace disputes in their own organisations. It is accredited by OCR, one of the three main awarding bodies in the UK.

We held 14 in-house courses for public sector organisations implementing their own workplace mediation schemes and a further nine open-access courses for delegates from organisations wanting to train individuals rather than a team. Feedback from all these courses was excellent, with 100 per cent of candidates being satisfied with the training, including 91 per cent who gave a 'very satisfied' rating.

In 2006/07 the OCR awarded us Direct Claims Status in recognition of the effectiveness of our assessment and verification standards and quality assurance. This is an unusual achievement for a small scheme run by a non-educational organisation. It means that we can award certificates to candidates we assess as meeting the standard without prior reference to OCR. We have developed a new quality assurance programme for the course, which will be implemented from 1 April 2007.

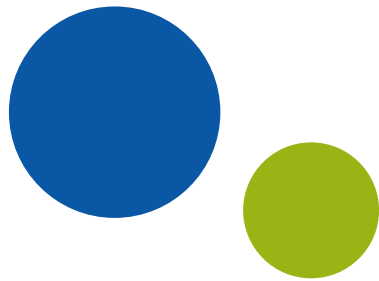
Individual conciliation

Conciliation provides independent third party support to employers and employees in resolving their differences. It has many advantages over having the claim decided by a tribunal:

- it is a voluntary, collaborative process that enables parties to find a mutually acceptable outcome rather than having a ruling imposed from outside
- the terms of settlement can be as flexible as the parties wish to make them
- strict confidentiality is preserved, so the dispute does not become public
- by avoiding the adversarial nature of tribunal proceedings conciliation offers a chance of rebuilding working relationships where they are not beyond repair
- it minimises the financial costs for all concerned and reduces the stress and anxiety that inevitably accompany legal proceedings.



awarded
Direct Claims Status in recognition of the effectiveness of our assessment and verification standards and quality assurance



We have a legal duty to promote the settlement of actual and potential claims in respect of almost every statutory employment right without the need for a tribunal hearing. We write to all claimants and respondents involved in employment tribunal actions offering our services and very few do not want us to get involved. However, we have to suspend conciliation where the respondent is insolvent, since it is impossible to conclude an enforceable agreement, so we conciliate in around 90 per cent of cases. In three out of four cases, the matter is resolved without a full tribunal hearing.

We call this aspect of our work individual conciliation to distinguish it from our work in helping parties resolve collective employment disputes (see page 15), and from the mediation we provide in problems that have not reached the point where a claim has been or could be presented to the tribunal. However, the difference between these forms of conciliation and mediation is essentially in the context rather than the process. We apply the same principles of independence, impartiality and confidentiality in all of our dispute resolution work, and use the most cost-effective techniques.

Conciliators must have absolute integrity, considerable communication skills and a good knowledge of the legislation governing employment rights and tribunal processes. They also require well-developed interpersonal skills and the ability to establish rapport and trust so that the parties can discuss the case openly.

Conciliation service standards

Statutory fixed periods for conciliation were introduced in October 2004 as a result of the Employment Act 2002, with cases divided broadly into three 'tracks' according to their legal complexity. These periods are:

- seven weeks for nominally straightforward jurisdictions, such as breach of contract or unlawful deductions from wages (short-period cases)
- 13 weeks for more complex claims, such as unfair dismissal (standard-period cases)
- an unrestricted 'open' period for conciliation for the most complex and sensitive claims, such as those concerning discrimination or equal pay.

Stakeholder experiences and views on these fixed periods were evaluated as part of the Gibbons Review (see page 41).



We introduced differential service standards so that we could devote the appropriate time and resources to cases in each track. We aimed to make overall savings in the cost of conciliation, while rebalancing our use of resources so that conciliators would have sufficient time for assisting parties in the most complex and costly cases.

Our conciliators deal with short-period cases exclusively by telephone. Dialogue focuses on quickly establishing the key facts of the claim, explaining the relevant legislative provisions to help the parties make an informed judgement about the value and strength of their case, and assisting them to reach a settlement.

2006/07 was the first full year of operation for the new approach. It was a difficult period for a number of reasons. We faced a substantial rise in demand for conciliation on equal pay claims in local authorities (see opposite and case study two on page 32), which fit into the most complex category. At the same time the resources available for conciliation were reduced as part of our downsizing and restructuring, with some 60 conciliators leaving at the end of January 2006. Around 30 staff were selected from our experienced helpline advisers to specialise in conciliation on claims in the short-period category, but we had to stagger their training over the first half of the year to try to limit an adverse impact on the helpline service (see page 25).

Caseloads and outcomes in 2006/07

The number of mainstream adjusted cases received in the year, which exclude the actual and potential equal pay cases in local authorities and the NHS, was 67,419 compared with 69,799 in 2005/06. This represents a decrease of 3.4 per cent year on year, but an increase of 0.6 per cent on the projected 67,000 cases for the year.

As expected, the proportion of open-period cases grew slightly, reaching 25 per cent, mainly a consequence of the introduction of the age discrimination regulations in October 2006. However, the year also saw the proportion of short-period cases increasing by around five percentage points compared with 2005/06, and a corresponding decrease in the proportion of standard-period cases. In 2006/07 standard-period cases represented 50 per cent of adjusted case receipts and short-period cases 25 per cent.

Our Service Level Agreement (SLA) with the Department of Trade and Industry (DTI) measures the effectiveness of conciliation in terms of the proportion of potential tribunal hearing days saved as a result of our intervention. We calculate this on the basis of cases settled plus cases that were withdrawn during the statutory fixed period for conciliation. The emphasis on tribunal hearing days saved rather than simply the number of cases cleared places a premium on resolving the most complex cases that take most

tribunal time. These are the same cases that typically cost the most to contest at tribunal, and that tend to have the greatest stress and non-monetary costs for the parties.

Our 2006/07 target was to achieve 50 per cent tribunal hearing days saved in short-period cases, 60 per cent in standard-period cases and 85 per cent in open-period cases. We achieved 52 per cent, 63 per cent and 84 per cent respectively. This target reflects the priorities ascribed to the different 'tracks'. Taking all cases together, we achieved 73 per cent hearing days saved, the same as in 2005/06. Given the additional challenges in 2006/07, this represented a commendable performance by our conciliators.

Equal pay

A substantial element of our conciliation workload this year was the high volume of cases under the equal pay legislation in the public sector, mainly in local authorities. A high proportion of those heard by tribunals so far have been successful, with substantial awards in many instances. A national agreement from 1997 commits all local authorities in England and Wales to implement 'single status' pay systems by 1 April 2007. A similar agreement in Scotland had an earlier implementation date of 1 April 2006.

Most local authorities have not been able to meet the deadline for introducing the new pay structures. Many wanted to avoid

The background: following an agreement made between local authority employers and their recognised trade unions to move towards single status by 31 March 2007, Leeds City Council approached Acas in March 2006 to explore the possibility of our help in settling potential equal pay claims.

How Acas helped

Dave Tench, an Acas conciliator based in Leeds, began a series of meetings over a three-month period with council officers and full-time officials of recognised trade unions to broker detailed offers of compensation which could be made to potential claimants.

Offers were sent out to 7,000 people and to cope with this volume, Acas arranged a series of 10 roadshows. At the roadshows, potential claimants could meet with trade union officials to get advice and guidance about the offer and Acas conciliators provided information about the implications of accepting the offers or not, and signing agreements confirming their acceptance.

The results

Although not everyone decided to accept the offer, the overwhelming majority did. This resulted in the settlement of 95 per cent of potential claims which might otherwise have ended up at an employment tribunal. As Dave Tench explains, 'Although this exercise, and the many other similar ones Acas has been involved in across the country over the past year, have been very time-consuming and a huge drain on our conciliation resources, there's no doubt we've managed to save the taxpayer and the parties millions of pounds by resolving the claims without their needing to be the subject of tribunal proceedings.'

Leeds City Council and trade union officials were also pleased with the way things went. Bill Chard, Regional Organiser for the GMB commented, 'Leeds is the largest local authority in the Region and we were therefore faced with the massive task of conciliating several thousand employees in at the roadshows over several weeks. Amazingly, events ran like clockwork and the vast majority of attendees came and left within the planned timescale.'

Angela Wilkinson, Head of Human Resources at Leeds City Council said, 'This was a complex and sensitive exercise which involved a large number of employees over a short period of time. We had to get it right. We were delighted with the volume of uptake and the very positive feedback we got from the staff, who found the whole process easy to understand and follow. The Trade Unions, Acas and Leeds City Council worked extremely well in partnership.'



left: David Tench
Acas conciliator, Leeds

right: Bill Chard
Regional Organiser for the GMB

Acas
conciliation

95%

settlement of potential claims which might otherwise have ended up at an employment tribunal



facing large numbers of claims for equal pay at the tribunals before they were able to restructure their pay systems, and they asked us to conciliate on potential equal pay claims. Section 18(3) of the Employment Tribunals Act 1996 gives us a statutory duty to promote settlement not only where a case has already been presented to the tribunal, but also where it is claimed that action has been taken that could give rise to a claim, and a party requests conciliation as an alternative.

We brokered settlements in around 56,000 potential claims in local authorities during the year. Around two-thirds came from requests by councils in the North West and Yorkshire and Humber, with the remainder spread across Scotland, Wales, the North East, and the East and West Midlands.

Many other local authorities have yet to address these matters, and we expect the demand for conciliation on potential equal pay claims to be even higher during 2007/08. There are also more than 10,000 equal pay cases concerning local authorities lodged with tribunals. We expect to see more such cases arising, and an increasing level of activity in seeking to settle them. In addition, there were a number of collective employment relations conflicts concerning local authority pay structures, and we expect this element of our work to increase substantially in 2007/08.

Local authorities are not alone in facing large-scale difficulties on equal pay issues. Pay restructuring associated with the Agenda for Change programme in the National Health Service (NHS) has revealed various anomalies, mainly between occupations in what were previously separate bargaining groups. Almost 15,000 tribunal claims have been presented against NHS employers in this regard so far. We were not approached for conciliation on potential equal pay claims in the NHS during this year, but as we have seen from local authorities, the volume of tribunal claims continues to rise and conciliation in this area is likely to place significant demands on us in the coming year.

Future developments

Perhaps the most significant legislative change during the year was the introduction of age discrimination regulations in October 2006. Only a few hundred claims were made in the first six months after these came into force, but as with other discrimination legislation we expect the number of claims to increase significantly over time.

Acas Arbitration Scheme

The Acas Arbitration Scheme was set up in May 2001 as an alternative to an employment tribunal hearing, to resolve claims alleging unfair dismissal or those about a request to work flexibly. To date, we have accepted 58 cases from across Great Britain for resolution under the scheme.

In cases where dismissals have been found to be unfair, settlements have ranged from £256 to £18,000. This is broadly consistent with the range of awards by employment tribunals. While the number of cases received has not fulfilled expectations, the scheme provides a low-cost, informal alternative to employment tribunals.

Independent experts

In certain circumstances, the equal pay amendment regulations provide for employment tribunals to commission a study and report of jobs in 'work of equal value' claims. The regulations require the study and report to be conducted by a designated independent expert. Our involvement is to designate a list of such experts (see opposite) and ensure that they are available to employment tribunals.



The designated experts are completely independent of both Acas and the employment tribunals. We do, however, provide support by circulating information about all aspects of equal pay legislation, developments in case law, and any relevant employment relations implications. We also arrange for the experts to get together from time to time, to enable them to update on case histories, share expertise, and receive briefings from relevant third parties.

During 2006/07, we recruited five more independent experts in response to the increased demand for their services from the tribunal service. Most of the additional demand has come from NHS equal pay claims. Since the equal value regulations were introduced, tribunals have appointed experts in 439 cases. Of these, 131 were in 2006/07, more than three times the number of cases allocated during 2005/06, which previously had the largest intake of cases in any single year. We expect this trend to continue.

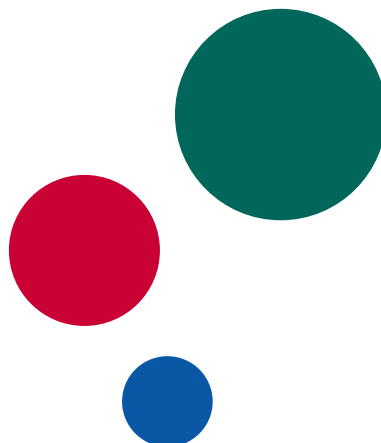
Our independent experts were required to report in a large number of cases regarding equal value claims in local authorities. These large-scale, high-value, multiple cases make significant demands on the time and skills of our experts and we greatly appreciate their work.

Independent experts

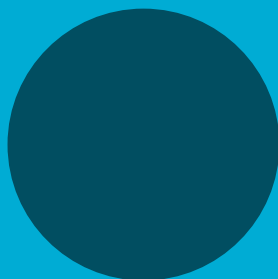
Dr A J Arthurs	Lecturer in employment relations
Robin Beddoe	Job evaluation consultant
Christine Bevan	Human resources, health and safety consultant
Mrs W Bishop	Former senior personnel adviser
Ms V Branney	Consultant and mediator in employment relations
Derek Burn	Human resources consultant
Mr C Campbell	Former senior lecturer in human resource management
Mr J Colville	Former head of management and business centre
Dr Susan Corby	Reader in employment relations
Rosemary Docherty	Human resources consultant
Elizabeth Doherty	Lecturer and researcher
Mrs J M Evans	Principal lecturer in human resource management
Mrs F Fearn	Human resources consultant
Steve Flather	Human resources and reward consultant
Moirra French	Senior human resources manager
Ms K Gilbert	Lecturer in industrial relations
Mr P Kennedy	Employee relations consultant
Ms E M Lowe	Human resources generalist, visiting lecturer
Mr J Magee	Acas arbitrator and adviser for the aviation industry
Keith McNeish	Employment relations consultant
Mr C J Roberts	Member of employment tribunal and human resources practitioner
Mr P Yeeles	Consultant in employment relations

Newly-appointed

Mr Simon Bambsey	Human resources consultant
Ms Rachel Crafts	Independent consultant specialising in reward issues
Mr Michael Hinks	Human resources consultant
Mr Kevin Rampling	Performance pay and reward consultant
Dr Stephen Watson	Independent consultant, specialising in reward issues



spreading the word



**nine
out of
ten**

employers gave our
newsletter the seal
of approval in a
recent survey





More than 97 per cent of readers agreed that it provided up-to-date information. Other positive perceptions of the newsletter included: being easy to read (89 per cent), useful (88 per cent), interesting (83 per cent), well-written (82 per cent), and independent (76 per cent)

We have spread the word that good employment relations make good business sense far and wide over this last year – not just locally or nationally, but also internationally.

Acas working in partnership

Acas developed a variety of partnerships over the year, to build on existing relationships and to reach new audiences for our services.

One of our primary projects was to reach small and medium-sized enterprises (SMEs), businesses with fewer than 250 employees. Following research we developed a number of collaborations with various types of organisations, particularly in the hospitality sector.

We commissioned research from Acas' Knowledge and Communications Directorates and the Central Office of Information. This enabled us to develop a realistic and forward-looking partnerships strategy and to provide practical guidance for our staff.

Next year, we will focus on rolling out the Fair Employment Zone project to targeted regions within Acas. The Fair Employment Zone is a partnership set up between Acas, JobCentre Plus, Greater Manchester Employers Coalition (GMEC), Learning and Skills Council (LSC), Union of Shop, Distributive and Allied Workers (USDAAW) and The Trafford Centre Ltd, with financial support from the

North West Development Agency. It started off in The Trafford Centre in Manchester and expanded to other areas of the North West, particularly Cumbria, through our work with migrant workers.

Through the partnership we provide advice, guidance and practical support to employers; promote equality and diversity through good practice; and celebrate diversity through a series of public awareness events.

Work has now started to develop similar projects at Birmingham and East Midlands airports based on the same partnership approach. Through replicating the success of this project we hope to engage with a number of private and public sector partners in a bid to address diversity issues within the retail sector.

Reaching our audiences

We made significant strides this year in developing our communications capability and reaching out to our diverse audiences. Most encouragingly, Acas was one of a very small handful of public sector organisations to make it into a 'top 500' UK business-to-business superbrands list, published

Spreading the word



recently in *The Sunday Telegraph*. We gained 220th place. This was based on reputation for quality products and services, reliability and brand awareness among our customers.

We carried out extensive research into customer awareness of Acas and evaluated the success of our current activity. From this, we put in place a major development programme to segment our target audiences more effectively and improve our communication channels. This formed the basis for a comprehensive communications strategy, which we will roll out in 2007/08.

Media coverage increased dramatically during the year. Most of this was positive. We carried out an extremely successful media campaign around the introduction of age discrimination regulations in the UK, securing over £800,000 of positive free publicity from the national, regional, and trade media (see page opposite). There was also good coverage for our 'managing absence' and 'sexual orientation, religion or belief' initiatives.

On the negative side, we found ourselves on the front page of the *Daily Mail* with a 'political correctness' story regarding our office party guidance. This required us to handle through-the-night national media interest to manage the story, set the record straight and defend Acas' excellent reputation.

We continued to make significant inroads on the marketing side – and Acas is developing its customer database at a prodigious rate. This has expanded from 56,000 customers in 2004 to more than 400,000 by the end of 2006/07. Our customer newsletter went out three times during the year, with plans to go quarterly next year. Research shows that the newsletter has an approval rating of over 95 per cent with readers, while it attracts more customers for Acas training services than any other source.

The website continued to grow in popularity, with more than 2.7 million visits last year. We are carrying out an ambitious programme to improve the site's content, design and navigation – and this represents an exciting project for the year ahead. We are also considering wider developments to ensure that we grow in ways that take account of the Government's e-communication agenda.

Our research shows that Acas continues to produce popular and effective employment relations guidance. Notable achievements by the editorial team this year included input to the age discrimination guidance, as well as writing guidance on 'managing conflict at work', 'managing absence', and 'flexible working'.

This year saw Acas Communications go international, with visits to Bucharest to run workshops and give presentations on internal and external communications for the Romanian Economic and Social Council. We also had a visiting delegation from Bosnia to look at our e-communications.

Internal communications developed at a steady rate. This year's staff survey showed that satisfaction with internal communications had nearly doubled over the previous 18 months. Activities include:

- providing professional advice and support to internal customers
- producing the Chief Executive's monthly team briefing bulletin
- collecting and reporting on feedback to the Board
- producing the monthly staff newsletter
- running the Intranet news service.

We had a notable first in helping the Chief Executive to launch the Acas Vision with staff (see also page 44). This was a major initiative that required us to produce a Crystal-marked publication and DVD, and to work with regional and national colleagues to launch the Vision at six venues around the country.

Finally, we carried out a demanding project to migrate our Intranet site into a new content management system – something we achieved with limited resources, while trying to minimise the inevitable inconvenience to internal customers.

The background: in 2006 we launched our first issue-based multimedia campaign in preparation for anti-age discrimination legislation being introduced to the UK.

Age discrimination campaign

This was one of the biggest developments in employment relations law for many years and put the public spotlight firmly on the employment relations agenda. It provided us with the challenge of reaching a vast number of employer and employee audiences to make them aware of what their rights and responsibilities would be. It also gave us a rare opportunity to reach new and bigger audiences who might otherwise not be aware of Acas and our services.

The results

Evaluation showed that we gained more than £800,000-worth of free publicity. Our radio campaign reached 3.6 million people and satisfied the need to communicate with a broader public. Our campaign website received over 130,000 visits in the weeks immediately before and after the regulations came into force, while we had 280,000 customers for our employer and employee guidance. The business benefit was 50,000 new customers for our database and great demand nationwide for our training courses.

Raising awareness

What we did

We tried to maximise our impact by working with Age Partnership, sponsored by the Department of Work and Pensions. We reached three million small and medium-sized organisations through their newsletter – and key points from our guidance went into Age Partnership's information pack.

There were two 'bursts' of activity – the first in April 2006 when we issued our employer and employee guidance, the second in the run-up to the regulations coming into force in October. Media publicity for Acas included interviews for national TV and radio, with extensive online and newspaper coverage. There was also considerable interest in the regional and specialist media.



a day in the life of...



Fiona Pugh Electronic Communications Manager, Acas National

Fiona joined Acas in July 2006 from English Nature. She is based in Acas' Communications Unit in London and has overall responsibility for Acas' electronic communications, including maintaining and developing both the Intranet and website.

9.00 am

Arrive at my usual time and check my email and voicemail. We have issued a press notice and this needs to go on to the Acas website as soon as possible, so I ask our web manager to make sure it appears on the homepage with all the relevant links in place.

11.00 am

Meeting regarding catch up on the Intranet Tools Enhancement project. We are working closely with colleagues in Acas' Digital Solutions and the Knowledge Directorate to ensure that this new Intranet project meets the needs of the organisation. Today we are trying to sort out exactly how some of our new templates should work, so that we can implement the system as soon as possible.

12.30 pm

Time for lunch, so I walk up to Borough Market and grab a sandwich. Then it's back to my desk. I go through some more emails that have arrived while I was away. The monthly website statistics are in and the number of visits to the website has increased again. It's great to know people are using the site.

2.00 pm

I meet with the Head of Communications and management colleagues for our weekly 'keep in touch' meeting to plan future communications activity.

3.00 pm

I head over to the Department of Trade and Industry (DTI) to discuss the Transformational Government strategy, which is calling for radical changes in the way government delivers its services. We're working hard with the team at DTI to look at the best ways to communicate our web advice and guidance to citizens and businesses.

5.30 pm

We are carrying out research with focus groups made up of a range of our key website customers to find out what their goals and needs are. We want to look at when and why they visit the Acas website and how we might motivate them to use our online facilities more. So I head off to Oxford Street to our usability consultants' offices. What we find out will help us to develop a customer-centred website. It's fascinating watching the focus groups through a one-way mirror. I really feel that I am gaining a better understanding of our customers' needs and how we might better address them through the Acas website.

10.30 pm

Have a quick debrief with the consultants following the last focus group. Then off to King's Cross to get the train home. It's been a long day.

International work

During the year we successfully completed the EU-funded Romania 'twinning' project, which was started in 2005/06 to help Romania to prepare for accession to the European Union in January 2007. Romania's Economic and Social Council (ESC) acknowledged that we had made considerable progress in strengthening the capacities of the ESC and the social partners to participate in the implementation and development of the European *acquis* (the body of European law) and national legislation. This means that the ESC will be able to:

- take responsibility to resolve industrial disputes
- establish social stability
- play a significant role in determining public policy
- make an effective contribution to European social dialogue.

We also delivered training programmes to develop principles of effective social dialogue and to highlight the benefits of bipartite and tripartite social dialogue in Bulgaria. The project assisted Bulgaria's Ministry of Labour and Social Policy to strengthen its administrative capacity for the management of social dialogue.

The Government of Brazil asked us for assistance in seeking alternative means of conflict resolution. As a result we held seminars in Brazil for technical staff from the Ministry of Work and Employment on the methodologies and techniques of arbitration and mediation (see case study on page 48 for more details).

Over the years we have delivered training sessions for consultative representatives of the mobile telephone company, Orange UK. In 2006/07 we also delivered training on the value of employee consultation to Orange Romania.

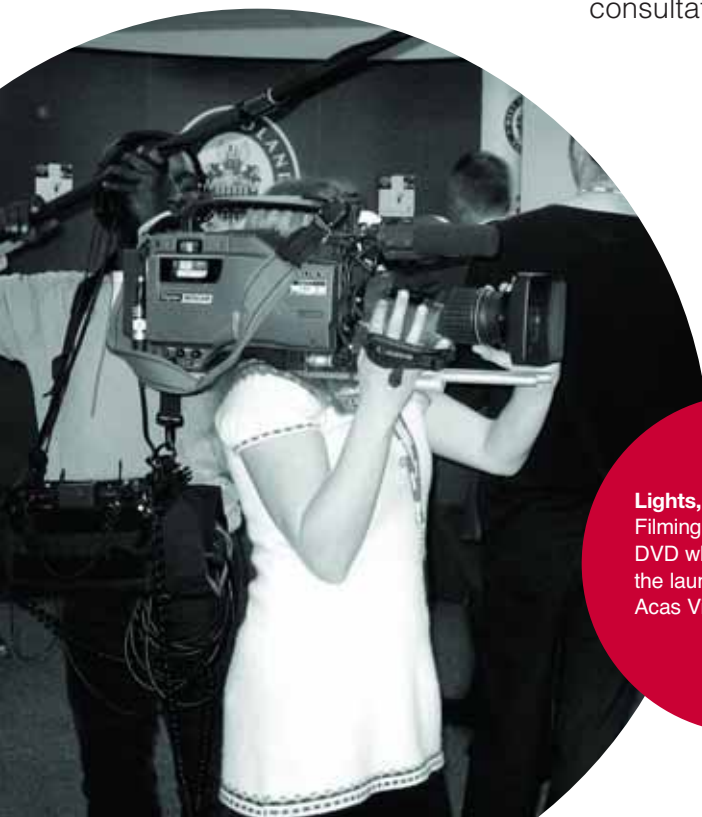
Our reputation overseas continued to grow during the year, and we were approached by the International Labour Organisation to host a visit for a delegation from China. We also welcomed other delegations from China, as well as visitors from Australia, Ethiopia, France, Hong Kong, Japan, Malaysia and South Korea.

Strategy and policy

Policy publications

We use the direct experience and knowledge of our operational staff to inform external public policy debates on employment relations. We also monitor developments and trends to help inform policy and service delivery within our organisation. We produce a range of policy publications and three new additions to the Policy Discussion series were published in 2006/07. These were:

- *New rules, new challenges: Acas' role in the employment tribunal system*
- *Workplace bullying and harassment: building a culture of respect*
- *Back to basics: Acas' experience of equality and diversity in the workplace.*



Lights, camera, action!
Filming takes place for a DVD which formed part of the launch material for the Acas Vision (see page 37).

We also published three editions of *Employment Relations Matters*, a bulletin containing shorter articles on a range of topical issues including:

- the findings from the latest Workplace Employment Relations Survey
- the emerging Commission for Equality and Human Rights
- the 2006 age regulations
- human rights and equality.

All publications are available on our website, www.acas.org.uk.

Policy theme groups

We steer policy development through a range of cross-functional groups on:

- public sector reform
- equality and diversity
- workplace effectiveness and productivity
- micro, small and medium-sized businesses
- individuals in the workplace and vulnerable workers
- regionalisation.

These groups set up a range of initiatives. For example, in response to the increasing diversity of people contacting us for help we introduced a telephone interpreting facility for the helpline and individual conciliation (see page 25). We also entered into a formal partnership with JobCentre Plus to provide support and advice on equality and diversity to employers.

In the public sector, we partnered the Health and Safety Executive on its implementation of the Management Standards (see page 14) and played a key role in the high-profile health, work and wellbeing agenda. As part of this programme we developed services to help public sector organisations improve sickness absence and produced guidance and policy papers on attendance management. We also partnered the Department of Health to run five mediation pilots in different National Health Service trusts to promote early conflict resolution (see page 29).

The Acas Corporate Plan

During the year we refreshed our Corporate Plan, setting out the key strategic aims for the next three years. These encapsulate our core functions and reinforce the importance of our staff in delivering those aims. The five aims are:

- to enhance awareness and take up of dispute resolution and conflict management techniques in the workplace
- to provide information and practical advice and guidance to employers and employees
- to reach new audiences
- to raise awareness and influence policy
- to make the most of our people and resources.

The *Acas Corporate Plan 2007 – 2010* was published in June 2007 and is available on our website www.acas.org.uk.

Corporate governance

Work on measuring our organisational performance progressed this year and will continue in 2007/08. We are developing a balanced scorecard, which will seek to measure performance against our strategic aims. This will assist the Acas Board in making business decisions and supporting continuous improvement.

It is vital that we have internal controls to ensure that the business is run properly and with integrity. We continue to work on improving our business risk management, to embed risk management skills throughout the organisation.

Gibbons Review

The Employment Act 2002, and the 2004 Dispute Resolution Regulations that emerged from it, introduced a number of measures including fixed periods for Acas conciliation and statutory minimum workplace procedures for discipline and grievances (see page 30). During the year the DTI began to explore stakeholder views and experiences of these changes. Towards the end of 2006 Michael Gibbons was appointed to conduct a wide-ranging review of the arrangements for workplace dispute resolution and the processes for pursuing and resolving claims related to individual employment rights.

read all about it!

all our publications are available on our website www.acas.org.uk

Throughout this review we have maintained a close and constructive dialogue with DTI officials and, latterly, with Michael Gibbons' team. His review, *Better Dispute Resolution*, was published as the reporting year drew to a close. The DTI simultaneously issued a consultation document inviting stakeholders' views on the proposals. We welcomed the review and will respond positively to this consultation and continue to work with all concerned to help shape the future systems.

Research and evaluation

Research and evaluation at Acas has an important role in contributing to the employment relations evidence base, especially analysis of data generated in the course of our statutory roles. Our research and evaluation section regularly undertakes employment relations research – either independently or in partnership with other organisations. A number of significant research projects were conducted during 2006/07.

We are one of the sponsors of the Workplace Employment Relations Survey (WERS). Two publications were launched in June 2006:

- The main WERS 2004 source book *Inside the Workplace: Findings from the 2004 Workplace Employment Relations Survey*, written by Barbara Kersley, Carmen Alpin, John Forth, Alex Bryson, Helen Bewley, Gill Dix and Sarah Oxenbridge

- *Small and Medium-sized Enterprises: Findings from the 2004 Workplace Employment Relations Survey*, written by John Forth, Helen Bewley and Alex Bryson. This sets our WERS findings in relation to small and medium-sized enterprises (SMEs), with fewer than 250 employees.

Following the launch of these publications we commissioned a regional analysis of WERS, which provided new evidence on the nature and practice of employment relations in Great Britain and filled a major gap in the evidence base. This analysis was used to produce tailored regional reports.

Another element of our 2006/07 research programme was a series of projects exploring the impact of the sexual orientation and religion or belief regulations. The findings of this research were launched at a research seminar in April 2007, attended by more than 100 people including policy makers, lawyers, academics, trade union representatives, employers and pressure groups. The event was chaired by Rita Donaghy and addressed by Trevor Philips, Chair of the emerging Commission on Equality and Human Rights.

We explored the early impact of the age discrimination regulations in a short survey of SME awareness of, and responses to, the new law. We also published the findings of a study of the experience of ethnic minority workers in the hotel and catering industry.

This report, funded by Acas and the European Social Fund, was written by Tessa Wright and Anna Pollert from the Working Lives Research Institute and is an important contribution to the ongoing policy debate on vulnerable workers.

Within Acas, the research and evaluation team continued evaluating our main service areas. During the year we either published evaluation reports or started evaluation projects on individual conciliation; training sessions and conferences; advisory projects; collective conciliation; the helpline; and equality and diversity services.

In addition we continue to be involved in work to establish the economic value to workplaces of good employment relations practice and of the value-added contribution of our products and services.

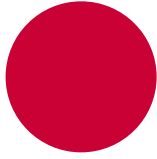
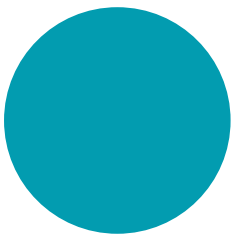


The background is a large green semi-circle. In the upper left, there is a teal circle. In the center, there is a large light green circle containing a white circle. Text is placed within the light green circle and at the bottom of the page.

two thirds

of respondents said that they were
satisfied with internal communications

managing Acas



Our staff are our business and we value them and their work enormously. Overall, this has been another year of achievement against a challenging background of great change.

Human resources and lifelong learning

Internal communications

This year has again been one of great change, and our specialist internal communications team provided presentational advice to the Chief Executive and other senior managers on internal announcements and initiatives, as well as a number of staff communications channels (see page 37).

In September 2006, the Communications team surveyed staff views on internal communications. Two-thirds (66 per cent) of respondents said that they were satisfied with internal communications at Acas. This was up from just over one-third (37 per cent) of respondents in 2004 and demonstrates real progress in this area. We continue to seek feedback on our internal communications and respond to questions raised both through the regular Chief Executive bulletins and team briefing meetings.

In January 2007 the Acas Vision was launched at six events across the country and these were attended by more than 800 members of staff (see page 37).

The Vision sets out our values and commitments to both our staff and customers. The events were well-received. Feedback from the launch events showed that 88 per cent of staff felt fully informed about the Vision, 87 per cent felt involved in the events and 72 per cent rated them useful or very useful.

We ran a staff attitude survey in December and all regional managers are in the process of discussing the results with their staff and compiling action plans.

We encourage staff to discuss issues affecting them and their work. They can give their views as individuals or through their trade unions.

We have well-established means of consultation with our unions and have an agreement on information and consultation. There are three sub-committees to discuss issues concerning health and safety, learning and development, and equality and diversity. Union learning representatives are encouraged to attend events designed to establish and promote the role. We concluded a number of new agreements with our trade unions over the past year and are reviewing others.

Equality and diversity

We aim to address diversity and equality in all our activities and to ensure that key messages are delivered to our staff. We have built on our diversity and equality awareness training programme, which is available to every member of staff and is part of our induction for new starters.

With support from colleagues across Acas, we designed a training package to give managers the confidence to handle a range of diversity and equality issues. This was rolled out during the year and was delivered by our own team of experienced diversity and equality advisers (see page 18).

We remain committed to carrying out initial impact assessments before introducing new policies and procedures. A large proportion of our staff have undertaken impact assessment training.

Our fair treatment contacts, who are volunteers within Acas, are available to talk to staff about any areas of concern they have about their treatment at work. Fair treatment contacts who have left during the year will be replaced.

Meeting our equality duties

Equality duties are duties that public bodies have under three sets of legislation covering race, disability and gender to ensure that they are proactive in eliminating discrimination in what they do and how they do it. We take seriously our obligation to tackle discrimination and promote equality of opportunity. Our race, disability and gender schemes are all available on our website www.acas.org.uk. They describe how we ensure that the way we work and the services we deliver are accessible and relevant to all our customers.

During the year we focused on race impact, assessing our three core services of conciliation, helplines and training. All three passed a rigorous assessment of their services to the public and how they manage their staff. We also developed our gender duty.

Our disability duty benefited from working closely with Scope, an organisation in England and Wales for people with cerebral palsy. We have trained disability champions in every region and directorate to ensure that we involve our colleagues who have a disability in the formulation and delivery of our services. We trained all senior managers in how to meet the disability duty and plan to train all staff during 2007. We also have a disability equality scheme on our website for consultation.

Recruitment

We carried out a number of recruitment exercises last year to fill operational and senior management vacancies that had arisen through retirement and restructuring. All new staff attended induction events to help them integrate successfully into their new roles.

Learning and continuous professional development

We continued to provide learning opportunities for staff. Our priority remained development activities that reflect the needs of our business. We also considered flexible approaches to delivering training and development activities.

Our programme of accredited training continued during 2006/07:

- three staff gained national vocation qualification (NVQ) level 3 in customer service
- 19 staff successfully completed the Certificate in Employment Relations and Employment Law, gaining Associate Membership of Chartered Institute of Personnel and Development (CIPD)
- over 60 staff are studying for an accredited training qualification, either the Certificate in Training Practice or an NVQ Level 4 in Learning and Development.

Suits you sir! Members of Acas' customer services team boosted their expertise when they achieved their NVQ level 3 in Customer Service following a visit by an external verifier during March. (See page 45 for more details of Acas staff training and development.)



We adopted a similar programme to enable our managers to acquire levels 4 or 5 of the management NVQ. During 2006/07 we also ran a programme of management developments events. The topics covered were managing change (59 delegates), project management and performance management (both 52 delegates), managing poor performance and unacceptable behaviour (43 delegates), and developing staff (40 delegates).

Changes in the way we deliver conciliation (see page 30) led to training and briefing events for those involved.

Wherever possible we provided training locally to give all staff the opportunity to participate while addressing work-life balance issues. We use a variety of media and delivery mechanisms to suit individuals with caring and other responsibilities and those with different learning styles.

During the year we completed the review of our advisory training. We have put in place a learning programme that allows our new advisers to learn in a way that best meets them, coupled with facilitative coaching from their manager. In addition, we commissioned training for both new and experienced managers, and for workplace mediation.

Our human resource strategy and performance management process reflect the requirements of the *Professional Skills for Government* agenda. We will continue work during 2007/08 to equip all staff with the skills and knowledge they need. Our Chief Executive is the Non-Departmental Public Bodies (NDPB) representative member of the Government Skills Board, the sector skills council for central government.

Our investment in our staff was enhanced by creating an organisation-wide network of 23 Investors in People Liaison representatives. The network focuses on communication between staff and managers and meets to share best practice.

Security of employment

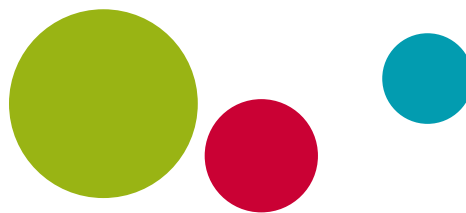
During the year we downsized our staff complement without the need to resort to compulsory redundancy. We have agreed with our unions to avoid redundancy. In March 2007, 26 members of staff left through voluntary retirement/severance. This was offered so that we could live within our future budget.

Work-life balance

We have in place a variety of flexible working arrangements and have expanded the number of homeworkers during the year.



A qualified success: successful CEREL candidates are presented with their certificates at a ceremony held in Manchester.



Pay and reward systems

Within the constraints of HM Treasury's pay remit process, our reward strategy is to ensure that:

- staff at all levels continue to have performance-related progression increases that enable them to attain equality of pay with their colleagues within a reasonable period
- staff remain motivated to perform and achieve organisational objectives
- proposals are objectively based and non-discriminatory either directly or indirectly
- they are affordable.

This approach has been maintained in the current year. We carried out an equal pay review and are analysing the results. A pay gap between men and women was identified. This work will continue into next year, and will form part of our Gender Equality Scheme.

We reviewed our performance management system, working closely with trade union colleagues to make this an effective and fair process for staff and a driver of continuous improvement. Human resource colleagues briefed staff on the new process and assessed training needs. We will continue to train our managers in how to deal with any potential poor performance or inadequate attendance.

Health and safety

We are committed to maintaining a safe working environment for our staff, contractors and visitors and ensuring that effective health and safety policies and arrangements are in place to meet this commitment. We actively seek the support of our staff and unions through the safety committee structure and we work in partnership with our contractors to achieve these aims.

We continually monitor and review our occupational health contract to ensure it meets the need of staff and their managers, getting feedback from users and discussing findings with the provider.

The electronic display screen equipment risk assessment, training and reporting tool is continually maintained and monitored to ensure new staff members complete the package. Where there are significant changes to workstations staff are required to do the assessment again.

We reviewed our existing smoking policy during the year to meet the requirements for government offices. By the end of December we had a no smoking policy in all our buildings.

Our risk assessment for new/expectant mothers, introduced in 2005/06, was incorporated in the newly-revised maternity guidance in the staff handbook during 2006/07. This gives guidance to the new/expectant mothers and to their managers about what practices need to take place throughout the pregnancy and on return to work.

We continue to develop our health and safety advice on the Intranet, ensuring that guidance notes covering key risk areas are up to date and accurate.

Estates

Our estate (offices and equipment) is continually being reviewed to ensure that our offices remain fit for purpose and represent good value for money. During the year our Fleet office moved to more modern accommodation, our Exeter office was closed, and we gave up space in our Liverpool, Newcastle and Paddock Wood offices. Plans are now under way to relocate our Birmingham and Pensnett offices to a new single-site location in Birmingham.

The background: in 2006 Acas were asked to take part in a project financed by the Global Opportunities Fund. The terms of reference for the project were agreed by the Secretariat of Work Relations (part of the Brazilian Ministry of Work and Employment (MTE)) and the Foreign and Commonwealth Office (FCO).

The aim of this project was to facilitate trade union and labour reforms to help the Brazilian government strengthen its economic and political relationship with the UK and the EU. As part of this project, Acas experts arranged three workshops about Brazilian trades union organisation and different ways to resolve collective conflict which were pivotal to achieving the project's aims.

How Acas helped

The workshop audience included MTE technicians from all 27 Brazilian states. The technicians had already had experience of promoting collective mediation in their regional units. Among other topics, Acas presented a comprehensive overview of its work and the benefits of individual and collective conciliation. Our experts also outlined their thoughts on the trade union movement and British labour relations. The workshops were very relaxed and interactive – participants were encouraged to take on the role of the mediator and look at the best way to resolve conflict in a given situation.

The results

Seventy-five MTE technicians were trained and learnt about the British experience of voluntary resolution of labour conflicts. The exchange of experience and ideas during the workshops was valuable and participants learnt skills that they would be able to take back and apply to their own work situation.

After one year of collaboration, labour market reform continues to be key to long-term economic stability in Brazil, and the UK remains the partner of choice for the Brazilians in this area. Acas will continue to work with MTE during 2007/08.

75

MTE technicians were trained and learned about the British experience of voluntary resolution of labour conflicts



Brazilian Ministry
of Work and
Employment (MTE)

case study four

Managing our finances

A full set of our accounts for 2006/07, which are prepared under Section 253 of the Trade Union and Labour Relations (Consolidation) Act 1992, are set out at the end of this report (see pages 68 to 104).

During 2006/07 we agreed a revised 2007/08 budget allocation settlement and submitted our Comprehensive Spending Review (CSR)07 funding requirement to the Department of Trade and Industry (DTI) for 2008/09 to 2010/11. The budget allocation for 2007/08 is agreed at £42.0 million, plus £1.0 million investment funding to deliver approved savings. The budget allocation for 2006/07 was £45.2 million. The CSR funding has yet to be formally agreed.

Once again during the year our focus was on implementing change programmes that will deliver cost-efficiency savings so that we can live within our reduced budget allocation while at the same time ensuring that we continue to deliver our mission.

Our main cost-saving reductions centred on:

- a second Voluntary Early Severance/Voluntary Early Retirement (VER/VES) scheme that saw the departure of 26 staff. In the previous year 143 staff left under these schemes
- delivering on the Estate Strategy (see page 47)
- buying out contracted terms and conditions to achieve value for money savings.

During the year we increased our generated income through traded services.

Key financial headlines are:

Issue	Results (£'000's)
Gross cost of Acas (excluding exceptional items)	£51,891
Less income earned by Acas	£4,086
Exceptional items	£2,908
Net Operating Cost	£50,713
Capital expenditure	£1,287
Grant in Aid	£48,345
Audit Committee Members	John Steele (Chair)* Rita Donaghy CBE Veronica McDonald CBE* Sarah Anderson John McMullen

*Replaced on 1 May 2007 as their tenure on the Council ceased on 30 April 2007.



Acas performance

Complaints

In 2006/07 we received 125 formal written complaints about our services. Of these, 115 concerned our helpline, and 10 our individual conciliation service. There was a significant increase in complaints since the last reporting period; 18 written complaints were received in 2005/06, 12 of which were about our helpline and six about our individual conciliation service.

The number of complaints about the helpline represented approximately 0.01 per cent of all calls. Around two-thirds (76) concerned difficulties in getting through. This was a problem. For much of 2006/07 we did not have the resource capability to deal with the rising volume of calls, primarily because we were unable to recruit and train enough new advisers as quickly as we needed to replace the loss of staff to other areas of work (see pages 9 and 25). We apologised to all these complainants and are recruiting advisers as a priority.

A further 21 complainants believed the attitude of the helpline adviser was unacceptable, 14 complaints concerned alleged inaccuracies in information given about employment rights and four related to our policy on email queries. As a result, helpline advisers have been required to attend further customer skills training. Where we were not able to substantiate the complaints, we have asked team managers to discuss these issues with teams as part of our continuous improvement process.

Regarding complaints about our individual conciliation service, two alleged bias by the conciliator. Our investigations found no evidence to substantiate these allegations. Another complaint concerned a delay in response to contacts from a representative, and this resulted in an apology to the complainant. The remaining seven complaints concerned the enforcement and scope of Acas settlements and the role of our conciliator. In six of these we were able to provide further explanation of these matters. In the seventh case, the complainant required details of the process leading to settlement of an old case. Unfortunately we could not provide this; the case was so old the case notes had been destroyed.

See pages 7–12 for more details about Acas' performance during 2006/07.

facts & figures



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Individual disputes – individual conciliation¹

Regional breakdown of claims received from the employment tribunals (ET1s*) for conciliation by main jurisdiction from 1 April 2006 to 31 March 2007

Region	Unfair dismissal	Wages Act	Breach of contract	Redundancy pay	Sex discrimination	Race discrimination
London	5,143	224	108	61	920	897
South East	3,520	944	603	272	2,255	250
East of England	2,501	491	463	135	511	182
East Midlands	3,125	1,075	444	304	277	138
West Midlands	3,053	1,305	521	420	496	222
North East	2,506	1,284	844	280	834	39
Yorkshire & Humber	2,817	1,372	447	280	870	169
North West	4,910	2,479	788	539	799	244
Scotland	3,348	1,178	431	298	603	88
South West	2,874	702	385	199	276	92
Wales	1,786	441	365	176	254	62
All	35,583	11,495	5,399	2,964	8,095	2,383
Non ET1s*	57,476					

Agreement to use Arbitration Scheme

Area	2006/07	2005/06	2004/05
Unfair dismissal	3	6	4
Flexible working	0	0	1

* See footnotes on page 66.

** New jurisdiction: Age Discrimination Regulations were introduced in October 2006.

¹ Notes: Very few equal pay claims against NHS employers are included in these figures because they have not been passed to Acas for conciliation by the tribunals unless the parties request conciliation or there appears a reasonable prospect of success in conciliation.

Conciliation is not always conducted in the region in which the claim is made.

Disability discrimination	Working time	Equal pay	National minimum wage	Flexible working	Age discrimination**	Other	All claimants
684	94	28	15	17	100	614	8,905
383	1,113	45	11	7	50	512	9,965
362	53	226	33	4	53	312	5,326
262	245	82	280	3	21	608	6,864
295	289	1,298	5	7	18	452	8,381
126	303	8,847	14	5	14	519	15,615
342	275	3,630	24	4	30	736	10,996
595	630	1,138	10	5	44	955	13,136
183	466	9,286	20	3	14	645	16,563
251	194	11	14	1	37	212	5,248
171	118	673	5	2	13	112	4,178
3,654	3,780	25,264	431	58	394	5,677	105,177

Individual disputes – individual conciliation (continued)¹

Claims received for conciliation by main jurisdiction (ET1s only*)

Nature of claim	2006/07		2005/06		2004/05	
	Number	%	Number	%	Number	%
Unfair dismissal	35,583	34	35,944	32.8	34,864	42.6
Wages Act	11,495	11	13,201	12.0	16,673	20.4
Breach of contract	5,399	5	6,067	5.5	5,443	6.6
Redundancy pay	2,964	3	2,847	2.6	2,993	3.7
Sex discrimination	8,095	8	5,202	4.7	4,443	5.4
Race discrimination	2,383	2	2,243	2.0	2,489	3.0
Disability discrimination	3,654	3	3,197	2.9	2,716	3.3
Working time	3,780	4	23,907	21.8	1,102	1.3
Equal pay	25,264	24	12,393	11.3	6,607	8.1
National minimum wage	431	0.4	64	0.1	154	0.2
Flexible working	58	0.1	91	0.1	70	0.1
Age discrimination (Oct 2006)	394	0.4	–	0.0	–	0.0
Others	5,677	5	4,556	4.2	4,361	5.3
Total	105,177		109,712		81,828	

Secondary and other jurisdictions

Nature of claim	2006/07		2005/06		2004/05	
	Number	%	Number	%	Number	%
Unfair dismissal	8,884	11.8	8,453	10.3	7,595	11.6
Wages Act	16,753	22.3	19,974	24.3	20,112	30.7
Breach of contract	18,603	24.7	19,694	24.0	15,587	23.8
Redundancy pay	4,036	5.4	3,971	4.8	3,434	5.2
Sex discrimination	4,080	5.4	7,782	9.5	6,370	9.7
Race discrimination	1,359	1.8	1,869	2.3	788	1.2
Disability discrimination	1,790	2.4	1,332	1.6	2,101	3.2
Working time	11,180	14.9	10,458	12.7	2,153	3.3
Equal pay	2,233	3.0	1,754	2	979	1.5
National minimum wage	308	0.4	307	0.4	278	0.4
Flexible working	167	0.2	146	0.2	170	0.3
Age discrimination (Oct 2006)	345	0.2	–	0.0	–	0.0
Others	5,505	7.3	6,433	7.8	6,023	9.0
Total	75,243		82,173		65,590	

*See footnotes on page 66.

All jurisdictions

Nature of claim	2006/07		2005/06		2004/05	
	Number	%	Number	%	Number	%
Unfair dismissal	44,467	24.6	44,397	23.1	42,459	28.8
Wages Act	28,248	15.7	33,175	17.3	36,785	25.0
Breach of contract	24,002	13.3	25,761	13.4	21,030	14.3
Redundancy pay	7,000	3.9	6,818	3.6	6,427	4.4
Sex discrimination	12,175	6.7	12,984	6.8	10,813	7.3
Race discrimination	3,742	2.1	4,112	2.1	3,277	2.2
Disability discrimination	5,444	3.0	4,529	2.4	4,730	3.2
Working time	14,960	8.3	34,365	17.9	3,255	2.2
Equal pay	27,497	15.2	14,147	7.4	7,586	5.1
National minimum wage	739	0.4	371	0.2	432	0.3
Flexible working	225	0.1	237	0.1	240	0.2
Age discrimination (Oct 2006)	739	0.4	–	0.0	–	0.0
Others	11,182	6.2	10,989	5.7	10,384	7.0
Total	180,420		191,885		147,418	

* See footnotes on page 66.

** New jurisdiction: Age Discrimination Regulations were introduced in October 2006.

1 Notes: Very few equal pay claims against NHS employers are included in these figures because they have not been passed to Acas for conciliation by the tribunals unless the parties request conciliation or there appears a reasonable prospect of success in conciliation.

Conciliation is not always conducted in the region in which the claim is made.

Individual disputes – individual conciliation (continued)

Claims withdrawn or to tribunal (by main jurisdiction)

Main jurisdiction	Year	Total	Settled	%	Withdrawn	%	ET hearing	%	Other outcomes	%
Unfair dismissal	06/07	35,213	13,320	38	11,510	33	8,738	25	1,645	5
	05/06	31,375	11,989	38	10,631	34	7,469	24	1,286	4
	04/05	34,063	16,898	50	9,053	27	6,905	20	1,207	3
Wages Act	06/07	12,126	4,457	37	3,349	28	4,002	33	318	3
	05/06	14,168	5,086	36	4,411	31	4,382	31	289	2
	04/05	16,132	6,675	41	4,904	30	4,116	26	437	3
Breach of contract	06/07	4,919	1,584	32	1,417	29	1,730	35	188	4
	05/06	5,691	1,962	34	1,839	32	1,726	30	164	3
	04/05	5,699	2,297	40	1,639	29	1,572	28	191	3
Redundancy pay	06/07	2,567	376	15	653	25	1,441	56	97	4
	05/06	2,616	467	18	678	26	1,422	54	49	2
	04/05	3,062	588	19	947	31	1,374	45	153	5
Sex discrimination	06/07	4,485	2,358	53	1,499	33	491	11	137	3
	05/06	7,421	2,229	30	3,494	47	634	9	1,064	14
	04/05	4,869	2,088	43	2,059	42	621	13	101	2
Race discrimination	06/07	2,127	952	45	594	28	466	22	115	5
	05/06	2,521	1,064	42	773	31	580	23	104	4
	04/05	2,651	1,084	41	854	32	547	21	166	6
Disability discrimination	06/07	3,083	1,621	53	938	30	407	13	117	4
	05/06	2,550	1,329	52	789	31	361	14	71	3
	04/05	2,552	1,311	51	756	30	410	16	75	3
Age discrimination	06/07	58	30	52	26	45	1	2	1	2
	–	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–	–
Working time	06/07	2,435	934	38	645	26	815	33	41	2
	05/06	2,642	1,140	43	868	33	600	23	34	1
	04/05	1,408	426	30	805	57	167	12	10	1
Equal pay	06/07	1,785	1,348	76	381	21	21	1	35	2
	05/06	2,210	874	40	1,277	58	36	2	23	1
	04/05	610	358	59	146	24	43	7	63	10
National minimum wage	06/07	123	58	47	34	28	30	24	1	1
	05/06	181	31	17	29	16	19	10	102	56
	04/05	173	116	67	29	17	21	12	7	4
Flexible working	06/07	43	20	47	20	47	3	7	0	0
	05/06	63	36	57	19	30	7	11	1	2
	04/05	76	31	41	34	45	9	12	2	2
Others	06/07	4,905	1,367	28	1,479	30	1,928	39	151	3
	05/06	4,696	889	19	2,071	44	1,317	28	419	9
	04/05	3,137	1,005	32	1,057	34	956	30	119	4
Total	06/07	73,869	28,403	38	22,545	31	20,073	27	2,846	4
	05/06	76,134	27,096	36	26,879	35	18,553	24	3,606	5
	04/05	74,432	32,877	44	22,283	30	16,741	22	2,531	3

Individual disputes – individual mediation

Individual mediation*

Region	Year	Requests received	Accepted	Dispute resolved	Progress made	Not resolved	% successful
London	06/07	23	21	16	1	4	81
	05/06	28	13	12	1	–	100
	04/05	36	12	10	2	–	100
South East	06/07	10	9	7	1	1	89
	05/06	12	12	9	2	1	92
	04/05	11	3	2	–	1	67
East of England	06/07	9	8	5	1	2	75
	05/06	4	3	3	–	–	100
	04/05	8	6	6	–	–	100
East Midlands	06/07	12	10	9	–	1	90
	05/06	9	9	9	–	–	100
	04/05	12	5	4	1	–	100
West Midlands	06/07	11	11	9	–	2	82
	05/06	2	1	1	–	–	100
	04/05	7	6	5	1	–	100
North East	06/07	5	5	5	–	–	100
	05/06	10	5	5	–	–	100
	04/05	5	2	2	–	–	100
Yorkshire & Humber	06/07	23	18	13	2	3	83
	05/06	14	13	10	1	2	85
	04/05	3	3	2	–	1	67
North West	06/07	26	24	11	2	11	54
	05/06	14	7	5	–	2	71
	04/05	14	14	13	–	1	93
Scotland	06/07	10	10	9	–	1	90
	05/06	14	10	9	–	1	90
	04/05	10	5	4	1	–	100
South West	06/07	15	12	9	1	2	83
	05/06	16	8	8	–	–	100
	04/05	8	1	1	–	–	100
Wales	06/07	6	6	6	–	–	100
	05/06	5	4	4	–	–	100
	04/05	2	2	2	–	–	100
Total	06/07	150	134	99	8	27	80
	05/06	128	85	75	4	6	93
	04/05	116	59	51	5	3	95

* Mediation in 2004/05 and 2005/06 used different criteria for successful outcomes to those in 2006/07.

Collective disputes

Collective disputes by region and source

Region	Year	Total received	Employer	Trade union	Joint	Acas
London	06/07	109	28	19	51	11
	05/06	100	16	29	45	10
	04/05	113	25	29	46	13
South East	06/07	32	10	8	9	5
	05/06	37	6	14	9	8
	04/05	83	16	34	19	14
East of England	06/07	53	14	12	20	7
	05/06	62	11	25	18	8
	04/05	56	6	24	13	13
East Midlands	06/07	45	7	9	25	4
	05/06	50	10	12	25	3
	04/05	56	16	13	24	3
West Midlands	06/07	75	28	19	10	18
	05/06	80	29	13	24	14
	04/05	62	15	19	27	1
North East	06/07	121	12	12	41	56
	05/06	94	5	26	50	13
	04/05	111	9	31	42	29
Yorkshire & Humber	06/07	96	25	21	31	19
	05/06	62	16	12	28	6
	04/05	79	16	13	32	18
North West	06/07	178	28	34	89	27
	05/06	209	27	48	118	16
	04/05	259	22	35	158	44
Scotland	06/07	154	24	98	25	7
	05/06	180	17	101	53	9
	04/05	190	18	111	53	8
South West	06/07	18	6	3	7	2
	05/06	29	6	6	11	6
	04/05	33	6	10	16	1
Wales	06/07	31	10	6	15	0
	05/06	36	13	6	14	3
	04/05	66	15	14	32	5
Acas National	06/07	0	0	0	0	0
	05/06	13	3	2	5	3
	04/05	15	0	6	8	1
All	06/07	912	192	241	323	156
	05/06	952	159	294	400	99
	04/05	1,123	164	339	470	150

Collective disputes by region and cause

Region	Year	General pay	Other pay	Recognition	Changes in working practices	Other TU	Redundancy	Discipline and dismissal	Others
London	06/07	31	21	21	6	5	4	4	17
	05/06	16	24	17	10	12	7	4	9
	04/05	20	21	23	11	15	8	3	12
South East	06/07	11	10	5	2	0	2	0	2
	05/06	8	11	8	1	1	3	2	2
	04/05	18	11	21	10	9	7	4	3
East of England	06/07	10	15	11	1	4	5	2	5
	05/06	15	12	14	3	9	4	1	4
	04/05	13	11	15	2	3	9	2	1
East Midlands	06/07	9	17	10	2	2	2	1	2
	05/06	18	8	8	3	3	7	2	1
	04/05	11	13	16	4	5	3	1	3
West Midlands	06/07	25	14	16	3	3	5	0	9
	05/06	20	20	18	3	5	7	4	3
	04/05	12	15	26	1	2	3	0	3
North East	06/07	24	68	13	0	2	5	2	7
	05/06	24	24	22	3	5	7	1	6
	04/05	30	44	26	0	6	3	0	2
Yorkshire & Humber	06/07	29	40	8	5	3	3	1	7
	05/06	16	13	11	6	5	5	1	5
	04/05	17	17	13	3	8	5	0	16
North West	06/07	42	25	15	19	27	25	8	17
	05/06	50	50	29	12	25	13	14	10
	04/05	57	83	36	14	27	11	19	12
Scotland	06/07	57	28	36	7	3	10	8	5
	05/06	62	39	33	17	6	7	12	2
	04/05	59	47	41	11	7	4	20	1
South West	06/07	5	3	7	2	1	0	0	0
	05/06	7	9	10	1	0	0	1	1
	04/05	18	6	5	0	3	0	0	1
Wales	06/07	11	0	5	0	1	1	1	12
	05/06	12	0	5	3	4	2	0	0
	04/05	23	12	11	2	2	9	4	3
Acas National	06/07	0	0	0	0	0	0	0	0
	05/06	4	5	2	1	0	1	0	0
	04/05	11	1	1	1	0	0	1	0
All	06/07	254	241	147	47	51	62	27	83
	05/06	252	215	177	63	75	63	42	43
	04/05	289	281	234	59	87	62	54	57

Collective disputes (continued)

Collective cases by outcome

Region	Year	Total cases	Completed	Successful	Unsuccessful	Withdrawn
London	06/07	89	81	74	7	8
	05/06	99	96	87	9	3
	04/05	92	89	86	3	3
South East	06/07	22	22	21	1	0
	05/06	42	42	36	6	0
	04/05	99	96	93	3	3
East of England	06/07	57	55	50	5	2
	05/06	64	64	58	6	0
	04/05	52	51	50	1	1
East Midlands	06/07	39	38	36	2	1
	05/06	43	43	37	6	0
	04/05	52	51	50	1	1
West Midlands	06/07	66	65	63	2	1
	05/06	63	63	60	3	0
	04/05	53	51	49	2	2
North East	06/07	83	70	61	9	13
	05/06	73	61	56	5	12
	04/05	129	107	85	22	22
Yorkshire & Humber	06/07	49	49	48	1	0
	05/06	34	30	28	2	4
	04/05	74	73	72	1	1
North West	06/07	213	208	208	0	5
	05/06	218	213	204	9	5
	04/05	170	167	164	3	3
Scotland	06/07	168	165	148	17	3
	05/06	200	197	178	19	3
	04/05	188	186	184	2	2
South West	06/07	25	25	25	0	0
	05/06	34	32	29	3	2
	04/05	38	38	38	0	0
Wales	06/07	24	24	24	0	0
	05/06	54	51	50	1	3
	04/05	69	68	67	1	1
Acas National	06/07	0	0	0	0	0
	05/06	12	12	7	5	0
	04/05	8	8	8	0	0
All	06/07	835	802	758	44	33
	05/06	936	904	830	74	32
	04/05	1,024	985	946	39	39

Cases referred to arbitration and dispute mediation

Area	2006/07	2005/06	2004/05
Single Arbitrator	44	55	51
Board of Arbitration	0	0	0
Single Mediator	2	2	6
Board of Mediation	0	0	1
Police Arbitration Tribunal	1	0	0
Total	47	57	58

Issues referred to arbitration and dispute mediation

Nature of claim	2006/07		2005/06		2004/05	
	Number	%	Number	%	Number	%
Annual pay	14	30.0	11	19.0	14	25.0
Other pay and conditions of employment	12	26.0	10	17.5	13	22.5
Dismissal and discipline	11	23.0	5	9.0	14	25.0
Grading	2	4.0	14	24.5	1	0.5
Others	8	17.0	17	30.0	16	27.0
Total	47		57		58	

Advice services

Completed workplace projects by subject and region

Region	Year	Total completed	Discipline and grievance	Turnover/absence management	Bullying and harassment	Collective bargaining arrangements	Trade union recognition
London	06/07	17	0	0	0	4	1
	05/06	15	1	0	0	2	0
	04/05	16	2	0	0	5	2
South East	06/07	9	1	0	0	0	0
	05/06	24	6	0	1	3	1
	04/05	54	8	0	–	11	1
East of England	06/07	12	0	0	0	1	1
	05/06	23	0	0	0	2	0
	04/05	9	0	0	–	4	0
East Midlands	06/07	16	1	1	0	1	3
	05/06	13	0	0	0	1	1
	04/05	46	3	0	–	8	0
West Midlands	06/07	17	1	3	0	0	1
	05/06	14	0	1	0	0	1
	04/05	23	2	0	–	4	0
North East	06/07	39	1	1	0	0	3
	05/06	28	0	1	0	4	1
	04/05	36	1	0	–	6	4
Yorkshire & Humber	06/07	33	0	1	0	2	1
	05/06	46	1	0	0	4	0
	04/05	52	6	0	–	4	0
North West	06/07	23	1	0	0	3	1
	05/06	45	3	1	0	5	1
	04/05	24	3	0	–	1	0
Scotland	06/07	23	0	1	0	0	11
	05/06	47	5	2	0	1	13
	04/05	44	6	0	–	11	4
South West	06/07	15	0	0	0	1	0
	05/06	18	0	0	0	0	0
	04/05	32	1	0	–	6	0
Wales	06/07	15	0	0	0	0	0
	05/06	46	4	1	1	5	3
	04/05	35	2	0	–	4	0
All	06/07	219	5	7	0	12	22
	05/06	319	20	6	2	27	21
	04/05	371	34	0	–	64	11

Communications and consultation	Pay and reward systems	Grading arrangements	Management of change	Changes to pattern of work	Equal opportunities/work-life balance	Managing diversity	Improving relationships/problem-solving
1	0	0	1	0	0	0	10
3	1	2	1	0	0	0	5
3	2	–	2	0	–	–	0
2	0	0	0	0	0	1	5
5	2	1	2	0	0	0	3
16	5	–	9	1	–	–	3
0	2	2	3	0	1	0	2
12	1	2	3	0	0	0	3
5	0	–	0	0	–	–	0
3	0	0	1	0	0	0	6
2	2	1	3	0	0	0	3
12	11	–	4	1	–	–	6
3	1	0	0	0	0	1	7
5	0	1	0	0	0	0	6
8	5	–	4	0	–	–	0
18	3	0	2	1	1	0	9
9	3	1	3	2	0	0	4
18	2	0	5	0	0	–	0
11	3	3	5	0	0	0	7
22	3	2	6	0	0	1	7
27	4	–	9	0	0	–	2
4	2	3	1	1	0	2	5
17	5	1	11	0	0	0	1
5	2	–	13	0	–	–	0
1	0	5	1	1	1	0	2
3	3	7	7	1	1	0	4
5	4	–	13	0	–	–	1
7	2	0	0	0	1	1	3
2	4	0	6	0	0	0	6
10	4	–	11	0	–	–	0
3	2	2	0	2	0	0	6
9	10	1	8	1	0	0	3
18	6	0	5	0	–	–	0
53	15	15	14	5	4	5	62
89	34	19	50	4	1	1	45
127	46	0	75	2	–	–	12

Advice services (continued)

Advisory meetings and calls received by Helpline

Region	Advisory meetings			Calls received by Helpline		
	2006/07	2005/06	2004/05	2006/07	2005/06	2004/05
London	162	226	192	107,611	107,367	117,971
South East	81	227	214	51,486	85,414	84,949
East of England	70	138	65	41,343	34,727	32,443
East Midlands	57	81	107	76,416	81,181	65,482
West Midlands	170	122	182	65,311	93,506	92,443
North East	89	105	92	87,280	57,986	48,324
Yorkshire & Humber	184	309	185	81,673	72,384	71,279
North West	214	361	434	122,675	152,351	126,548
Scotland	108	163	164	104,156	102,480	108,450
South West	81	100	137	45,930	60,399	80,199
Wales	127	170	151	55,454	60,758	52,699
Total	1,318	2,002	1,923	839,335	908,553	880,787

Equality Direct Helpline*

Nature of claim	2006/07		2005/06		2004/05	
	Number	%	Number	%	Number	%
Maternity, paternity and adoption	644	10.0	461	9.0	–	–
Diversity and discrimination	2,325	38.0	2,039	40.0	–	–
Family friendly policies	298	5.0	330	7.0	–	–
Others	2,914	47.0	2,231	44.0	–	–
Total	6,182		5,061		4,736	

* Due to a change in the way the specific subjects have been broken down for 2005/06 onwards, it is not possible to directly compare calls by subject, only total calls prior to that period.

Training sessions

Region	Charged training sessions			Charged workplace training			Non-charged training sessions			Total training sessions		
	06/07	05/06	04/05	06/07	05/06	04/05	06/07	05/06	04/05	06/07	05/06	04/05
London	102	73	92	130	214	188	46	63	54	278	350	334
South East	74	96	123	151	240	164	48	84	123	273	420	410
East of England	90	80	79	102	62	105	32	41	26	224	183	210
East Midlands	72	54	58	147	103	156	13	18	15	232	175	229
West Midlands	47	47	53	96	141	79	36	29	30	179	217	162
North East	67	73	74	133	116	136	9	13	17	209	202	227
Yorkshire & Humber	72	58	78	205	197	164	42	60	58	319	315	300
North West	90	95	95	133	122	120	71	132	184	294	349	399
Scotland	193	151	145	184	255	167	1	0	11	378	406	323
South West	67	65	72	104	85	72	8	3	28	179	153	172
Wales	45	51	67	95	116	118	2	27	38	142	194	223
Total	919	843	936	1,480	1,651	1,469	308	470	584	2,707	2,964	2,989

Footnotes

***ET1** (actual claims to tribunals) individuals (applicants) wishing to make a complaint to an employment tribunal submit a completed form "ET1".

***Non-ET1** (potential claims to tribunals) Acas may use its power to broker settlements in cases where a tribunal application has not yet been submitted, but Acas becomes aware that an individual could do so (using form ET1).

Charged training sessions

Acas provides practical guidance and help on developing policies and procedures and interpreting changes in employment practice and legislation. Separate training sessions are aimed at small businesses ('Key Points' sessions and 'Getting it right' sessions) as well as medium or larger organisations ('In-depth' sessions).

Charged workplace training sessions

Acas designs and delivers practical, flexible training packages customised for a particular workplace and delivered in that workplace. Acas trains delegates to improve their employment knowledge and skills, in the context of particular issues facing their organisations.

Employee involvement in Acas

Acas recognises the important contribution that effective communication and consultation make to:

- the achievement of the Acas Corporate and Business Plan
- greater understanding of all the factors that bear upon performance
- the enlargement of job interest and motivation.

Acas therefore accepts that staff have the right to:

- have their pay, grading, terms and conditions negotiated collectively with recognised trade unions
- be consulted directly and through their representatives so that their views can be taken into account before management makes decisions which are likely to affect the circumstances in which they carry out their duties
- be informed on matters of concern to them as employees, and to have the opportunity to respond to that information.

Practical expression is given to those rights in the following ways:

- management encourages membership of, and participation in the affairs of the appropriate trade unions and believes that they play an important part in the consultative process in Acas
- regular meetings between Acas management and trade union representatives in the Acas National Joint Council linked to the timing of Management Board meetings and separate Local Joint Committees in each region and at Acas National. Operating under agreed constitutions, these provide the main consultative and negotiating machinery within Acas. Minutes of meetings are made available to all staff. Separate joint committees which have been set up as sub-committees of the Acas National Joint Council consider training, health and safety and equal opportunity/fair treatment issues
- monthly meetings of the Acas Management Board, following which regional managers feed back to their own staff the operational, personnel and financial matters which have been raised at the Board. Minutes of the Board's meetings are also available to staff

- regular meetings within the separate branches of Acas National and comparable meetings within each region at which operational and financial objectives, performance and problems are discussed
- consultation, as required, on the structure and content of Acas publications and on possible submissions to be made by the Acas Council to outside bodies. In this way, practical experience in the field can be taken fully into account.

Proposals relating to significant organisational changes and other matters of managerial concern are discussed in joint working groups of senior management and operational staff, either nationally or regionally, before final decisions are made.

Negotiations on pay, grading and terms and conditions of employment are carried out in the Joint Negotiating Committee.

annual accounts 2006/07

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Directors' Report

Introduction

1. Acas was set up as a statutory body on 1 January 1976 and its two linked but independent institutions, the Certification Office (CO) and Central Arbitration Committee (CAC) were established on 1 February 1976. The establishment of these institutions is provided by the Trade Union and Labour Relations (Consolidation) Act 1972, as amended by the Trade Union Reform and Employment Rights Act 1993 and the Employment Relations Act 1999. Its main statutory functions and duties are:

- Acas has a general duty of promoting the improvement of employment relations in Great Britain;
- to advise employers, workers, unions and businesses on employment relations and employment policy matters;
- to prepare Codes of Practice relating to good employment practice;
- to designate officers as Conciliation Officers to provide conciliation in complaints made by individuals under legislation on employment rights;
- to conciliate in individual and collective employment disputes;
- to arrange independent arbitration and mediation;
- to maintain a panel of Independent Experts to be made available to the Employment Tribunal Service in Equal Pay claims (under Equal Pay Amendment Regulations 1983 (S.I. 1983 No 1794));
- to administer the Acas Arbitration Scheme [Acas Arbitration Scheme (Great Britain) 2004 (S.I. 2004 No 753) and Acas (Flexible Working) Arbitration Scheme (Great Britain) Order 2004 (S.I. 2004 No 2333)], including the appointment of arbitrators, administrative assistance during the hearing and scrutiny of awards;

- to provide a Secretariat for the Police Arbitration Tribunal; and
- like other public sector organisations Acas has a general duty to promote equality, to promote good relations between different racial groups and to eliminate discrimination.

2. Under the Trade Union and Labour Relations (Consolidation) Act 1992 sections 254-265 Acas is required to provide both the Certification Officer (CO) and the CAC with staff (employed under Acas terms and conditions) appropriate accommodation and other facilities. Acas is also responsible for paying the CO and members of the CAC such remuneration, travelling and other allowances as may be determined by the Secretary of State for Trade and Industry.
3. Acas also has a role to play in the appointment of the CO and members of the CAC. Acas must be consulted before the Secretary of State appoints the Chairman, any deputy Chairmen and members of the CAC. The Secretary of State is required to consult with Acas before s/he appoints the Certification Officer.
4. The Service is funded through the Department of Trade and Industry (DTI) Request for Resources 1 (RfR1), on a programme basis.
5. The term "the Service" is used when referring to issues that commonly relate to Acas, CO and CAC.

Aims and Objectives

Acas

6. Acas aims to improve organisations and working life through better employment relations.
7. Like other public sector organisations Acas has a general duty to promote equality, to promote good relations between different racial groups and to eliminate discrimination.

CO

8. The CO is responsible for maintaining a list of trade unions and employers' associations; for receiving and scrutinising annual returns from trade unions and employers' associations; for determining complaints concerning trade union elections, certain other ballots and certain breaches of trade union rules; for ensuring observance of statutory requirements governing mergers between trade unions and between employers' associations; for overseeing the political funds and the finances of trade unions and employers' associations; and for certifying the independence of trade unions.

CAC

9. The CAC is responsible for resolving in England, Scotland and Wales, through both voluntary means and adjudication, disputes relating to the following:
- the recognition and derecognition of trade unions for collective bargaining;
 - the disclosure of information to trade unions for collective bargaining purposes;
 - the establishment and operation of arrangements under the Information and Consultation Regulations;
 - the establishment and operation of European Works Councils; and
 - the information and consultation requirements of the European Company Statute and the European Co-operative Society Regulations.
10. The CAC retains the statutory power to provide voluntary arbitration in collective disputes but this has not been used for some years.

Review of Activities

Acas

11. Acas' main activities during the year have continued to be:

- providing impartial information and advice on employment matters;
- improving the understanding of effective employment relationships;
- preventing and resolving collective employment disputes;
- resolving disputes over individual employment rights; and
- promoting diversity in the workplace.

12. Acas also publishes Codes of Practice on disclosure of information to trade unions, time off for trade union duties and activities and disciplinary and grievance procedures. This latter Code was revised in 2004 to reflect the introduction of statutory discipline and grievance procedures in the Employment Act 2002.

CO

13. The functions of the CO are contained in the Trade Union and Labour Relations (Consolidation) Act 1992 (as amended). Mr D Cockburn continues in the post of Certification Officer. Actions were carried out in most areas of his responsibilities during the period under review.

CAC

14. The bulk of the CAC's workload is handling applications for recognition and derecognition under Schedule A1 to the Trade Union and Labour Relations (Consolidation) Act 1992. It also receives annually a limited number of cases under the disclosure of information provisions and has dealt with a small number of cases under the legislation relating to European Works Councils. The CAC is now receiving applications under the Information and Consultation Regulations, which came into effect on 6 April 2005.

15. The European Company Statute has provided no cases to date and it is some years since the CAC was asked to undertake voluntary arbitration.

Risk and Control Framework

16. The identification and assessment of risks faced by the Service is established in the business planning cycle. The key risk faced by Acas is considered to be that of reputational risk, and priority is given to the maintenance of impartiality. Other risks identified include the reduced capacity to provide customer satisfaction with a smaller workforce, and ICT capability as greater reliance is put on electronic systems.

17. The Senior Responsible Owners of projects designed to enable Acas to continue to provide the same high standard of product delivery with reduced funding have identified the key risks in each project.

Management Structure

16. The Council is responsible for the strategic direction, policies and priorities of Acas, and for ensuring that its statutory duties are carried out effectively. The Council also approves the Corporate Plan.

19. The Acas Council is supported by three sub committees, namely Audit, Human Resources and Strategy.

20. The Acas Management Board meets regularly and is charged with considering the plans and strategic direction of Acas, and monitors the key strategic risks faced by the Service.

21. The Board feeds back to staff on operational, financial and personnel matters. The Minutes from Board meetings are available to all staff.

22. The Board members are as follows:

Ms Rita Donaghy CBE (Chair)

Mr John Taylor (Chief Executive, Acas)

Mr Graeme Charles (Chief Executive, CAC)

Mr John Thompson
(Director of Finance and Business Support)

Mr Andrew Wareing (Director of Delivery)

Ms Christine Hewitt (Director of Knowledge)

Ms Jan Dixon (Director of Knowledge)

Mr Mike Spencer
(Director of Human Resources)

Mr Keith Mizon (Director of National Delivery)

Mr Jerry Gibson (Director of Operational Policy and Performance)

Mr Frank Blair (Scotland Director)

Mr Phil Pluck (Northern Director)

Ms Susan Clews (North West Director)

Mr Rob Johnson
(Wales and South West Director)

Ms Carol Davenport (Midlands Director)

Mr Chris Martin (South and East Director)

Mr Steve Hodder (London Director)

Mr Alasdair Frew (Head of Communications)

Post Year End Events

23. There have been no events of exceptional financial significance since the end of the financial year.

Equal Opportunities

24. We strive to be an equal opportunities employer and will continue to promote equality and diversity. We are committed to ensuring that recruitment, promotion and career development opportunities are available to all purely on the basis of suitability and aptitude for the job in question. Staff with a disability or other needs are encouraged to identify themselves and to discuss with managers the ways in which their working environment and arrangements can be adapted to allow them to contribute fully to the objectives of the Service. The appointment of a Diversity Champion has given further impetus to the development of a holistic strategy. All Senior Managers have now received detailed briefing on our revised Equality and Diversity policy and all managers are set to attend workshops to help ensure that they are able to deal with issues of diversity and equality with greater confidence.

Employee Involvement

25. We encourage our staff to participate in the continuous development of the organisation. Trade union membership is welcomed and decisions affecting staff are the subject of consultation and discussion between management and trade unions at all levels of the organisation, both through our Joint Council, where formal consultation and negotiation takes place, and through informal discussion and working parties.

Investors in People (IiP)

26. The Service became the first nationwide, multi-site public sector body to receive IiP recognition in January 1994. Acas has remained accredited ever since with our latest re-accreditation in January 2004. The CAC was awarded IiP re-accreditation in its own right in April 2005. The CO was awarded IiP accreditation in July 2003. Acas has now been assessed in 2006 against the New Standard and whilst we have not met all the criteria under the New Standard we have maintained our previous good practice and improved in other areas. We will embrace any action points from that assessment and strive to meet all the criteria not only where we may have gaps but also to improve on and develop our people to take the Business forward. Where we have evidence that already meets the standard we will continue to develop and improve. We will do this in partnership with our staff, Senior Managers and Trade Unions.

Charitable Donations

27. Acas, the CO and the CAC do not make any charitable donations.

Going Concern

28. The financial statements cover the activities of Acas, the CO and the CAC and are prepared on a going concern basis.

Accounts Direction

29. These accounts are prepared under Part VI Section 253 Subsection (2) of the Trade Union and Labour Relations (Consolidation) Act 1992, in the form and on the basis directed by the Secretary of State, with the consent of the Treasury.

Payment of Creditors

30. The Service is committed to the CBI code on prompt payment and aims to pay all bills within the terms of the relevant contract or within 30 days of receipt of a valid invoice where terms for payment are not specified. During 2006-07, 96% of all payments were made within 30 days. A copy of the CBI code can be obtained from Acas.

Auditors

31. The external auditor of the Service is the Comptroller and Auditor General. The annual audit fee was £28k. No non-audit services were provided.

Disclosure of Relevant Audit Information

32. As far as I am aware, there is no relevant audit information of which the Service's auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish the Service's auditors are aware of that information.

Annual Reports

33. Acas, the CO and the CAC publish separate annual reports.

Acas

34. Acas has a statutory duty to report to the Secretary of State for Trade and Industry on its activity during the year. The Annual Report contains a number of illustrative case studies. Copies of the Acas Annual Report can be downloaded free of charge from the Acas website www.acas.org.uk and are available free to callers at Acas offices. The website also holds details of the mailing house from which copies of the Annual Report can be purchased.

CO

35. The CO is required by the Trade Union and Labour Relations (Consolidation) Act 1992 to submit to the Secretary of State for Trade and Industry and to the Chairman of Acas a report of his activities. As well as setting out the CO's responsibilities the Annual Report also outlines some of the activities undertaken during the year. Copies of the CO's Annual Report are available free of charge from the Certification Office for Trade Unions and Employers' Associations, Brandon House, 180 Borough High Street, London SE1 1LW (Tel: 020 7210 3734) and from the Certification Officer's website www.certoffice.org.uk.

CAC

36. The CAC publishes an Annual Report that is submitted to the Secretary of State for Trade and Industry through Acas. Copies are available free of charge from the CAC, PO Box 51547, London SE1 1ZG (Tel: 020 7904 2303).

6 July 2007

John E Taylor
Accounting Officer
Acas

Remuneration Report

Acas Council Members

37. Council Members and their original dates of appointment are:

Mr J Cridland CBE	1 May 1998
Ms R Donaghy CBE (Chair) ¹	9 October 2000
Mr W Coupar MBE	22 November 2000
Ms V McDonald CBE ¹	22 November 2000
Mr J Steele ¹	22 November 2000
Mr S Auerbach	1 November 2001
Ms S Jenkins	1 November 2001
Mr A Dubbins	22 July 2002
Ms S Anderson CBE ¹	1 May 2004
Ms S Veale	1 May 2004
Mr J McMullen ¹	1 May 2004
Mr D Prentis	1 May 2004

¹ Also a member of the Audit Committee

38. The Chairman and members of the Acas Council are appointed by the Secretary of State for Trade and Industry, normally for a term of three years. Before making the appointments the Secretary of State is obliged to consult appropriate organisations representing employers and workers. All Acas Council appointments are subject to open competition in line with the Code of Practice issued by the Commissioner for Public Appointments.

39. Appointments to the Acas Council may be terminated by the Secretary of State for Trade and Industry where s/he is satisfied that a member:

- has been absent from meetings of the Council for a period longer than six consecutive months without the permission of the Council; or
- has become bankrupt or made an arrangement with his creditors (or, in Scotland, has had his estate sequestrated or has made a trust deed for his creditors or has made and had accepted a composition contract); or
- is incapacitated by physical or mental illness; or
- is otherwise unable or unfit to discharge the functions of a member.

40. Subject to the provisions of the Civil Service Management Code, the Service has delegated authority from the Secretary of State for Trade and Industry to determine the pay and grading of staff in non Senior Civil Service grades.

41. The Acas Chairman, the Certification Officer, the Chairman of the Central Arbitration Committee and the members of the Acas Council, and additionally four Acas staff and one of the CAC staff, who are members of the Senior Civil Service, have their salaries set by the Prime Minister following independent advice from the Review Body on Senior Salaries. In reaching its recommendations, the Review Body has regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;

- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the Government's departmental expenditure limits; and
- the Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations. Further information about the work of the Review Body can be found at: www.ome.uk.com.

- 42.** The Acas Chairman and the Certification Officer are covered by pension schemes that are, in all respects, identical to the Principal Civil Service Pension Scheme (PCSPS), but reflect that they are not Civil Servants. No pension contributions are made in respect of Acas Council members.
- 43.** The Chairman of the Central Arbitration Committee (Sir Michael Burton) is employed by the Department of Constitutional Affairs which charges for time spent on CAC duties. Members of the CAC Committee (deputy Chairmen and Members) are appointed by the Secretary of State for Trade and Industry. Their rates are set by the Department of Constitutional Affairs and are set out below.

44. The PCSPS is an unfunded multi-employer defined benefit scheme but Acas is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation (by Hewitt Bacon Woodrow) was carried out at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

45. For 2006-07, employers' contributions of £3.85 million were payable to the PCSPS (2005-06 £4.43 million) at one of four rates in the range 17.1% to 25.5% (2005-06 16.2% to 24.6%) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The salary bands and contribution rates were revised for 2005-06 and will remain unchanged until 2008-09. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

46. Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. No current Acas employees have exercised this option.

Audited

47. Salaries and allowances payable and pension entitlements in 2006-07 were as follows:

	2006-07 Salary, including performance pay (£K) (2005-06 Salary, in bands of £5K)	Benefits in kind (rounded to nearest £100)	Real increase in pension at age 60 (£K)	Total accrued pension at age 60 at 31/03/07 and related lump sum (£K)	CETV at 31/03/06 (nearest £K)	CETV at 31/03/07 (nearest £K)	Real increase in CETV after adjustment for inflation and changes in market investment factors (nearest £K)	Employer contribution to partnership pension account including risk benefit cover (to nearest £100)
Ms R Donaghy	66 (60-65)	0	0-2.5	5-10 plus 0-5 (lump sum)	115	133	17	0
Mr D Cockburn	69 (65-70)	0	0-2.5	5-10 plus 0-5 (lump sum)	95	120	19	0
Mr JE Taylor	131 (125-130)	0	2-2.5	50-55 plus 150-155 (lump sum)	903	1,062	123	0
Mr J Thompson	84 (80-85)	0	0-2.5	40-45 plus 120-125 (lump sum)	981	963	(21)	0
Mr A Wareing	76 (70-75)	0	0-2.5	15-20 plus 50-55 (lump sum)	219	255	24	0
Mr GS Charles	78 (75-80)	0	0-2.5	30-35 plus 95-100 (lump sum)	717	768	11	0
Ms J Dixon	43 (35-40)	0	0-2.5	10-15 plus 40-45 (lump sum)	199	210	7	0
Ms C Hewitt	44 (35-40)	0	0-2.5	10-15 plus 40-45 (lump sum)	212	221	3	0

Acas Council Members

Annual salary	£s 1,576	CAC Deputy Chairmen daily rate	£s 439
Daily rate	160	CAC Members daily rate	248

Salary

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on payments made by the Service and thus recorded in these Accounts.

Pension

Pension benefits are provided through the Civil Service pension arrangements. From 1 October 2002, civil servants may be in one of three statutory based 'final salary' defined benefit schemes (classic, premium, and classic plus). The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum, but members may commute some of their pension to provide a lump sum. Classic Plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per Classic. The Partnership Pension Account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a selection of approved products. The employee does not have to contribute but where they do make contributions, these are matched by the employer up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of risk benefit cover (death in service and ill health retirement).

Further details about the Civil Service pension arrangements can be found at the website:

www.civilservice-pensions.gov.uk

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total actual service as a civil servant, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service scheme and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

The real increase in CETV reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument.

6 July 2007
John E Taylor
Accounting Officer
Acas

Management Commentary

Financial Results

48. The Service incurred gross administration costs, before exceptional items and interest on capital of £51,878k in the year plus capital expenditure of £1,287k. Cash expenditure was financed by a Grant-in-Aid of £48,345k from the Department of Trade and Industry [Request for Resources 1 (RfR1), of DTI's Resource Estimate] plus other operating income of £4,086k.

Operational Results

Acas

- 49.** During 2006-07, the Acas national helpline handled almost 850,000 calls. Results from a survey of customers using the Helpline taken last spring showed that well over 90% of respondents were either very satisfied or satisfied with the service.
- 50.** About 220 workplaces were helped with practical joint working and partnership building, while in respect of our Training Programme, Acas delivered 2,400 sessions in the year on a variety of employment relations topics. Altogether, Acas traded services brought in over £3 million of revenue.
- 51.** Acas dealt with over 900 industrial disputes in 2006-07. Acas individual conciliators handled over 162,000 new and potential employment tribunal claims and, in the case of tribunal cases, 73% of potential tribunal hearing days were saved by cases being settled or withdrawn within the conciliation window.

CO

52. The CO has continued to carry out the statutory requirements of those parts of the Trade Union and Labour Relations (Consolidation) Act which encompass: listings; change of name; annual returns; independence; mergers; political fund amendments/approval; financial investigations; election, breach of rules and other complaints and superannuation to the standards set out in the CO's Operational Plan.

53. The CO received a total of 708 enquiries from members raising issues or matters of concern about trade unions. This represents an increase of 35.6% in the number of enquiries compared with last year.

54. The CO issued 79 decisions relating to breaches of trade union rules, an increase of 125.7% compared with the previous year. No enforcement orders were issued. In addition a further 11 decisions were issued relating to breach of statute complaints.

CAC

55. The CAC received 64 applications for statutory recognition under Part I of the Schedule from trade unions between 1 April 2006 and 31 March 2007. During this period it received no applications under Parts II, V and VI, but one application under Part III and one application under Part IV. In addition, the CAC received 11 complaints under the Disclosure of Information provision. There have been 4 applications for decisions under the Information and Consultation Regulations. There were no cases under the European Company statute and the European Works Council statute.

Relationship with Stakeholders

56. The Service's key stakeholder relationship is with the Department of Trade and Industry (DTI) and the Service is funded through the Department of Trade and Industry (DTI) Request for Resources 1 (RfR1), on a programme basis. The Service's relationship with DTI is documented through a Financial Memorandum and Management Statement.

Further Developments

57. In line with the Corporate Plan, 2005/06 to 2006/07 'Improving the world of work', Acas continues to raise the profile of employment relations within Government. To this end Acas has now published two Acas Policy Discussion Papers on Alternative Dispute Resolution (ADR) and Workplace Conflict and five editions of Employment Relations Matters as well as public responses to key consultations and partnerships with other Government departments. Good practice guidance on age discrimination legislation was published.

58. Acas launched the Acas Model Workplace in October 2005, an ideal developed to aid businesses in improving effectiveness by focusing on people within the workplace, and published several research papers on aspects of its operational activities over the year, including an evaluation of its pilots on mediation and alternative dispute resolution services for small businesses. Acas is continuing its work in partnership with the HSE to combat stress in the workplace and piloted a new mediation service for NHS Authorities in six Trusts across England and Wales during 2006-07.

59. Acas has been active internationally, participating in major EU funded projects to assist in strengthening bipartite social dialogue in Romania and Bulgaria. There have also been a number of contracts to deliver ad hoc charged services overseas, including Northern Ireland, Guernsey and Germany.

60. An important review of Acas was carried out by the DTI in 2005-06 and its recommendations impacted on the organisation from 2006-07 onwards. This follows a major reorganisation of the structure of the business in 2005-06 which enabled downsizing of the workforce and the estates portfolio. In March 2006, differential service standards were introduced in our individual conciliation function which reflects the proportionate approach to cases adopted by the Employment Tribunal Service. The aim of all these changes is to realise the requirements of becoming a flatter and more cost effective organisation, able to meet the challenges of the future.

61. Acas recognises its main resource is its staff and continues to work to develop staff to their full potential and equip them with the necessary skills to deliver a first class service to all our stakeholders and customers and thus to contribute to the future of Acas. This has included introducing accredited training for operational staff such as the Certificate in Employment Relations and Employment Law (CEREL). We are working hard in our endeavours to be an employer of choice, to ensure our staff profile is more reflective of the people we serve. We have and are continuing to work to accredit and extend the qualifications of all our staff and to meet our obligations under the Race Relations Amendment Act 2000.

Future Developments

62. Perhaps the most significant legislative change during the year was the introduction of age discrimination regulations in October 2006. Only a few hundred claims were made in the first six months after these came into force, but as with other discrimination legislation we expect the number of claims to increase significantly over time.

Corporate Governance

63. Work on measuring our organisational performance progressed this year and will continue in 2007/08. We are developing a balanced scorecard, which will seek to measure performance against our strategic aims. This will assist the Acas Board in making business decisions and supporting continuous improvement.

64. It is vital that we have internal controls to ensure that the business is run properly and with integrity. We continue to work on improving our business risk management, to embed risk management skills throughout the organisation.

Gibbons Review

65. The Employment Act 2002, and the 2004 Dispute Resolution Regulations that emerged from it, introduced a number of measures including fixed periods for Acas conciliation and statutory minimum workplace procedures for discipline and grievances. During the year the DTI began to explore stakeholder views and experiences of these changes. Towards the end of 2006 Michael Gibbons was appointed to conduct a wide-ranging review of the arrangements for workplace dispute resolution and the processes for pursuing and resolving claims related to individual employment rights.

66. Throughout this review we have maintained a close and constructive dialogue with DTI officials and, latterly, with Michael Gibbons' team. His review, Better Dispute Resolution, was published as the reporting year drew to a close. The DTI simultaneously issued a consultation document inviting stakeholders' views on the proposals. We welcomed the review and will respond positively to this consultation and continue to work with all concerned to help shape the future systems.

Acas Restructuring

67. Acas is currently in the process of restructuring its services as a result of budgetary constraints and various governmental reviews e.g. Gershon, Gibbons, Lyons and Varney in order to ensure that we continue to deliver services that are appropriate and fit for purpose.

68. During the year Acas ran a Voluntary Early Severance (VES) and Voluntary Early Retirement (VER) scheme in order to meet our reducing SR2007 budget allocation covering 2007-08 to 2010-11. Acas has agreed to release a further 26 employees (in addition to those that departed in 2005-06) at a cost of £1,964k, of which £306k was paid by the year-end.

69. This year saw a further rationalisation of the Acas estate with the closure of our Exeter office, the downsizing of three offices (Liverpool, Newcastle and Paddock Wood), the relocation of our Fleet office and the decision to co-locate our London Head Office with London Region in Euston Tower as part of our 'one roof' London Strategy.

6 July 2007
John E Taylor
Accounting Officer
Acas

Statement of the Service's and Accounting Officer's Responsibilities

Under Part VI section 253 subsection (2) of the Trade Union and Labour Relations (Consolidation) Act 1992 the Secretary of State, with the consent of HM Treasury has directed the Service to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the Service's state of affairs at the year end, its operating costs, recognised gains and losses and cash flows for the financial year.

In preparing accounts the Accounting Officer is required to:

- observe the Accounts Direction issued by HM Treasury including relevant accounting and disclosure requirements; and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Service will continue in operation.

The Accounting Officer for the Department of Trade and Industry has designated the Chief Executive of Acas as the Accounting Officer for the Service. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances and for the keeping of proper records and safeguarding the Service's assets, are set out in the Accounting Officers' Memorandum issued by HM Treasury and published in Government Accounting.

Statement of Internal Control

1. Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Acas' policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting. In delivering this role I am supported by the Acas Board and a sub committee of the Acas Council which regularly monitors risk management activities in Acas.

We have quarterly meetings with our sponsor department – the DTI – both on progress against the DTI objectives to which we are aligned, on specific (Treasury agreed) key performance indicators, and more general keep in touch meetings. In addition we provide to the DTI copies of my reports to the Acas Council and regular financial management information.

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in Acas for the year ended 31 March 2007 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

3. Capacity to handle risk

The Acas Board meets regularly to consider the plans and strategic direction of Acas and assesses and monitors key strategic risks within the business planning cycle. The Chair of the Audit committee provides a report to the Acas Council, concerning internal control and risk management activity following each meeting and these are copied to the Board for information.

Senior managers and a number of key operators, within both frontline and support activities, have received risk awareness and risk management training in previous years and this training has now been embedded. The risk management policy and risk awareness guidance is being updated to incorporate best practice before it is placed on the intranet for all staff.

During the year senior representatives from Acas have taken part in DTI's 'Agencies risk forum' which has promoted sharing of best practice. We are endeavouring to share best practices across management teams by sharing their contributory assurance statements via the intranet.

4. The risk and control framework

The identification and assessment of risk is embedded within Acas business planning cycle. The Acas Business Plan, local Service Delivery Plans and programme/project plans contain an assessment of the key risks relating to the achievement of objectives in each part of Acas' business. These are discussed at the relevant management meetings and mid year monitoring is formally documented. We also have an in-house Programme and Project management methodology which has been revised following the 2005-06 audit. The senior responsible Owners of key projects (mainly designed to enable Acas to continue to deliver its mission with reduced funding, but also to improve knowledge sharing), have completed and used formal project documentation – which includes the key risks in each project.

An online intranet tool is currently being developed to further support the identification, assessment and management of risk within Acas.

Our view on risk appetite is governed by the nature and sensitivity in question and the specific business area. Risk to reputation is one of our priority considerations given the paramount need for us to preserve customer confidence in our impartiality. Our approach to determining and documenting risk appetite in a more formal way is in progress.

Our risk-based approach to management is embedded in:

- the planning process – in business, service delivery, programme and project plans
- the capability framework
- our 'Guiding principles' and
- our structure for Board papers.

5. Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the department who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Specifically, the system of control is reviewed by:

- the Acas Board which meets regularly to consider the plans and strategic direction of Acas;
- full consideration of internal reports by the Acas Audit committee, and the Chair's regular reports to Acas Council concerning internal control;
- regular reports by internal audit, to standards defined in the Government Internal Audit manual, which include the Head of Internal Audit's opinion on the adequacy and effectiveness of Acas' system of internal control together with recommendations for improvement;
- reports from Acas Directors on the steps they are taking to manage Acas' key strategic risk and those within their areas of responsibility;
- the use of external experts, for example recent reviews of procurement, estate management, digital solutions and HR strategy; and
- maintenance of an organisation wide risk register.

6 July 2007
John E Taylor
Accounting Officer
Acas

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements of Acas for the year ended 31 March 2007 under section 253 (4) of the Trade Union and Labour Relations (Consolidation) Act 1992. These comprise the Operating Cost Statement, the Balance Sheet, the Cashflow Statement and Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of Acas, the Accounting Officer and Auditor

Acas and the Accounting Officer are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with section 253 (2) of the Trade Union and Labour Relations (Consolidation) Act 1992 and directions made thereunder by the Secretary of State, and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Acas' and the Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with section 253 (4) of the Trade Union and Labour Relations (Consolidation) Act 1992 and directions made thereunder by the Secretary of State. I report to you whether, in my opinion, certain information given in the Annual Report to the Accounts, which comprises the Director's Report and Management Commentary, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if Acas has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects Acas' compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of Acas' corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and the Annual Report to the Accounts and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by Acas and the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to Acas' circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

Audit Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the Trade Union and Labour Relations (Consolidation) Act 1992 and directions made thereunder by the Secretary of State, of the state of Acas' affairs as at 31 March 2007 and of its deficit for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Trade Union and Labour Relations (Consolidation) Act 1992 and directions made thereunder by the Secretary of State; and
- information given within the Annual Report to the Accounts, which comprises the Directors' Report and Management Commentary, is consistent with the financial statements.

Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.

John Bourn

Comptroller and Auditor General

18 July 2007

National Audit Office

157-197 Buckingham Palace Road

Victoria

London SW1W 9SP

Operating Cost Statement

for the year ended 31 March 2007

	Note	£'000	2006/07 £'000	£'000	2005/06 £'000
Operating Income					
Income from Operating Activities	2.1	4,086		2,909	
			4,086		2,909
Administration Costs					
Staff costs	3.1	(28,140)		(31,076)	
Other administration costs	4.1 & 4.2	(23,738)		(17,843)	
			(51,878)		(48,919)
Net Operating Expenditure before Interest on Capital & Exceptional Items					
			(47,792)		(46,010)
Exceptional Item	4.3		(2,908)		(10,784)
Cost of Capital	5		(13)		(181)
Net Operating Cost			(50,713)		(56,975)

All activities are continuing operations.

Statement of Recognised Gains and Losses

for the year ended 31 March 2007

	2006/07 £'000	2005/06 £'000
Surplus on revaluation of fixed assets (note 6.2)	307	176
Recognised gains for the financial year	307	176

The Notes on pages 90 to 104 form part of these accounts.

Balance sheet

as at 31 March 2007

		31 March 2007		31 March 2006 (Restated)	
	Note	£'000	£'000	£'000	£'000
Fixed Assets					
Intangible Assets	6.1	386		432	
Tangible Assets	6.2	5,462		7,254	
Total Fixed Assets			5,848		7,686
Current Assets					
Stocks	7	35		31	
Debtors	8	3,853		3,509	
Cash at Bank and in Hand	9	497		0	
Total Current Assets		4,385		3,540	
Cash at Bank and in Hand	9	0		(32)	
Creditors	10	(2,539)		(2,071)	
Net Current Assets			1,846		1,437
Total Assets less Current Liabilities			7,694		9,123
Less Provisions for Liabilities and Charges	12.1		(8,119)		(7,500)
Total Net Liability			(425)		1,623
Represented by Taxpayer's Equity					
General Fund	13		(834)		1,373
Revaluation Reserve	14		409		250
			(425)		1,623

The notes on pages 90 to 104 form part of these accounts.

These accounts were approved on 6 July 2007.

John E Taylor
Accounting Officer
Acas

Cash Flow Statement

for the year ended 31 March 2007

	Note	2006/07 £'000	2005/06 Restated £'000
Net Cash Inflow from Operating Activities		(46,529)	(47,679)
Capital Expenditure (a)	6	(1,287)	(1,149)
Financing – Grant-in-Aid	13	48,345	48,615
Increase / (Decrease) in Cash	9	529	(213)
Reconciliation of Operating Cost to Operating Cash Flows			
Net Operating Cost	OCS	(50,713)	(56,975)
Adjust for Movements in Working Capital other than Cash	11	120	453
Adjust for cash utilisation of provisions	12.1	(2,188)	(34)
Adjust for non-cash transactions	4.2, 4.3 & 5	6,252	8,877
Net Cash Outflow from Operating Activities		(46,529)	(47,679)
Analysis of Capital Expenditure			
a) Payments to acquire intangible fixed assets	6	(153)	(165)
b) Payments to acquire tangible fixed assets	6	(1,134)	(984)
Total Capital Expenditure		(1,287)	(1,149)

The notes on pages 90 to 104 form part of these accounts.

Notes to the Accounts

for the period ended 31 March 2007

1. Statement of Accounting Policies

1.1 Basis of Preparation

The financial statements have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury as required by the Accounts Direction issued by the Secretary of State for Trade and Industry. The particular accounting policies adopted by the Service are set out below. They have been applied consistently in dealing with items that are considered material in relation to the accounts. As required by the Accounts Direction, other guidance issued to NDPBs is also taken into account.

1.2 Change of Accounting Policy

With effect from the 2006-07 reporting period the FReM requires Non-departmental public bodies to account for grants and grants in aid received for revenue purposes as financing because they are regarded as contributions from a controlling party which gives rise to a financial interest in the residual interest of NDPBs. This is a change in accounting policy from earlier periods when such items were recorded as income. The effect of this change on the certified 2005-06 accounts and the impact of the change on the results of the current year is shown below. Note there is no impact on the net liability position of the entity as a result of this change in policy:

	At 31 March 2006 (as previously stated)	Impact of adopting the new policy	At 31 March 2006 (restated)
	£'000	£'000	£'000
Net Operating Cost	(8,018)	(48,957)	(56,975)
General Fund	(6,063)	7,436	1,373
Government Grant Reserve	7,686	(7,686)	0
Revaluation Reserve	0	250	250
Total Reserves	1,623	0	1,623

	At 31 March 2007 (without applying the new policy)	Impact of adopting the new policy	At 31 March 2007 (applying the new policy)
	£'000	£'000	£'000
Net Operating Cost	(223)	(50,490)	(50,713)
General Fund	(6,273)	5,439	(834)
Government Grant Reserve	5,848	(5,848)	0
Revaluation Reserve	0	409	409
Total Reserves	(425)	0	(425)

Notes to the Accounts

for the period ended 31 March 2007 (continued)

1.3 Grants and Grants-in-Aid

Grant-in-Aid and Grant received used to finance activities and expenditure which supports the statutory and other objectives of the entity are treated as financing, credited to the General Reserve, because they are regarded as contributions from a controlling party.

Grant relating to capital expenditure used to acquire specific capital items is credited to a government grant reserve. It is released to expenditure over the expected useful life of the asset it has been used to acquire and an equal amount transferred from the government grant reserve is released to income.

1.4 Accounting Convention

The financial statements have been prepared under the historical cost convention modified to include the revaluation of fixed assets.

1.5 Group Members

The financial statements cover the activities of Acas, the Certification Office (CO) and the Central Arbitration Committee (CAC).

1.6 Fixed Assets

Fixed assets consisting of furniture, fixtures and fittings, IT and telecoms equipment, office machinery and improvements to leasehold properties are stated at cost or valuation less accumulated depreciation. Minor items of the above are expensed in the year of purchase.

Fixed assets are revalued using relevant published indices. Upward revaluation is transferred to the Revaluation Reserve. Downward revaluation is charged to the Operating Cost Statement.

Intangible fixed assets consist of software licences that are capitalised, revalued using relevant published indices, and depreciated throughout the life of the licence. All intangible software is purchased.

1.7 Depreciation

Depreciation is provided at rates calculated to write off the cost or valuation of each asset evenly over its expected useful life, as follows:

Furniture, fixtures and fittings	7 years
Office machinery	5 years
Computer equipment	5 years
Leasehold improvements	Life of lease
Software Licences	Life of agreement

1.8 Development Expenditure

The only development expenditure the Service has is in relation to chargeable publications. This does not meet the SSAP 13 criteria for capitalisation and therefore is expensed in year.

1.9. Operating Income

The Service receives a Grant-in-Aid from the DTI (Request for Resources 1) each year. This Grant is of a revenue and capital nature. The Service also receives income from a variety of operations and this is credited to other operating income net of VAT (see note 2.1).

1.10 Cost of Capital Charge

In accordance with Treasury guidance notional interest is charged to the Operating Cost Statement at 3.5%.

1.11 Pensions

Past and present employees are covered by the provisions of the Civil Service Pension Schemes which are described in the Remuneration Report. The defined benefit elements of the schemes are unfunded and are non-contributory except in respect of dependents' benefits. The Service recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Principal Civil Service Pension Schemes (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of the schemes, the Service recognises the contributions payable for the year.

In addition the Service has to meet the pension benefits for two former Chairmen of Acas and one former Chairman of the CAC and for the current Chair, Rita Donaghy. The costs of these benefits are met from the annual Grant-in-Aid and are disclosed in the staff costs note. A provision for the expected costs of future benefits has been established.

1.12 VAT

The Service maintains its own registration for VAT and is partially exempt. Expenditure is shown gross where the VAT element is not allowable for recovery. Outstanding recoverable VAT is shown under debtors.

1.13 Operating Leases

Rentals payable under operating leases for both buildings and other equipment are charged to the Operating Cost Statement on a straight line basis over the term of the lease.

1.14 Early Retirement Costs

The DTI is required to meet the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early. The DTI provides in full for this cost when the early retirement programme has been announced and is binding on the Department. The DTI may, in certain circumstances, settle some or all of its liability in advance by making a payment to the Paymaster General's account at the Bank of England for the credit of the Civil Superannuation Request for Resources (see note 3.2).

1.15 Stocks

Stocks are valued at the lower of current replacement cost or net realisable value.

Notes to the Accounts

for the period ended 31 March 2007 (continued)

2. Operating Income

2.1 Income from Operating Activities

The Service charges fees for some services carried out and sale of publications relating to its work for the public.

	2006/07			2005/06		
	Acas £'000	CO/CAC £'000	Total £'000	Acas £'000	CO/CAC £'000	Total £'000
Receipts from fees	3,046	14	3,060	2,388	11	2,399
Sale of publications etc	71	0	71	78	0	78
Other receipts	954	1	955	432	0	432
	4,071	15	4,086	2,898	11	2,909

The CAC has no Operating Income.

3. Staff

3.1 Staff Numbers and Costs

(a) Average number of persons employed during the period was as follows:

	2006/07				2005/06	
	Permanently Employed	Others	Ministers	Special Advisors	Total	Total
Acas National	138	7	0	0	145	163
Regional Offices	580	43	0	0	623	695
Certification Office	10	0	0	0	10	11
Central Arbitration Committee	10	1	0	0	11	13
	738	51	0	0	789	882

The staff numbers above are average numbers as at 31 March, 2007. In January 2006 Acas ran a severance scheme that saw the departure of 143 permanent staff. A further 15 staff left on 31 March 2007, and another 11 will leave after year-end.

(b) The aggregate payroll costs of these persons were as follows:

Acas	2006/07				2005/06	
	Permanently Employed	Others	Ministers	Special Advisors	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Wages and salaries	20,765	989	0	0	21,754	23,851
Social security costs	1,589	80	0	0	1,669	1,876
Other pensions costs	3,653	42	0	0	3,695	4,275
	26,007	1,111	0	0	27,118	30,002
Less recoveries in respect of outward Secondments	(62)	0	0	0	(62)	(50)
	25,945	1,111	0	0	27,056	29,952

CO & CAC	2006/07				2005/06	
	Permanently Employed	Others	Ministers	Special Advisors	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Wages and salaries	829	35	0	0	864	899
Social security costs	66	3	0	0	69	72
Other pensions costs	151	0	0	0	151	153
	1,046	38	0	0	1,084	1,124
Less recoveries in respect of outward secondments	0	0	0	0	0	0
	1,046	38	0	0	1,084	1,124

Total Acas, CO & CAC	2006/07				2005/06	
	Permanently Employed	Others	Ministers	Special Advisors	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Wages and salaries	21,594	1,024	0	0	22,618	24,750
Social security costs	1,655	83	0	0	1,738	1,948
Other pensions costs	3,804	42	0	0	3,846	4,428
	27,053	1,149	0	0	28,202	31,126
Less recoveries in respect of outward secondments	(62)	0	0	0	(62)	(50)
	26,991	1,149	0	0	28,140	31,076

Notes to the Accounts

for the period ended 31 March 2007 (continued)

3.2 Pensions and Early Retirement

	2006/07			2005/06 (Restated)		
	Current year £'000	Future years £'000	Total £'000	Current year £'000	Future years £'000	Total £'000
Cost met by DTI on behalf of the Service:						
In year	9	0	9	8	0	8
Provisions for future years	0	0	0	0	0	0
	9	0	9	8	0	8

Costs met by Acas:

In year expenditure*	2,280	0	2,280	4,283	0	4,283
Provisions for future years	0	1,791	1,791	0	6,525	6,525
	2,280	1,791	4,071	4,283	6,525	10,808

* includes severance costs

4. Other Administration Costs

4.1 Administration Costs

	2006/07			2005/06		
	Acas £'000	CO/CAC £'000	Total £'000	Acas £'000	CO/CAC £'000	Total £'000
Accommodation costs	6,611	165	6,776	6,646	131	6,777
Travelling and incidental expenses	2,060	8	2,068	1,826	9	1,835
Fees and expenses of arbitrators, conciliators and CAC members	49	51	100	99	49	148
General administration costs	6,103	48	6,151	4,473	43	4,516
Services provided by Other Government Departments	113	0	113	71	0	71
External audit fees	28	0	28	26	0	26
Staff training costs	874	2	876	664	7	671
Publications, publicity and research and development costs	2,730	5	2,735	1,416	18	1,434
Conference costs	79	26	105	70	9	79
Legal costs	62	38	100	72	40	112
Bad debts	4	0	4	3	0	3
	18,713	343	19,056	15,366	306	15,672

The breakdown of CO and CAC administration costs for the current year is £194k (CO), £149k (CAC). The breakdown of their net expenditure for the current year is £671k (CO), £741k (CAC).

Amounts included under accommodation costs relating to operating leases was £3,608k in 2006-07

4.2 Non Cash Costs

	2006/07	2005/06
	£'000	£'000
Depreciation	3,075	1,398
Loss on disposal of fixed assets	274	42
Loss on revaluation	83	51
Net Provisions for liabilities and charges – Former Chair Pensions	122	0
Net Provisions for liabilities and charges – Dilapidations	1,002	680
Unwinding of discount on provisions	126	0
	4,682	2,171

The rise in depreciation is a result of re-lifeing capitalised leasehold improvements to take account of our move from Brandon House (Head Office) to Euston Tower (London Regional Headquarters) by July 2009.

4.3 Exceptional Costs

	2006/07	2005/06
	£'000	£'000
In year cash expenditure - Buyout of Stage Mileage	1,045	0
In year cash expenditure - Voluntary Early Severance	306	4,259
Net Provisions for liabilities and charges – Voluntary Early Retirement	1,557	6,525
	2,908	10,784

Notes to the Accounts

for the period ended 31 March 2007 (continued)

5. Cost of Capital Charge

A notional charge is calculated on the Treasury formula (based on a current rate of 3.5% per annum of capital employed). The charge is based on the average opening and closing balances.

	2006/07	2005/06
	£'000	£'000
Charge for year	13	181

6. Fixed Assets

6.1 Intangible Fixed Assets

	Software Licences £'000
Cost or Valuation	
At 1 April 2006	1,523
Additions	153
Disposals	0
Revaluation	(52)
At 31 March 2007	1,624
Depreciation	
At 1 April 2006	1,091
Charge in Year	172
Disposals	0
Revaluation	(25)
At 31 March 2007	1,238
Net Book Value at 31 March 2007	386
Net Book Value at 31 March 2006	432

6.2 Tangible Fixed Assets

	Assets Under Construction	Leasehold Improvements	Computer Hardware, Telecomms & Office Mach.	Furniture Fixtures & Fittings	Total
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation					
At 1 April 2006	777	8,157	3,558	2,148	14,640
Additions	221	0	743	170	1,134
Disposals	0	(401)	(293)	(491)	(1,185)
Transfers	0	(30)	0	30	0
Revaluations	0	535	(101)	19	453
At 31 March 2007	998	8,261	3,907	1,876	15,042
Depreciation					
At 1 April 2006	0	3,130	2,479	1,777	7,386
Charge in year	0	2,434	337	132	2,903
Disposals	0	(168)	(288)	(455)	(911)
Transfers	0	(10)	0	10	0
Revaluations	0	235	(45)	12	202
At 31 March 2007	0	5,621	2,483	1,476	9,580
Net Book Value at 31 March 2007	998	2,640	1,424	400	5,462
Net Book Value at 31 March 2006	777	5,027	1,079	371	7,254

During the year the Tribunal Service purchased assets on behalf of Acas totalling £221k. This was financed out of their Grant-in Aid. These are disclosed as 'Assets Under Construction' as they are not yet operational. The assets were transferred to Acas during the year and form part of joint ETS/Acas Casflow system. Acas have subsequently paid for these assets.

7. Stock

Stock consists of chargeable publications in various media forms and are valued at a current replacement cost basis

	2006/07 £'000	2005/06 £'000
Closing stock	35	31

Notes to the Accounts

for the period ended 31 March 2007 (continued)

8. Debtors

	2006/07	2005/06
	£'000	Restated £'000
Amounts falling due within one year:		
VAT debtor	415	345
Deposits and advances (staff)	72	82
Other debtors	814	656
Prepayments	2,479	2,343
	3,780	3,426
Amounts falling due after more than one year:		
Deposits and advances (staff)	73	83
	3,853	3,509

9. Cash at Bank and in Hand

	2006/07	2005/06
	£'000	£'000
Balance at 1 April	(32)	181
Net cash inflow / (outflow)	529	(213)
Balance at 31 March	497	(32)

The following balances at 31 March are held at:

Office of Paymaster General	497	(32)
	497	(32)

10. Creditors Amounts Falling Due within One Year

	2006/07	2005/06
	£'000	£'000
Sundry creditors*	1,213	1,159
Accruals	1,188	587
Deferred income	138	325
	2,539	2,071

* Included in the Sundry creditors is a balance of £989k which represents third party payroll deductions e.g. PAYE/NIC.

11. Movements in Working Capital other than Cash

	2006/07	2005/06
	£'000	£'000
(Increase)/Decrease in stock	(4)	(4)
(Increase)/Decrease in debtors	(344)	(678)
(Decrease)/Increase in creditors	468	1,135
	120	453

12. Provisions and Contingent Liabilities

12.1 Provisions for Liabilities and Charges

	Future Pensions*	VER Scheme **	Dilapidations***	Total
	£'000	£'000	£'000	£'000
Opening Provisions at 1 April 2006	176	6,525	799	7,500
In period:				
Expenditure during year	(24)	(1,950)	(214)	(2,188)
Increase in provisions	133	1,658	1,175	2,966
Reversed unused in the year	(11)	(101)	(173)	(285)
Unwinding of discount	0	126	0	126
Closing Provision at 31 March 2007	274	6,258	1,587	8,119

Summary of Cashflow Timings

	Future Pensions*	VER Scheme **	Dilapidations***	Total
	£'000	£'000	£'000	£'000
Within 1 Year	28	1,467	557	2,052
Between 2 and 5 Years	123	3,685	606	4,414
Beyond 5 Years	123	1,106	424	1,653
Total	274	6,258	1,587	8,119

* Provision for future years' pensions for former Chair persons.

** This covers the cost of the Voluntary Early Retirement schemes.

*** This covers dilapidations to Leasehold Properties where negotiations with Landlords are ongoing.

12.2 Contingent Liabilities

There was one personal injury case and several Employment Tribunal cases against Acas pending at the year end. The estimated costs if Acas was found liable would not exceed £20,000.

Notes to the Accounts

for the period ended 31 March 2007 (continued)

13. Reconciliation of Net Operating Cost to Changes in the General Fund

	2006/07	2005/06 (restated)
	£'000	£'000
Net Operating Cost	(50,713)	(56,975)
Income not Appropriated-in-Aid paid via Department of Trade & Industry to the Consolidated Fund	0	0
	(50,713)	(56,975)
Grant-in-Aid – received towards Operating expenditure	47,058	47,466
Grant-in-Aid – received towards Fixed Asset expenditure	1,287	1,149
Transfer from Government Grant Reserve (see note 15)	0	6,958
Transfer of Assets from ETS	0	777
Transferred to General Fund of realised element of revaluation reserve	148	43
Non Cash Charges: Cost of Capital	13	181
	(2,207)	(401)
General Fund at 1 April	1,373	1,774
General Fund at 31 March	(834)	1,373

Prior to 2006-07 grant-in-aid was credited to the Operating Cost Statement and capital grant-in-aid was credited to the Government Grant Reserve. For 2006-07 (and onwards) grant-in-aid is credited to the general fund. The previous years' comparative figures have been restated to reflect this change.

14. Revaluation Reserve

	Note	2006/07	2005/06 (restated)
		£'000	£'000
Balance at 1 April		250	7,075
Release to General Fund	13	0	(6,958)
Revaluation during year	6	307	176
Transferred to General Fund of realised element of revaluation reserve	13	(148)	(43)
Balance at 31 March		409	250

The revaluation reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments.

15. Reconciliation of Movements on Reserves

	2006/07			2005/06		
	General Fund £'000	Government Grant Reserve £'000	Total £'000	General Fund £'000	Government Grant Reserve £'000	Total £'000
At 1 April	1,373	0	1,373	1,774	7,075	8,849
Net Expenditure	(50,713)	0	(50,713)	(56,975)	0	(56,975)
Grant in Aid towards Resource Expenditure	47,058	0	47,058	47,466	0	47,466
Grant in Aid towards Capital Expenditure	1,287	0	1,287	1,149	0	1,149
Transfer to reflect movement in fixed assets (excluding revaluation reserve)	0	0	0	6,958	(6,958)	0
ETS Asset Transfer	0	0	0	777	0	777
Revaluation during year	0	0	0	0	176	176
Transfer to General Fund of realised element of revaluation reserve	148	0	148	43	(43)	0
Transfer to Revaluation Reserve	0	0	0	0	(250)	(250)
Cost of Capital	13	0	13	181	0	181
At 31 March	(834)	0	(834)	1,373	0	1,373

16. Capital Commitments

There were no material capital commitments at 31 March 2007.

17. Commitments under Operating Leases

	2006/07		2005/06	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
At 31 March 2007 the Service was committed to making the following payments during the next year in respect of operating leases expiring:				
Within 1 Year	0	13	46	33
Between 2 and 5 Years	420	78	34	69
Beyond 5 years	3,058	0	3,594	0
	3,478	91	3,674	102

Notes to the Accounts

for the period ended 31 March 2007 (continued)

18. Related Party Transactions

Acas is a Non Departmental Public Body sponsored by the Department of Trade and Industry.

During the year Acas has had various material transactions with Government Departments including legal and internal audit services.

In addition, the Service has had various material transactions with Other Government Departments and other central government bodies.

None of the Acas Council members or key managerial staff has undertaken any material transactions with Acas during the year.

19. Derivatives and Other Financial Instruments

FRS13, *Derivatives and Other Financial Instruments*, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities.

Due to the nature of its activities and its Grant-in-Aid financing structure, Acas is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS13 mainly applies. Generally, financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing Acas in undertaking its activities.

Acas has taken advantage of the exemption in FRS13 not to give disclosures in respect of short term debtors and creditors. Acas has no long-term financial liabilities for which disclosure is required under FRS13. Acas' financial assets comprise debtors due in over one year. Book value is a good approximation of fair value for these items.

The Service is financed annually by Grant-in-Aid from the Department of Trade & Industry and there is therefore no exposure to significant liquidity risks. All cash balances on deposit were held at the Office of the Paymaster General. Acas therefore had no significant interest rate risk. Acas has no exposure with regards to exchange rate risk.

20. Intra-Government Balances

	Debtors: amounts falling due within one year £'000	Debtors: amounts falling due after more than one year £'000	Creditors: amounts falling due within one year £'000	Creditors: amount falling due after more than one year £'000
Balances with other central government bodies	482	0	51	0
Balances with local authorities	936	0	12	0
Balances with NHS Trusts	38	0	1	0
Balances with public corporations and trading funds	1	0	1	0
Balances with bodies external to government	2,323	73	2,474	0
Total as at 31 March 2007	3,780	73	2,539	0

Balances with other central government bodies	388	0	102	0
Balances with local authorities	896	0	62	0
Balances with NHS Trusts	14	0	15	0
Balances with public corporations and trading funds	0	0	1	0
Balances with bodies external to government	2,128	83	1,891	0
Total as at 31 March 2006	3,426	83	2,071	0

21. Post Balance Sheet Events

The financial statements were authorised for issue by the Accounting Officer (John Taylor) on 24 July 2007.

Following an announcement by the Prime Minister on 28 June 2007 about the way Government is organised, the Department of Trade and Industry ceased to operate as the DTI. The Department for Business, Enterprise and Regulatory Reform (BERR) was created and this successor Department will assume much of the work of the DTI including sponsorship and funding of Acas.





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