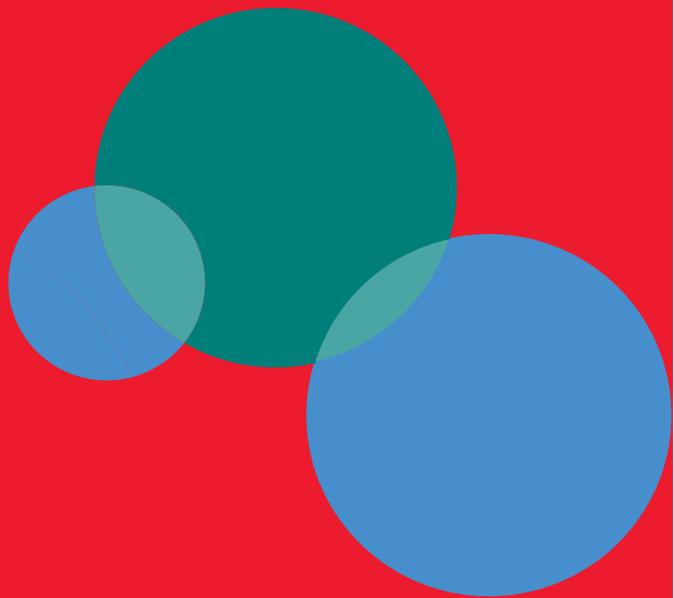


inform

advise

train

*work
with you*



INVESTOR IN PEOPLE

This report on the activities of the Advisory, Conciliation and Arbitration Service (Acas) for the period 1 April 2005 to 31 March 2006 was submitted to the Secretary of State for Trade and Industry on XX July 2006 as requested by the Trade Union and Labour Relations (Consolidation) Act 1992.

Acas Annual Report and Accounts 2005/06

This report on the activities of the Advisory, Conciliation and Arbitration Service (Acas) for the period 1 April 2005 to 31 March 2006 was submitted to the Secretary of State for Trade and Industry on xx xxxx 2006 as requested by the Trade Union and Labour Relations (Consolidation) Act 1992.

Ordered by the House of Commons to be printed xx July 2006.

London: The Stationery Office
HC 1239

£xx.xx

This report can be downloaded from the Acas website at www.acas.org.uk.

‘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.’

Contents

The Acas Council	2
Foreword from the Chair	3
Chief Executive’s statement	4
Workplace effectiveness	7
Relationships with smaller companies	15
Individuals in the workplace	19
Spreading the word	29
Managing Acas	33
Facts and figures	44
Resource Accounts 2005/06	60

The Acas Council



Rita Donaghy CBE has been Chair since 2000. She has been 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 was appointed Deputy Director-General of the CBI in May 2000 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 in Watson Burton LLP law firm 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 is the Head of Equality and Employment Rights at the TUC.

Photo: Jess Hurd

Foreword from the Chair



This has been a year of momentous change for us, but one in which our achievements have continued to stand out.

Acas remains a watchword for integrity, impartiality and fair dealing. It is our unique selling point and the reason why we are rightly trusted and respected by employers, individuals, unions and government.

Our mission remains the same: to improve organisations and working life through better employment relations. This includes our traditional role as conciliator in individual and collective disputes – a service that we continue to deliver with distinction and unique expertise.

However, the productivity agenda goes much deeper than this. Prevention is always better than cure – and we have a vital role in providing the advice, training and education that encourages good employment relations and competitiveness in the workplace. Our contribution to a healthy British economy is significant.

John Taylor will go into greater detail on the operational changes that Acas has implemented this year. However, I must record my own admiration and respect for the hard work that Acas people have put into sustaining a first-class service.

There is no disguising the fact that reducing an organisation's workforce by one sixth – as happened to Acas in 2005/06 – will have an impact on its ability to deliver, particularly in the short-term. By adapting to change, our people have demonstrated professionalism in its truest sense.

We need only look at what we have achieved this past year as proof. The helpline received a record number of calls, our training courses achieved extremely high customer satisfaction rates. The website grew in popularity with every passing month, and we continued to expand and develop the first-rate advisory services that are in so much demand by our customers. Our conciliators and advisers in the field maintained their outstanding reputation, while within Acas we made a big leap in our internal communications performance.

Evolution requires us to improve continuously to meet changing demands and provide best value for the taxpayer's money. It is down to us to meet this challenge positively and successfully, as I know we can.

Finally, I would like to thank my colleagues on the Acas Council who give up so much of their valuable time to oversee and contribute to the vital work that Acas does. Their input makes a real difference and we are fortunate to benefit from their expertise and wisdom.

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

Rita Donaghy CBE

Chief Executive's statement

Meeting change positively

Without doubt 2005/06 has been a time of radical change for Acas, but one in which the organisation has continued to deliver the goods. Most significantly, as part of our restructuring and downsizing plans we said goodbye to 143 of our colleagues under voluntary early retirement and severance schemes. They will be greatly missed and take with them incredible talent and experience.

We re-engineered many of our business processes, in particular our individual conciliation service. We also restructured Acas National (head office) to support our delivery activities more effectively and rationalised our regional offices to create a leaner organisation. This initiative included modernising our remaining premises and creating a new Knowledge Directorate to improve our business performance and information-sharing capability.

Key to managing this complex change process was improving our internal communications capability and this was an area in which we made significant strides in 2005/06.

Serving our customers

Most importantly, we managed to retain our strong customer focus throughout the year. The helpline dealt with 908,553 calls and met its target by answering 73% of these within 20 seconds. Our training programme received high praise, with 95% of users saying they were satisfied or very satisfied.

The growth of Internet traffic also reflected how relevant Acas is to the needs of the modern economy, with a record 1.7 million visits to our site last year. We also retained our outstanding success rate in individual conciliation, helping the Employment Tribunal Service to avoid 73% of potential hearing days.

Our own figures were confirmed by evidence from both the CBI and TUC in January 2006, when Acas appeared before the parliamentary trade and industry select committee. Again, satisfaction ratings for our services were reported to be well over 90% – way above the levels recorded for other public-sector providers of business services – while our reputation for integrity and objectivity remained as strong as ever.

Success on many fronts

Looking at specific achievements over the past year, we launched the *Acas Model Workplace* – a valuable tool for assessing an organisation's employment relations performance. We also prepared for the new anti-age discrimination legislation, due to come into force in October 2006. This is possibly the biggest change in UK employment law for many years, and Acas is well-placed to give expert help and advice to employers and employees.



September 2005 saw the launch of the government's Employee Direct website. Acas contributed substantial support and practical advice to ensure that the service was fit for purpose and of real benefit to users. We also played a major role in helping the Health and Safety Executive to launch national stress management standards. Diversity remains a key priority for us and last year our specialist advisers visited over 400 organisations throughout the UK, while our Equality Direct helpline dealt with over 5,000 calls. At regional level we became partners in both the Trafford Centre project in Manchester and the London Development Agency's 'Diversity works for London' initiative. We also continued to support both the Black and Asian Business Awards.

Internationally, our expertise was utilised by more and more nations both within and outside the European Union.

Conciliation – our continuing role

Our traditional role of collective conciliation continues to be relevant to the modern world of work, and a recent DTI review formally recognised the unique role Acas plays in helping to prevent and resolve workplace disputes. This year we brokered successful dialogue between the parties in over 900 collective disputes, most notably Gate Gourmet and the BBC – both of which made headline news.

Due to changes in legislation and the need to make optimum use of our resources, we overhauled our individual conciliation service and now offer three different levels of support to employers and employees. Reflecting our increasing use of cutting-edge technology, we also made significant strides in developing a caseload management system which will enable Acas and the Employment Tribunal Service to deal more efficiently with tribunal cases in future. The system will go live in 2006/07.

Next steps

The challenge for us now is to continue to develop and meet the changes that come our way, thick and fast. We must maintain high standards and make the very best of the resources that are available to us. Acas provides unique expertise and is a valuable asset to the British economy. The undeniable fact is that our skills and experience are highly prized by employers, employees, unions and a host of other stakeholders. We must ensure that our reputation for quality and fairness survives and grows in this increasingly competitive environment.

John Taylor

Building trust

Everyone should be treated fairly and valued for their differences





Workplace effectiveness

We continue to focus our attention on the relationship between employer and employee. Acas believes good employment relations are key to business success.

Improving relationships – what our advisers have been doing

During the year, Acas senior advisers continued to carry out workplace projects. These projects mainly involve our advisers working with managers and employee representatives to find ways to boost performance and business efficiency by improving workplace relationships and developing partnerships.

These projects covered a range of issues and were designed to help managers and employee representatives identify and solve their own problems. Various approaches are used to help the organisation identify the underlying issues and then put in place plans to address them.

Acas has over 30 years' experience of working closely with managers and employees/representatives and we strongly believe that involving employees in those things that affect their lives at work leads to a more committed workforce and, ultimately, a more effective and productive organisation.

Information and consultation continued to be an important subject. Our advisers have been instrumental in helping a significant number of organisations set up and train employee representative groups.

During 2005/06, we also worked with the Health and Safety Executive (HSE) to roll out the Stress Management Standards. A team of Acas regional stress advisers provided various types of support ranging from securing employee involvement and establishing steering groups to running focus groups, developing action plans and delivering training – all aimed at helping employers and managers recognise and deal with stress in the workplace.

This year, we also focused our attention on managing workplace absence especially working with organisations to reduce the amount of days their employees lose from stress-related and other sickness absence.

Resolving disputes

A developing approach, building on experience

During the year we continued to provide our long-standing assistance to parties involved in a dispute by enabling them to have further discussions and consequently move towards agreement. In 2005/06, we completed collective conciliation in 904 cases, and were able to resolve matters or progress them towards resolution in over 91% of cases. Pay and other terms and conditions (50%), followed by trade union recognition (20%) were once again the two dominant topics.

Workplace effectiveness

Our collective conciliation involvement typically occurs when parties exhaust any internal procedures they have. Negotiations may then grind to a halt and this is where they may stay without the help of an impartial third party.

Acas can help them get discussions back on track and explore possible alternative solutions. Although Acas has been successful in helping parties to end such deadlocks, if the situation has gone this far, parties can often be entrenched – making it difficult to progress towards a settlement. Some organisations have sought to involve Acas at an earlier stage in their negotiations to avoid getting into this position and to introduce new thinking into the process. For example, the Prison Service and the Prison Officers' Association concluded a Joint Industrial Relations Procedural Arrangement (JIRPA) with Acas staff helping them to facilitate progress and produce a final agreement.

Acas conciliators can of course only become involved if all of the parties agree. Although our role is to help find ways of reaching agreement, we have no powers to decide a settlement or even make formal recommendations. However, Acas' reputation for independence and impartiality can help the conciliator convince the parties of the credibility and usefulness of having input from a neutral third party. Acas conciliators use reason, discussion and reflection to inject a new perspective and ideas and attempt to find the common ground necessary to move towards a resolution.

Success for a conciliator can take a number of forms and is not only measured by settling the dispute. Sometimes helping the parties to re-establish a direct dialogue will be a good outcome, as it can allow the parties to sort out difficulties themselves. This is often the best way forward to maintain improved longer-term employment relations.



Working behind the scenes

Acas involvement in the majority of the 904 collective conciliation cases we completed during the year triggered little media coverage. However, as always, there were some disputes – often where there was a threat to the provision of services to the public – where the spotlight was on us. Even in these cases, while the world was aware that Acas had become involved, our conciliators provided their usual low-profile, confidential, but effective service to the parties.

One such case was the dispute at Gate Gourmet, a supplier of in-flight meals for British Airways (BA) at Heathrow. Talks on restructuring had been taking place for several months between the Transport and General Workers' Union (TGWU) and the company, but had broken down. On 10 August 2005 the company dismissed around 650 staff for taking unofficial industrial action. By the following day, unofficial sympathy action by BA staff at Heathrow had led to the grounding of all BA flights out of the airport. Acas was able to initiate five days of talks which helped to end the dispute. At the Acas talks, the restructuring plan and new terms and conditions were agreed although return to work issues remained unresolved. In subsequent talks under the auspices of the General Secretary of the TUC, these issues were resolved and thereafter endorsed by members.

Pensions have been in the news recently. Following a decision by British Gas to close the gas engineers' final salary pension scheme to new staff, members of the GMB and TGWU voted to take industrial action. This resulted in a one-day strike, with more planned, and an ongoing boycott of out-of-hours working. British Gas requested that the unions join them in conciliation talks at Acas. These resulted in an agreement which the unions felt able to recommend strongly to their members.

The BBC and three unions – Broadcasting Entertainment Cinematograph and Theatre Union (BECTU), National Union of Journalists (NUJ) and Amicus – experienced difficulties over plans to make staff reductions of around 4,000. The unions balloted for industrial action, which possibly threatened coverage of major events, such as the FA Cup Final. This, combined with simultaneous, but separate disputes, by BBC Resources and BBC Broadcast departments, and the possibility of coordinated action by them, made for a potentially damaging dispute. Industrial action was announced and some proceeded as scheduled. Talks with Acas, lasting 20 hours solid, resulted in the BBC and the trade unions announcing that the BBC had made revised proposals, and that further planned action was being called off to allow the unions to consult representatives.

Arbitration and mediation in collective disputes

Arbitration and mediation are important resources in Acas' toolkit for resolving disputes. Cases come from all sorts of industries and organisations and, although this year's 57 cases show a small reduction on previous years, the positive effect of Acas' involvement remains significant. Once again, pay and other terms and conditions formed the largest proportion of the cases considered.

Both arbitration and mediation involve an independent person giving direction to employer and workforce parties over the way in which they should settle their differences. These processes are, as always with Acas-provided assistance, entered into voluntarily by the parties, and the arbitrator or mediator is required to operate within the powers set down in the terms of reference agreed by all parties.

Arbitration is a process in which an independent person from the Acas panel considers the parties' positions in a dispute and decides the terms for settlement. The parties agree in advance to be bound by this decision.

Mediation means Acas assists parties involved in a dispute to find a mutually agreeable settlement. Usually the mediator will have powers to suggest a way forward and make formal recommendations. These recommendations are not binding, but parties are expected to seriously consider them as a basis for resolving the dispute. As well as providing arbitration or mediation in workplace disputes, Acas often works with parties to establish their own standing arrangements.

Aside from facilitating the resolution of disputes, Acas arbitrators and mediators can also be asked to assist on specific issues requiring them to display a grasp of detail, and exercise judgement in areas with which they may not necessarily be familiar.

A day in the life of ...



Rosie Qureshi

Acas Equality Adviser

Rosie works out of the Acas Birmingham office and is one of a team of specialist advisers working regionally to ensure that equality and diversity issues are taken on board by businesses.

7.45 am

On my way to a board meeting in Stafford. The organisation is a large primary care trust and I have an hour to convince them that they need to focus on equality within their organisation. I was invited to speak after meeting the PCT's equality officer. I talked him through my role and how my job is not about helping organisations tick boxes but advocating real change.

9.00 am

I do a half hour presentation talking about equality and diversity and the business benefits. I go through a four stage programme for implementing equality throughout their organisation. I give all the members a checklist and questions to work through. We then have a Q&A session and there is a lively discussion about the issues they are facing.

10.30 am

Next I am going to a manufacturing company where I am working with them to set up an equality working group.

11.15 am

The equality group is made up of employees from different areas of the company, including representatives from the union and HR. One of their roles will be looking at supporting colleagues facing issues around equality, for example if they feel they are being bullied or harassed – using the company's updated policies. Today I will be doing a presentation on harassment and bullying and give them case studies to look at.

1.30 pm

I set off back to my home-based office, where I check emails and return phone calls. I have a quick bite to eat and then I check through and make comments on some policies that I have been given by another client – a charity based in Wolverhampton.

2.15 pm

On my way to a meeting in Birmingham with equality practitioners from different organisations.

3.00 pm

This is a really useful network event. It helps me to hear what is going on in Birmingham and to see where Acas equality services can work in partnership.

4.30 pm

Back on the road again and heading to the regional office as I need to get some photocopying done for a training session I will be delivering later on in the week.

5.15 pm

Back in my office at home, I check more emails and reply to an enquiry from someone interested in being part of the West Midlands Equality and Diversity Network. I get together my presentation materials and handouts ready for the training in Peterborough tomorrow.

6.00 pm

Leave to attend an age diversity event in Birmingham.

10.45 pm

Home time!

Equality and diversity

Acas Equality Services

Central to Acas' aim to improve working life through better employment relations, is the important work that our equality and diversity advisers do to help organisations develop and practice equality of opportunity for all employees.

Our team of specialist advisers continued to work closely with organisations. In particular, organisations were encouraged and helped to measure the impact of their policies and procedures on equality of opportunity, especially for those from ethnic minority groups or religions. Our advisers can offer:

- a 'healthcheck' on equality and diversity within an organisation
- to work with employer and employee representatives to draw up new, and/or improve existing policies and procedures
- to help with embedding these policies and procedures through workplace training tailored to the specific needs of the organisation.

Forthcoming legislation

Planning for the forthcoming age discrimination legislation (due to come into effect from 1 October 2006) led to a busy time for many organisations as the realisation of its impact became apparent. To prepare for this, we focused much of our attention on training our equality and diversity advisers, as well as our helpline advisers, to answer questions on the regulations. We also produced guidance for employers and started to run training sessions on this topic.



Vas Patel and Susan Clews of Acas, Beverley Hughes MP and Amanda Wilson of The Trafford Centre at the launch of the Fair Employment Zone on 22 September 2005 (see page 12).

Training the trainers

In addition to externally focused work, Acas staff have benefited from an in-depth training programme delivered by various religious groups and gay, lesbian, bisexual and transgender groups aimed to help Acas staff better understand workplace issues highlighted by members of these groups.

Measuring the effectiveness of equality and diversity policies in the workplace

During 2005/06, we successfully bid for additional funding to embed the sexual orientation and religion or belief regulations. We commissioned two audit tools to help organisations test their compliance and organisational culture on these two topics. Our equality and diversity advisers also provided specialist input to help organisations correct or improve their compliance and culture. Additionally, two new e-learning packages are being designed to complement and support this work.

Workplace effectiveness

Regional work

Progress has continued with several initiatives in Yorkshire and Humber to highlight the link between equality and diversity and public procurement. Acas advisers have been working with local authorities to produce an equality and diversity procurement framework. This framework aims to help public bodies meet their positive duty to promote race equality (and soon disability and gender as well) by raising awareness of equality and diversity policies and practices amongst small and medium-sized enterprises (SMEs). Acas equality and diversity advisers facilitated meetings between local authority procurement teams and potential contractors to ensure compliance with the equality and diversity standards. Nationally, Acas staff have been delivering presentations at workshops arranged by public bodies and other organisations, such as the Euro Info Centre, to raise employer awareness and emphasise the link between equality and diversity and public procurement.

In London, we became a strategic partner of the London Development Agency to deliver the £10 million 'Diversity Works for London' programme. As well as providing good practice guidance for the programme's website, we will shortly be piloting the running of a dedicated helpline to support the project.

In April 2005, Acas North West and the local development agency entered into a formal joint 'memorandum of understanding', for developing The Trafford Centre Fair Employment Zone and Diversity in Business network across the North West.

The Trafford Centre is a major retail park just outside Manchester. It has over 250 employers and attracts over 29 million visitors a year. The Fair Employment Zone is a ground-breaking initiative that will both challenge and support the retail sector to embrace the business benefits of adopting a diverse approach in all aspects of business activity.

Its wider focus is to engage with the public to celebrate and raise awareness of equality and diversity through The Trafford Centre.

Equality Direct helpline

Our specialist helpline – Equality Direct – continues to offer employers free, confidential, and practical advice on equality and diversity issues. Advisers help callers with questions relating to race, sex, disability, age, religion or belief and sexual orientation. Equality Direct received over 5,000 calls during this year. Where more in-depth advice was required, Acas helpline staff referred the employer to an equality adviser who can visit the employer on-site to help them further.

The service also offers advice on cross-cutting issues such as recruitment, flexible working and implementing equality policies. Equality Direct is an integral part of our main Acas helpline.



Case Study 1

Squires Garden Centres

The background

Squires Garden Centres currently operate 10 centres, located mainly in Surrey. They have just celebrated their seventieth anniversary.

Jo Ripley joined as the Human Resources Manager in 2005 and soon realised that, though the managers at Squires were commercially strong and very competent, they had limited experience of dealing with employee problems and were nervous about how to deal with issues relating to discipline and grievance. In one of her previous positions, Jo had attended a training session delivered by Steve Elliott, an Acas training specialist based in Acas' Paddock Wood office, and she knew that Steve would be able to assist her to help Squires managers get to grips with the new policies on absence and performance capability that she had introduced.

How Acas helped

Jo needed to help the managers gain confidence and build up experience in these areas and she knew that Steve was the man for this job. Two separate courses for 13 people each were designed and delivered in-house by Steve.

The training focused specifically on helping the managers gain confidence with the new policies on absence and performance that Jo had introduced. Steve delivered training on discipline and grievance-handling in January and on capability in February 2006.

The results

"I had attended Steve's training before and knew that he was extremely knowledgeable and more importantly able to relate to all levels of experience. He made a potentially confusing and daunting subject easy to understand with practical exercises and real-life experience to draw on. The feedback has been very positive, with the managers and assistant managers looking forward to the next session, which must be a good advert. The fact that Steve can do in-house training is fabulous for us as we have a training room and it is more cost-effective to hold two separate courses with 13 people on each. I am planning to ask Steve to come back again and run a course for us on sex discrimination in the workplace."

Jo Ripley

Human Resources Manager
Squires Garden Centres



Practical help

Something to suit you –
our range of services are
for all sizes and sectors



Relationships with smaller companies

We have continued to help employers and managers in smaller companies. We recognise that they often do not have dedicated HR staff, so we aim to provide information, advice and training to help them keep up to date with employment law.

Acas training

During the year we continued to consolidate our reputation as a key provider of training in good employment relations practice. Ninety-five per cent of our delegates said they were satisfied or very satisfied with our service. Acas customers said they particularly valued our interactive style and the 'real life' experience our trainers brought to the sessions.

Open access sessions, designed for small and medium-sized (SME) businesses where there is little or no human resource expertise, have remained an important resource to our customers. Discipline and grievance continued to be our most popular event. New topics have been added to our menu of events, including recruitment and selection, performance management, and a more proactive approach to managing workplace absence.

Bespoke workplace training has continued to grow and develop over the year. Popular topics included absence management, stress management and the development of employee representatives in their new role. With the ever-increasing focus on stress and absence management, we did a lot of training for managers and employee representatives to recognise and deal with bullying and harassment in the workplace.

Acas training staff entered into a range of collaborative partnerships to deliver their message alongside Business Links, Sector Skills Councils, Chambers of Commerce, Inland Revenue and some law firms. Working with the Federation of Master Builders, 50 events were delivered to SME building firms covering discipline and grievance and ensuring an understanding of the terms 'employee', 'worker' and 'sub-contractor'.



Relationships with smaller companies

We always want to know what our customers think of us and how we can improve our service to them. We have been working closely with our own internal Research and Evaluation team throughout the year to improve our feedback mechanisms which enable us to more effectively respond to our customers' needs. We are also closely monitoring the efficiency of our promotional material and the ethnic diversity of delegates attending our events.

To meet the needs of those who find it particularly difficult to attend our training sessions or who wish to access information at a time and place which best suits them, we have further developed our e-learning packages which can be freely accessed from the Acas website. These are:

- Absence in the workplace
- Redundancy handling
- Discipline and grievance
- Working parents
- Information and consultation
- Contracts and written statements
- Bullying and harassment.



These packages are proving to be extremely popular and we plan to introduce packages covering the regulations on religion or belief and sexual orientation in the workplace during 2006/07.

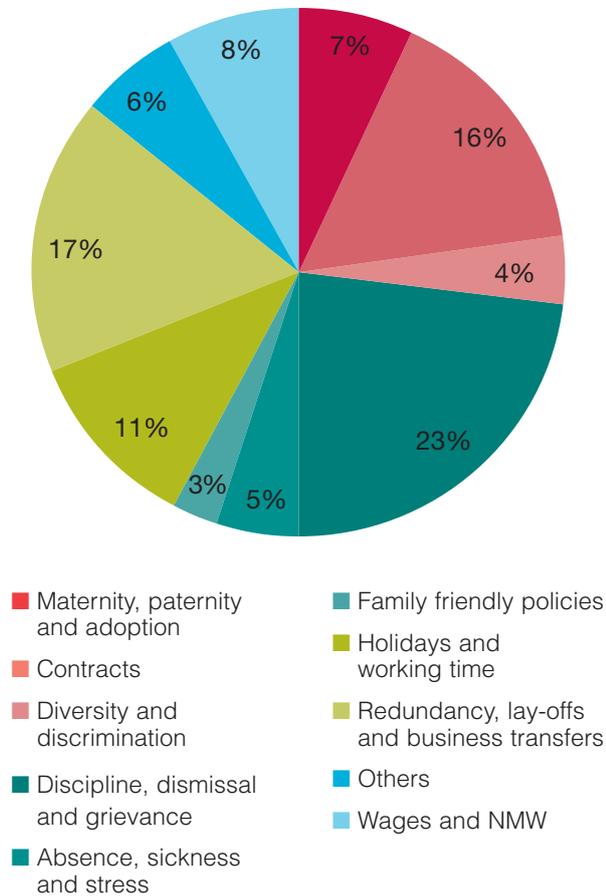
The Acas helpline

Calls to our helpline continued to increase in 2005/06. Our advisers answered 908,553 calls compared with 880,787 for the previous year. The most frequently asked questions were once again about discipline and dismissal issues – calls amounted to nearly one quarter of the total for 2005/06.

The Acas helpline is the gateway to other Acas services and helpline advisers often refer callers to colleagues in Acas who may be able to help. During the year, there was a rise in referrals relating to Acas' developing mediation services. Callers were told of Acas' in-house workplace mediation training and referrals were made for Acas mediators to assist in resolving a wide range of workplace disputes.



Helpline calls by subject



The helpline also advised both staff and employers on rights and responsibilities associated with the Buncefield Oil Depot fire. The incident was particularly significant because of how it affected individuals employed in the area who could not get to work. It also had consequences for employers reliant on contractors based nearby the blast who provided services such as payroll, and they were therefore worried about being able to pay salaries that month.

Our helpline advisers have to deal with callers sensitively and appropriately as well as keeping up to date with often complicated information on all sorts of employment issues. Acas helpline advisers are expected to deal with an increasing range of employment law queries which are often complex and contentious. As part of our continuing effort to improve the quality of the helpline and the welfare of our staff, this year nine helpline advisers successfully gained Certificates in Employment Law and Employment Relations (CEREL). The CEREL course is run by Strathclyde University and covers relevant employment legislation, as well as wider employment relations issues.

In other cases, callers were referred to Acas advisers who work jointly with managers, employees and their representatives to help to improve working relationships. Callers were also directed towards the Acas website, which contains guidance and a range of interactive training packages.

Important world events also had an impact on the type of calls we receive. For example, following the 7 July London bombings, employers required assistance in deciding on a reasonable response to high levels of absence and in formulating strategies for dealing with stress associated with the tragedy.

Personal approach

If you want to talk to real people who know what they are talking about – ask Acas



Individuals in the workplace

No two employees are alike and no two workplaces are the same. Acas recognises that it is these very differences that add value to business.

Alternatives to tribunals and other initiatives

Disputes often arise because managers may be reluctant to tackle issues and avoid having difficult conversations with their employees for fear of confrontation. To help resolve these kinds of disputes, we have continued to deliver our individual conciliation, arbitration and mediation services. However, we have also looked at how we can help employers, managers and employee representatives sort out disputes in their own workplace by developing packages to train them in conflict management skills. These packages are flexible and can be tailored to meet the required needs and reflect the procedures and practices of the organisation.

Improving working relationships through mediation

Acas has continued to offer an effective and confidential individual mediation service to deal with problems in the workplace at an early stage. Our mediators are there to help resolve workplace disputes when there is no tribunal application imminent. Disputes can be between manager and employee or between individual staff members.

Effective mediation has been shown to reduce the amount of management time spent dealing with grievances and conflict. It has helped to reduce staff absences and retain valuable employees, as well as avoiding potentially costly employment tribunal claims.

Demand has risen slightly and we dealt with 85 cases this year. We were successful in helping the parties to either resolve the matter fully or make progress towards resolution in the overwhelming majority (93%) of cases. Cases came from all parts of the public, voluntary and private sectors – 18 were from small firms with fewer than 50 employees (22%). In the public sector, investigating individual grievances and disciplinary issues can result in lengthy suspensions of valuable employees on full pay.



Case Study 2

West Midlands Police

The background

West Midlands Police (WMP) has a workforce of over 13,600 people made up of approximately 8,300 police officers, 3,800 police staff, over 1,000 special constables and 260 police community support officers (PCSOs). It covers a geographical area of about 348 square miles and serves over 2.63 million people.

The area is broken down into 21 Operational Command Units, each having their own local management teams, including a devolved personnel function. As early as 2004 WMP considered introducing a mediation scheme. This was mainly triggered by:

- the increasing number of protracted grievances and employment tribunal applications
- the costs of these to the WMP
- disruption to the organisation, the parties involved and other team members affected
- moving away from a 'blame culture'.

Initially it was decided to develop a six-month pilot scheme for police officers and then roll it out across the workforce. WMP worked jointly with the Police Federation and the Superintendents Association to select a partner to work with them to implement a scheme.

How Acas helped

After a tendering process, Acas was selected to carry out the work. Over the next few months, an Acas adviser helped formulate a policy, work on a communication and marketing strategy,

and identify and train a number of 'in-house' mediators. The adviser spent time holding awareness workshops and briefing key staff members on what mediation is, and its benefits. During 2005/06 Acas continued to offer support and advice to the in-house mediators and trained more WMP staff to act as mediators. There are now 17 in-house accredited mediators, and support for the scheme has extended to trades union representatives.

The results

There have been over 30 referrals for mediation, of which only two cases did not benefit from the process. The number of grievances reduced from 51 to 38 in 2005/06, and the number of applications to employment tribunals has decreased from 17 to 12.

"We have been working with Acas to develop a pilot mediation scheme to assist police officers and staff in resolving matters where there is a breakdown in working relationships. As well as providing awareness sessions for key colleagues (representatives, personnel managers, first contact advisers), Acas has trained 17 volunteers as accredited in-house mediators. Acas adopted a professional approach right from the start of the project and supported us well in introducing a scheme which I hope will continue to grow and develop into the future."

Nicola Roke

Employee Relations Manager
West Midlands Police



These suspensions can have adverse affects on efficiency and staff morale. Notably, in this past year, Acas mediation has been used effectively with Fire and Rescue Services, NHS trust hospitals, county councils, universities and schools and colleges across the country. We have also established a small number of formalised contracts to provide mediation in an organisation over a longer period.

Mediation normally leaves the agreement in the hands of the parties in dispute – the mediator does not tell the parties how to resolve their issues. This is a major advantage because those involved have control over the outcome. However, the process can be flexible to meet the needs of the parties and in 17 individual cases, a mediator appointed from Acas' panel of independent persons made formal recommendations to the parties to resolve their dispute. These recommendations must be agreed by all those involved.

A short film about mediation

Through our website and publications, we have upgraded the advice and tailored it to the needs of both employers and employees to help them understand what mediation is, what it involves, and its positive benefits. To help our customers see what mediation can look and feel like, we produced some film clips which can be viewed online. The clips feature an Acas mediator and actors playing the role of the disputants and the employer. Any person visiting the website should be able to view them whether they have modem or broadband Internet access.

Internal workplace mediation schemes

Many organisations, particularly in the public sector, have been keen to introduce internal workplace mediation to deal more effectively with grievances, reduce the number of employment tribunal claims (and the associated time and cost) and to support a change of culture within the business. As well as providing training for their mediators, Acas advisers have worked to help organisations to design, implement and evaluate workplace mediation arrangements.

We have worked with the NHS Capacity Board and the NHS Social Partnership Forum in England and Wales to look at how mediation might help the 'Modernising Government' agenda and improve conflict management. Mediation offers an alternative and more informal route to dispute resolution from that of formal procedures, such as internal grievance procedures. Pilot schemes in six NHS trusts were agreed and Acas advisers will now work with the pilot trusts to help them set up their own in-house mediation schemes. Discussions with the NHS in Wales and Scotland (and with a number of other major public and private sector organisations) are also under way.

The Acas Certificate in Internal Workplace Mediation (CIWM)

This course to train and certificate individuals to act as mediators in workplace disputes in their own organisations is accredited by OCR, one of the three major awarding bodies in the UK. It has proved highly successful, with demand growing and customer satisfaction rates high. We have held 13 CIWM courses, attended by 140 candidates in total. Our assessment and verification standards and quality assurance have been rated as highly effective by OCR. Feedback for all events has been excellent, with 100% of candidates saying they were satisfied and 91% very satisfied with the course overall.

Organisation-specific courses have been run in a range of public sector organisations including police authorities, higher education providers, NHS trusts and local authorities.



Individuals in the workplace

Open access courses accommodate the needs of smaller organisations. To date, a total of 55 candidates have submitted their portfolios for assessment and already 54 have gained their certificates. Many more will be expected to gain their certificates shortly.

Acas individual conciliation

Individual conciliation in practice

The purpose of conciliation is to try and help the parties resolve their differences without the need for a tribunal hearing. The impartiality of the conciliator in talking through the facts of a case can help the parties to focus on the key issues and see the strengths and weaknesses of their case. The approach a tribunal will take in examining the case will be explained, and the benefits of settlement will also be clarified. No details of the discussions taking place in the course of conciliation are made public, nor are the terms of settlement. For this reason delicate issues can be explored and an acceptable solution identified without the need to air all the particulars in a tribunal hearing.

The cost-effectiveness of our approach to casework is under constant review, and we are particularly mindful of the responsibilities of public funding, while balancing the pressures of high volumes of cases and limitations on our resources. Conciliators use a variety of methods to work with the parties to achieve an acceptable outcome to cases.

Most of their contacts are by telephone. However, and particularly in cases involving claims of discrimination, they may meet one or both parties face to face – separately or together – where they judge that contact of this kind is likely to bring about speedier resolution. The increase in Internet use has meant that some of the more administrative aspects of the conciliation process can be conducted by email. For instance, email exchanges on the details of settlement proposals and wording can speed up the conclusion of a case. The value of conciliation is highlighted in the results of our customer surveys.



Conciliation this year

This year the pace of change has not diminished for anyone involved with employment tribunals. For many, especially tribunal users, the challenge has been to work through the practical realities of the new tribunal regulations introduced in October 2004. For instance, in many cases, tribunal acceptance procedures require a claimant to try to resolve their problem in the workplace by using a grievance procedure prior to submitting a tribunal claim. Similarly, employers have found themselves on the receiving end of a tribunal default judgment because they did not follow the rule which requires them to submit their response to a tribunal claim within the prescribed time limit, or in a format that meets the requirements of the new rules.

Our conciliators have worked hard to ensure the parties understand the implications of the new tribunal rules, especially those relating to the fixed period now set for many types of cases. These fixed periods have meant that Acas' duty to conciliate has been limited to seven weeks for certain claims, for instance breach of contract and redundancy. For most other claims, the fixed conciliation period is 13 weeks. Changes introduced by the Employment Act 2002 now give Acas a discretionary power to conciliate at the end of these fixed periods. It is Acas' policy that we will exercise this power only in exceptional circumstances.

Claims involving discrimination, equal pay and public interest disclosure jurisdictions have no limitations on the availability of conciliation, as claims of these kinds can sometimes be more complex and it can take longer for the parties to clarify the issues and work through the differences. This means that in claims where these jurisdictions are present our duty to conciliate continues right up until the tribunal hearing date.

We have continued to work closely with tribunal administrators and the judiciary, at both local and national levels, to try and make the system run as smoothly and efficiently as possible. In autumn 2006, the DTI plans to review the impact of the Employment Act 2002, including the 2004 tribunal regulations, and we will participate by providing evidence based on our experience of putting the relevant provisions into practice.

Managing conciliation caseloads

Our conciliators make every effort to encourage the early resolution of claims, and have followed the strict Acas policy guidelines in responding to requests to continue helping the parties once the fixed conciliation period has ended.

Over the year there were 421 such instances (under 1.07% of relevant claims) which went beyond the fixed period. This was mainly in cases where severe communication difficulties were experienced, for instance where either of the parties was unavailable through sickness or some other reason; or the claimant had more than one claim against the same respondent; or there were delays in receiving key paperwork from the employment tribunal; or where conciliation has not been possible pending the outcome of a judicial intervention; or where the tribunal has determined the outcome of a claim, but had not yet awarded the remedy.

The timing of Acas conciliators' contact with the parties, and the limited time available for conciliators to work with them, has proved an ongoing challenge. The timely arrival of the necessary paperwork is critical to this process. Our project to guarantee speedy delivery by creating an electronic link between the

Employment Tribunal Service and Acas is still under design. The implementation timetable has slipped a little but the system is now expected to be up and running nationwide by the end of 2006/07.

This year the Service Level Agreement (SLA) between Acas and DTI featured a new measure of effectiveness which reflects the proportionate approach to casework outlined in the tribunal regulations. This measure puts emphasis on the hearing days saved rather than the number of cases cleared, and therefore now puts a 'value' on the cases passing through the system. The effect of this measure is that the cases which are likely to take up most tribunal hearing time have the greatest value. During 2005/06, our calculations show that the proportion of hearing days saved as a consequence of Acas-brokered settlements or claims was 66%. This exceeded the SLA target of 50%.

We have reviewed our approach to conciliation casework and introduced differential service standards which are appropriate for the type of case and its likely 'cost' to the system. This enables us to make savings in the cost of conciliation. A team of conciliators has been appointed to work exclusively on the short period cases which have been allocated only seven weeks conciliation time, and often no more than an hour or so of tribunal hearing time.

Their approach focuses on establishing the key facts of the case; explaining the relevant legislative provisions to help the parties make an informed judgement about the value and strength of their case; and helping the parties to reach a settlement if they want to. This change should enable conciliators with more complex and time-consuming cases to concentrate greater effort on working with the parties to find acceptable resolutions to their claims.

A day in the life of ...



John Bidder

Acas Conciliator/Mediator

John works for Acas London as a conciliator/mediator. He has been with Acas for almost 10 years, the last seven of which he has worked from home. Although trying to help resolve employment tribunal cases through conciliation takes up the majority of his work time, he is also a trained mediator and has been delivering this service for more than two years.

9.00 am

Get in from dropping my two kids off at school and settle down to work. I check my email and voicemail to see if there is anything urgent.

9.30 am

Make contact with one of the parties in a conciliation case to discuss progress. A settlement has now been agreed. Both parties need to ensure that all the details are correct. As the first claims were submitted to the employment tribunal in 1999 this is not very straightforward. The organisation hopes to send out settlement letters shortly. As Acas will be offering a service to deal with queries, we need to know the proposed timetable. They promise to keep me informed.

10.30 am

I contact the claimant in one of my conciliation cases to see if he agrees with the settlement. He tells me that before accepting the offer, he wants to discuss it with a friend.

He is uncertain when he can do this and I advise him that we can extend the conciliation period by a couple of weeks if both parties agree and that settlement is likely. He agrees. I check with the respondent, who also agrees, and fax over the necessary document to the Stratford Employment Tribunal to advise them of the extension.

11.00 am

Read through case files and make initial contact with the parties involved in tribunal cases to discuss the background to their disputes and to offer conciliation. Manage to settle an unfair dismissal case after much negotiation between the parties and I notify the employment tribunal.

12.45 pm

Take a lunch break – how are England doing in the cricket?

1.45 pm

Catch up on the calls and emails that were left while at lunch.

2.30 pm

I get a call from my mediation manager. An HR manager would like to use Acas mediation for an ongoing problem with two staff members. She passes the details to me to get some background information.

3.30 pm

Get back to individual conciliation and call a couple of reps in cases where the conciliation period ends soon. Have a feeling that it is not looking hopeful. Make further calls to parties and email over some settlement terms to a claimant.

4.30 pm

Get an email from an Acas senior adviser who asks whether I would like to assist him on a collective conciliation next week? It sounds interesting so I call him back and say yes.

5.45 pm

Finish for the day.

As part of Acas' downsizing and restructuring, a voluntary early retirement/early severance scheme was introduced and some 60 conciliators took up this option in January 2006. Inevitably they were unable to clear all their cases before their departure, and the remaining 160 or so conciliation staff absorbed the surplus into their own existing workload. There was also a steady increase in the volume of cases coming in to the employment tribunal system in the final quarter of 2005/06. As a consequence, we were not always able to offer the level or speed of service we would ordinarily aim for, and there is emerging evidence that this has had a detrimental effect on key performance indicators.

Equal pay claims

A further addition to the caseload this year was a high volume of equal pay claims in the public sector, numbering more than 30,000. Following a national level agreement in 1997, all local authorities are committed to adopting a single status agreement which rationalises their pay and grading systems. They have until March 2007 to complete this exercise, and are at various stages of progress with implementation.

Some of the authorities that have tackled the issue have identified numerous anomalies which could give rise to equal pay claims. Others are actually facing employment tribunal claims from their employees for equal pay on grounds of direct comparison or equal value. As a result, Acas has been approached to assist with finalising conciliated settlements in large numbers of actual and potential tribunal claims. At the same time, members of the Acas Panel of Independent Experts have been appointed in unprecedented numbers to report to tribunals on equal value issues in some of those cases proceeding to a Hearing.

Up until now, most of this work has been going on in the North, North West and Scotland, with local authorities in the Newcastle area, parts of Yorkshire and Lancashire and Scotland. The elements of these claims can be complex, and many local authorities are struggling to meet the costs of them.

Over the year, there have also been some landmark settlements and awards in the NHS on equal pay-related matters, largely stemming from the impact on pay structures of the 'Agenda for Change' initiative. Large volumes of tribunal claims are expected, indeed some have already been received, and Acas is working on a strategy to cope with the likely demands on conciliation that could result.

Acas individual conciliation service*

- 90% were satisfied or very satisfied with the service
- 87% said the timing of Acas contact was about right for them
- 97% felt that the conciliator was usually or always available to help them as their case proceeded
- 92% felt that the conciliator was good at relaying proposals and offers
- 73% felt that the conciliator helped them think through the options
- 92% felt that the conciliator was trustworthy

*Client Perceptions Survey of the Acas Conciliation Service 2005 – research independently prepared and undertaken by Ipsos Mori

Acas Arbitration Scheme

The Acas Arbitration Scheme has been in operation since May 2001 as an alternative to an employment tribunal hearing, resolving claims alleging unfair dismissal or those about requests to work flexibly. To date, Acas has accepted 55 cases for resolution under the Scheme across England, Scotland and Wales.

In cases where dismissals have been found to be unfair, remedies have ranged from £256 to £18,000. This is roughly consistent with the range awarded at employment tribunals.

Individuals in the workplace

Expert	Position
Dr A J Arthurs	Lecturer in employment relations
Robin Beddoe	Human resources 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	Personnel and remuneration consultancy
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 in strategic human resources management
Mrs J M Evans	Principal lecturer in human resource management
Mrs F Fearn	Human resources consultant
Steve Flather	Human resources consultant
Moira 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	Human resources consultant
Mr C J Roberts	Member of employment tribunal and human resources practitioner
Mr P Yeeles	Consultant in employment relations

Independent experts

The Equal Pay Amendment Regulations provide for employment tribunals to commission, in certain prescribed circumstances, a study and report of the jobs compared where dealing with 'work of equal value' claims. The regulations require the study to be conducted by a designated independent expert who prepares a report for the tribunal hearing. Acas is required to designate a list of such experts and ensure that they are available to employment tribunals. The names of those currently designated are listed opposite. Acas' involvement in the process, thereafter, is limited.

The employment tribunals are responsible for appointing an expert on each occasion they consider appropriate. The designated expert is not an employee of Acas or the employment tribunal and is completely independent. Acas does, however, provide a certain level of support by way of circulating information about all aspects of equal pay legislation, developments in case law, and any relevant employment relations implications. Acas also arranges for the experts to meet together from time to time to enable them to update on case histories, share expertise, and receive briefings from relevant third parties.

In 2005/06, following a number of retirements in the previous year, Acas recruited nine new independent experts. Since the Equal Value Regulations were introduced, the tribunals have appointed experts in a total of 307 cases, including 37 in 2005/06. This was by some distance the largest intake of cases in any single year.

During the year, Acas independent experts were required to report in a large number of cases regarding equal value claims in the local government sector. These large-scale, high value, multiple cases require significant input from our panel and, due to the level of work involved, Acas has been required to appoint teams of independent experts in many of the cases.

A day in the life of ...



Vas Patel

Acas Diversity Director,
North of England

Vas is on secondment to Acas from the Commission for Racial Equality. He is based in Acas' Leeds office but has a remit which extends across the North of England. His job not only involves working nationally but also internationally and he will be working for Acas on a UN project in New York in the near future.

7.30 am

I'm up early and on my way to a breakfast meeting on the M62 services to see a contractor working with us on a resource pack for employers.

8.15 am

Arrive at the meeting and go through our requirements for the pack and agree next steps.

10.00 am

I arrive at the Trafford Centre just outside Manchester for a pre-meeting with Acas colleagues to go through any last minute issues before the start of the project board meeting.

10.30 am

I chair the meeting of the Trafford Centre Fair Employment Zone, an Acas-led initiative aimed at promoting equality and diversity with employers and customers at the Centre (for more details about this initiative, see page 12).

The meeting is attended by key partners, eg North West Development Agency, Jobcentre plus, USDAW, Greater Manchester Employers' Coalition, Learning and Skills Council, Trafford Centre Ltd, Manchester Chamber of Commerce. We discuss progress so far, as well as future activity.

1.30 pm

Have a break for lunch and chat with colleagues on how the meeting went, as well as agreeing action points to follow up. Would love to have had time to do some shopping at the Trafford Centre, especially as the sales look inviting!

2.00 pm

Back on the road again and head into Manchester for meeting with a PR company who are overseeing the production of a film sponsored by Acas via the Fair Employment Zone.

The film will form part of a week of activities in the North West celebrating diversity. Topics covered in the discussions today include the structure of the film, copyright issues relating to the theme music, where the film will be shown as well as dealing with the sensitivities of ensuring that the film includes all groups.

4.30 pm

Finish the meeting and feel really excited about the project. Make a few calls to deal with messages left on my mobile phone. One of these asks whether I would be interested in facilitating a session for Acas with an organisation overseas. Will have to think about that one!

6.00 pm

Arrive home, quickly change out of my work clothes and then take my son to football practice, to ensure a good work-life balance.

Independent and impartial

We'll work with others to spread the word that good employment relations make good business sense



Spreading the word

Working in partnership means that we can spread the word to a wider audience that good employment relations make good business sense – it's a message we are spreading regionally, nationally and internationally.

Acas working in partnership

Acas has continued to develop partnerships with businesses that are not frequent users of Acas products and services. In addition to our continued support for the Black Enterprise Awards, we also supported the Asian Business Awards. These awards allowed us to highlight the positive impact on productivity and performance of employers and employees working together. We presented one organisation, which has been successful in building good employment relations, with an Acas Employee Development award.

A key area for future partnerships is to work closely with other organisations to develop new products and services informed by current research into our customers' needs.

We have continued to develop relationships with key players regionally. Working in partnership is a cost-effective way to deliver and ensure that the benefits of good employment relations are realised. In particular, our partnership with the London Development Agency to support them in delivering their 'Diversity Works for London' project is providing real benefits to organisations in the capital.



Jerry Gibson, Director of Acas London, addresses delegates at the national launch of the **Acas Model Workplace** (see page 30).

Communication – reaching our audiences

Acas continued to develop its professional communications capability. Most significantly, we started a comprehensive research programme to build a new business and marketing strategy, in cooperation with colleagues delivering front-line services.

The website is increasing in popularity, with over 200,000 visits per month. It is a vital gateway to Acas and has massive potential for providing key services to our customers. An exciting new development this year was video-streaming an interview with an Acas conciliator, as well as putting film clips of mediation online. We also continued to add to our popular stable of online training courses.

spreading the word

Our customer newsletter is our principal direct marketing tool, going out to around 250,000 organisations. We have increased the frequency of this to three times yearly and it is proving popular with customers and attracts significant business.

Other projects this year included Acas' first-ever DVD, which focused on employment tribunals and how to avoid them. We also carried out extensive media activity regarding both the BBC and Gate Gourmet disputes.



New employment relations guidance included launching the *Acas Model Workplace*, which provides a benchmark for employers who want to assess their employment relations performance and take advantage of the benefits this offers their organisations (see opposite for more details).

On the internal communications front we made significant progress, appointing a new internal communications manager and implementing a strategy to help manage change throughout the organisation. A team briefing system is firmly in place, together with a revamped Chief Executive's Bulletin, Intranet news channel, and staff newsletter.

The Acas Model Workplace

Acas believes that people are an organisation's most valuable resource and are essential to success. If organisations get the people issues right, this can contribute to competitiveness, productivity, profitability and a better quality of working life.

So, for the first time, we distilled our considerable experience of good employment relations practice into a document which sets out how businesses can improve their effectiveness by focusing on people – the result was the **Acas Model Workplace**.

Launched in October 2005, using the model is entirely voluntary. It lists things that organisations may aspire to or check to see how well they currently manage people.

The model is split into three sections:

- putting the right systems in place covering pay, discipline, communication and health and safety
- developing relationships at work covering issues like flexible working and personal development
- the benefits of greater employee involvement in decision-making.



For more information about the **Acas Model Workplace**, go to www.acas.org.uk where you can find details about training and how to contact Acas advisers as well as order the booklet.

International work

Acas officials have been involved in EU-funded projects in Romania and Bulgaria. In Romania, our trainers have been delivering seminars and workshops to assist Romania's Economic and Social Council to provide information training and assistance to the social partners and to strengthen their capacity to participate in the implementation and development of the European *acquis* and national legislation. As part of the project, Acas hosted a study visit for the trainees. Acas also delivered seminars for the sister project on promoting autonomous social dialogue for the Romanian Ministry of Labour and Social Solidarity.

We successfully competed for a project to assist Bulgaria's Ministry of Labour and Social Policy to strengthen its administrative capacity for the management of social dialogue. Acas experts delivered training programmes to develop principles of effective social dialogue and to highlight the benefits of bi-partite and tri-partite social dialogue.

Acas trainers facilitated a workshop on mediation training for Ireland's Labour Relations Commission (LRC). Participants were complementary in their feedback, indicating that the workshop was "very instructive and excellently run" and that the information presented was "extremely relevant". The LRC subsequently launched their Workplace Mediation Services which were drawn from the Acas experience.

The Labour Relations Agency of Northern Ireland turned to Acas to assist them in training arbitrators. Participants felt that "the opportunity to share experiences was extremely beneficial" and commented that the practical group exercise aided their learning.

We shared our expertise and knowledge with Guernsey's Commerce and Employment Department, who asked Acas to help them recruit panel members and chairs for their Employment Tribunal Service.

Our staff were heavily involved in the project 'Developing and Piloting a Labour Tribunal system in the Peoples' Republic of China, 2004-2006'. This project is funded by the Foreign and Commonwealth Office (FCO) and involved Acas staff delivering a number of seminars in China.

At the request of the European Institute of Public Administration, we hosted a visit for a delegation from the Chinese Ministry of Personnel. They were keen to learn about employment legislation.

Among the number of overseas visitors to Acas were officials from the Shanghai Municipal Labour Bureau, the Hong Kong Labour Department, the Korean Labour Education Institute and the Secretary General of the Ministry of Human Resources, Malaysia.



Valuing people

We invest in our staff so that they can give our customers the best possible service



Managing Acas

This year has been one of change and challenges for our staff and it is to their credit that they have remained focused and committed to Acas' mission.

Human Resources and Lifelong Learning

Internal communications

This year has seen a great deal of change taking place in Acas. In January we said goodbye to a number of highly skilled staff through voluntary retirement/severance. Earlier in the year, realising that communications would be particularly important, we introduced a new and comprehensive internal communications strategy. While we have at times been unable to give staff the certainty they sought, we have nevertheless ensured regular and timely briefing to all. We encouraged feedback and acted upon this with regular Chief Executive Bulletins which, as far as possible, answered any questions raised at these briefings. This improvement to our communications was recognised during our recent Investors in People (IiP) re-accreditation process.

Building relationships and partnerships

Staff are encouraged to discuss issues affecting both them and the work they undertake and to give their views both as individuals and through their trade unions, membership of which is encouraged. We have well-established consultative machinery with our unions and have recently concluded an agreement on information and consultation. Three sub-committees exist to discuss issues around health and safety, lifelong learning and diversity and fairness.



Union Learning Representatives are encouraged to attend events designed to establish and promote the role.

Diversity and equality

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

With support from colleagues across Acas, we have designed a training package aimed at giving managers the confidence to handle a range of diversity and equality issues. This will be rolled out in the forthcoming year and delivered by our own team of experienced diversity and equality advisers. This will complement the management modules that will become available to first line managers during the first quarter of the year and will support both performance management and IiP.

We remain committed to carrying out initial impact assessments before the introduction of new policies and procedures and are pleased that a large proportion of our staff have undertaken impact assessment training.

Managing Acas

Our fair treatment contacts, who are volunteers within Acas, are available to talk to staff about any areas of concern they may have about their treatment at work. We intend to replace those fair treatment contacts who have left us during the year.



Recruitment

There has been only limited recruitment over the past year. We plan to carry out some limited exercises in the forthcoming year to fill crucial operational and senior management posts which have arisen through retirement and restructuring.

Lifelong learning and continuous professional development

We have continued to provide further learning opportunities for staff. Our development activities must reflect the needs of the business. We have considered more flexible approaches to delivering training and development activities.

Since our last report a total of 48 staff started the Certification in Employment Relations and Employment Law (CEREL) programme. To date 31 members of staff have completed the programme successfully. We are pleased to report that others have attained qualifications, such as the CIPD's Certificate in Personnel and Development and the advanced Certificate in Employment Law.

OCR confirmed that our internal assessment process for customer service national vocational qualifications (NVQs) meets its criteria. Through this route we are able to offer all of our support staff a route to a vocational and recognised qualification. We are adopting a similar approach to enable our managers to acquire levels 4 or 5 of the Management NVQ. Alternatively we support those Acas managers who wish to take the Chartered Management Institute (CMI) route. Participating staff have put in a tremendous amount of hard work to achieve these professional qualifications and are to be commended for their tenacity and commitment both to their studies and to their work.

We intend to build on the training provision we offer to ensure that both our core and ad hoc training and development programmes are accredited through professional bodies like CIPD, OCR, Strathclyde University and others relevant to our business.

Changes in the way we deliver conciliation have meant organising training and briefing events for those involved. Wherever possible we provide training locally to ensure all staff have the opportunity to participate. This allows us to address work-life balance issues and maximise accessibility for all. While residential events will always have their place, we no longer rely on them, preferring to use a variety of media and delivery mechanisms to suit both individuals with caring and other responsibilities, and those with different learning styles.

We have undertaken reviews of our core helpline training and are reviewing our advisory training. This is to ensure they remain fit for purpose and meet both the needs of our changing business and the exacting standards required for accreditation. In addition we have commissioned training for both new and experienced managers and for workplace mediation. Our people will continue to be supported to undertake both internal events and externally provided seminars, conferences and further education, where appropriate. One of our priorities for the coming year will be to ensure that our learning and development strategy

reflects fully the requirements of Professional Skills for Government. Our Chief Executive is a board member of Government Skills, the sector skills council for central government.

Security of employment

Notwithstanding the pressures of the last year, we have downsized our staff complement without the need to resort to compulsory redundancy. We are close to concluding an agreement on avoiding redundancy with our unions. The thrust of our accreditation strategy is concerned with equipping our staff with recognisable skills and qualifications that are both significant for organisational development and transferable.

Work-life balance

We support our people through a variety of flexible working arrangements (for example, our Knowledge Directors work on a job-share basis). We have expanded the number of homeworkers and will consider other forms of working arrangements that suit both individuals and the business.

Pay and reward systems

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

- staff at all levels continue to have performance-related progression increases which enable them to attain equality of pay with their colleagues in 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 have also given a commitment to undertake a further equal pay review to ensure that the pay system remains free from bias.

We are in the process of reviewing our performance management system and working closely with our trade union colleagues to make this an effective and fair process for staff and a driver of continuous improvement. We will continue to train our managers in how to deal with any potential poor performance or inadequate attendance and will keep all policies relating to these issues under continual review.

Health and safety

Acas is committed to maintaining a safe working environment for its 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.

A new electronic display screen equipment risk assessment, training and reporting tool has now been introduced. This is continually maintained and monitored to ensure new staff members are set up to complete the package. Where there are significant changes to workstations, existing staff redo the assessment.

We will review our smoking policy to meet the requirements for government offices to be smoke-free by the end of the year. We have researched and benchmarked what is being done at other government buildings and how changes might be introduced in Acas, including support for those who would like to give up smoking.

We have introduced a risk assessment for new/expectant mothers. This includes guidance both to the new/expectant mother and to managers carrying out the assessment about what practices need to take place throughout the term of pregnancy and on return to work.

We continue to maintain and build on our health and safety Intranet site, ensuring that guidance notes covering key risk areas are up to date and accurate.

We encourage setting up local safety committees and the appointment of trade union safety representatives to cover all Acas buildings. These committees and representatives consider local health and safety matters and promote a safe working environment.

Managing our finances

A full set of our accounts for 2005/06 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 60 to 97).

During 2004/05 Acas received a reduced SR2004 budget allocation (2005/06 £47.3m, 2006/07 £46.3m, 2007/08 £44.3m). As a result of this it was necessary to identify efficiency programmes to enable the organisation to live within its reduced budget allocation.

Key financial headlines are:

Issue	Result (£'000)
Gross cost of Acas (excl. exceptional items)	£49,100
Less income earned by Acas	(£2,909)
Exceptional items (VER/VES)	£10,784
Total NET cost of Acas	£56,975
Capital expenditure	£1,149
Grant in Aid	£48,615
Net Operating Cost	£8,018
Audit Committee Members	John Steele (Chair) Rita Donaghy CBE Veronica McDonald CBE Sarah Anderson John McMullen

All figures above exclude the Certification Office and the Central Arbitration Committee.

This year our key focus was implementing change programmes that delivered these efficiencies (and aimed at taking cost out of the business) while at the same time ensuring that the Acas mission continues to be delivered.

Our main focus for change centred around:

- a Voluntary Early Severance/Voluntary Early Retirement (VER/VES) scheme that saw the departure of 143 staff
- establishing an Estates Strategy that will see the number of offices reduced from 29 to 15 with the downsizing of five regional offices within the SR2004 period.

In addition to this Acas has a mandate to increase its revenue-generating activities.

Improving our governance

Measuring organisational performance

Work on measuring Acas' organisational performance was carried forward this year and further work building on the initiatives will continue into 2006/07. This is an important area of work and benefits include assisting senior management in making robust business decisions and supporting organisational learning to contribute to Acas' continuous improvement.

Corporate governance

It is vital that Acas has internal controls to ensure that the business is being run properly and with integrity. This year, work began on improving both our business risk management and project and programme management. This will continue into 2006/07, with more robust measures to ensure that these skills are embedded into the organisation.

Case Study 3

Crown Prosecution Service London

The background

The Crown Prosecution Service (CPS) originally contacted Acas in January 2005 because they had a large number of outstanding 'equal opportunities' complaints. CPS needed to train staff to investigate these complaints and also wanted to find some way of reducing the number of formal complaints.

How Acas helped

Acas was called in and discussed the issues with Kim Edwards, the Deputy Head of HR at CPS London. One of the problems identified was that managers were not confident in handling either disciplinary or grievance issues when they arose; this resulted in problems not being tackled promptly and consequently getting worse.

Acas initially proposed a three-day, skills-based training event but this did not exactly meet the needs of CPS. Following further discussions, Acas advisers worked with the CPS, firstly to review their procedures to ensure they complied with current legislation.

Acas then designed a two-day training course which gave CPS managers a very good understanding of the principles and good practice needed to apply their disciplinary and grievance procedures. It also helped to develop their listening and questioning skills. The course also helped them to identify 'evidence'; a crucial, but often overlooked area.

The results

The intensive two-day training courses were delivered to 117 CPS managers over a six-month period, with excellent feedback from the learners. Managers who attended the training now feel confident in dealing with disciplinary issues and applying CPS procedures and guidelines more effectively.

"The course has proved very popular, with the Acas trainers receiving many glowing testimonies."

Kim Edwards

Deputy Head of Human Resources
Crown Prosecution Service London

Acas trainers John Burkitt and Kevin Breach, with Kim Edwards of the CPS.



Electronic records and knowledge-sharing

In support of government requirements for electronic records, and to assist in managing our information more effectively, Acas has been working to implement an Electronic Document and Records Management System (EDRMS). Roll-out of this system will begin in 2006/07. One of the planned benefits is more information-sharing, which is a key part of our knowledge strategy.

Estates

Acas' estates modernisation programme seeks to transform our estate (offices and equipment) over time to a modern, effective working environment that meets customer needs and supports our staff in their business activities.

We have introduced new standards to support improved ways of working. Our new Fleet office will be the first to operate in a modern, fully open plan environment.

We have a long-term strategy to ensure we use our buildings and office space more efficiently. The first stage in this strategy has involved closing nine satellite offices, enabling us to reduce overheads and invest in other areas of the organisation.

We continue to review our estate to encourage flexible working practices throughout Acas to improve customer experience and business effectiveness.

Theme groups

The theme groups continued to play an active role during the year in developing new Acas policies and services. The Workplace Effectiveness and Productivity group championed the publication of both the *Acas Model Workplace* and the guidance on information and consultation. It has worked hard to influence the government's skills agenda, most notably through Acas' formal response to the consultation on the 2005 Skills White Paper.

Guidance on the new anti-age discrimination regulations has been an important focus for the Diversity group. The group has also instigated the push for a new diversity strategy for Acas. It also researched and helped to present a proposal for reviewing the provision of interpreting and translation services to migrant and ethnic minority communities. It supported the Acas Strategy Unit to carry out a snapshot survey of our staff that paints a picture of the day-to-day experience of equality and diversity in the workplace.

The main task for the SME and Microbusinesses group was investigating the feasibility of a pilot subscription service for small firms.

The Individuals and Working Life group continued to monitor Acas' experience of the new fixed period and fast track conciliation process and will be helping to feed in comments when the government reviews the legislation later on in 2006. Group members have also played an important part in developing a new mediation service to facilitate the resolution of individual workplace disputes where there is no tribunal application.

The Regionalisation group was successful in getting employment relations recognised in a number of the regional development agencies' (RDAs) new regional economic strategies. Acas has been appointed 'lead partners in employment relations' in both Yorkshire and Humber and North of England regions.

The Public Services and Change Management group has been instrumental in setting up a joint initiative with the Department of Health to provide in-house mediation services to resolve individual workplace disputes. Six NHS trusts are taking part in a funded pilot scheme whereby internal mediators are trained by Acas to help resolve conflicts in the workplace. The group has also been working closely with the Health and Safety Executive on its work programme for the Health and Safety and Productivity Ministerial Task Force to help the public sector improve its health and safety management.

Acas performance

New ways of measuring performance

In 2005, Acas Council approved a suite of key performance indicators (KPIs) to reflect as far as possible the impact and effectiveness of Acas services. These KPIs were discussed and agreed with the DTI as part of a Service Level Agreement (SLA) and will provide valuable measures for the services we provide. A timetable was agreed for reporting back. We also expect that these measures are likely to evolve over the course of time as we review both their efficiency and value in managing our programme areas.

Conciliation in collective disputes

Acas' two objectives in collective conciliation are to become involved in all large-scale disputes and in those disputes in which we conciliate, to help the parties resolve them in 80% of cases.

This year, we established contact with the parties in all large-scale disputes including those relating to BBC re-organisation, Gate Gourmet at Heathrow, British Gas (Centrica) engineers, magistrates courts' pay at the Department for Constitutional Affairs and university and FE college lecturers' pay.

In relation to our successful resolution of collective disputes, our own reporting processes are to be complemented by independent research – upon which we will report next year.

Conciliation in employment tribunal cases (individual conciliation)

Our agreed objective is to resolve cases to avoid full tribunal hearings and our KPI is measured by the percentage of potential hearing days avoided as a result of Acas interventions (target 50%).

This measure includes those claims where Acas either settled the case or significantly contributed to a withdrawal or private settlement, the latter established from independent feedback research from the parties. The number of days saved is based on tribunal estimates of average hearings

days for different types of case. This year, Acas helped to avoid 73% of potential hearing days, 48% through cases settled directly under Acas auspices and a further 25% where we influenced the parties in cases either withdrawn or privately settled. Additionally, Acas settled just over 31,500 cases where no claim had been presented to the employment tribunal, of which 30,000 related to claims for equal pay. (If these figures were taken into account, Acas has saved some 86% of potential tribunal hearing days.)

Workplace projects

Our main objective for providing this type of project is to improve workplace employment relations and working life. The KPI relating to this area of the business is measured by the percentage of projects reporting improvement in employment relations following Acas intervention (target 70%).

Acas has developed a measure of its impact taking into account different aspects of improving employment relations between managers and the wider workforce. The measure looks at whether the key participants report an improvement in at least one of the following areas: communications; day-to-day working; trust; employee morale; and fairness in the treatment of employees.

It is based on independent, customer feedback surveys, reporting every two years. In this operational year, 75% of Acas workplace projects were reported as improving employment relations – thereby exceeding our target figure of 70%.

Acas training services

The objective of this charged service is to raise awareness of good employment practice with the ultimate objective of reducing the growth of employment tribunal applications. Our KPIs are the percentage of managers from small and medium-sized enterprises (SMEs) who introduce or reform discipline and grievance procedures following, a) attendance at an Acas training event or, b) use of an Acas website e-learning tool (target 70%).

Managing Acas

Using independent customer feedback surveys, we have established that of those managers from organisations with less than 250 employees who have attended an Acas training event on discipline and grievance, 69% have introduced procedures or reformed existing ones.

An additional 17% of managers had reviewed their existing policies or procedures but did not need to change them. However, managers were also asked whether they planned to introduce new policies or procedures, in case they had not had a chance to do so when the survey took place. When those who responded positively to this question are included, the result is 89%.

For those managers from organisations with less than 250 employees who have accessed our online learning tools on discipline and grievance, 78% have introduced procedures or reformed existing ones. A further 10% had reviewed their policies and procedures without making changes.

Acas helpline

Acas helpline's aim is to provide information to callers on employment rights and practices. Its impact is measured by the percentage of callers who were able to take clear action following their call (target: 70%).

Evidence for this is gathered by independent customer research every two years. No research was carried out this operational year but last year's survey reported that 79% of customers were able to take clear action following their call to the helpline.

Mediation training services

Recognising that 'prevention is better than cure', Acas believes mediation is an effective way to stop workplace disputes from ever getting to the employment tribunal stage. Our objective here is to promote internal resolution of individual disputes at work by training individuals to handle these disputes.

This intervention is in its early stages of development and it will be some time before it is possible to evaluate its impact.

The interim measure reflects this and is simply a target (72) for the number of candidates who become accredited following successful completion of the Acas workplace mediation course. Although 140 candidates attended the course, only 54 have gained accreditation to date – principally because there is a significant time lag between attendance at the course and completion and assessment of portfolios.

Acas equality services

Our objective is to assist employers to formulate and introduce policies and practices to ensure equality at work. The KPIs are measured by a) the percentage of parties who have responded that agreed objectives are mainly or fully met, and, b) the percentage of workplaces reporting an improvement in equality policies. The evidence for this will be gathered by independent customer research every two years. No research was carried out this operational year.

Publications on good practice at work

We aim to provide e-delivered written information on good practice to employers and the KPI will be measured by the percentage of customers reporting that information provided by Acas resulted in change in policy or practice (target: 60%). No research was carried out this operational year.

Other key performance measures

In addition to the outcome measures contained in the SLA, Acas has a number of other key performance indicators which we report upon opposite.

Acas complements the SLA individual conciliation KPI with two other measures. The first focuses upon the percentage of potential hearing days saved by settlements and withdrawals that take place within the conciliation window (including any extensions to the window and where we have exercised our power to intervene outside the window). This year, 73% of potential tribunal hearing days were saved by successful outcomes within the conciliation window. Secondly, we also undertake independent research to look how satisfied our customers are with the service we provide. Against a target of 85%, 90% of customers were either fairly satisfied or very satisfied with the service provided to them.

For the helpline, we have set service standards and aim to provide callers with quick access to a helpline adviser, answering 70% of incoming calls within 20 seconds. This year, 73% of callers were answered within 20 seconds. We are aware, though, that in the final two months of the year, we fell significantly below this standard as a consequence of a major staffing re-organisation.

In respect of training services, 95% of customers who have attended an Acas training session were either satisfied or very satisfied with the session meeting our target of 95%.

Unit costs

Acas makes every effort to deliver a cost effective and efficient service to its customers and stakeholders. We aim to look for efficiency savings where this is practicable, without seeing any diminution in the quality of the service we provide to our customers. Although we have retained the figures reported upon in previous years, direct comparisons are not possible as the methodology for calculating costs has changed.

The cost of a successfully cleared individual conciliation case (including non-tribunal claims) was £280. Even though there is no direct correlation with last year's figure of £415, in broad terms, the cost did fall, principally as a result of the large volumes of non-tribunal cases we handled.

With workplace projects, the costs have decreased overall, reflecting the fall in the average number of days spent on each project since charging was introduced. On both collective conciliation and arbitration, we have devoted less resource to these activities as the number of cases has fallen.

The cost of a helpline call, at £7.33, reflects both improving working practices during the year and a shortfall in resource in the last two months of the operational year.

Complaints to Acas

During the year there were 18 formal written complaints received at Acas National about the service we offer, 12 of which related to our helpline, and six to our individual conciliation service. In nine of the helpline complaints we found that the quality of service failed to meet the high standards we have set for the helpline and we apologised to the complainants. Five complaints concerned alleged inaccuracies in information given about employment rights, three complainants believed the attitude of the helpline adviser was unacceptable and one complaint related to difficulty accessing the service in the first place. As a result, helpline advisers have been required to attend further customer skills training.

Two of the complaints about conciliation alleged that the conciliator had not been impartial. Our investigation of these cases revealed no evidence of this kind. The other four complaints concerned apparent lack of contact or assistance from the conciliator. Unfortunately, three of these related to very old cases and we no longer held any documents for them. Thus we were unable to address the specific issues raised and could only respond in general terms about the role of the conciliator. In the fourth complaint about apparent lack of contact, we were able to confirm that the conciliator had written to the parties and left voicemail messages, but had received no reply.

Facts and figures

The detailed information about our work that shows the breadth and value of what we do

Contents

Acas performance

Key performance targets	44
Other performance targets	44
Other performance indicators	45
Individual disputes tables	46
Collective disputes tables	50
Advice services tables	54

Employee involvement in Acas	58
-------------------------------------	-----------

Acas Annual Accounts 2005/06

Annual Report to the Accounts	60
Statement of the Service's and Accounting Officer's Responsibilities	75
Statement on Internal Control	76
The Certificate of the Comptroller and Auditor General to the House of Commons	78
Operating Cost Statement	80
Statement of Recognised Gains and Losses	80
Balance Sheet	81
Cash Flow Statement	82
Notes to the accounts for the period ended 31 March 2006	83

Key performance targets

	05/06 target	05/06 outturn
Conciliation in collective disputes		
a) The promotion of a settlement in disputes in which Acas is involved	80%	n/a*
b) Acas involvement in large-scale disputes	100%	100%
Conciliation in employment tribunal cases		
The percentage of potential hearing days avoided as a result of Acas interventions	50%	66%
Workplace projects		
The percentage of workplace projects reporting an improvement in employment relations following Acas intervention	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%	89%
b) use of an e-learning tool.	70%	78%
Acas Helpline		
The percentage of callers who were able to take clear action following their call to Acas helpline	70%	n/a*
Mediation training services		
The number of individuals receiving accreditation	72	54
Equality services		
a) The percentage of parties who respond that agreed objectives are 'mainly or fully met'.	n/a*	n/a*
b) the percentage of workplaces reporting an improvement in equality policies	n/a*	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*

Other performance targets

	03/04 target	03/04 outturn	04/05 target	04/05 outturn	05/06 target	05/06 outturn
Promoting settlements of employment tribunal cases						
Percentage of tribunal hearing days saved within the conciliation window [†]	n/a [†]	73%				
Customers very satisfied or satisfied with service	85%	84%**	85%	84%	85%	90%
Provision of information and advice						
Percentage of helpline callers answered within 20 seconds	70%	69%	70%	68%	70%	73%
Customers satisfied or very satisfied with service	95%	93%	95%	94%	n/a*	n/a*
Training services						
Customers very satisfied or satisfied with charged sessions	95%	96%	95%	96%	95%	95%

* These have yet to be set following a re-structuring of the service or research was carried for this operational year.

** Denotes where we have previously reported provisional figures which have been subsequently adjusted.

[†] Not available, these are new performance measures introduced during this operational year and therefore we are unable to make direct comparisons for previous years.

Other performance targets (continued)

	03/04 target	03/04 outturn	04/05 target	04/05 outturn	05/06 target	05/06 outturn
Percentage of arbitration awards provided to parties within three weeks of hearing	100%	99%	100%	98%	100%	92%
Percentage of letters to helpline answered within seven working days	100%	97%	100%	97%	100%	98%
Percentage of bills paid within the terms of the relevant contract or within 30 days of receipt of valid invoice	100%	92%	100%	96%	100%	95%

Other performance indicators

	03/04	04/05	05/06
Number of ET1s and non-ET1s received ^{††}	104,952	86,816	141,288
Number of non-ET1s received ^{††}	2,393	4,983	31,576
Number of re-employments	757	1,010	913
Number of requests for statutory arbitration scheme	8	5	6
Number of collective conciliation projects started	1,244	1,123	952
Number of advisory projects started	419	331	245
Number of requests for trade dispute arbitration	69	58	57
Number of calls answered by the national helpline	796,649	880,787	908,553
Number of advisory visits	1,912	1,923	2,002
Number of training sessions delivered	2,462	2,989	2,964
Number of calls answered by Equality Direct	4,554	4,736	5,061
Number of cases opened by Acas Equality Advisers	78	99	135
Parties to tribunal cases who felt that Acas helped speed up the resolution of their case	61%**	63%	81%
Helpline callers who felt that information provided allowed them to decide upon a course of action	82%**	79%	n/a*
Costs of completed collective conciliation case where a settlement was achieved or significant progress made	£2,049	£2,312	£1,873
Cost of an arbitration hearing	£1,926	£1,993	£1,850
Cost of a completed workplace project	£8,402	£6,043	£4,044
Cost of individual conciliation case settled or withdrawn	£393	£415	£280
Cost of a helpline enquiry answered	£7.30	£8.00	£7.33

* These have yet to be set following a re-structuring of the service or research was carried for this operational year.

** Denotes where we have previously reported provisional figures which have been subsequently adjusted.

†† See footnotes on page 57.

Individual disputes

Regional breakdown of individual claims received by main jurisdiction (ET1s only*)

	Unfair dismissal	Wages Act	Breach of contract	Redund. pay	Sex discrim.	Race discrim.	Disability discrim.	Working time	Equal pay	National min. wage	Flexible working	Others	All applications
London	6,568	1,132	577	202	1,034	981	601	20,953	387	7	10	549	33,001
South East	3,854	1,532	720	359	449	209	365	394	15	2	12	183	8,094
East of England	2,574	606	444	177	301	168	293	336	14	5	2	180	5,100
East Midlands	3,176	1,014	366	416	222	165	215	238	44	8	6	235	6,105
West Midlands	3,742	1,413	1,271	405	530	195	312	516	384	5	26	871	9,670
North East	1,538	781	339	78	1,057	30	106	91	4,172	6	2	149	8,349
Yorkshire & Humber	2,986	1,148	441	204	376	119	277	181	1,589	5	9	552	7,887
North West	4,793	1,628	722	429	752	208	492	556	4,772	10	14	1,069	15,445
Scotland	3,057	2,314	346	276	161	48	168	384	976	7	6	636	8,379
South West	2,176	815	437	178	215	84	239	225	32	6	4	132	4,543
Wales	1,480	818	404	123	105	36	129	33	8	3	–	–	3,139
Total	35,944	13,201	6,067	2,847	5,202	2,243	3,197	23,907	12,393	64	91	4,556	109,712

Acas also conciliated in a further 31,576 potential claims to employment tribunals (Non ET1s*).

Agreement to use Arbitration Scheme

	2005/06	04/05	03/04
Unfair dismissal	6	4	7
Flexible working	0	1	1

* See footnotes on page 57.

Claims received by main jurisdiction (ET1 only*)

Nature of claim	2005/06		2004/05		2003/04	
	No.	%	No.	%	No.	%
Unfair dismissal	35,944	41.0	34,864	43.0	39,766	39.0
Wages Act	13,201	15.0	16,673	20.0	20,724	20.0
Breach of contract	6,067	7.0	5,443	7.0	8,271	8.0
Redundancy pay	2,847	3.0	2,993	4.0	4,386	4.0
Sex discrimination	5,202	6.0	4,443	5.0	10,560	10.0
Race discrimination	2,243	3.0	2,489	3.0	2,704	3.0
Disability discrimination	3,197	4.0	2,716	3.0	2,634	3.0
Working time	23,907	4.0	1,102	1.0	2,251	2.0
Equal pay	12,393	13.0	6,607	8.0	2,428	2.0
National minimum wage	64	0.1	154	0.2	210	0.2
Flexible working	91	0.1	70	0.1	72	0.1
Others	4,556	5.0	4,361	5.0	8,471	8.0
Total	109,712		81,833		102,559	

Secondary and other jurisdictions

Nature of claim	2005/06		2004/05		2003/04	
	No.	%	No.	%	No.	%
Unfair dismissal	8,453	10.0	7,595	12.0	7,916	11.0
Wages Act	19,974	24.0	20,112	31.0	20,204	27.0
Breach of contract	19,694	24.0	15,587	24.0	20,200	27.0
Redundancy pay	3,971	5.0	3,434	5.0	4,321	6.0
Sex discrimination	7,782	9.0	6,370	10.0	3,218	4.0
Race discrimination	1,869	2.0	788	1.0	714	1.0
Disability discrimination	1,332	2.0	2,101	3.0	2,774	4.0
Working time	10,458	13.0	2,153	3.0	5,255	7.0
Equal pay	1,754	2.0	979	1.0	645	0.9
National minimum wage	307	0.4	278	0.4	359	0.5
Flexible working	146	0.2	170	0.3	129	0.2
Others	6,433	8.0	6,023	9.0	8,211	11.0
Total	82,173		65,590		73,946	

*See footnotes on page 57.

Individual disputes (continued)

All Jurisdictions

Nature of claim	2005/06		2004/05		2003/04	
	No.	%	No.	%	No.	%
Unfair dismissal	44,397	23.1	42,459	28.8	47,682	27.0
Wages Act	33,175	17.3	36,785	25	40,928	23.2
Breach of contract	25,761	13.4	21,030	14.3	28,471	16.1
Redundancy pay	6,818	3.6	6,427	4.4	8,707	4.9
Sex discrimination	12,984	6.8	10,813	7.3	13,778	7.8
Race discrimination	4,112	2.1	3,277	2.2	3,418	1.9
Disability discrimination	4,529	2.4	4,730	3.2	5,490	3.1
Working time	34,365	17.9	3,255	2.2	7,506	4.3
Equal pay	14,147	7.4	7,586	5.1	3,073	1.8
National minimum wage	371	0.2	432	0.3	569	0.3
Flexible working	237	0.1	240	0.2	201	0.1
Others	10,989	5.7	10,384	7.0	16,682	9.4
Total	191,885		147,418		176,505	

Claims settled, withdrawn or to an employment tribunal (by main jurisdiction)

Main Jurisdiction	Year	Total	Settled		Withdrawn		ET Hearing		Other outcomes	
				%		%		%		%
Unfair dismissal	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
	03/04	42,550	20,297	48	11,013	26	9,625	23	1,615	4
Wages Act	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
	03/04	20,093	7,633	38	6,773	34	5,062	25	625	3
Breach of contract	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
	03/04	8,758	3,458	39	2,746	31	2,242	26	312	4
Redundancy pay	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
	03/04	4,332	740	17	1,473	34	1,937	45	182	4
Sex discrimination	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
	03/04	4,610	2,393	52	1,429	31	640	14	148	3
Race discrimination	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
	03/04	2,854	1,196	42	839	29	652	23	167	6
Disability discrimination	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
	03/04	2,695	1,362	51	845	31	392	15	96	4
Working time	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
	03/04	1,698	783	46	474	28	415	24	26	2
Equal pay	05/06	2,210	874	40	1,277	58	36	2	23	1
	04/05	610	358	59	146	24	43	7	63	10
	03/04	632	242	38	313	50	52	8	25	4
National minimum wage	05/06	181	31	17	29	16	19	10	102	56
	04/05	173	116	67	29	17	21	12	7	4
	03/04	142	64	45	35	25	30	21	13	9
Flexible working	05/06	63	36	57	19	30	7	11	1	2
	04/05	76	31	41	34	45	9	12	2	2
	03/04	41	15	37	19	46	6	15	1	2
Others	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
	03/04	3,959	919	23	1,617	41	1,327	34	96	2
Total	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
	03/04	92,364	39,102	42	27,576	30	22,380	24	3,306	4

Acas' performance objective has changed this year and now aims to reduce the number of potential hearing days for the tribunal service (see page 39). Workloads are also calculated on a different basis to individual claims. Previously, Acas performance was measured by the percentage of individual claims that did not proceed to a tribunal hearing, as set out in this table.

Collective disputes

Collective conciliation requests by region and source of request

		Total received	Employer	Trade Union	Joint	Acas
London	05/06	100	16	29	45	10
	04/05	113	25	29	46	13
	03/04	123	20	36	45	22
South East	05/06	37	6	14	9	8
	04/05	83	16	34	19	14
	03/04	109	16	25	35	33
East of England	05/06	62	11	25	18	8
	04/05	56	6	24	13	13
	03/04	83	13	26	32	12
East Midlands	05/06	50	10	12	25	3
	04/05	56	16	13	24	3
	03/04	60	15	14	28	3
West Midlands	05/06	80	29	13	24	14
	04/05	62	15	19	27	1
	03/04	56	9	21	23	3
North East	05/06	94	5	26	50	13
	04/05	111	9	31	42	29
	03/04	102	19	28	32	23
Yorkshire & Humber	05/06	62	16	12	28	6
	04/05	79	16	13	32	18
	03/04	111	14	11	71	15
North West	05/06	209	27	48	118	16
	04/05	259	22	35	158	44
	03/04	265	21	37	186	21
Scotland	05/06	180	17	101	53	9
	04/05	190	18	111	53	8
	03/04	209	16	110	76	7
South West	05/06	29	6	6	11	6
	04/05	33	6	10	16	1
	03/04	42	7	8	27	0
Wales	05/06	36	13	6	14	3
	04/05	66	15	14	32	5
	03/04	63	19	23	18	3
Acas National	05/06	13	3	2	5	3
	04/05	15	0	6	8	1
	03/04	22	3	9	8	2
All	05/06	952	159	294	400	99
	04/05	1,123	164	339	470	150
	03/04	1,245	172	348	581	144

Collective disputes (continued)

Collective disputes by cause and region

		General pay	Other pay	Recognition	Changes in working practices	Other TU	Redundancy	Discipline & dismissal	Others
London	05/06	16	24	17	10	12	7	4	9
	04/05	20	21	23	11	15	8	3	12
	03/04	30	30	15	7	14	11	10	6
South East	05/06	8	11	8	1	1	3	2	2
	04/05	18	11	21	10	9	7	4	3
	03/04	15	35	20	0	8	16	6	9
East of England	05/06	15	12	14	3	9	4	1	4
	04/05	13	11	15	2	3	9	2	1
	03/04	15	11	23	5	8	4	1	6
East Midlands	05/06	18	8	8	3	3	7	2	1
	04/05	11	13	16	4	5	3	1	3
	03/04	17	20	13	2	0	6	1	1
West Midlands	05/06	20	20	18	3	5	7	4	3
	04/05	12	15	26	1	2	3	0	3
	03/04	11	24	11	3	2	4	0	1
North East	05/06	24	24	22	3	5	7	1	6
	04/05	30	44	26	0	6	3	0	2
	03/04	38	29	22	2	4	3	2	2
Yorkshire & Humber	05/06	16	13	11	6	5	5	1	5
	04/05	17	17	13	3	8	5	0	16
	03/04	30	22	29	3	8	11	2	6
North West	05/06	50	50	29	12	25	13	14	10
	04/05	57	83	36	14	27	11	19	12
	03/04	59	71	33	16	20	35	24	7
Scotland	05/06	62	39	33	17	6	7	12	2
	04/05	59	47	41	11	7	4	20	1
	03/04	52	56	42	10	8	11	28	2
South West	05/06	7	9	10	1	0	0	1	1
	04/05	18	6	5	0	3	0	0	1
	03/04	11	6	14	4	2	2	0	3
Wales	05/06	12	0	5	3	4	2	0	0
	04/05	23	12	11	2	2	9	4	3
	03/04	17	19	13	5	2	0	4	3
Acas National	05/06	4	5	2	1	0	1	0	0
	04/05	11	1	1	1	0	0	1	0
	03/04	10	7	1	1	0	0	0	3
All	05/06	252	215	177	63	75	63	42	43
	04/05	289	281	234	59	87	62	54	57
	03/05	305	330	236	58	76	103	78	49

Collective disputes (continued)

Collective conciliation cases by outcome

		Total cases	Completed	Successful	Unsuccessful	Withdrawn
London	05/06	99	96	87	9	3
	04/05	100	97	86	11	3
	03/04	116	112	95	17	4
South East	05/06	42	42	36	6	0
	04/05	104	101	93	8	3
	03/04	95	92	86	6	3
East of England	05/06	64	64	58	6	0
	04/05	54	53	50	3	1
	03/04	97	95	87	8	2
East Midlands	05/06	43	43	37	6	0
	04/05	54	53	50	3	1
	03/04	60	60	54	6	0
West Midlands	05/06	63	63	60	3	0
	04/05	53	51	49	2	2
	03/04	53	52	50	2	1
North East	05/06	73	61	56	5	12
	04/05	120	98	85	13	22
	03/04	105	92	85	7	13
Yorkshire & Humber	05/06	34	30	28	2	4
	04/05	79	78	72	6	1
	03/04	114	107	99	8	7
North West	05/06	218	213	204	9	5
	04/05	182	179	164	15	3
	03/04	276	271	263	8	5
Scotland	05/06	200	197	178	19	3
	04/05	197	195	184	11	2
	03/04	213	213	199	14	0
South West	05/06	34	32	29	3	2
	04/05	39	39	38	1	0
	03/04	34	34	31	3	0
Wales	05/06	54	51	50	1	3
	04/05	70	69	67	2	1
	03/04	90	87	86	1	3
Acas National	05/06	12	12	7	5	0
	04/05	10	10	8	2	0
	03/04	18	17	14	3	1
All	05/06	936	904	830	74	32
	04/05	1,062	1,023	946	77	39
	03/04	1,271	1,232	1,149	83	39

Cases referred to arbitration and dispute mediation

	03/04	04/05	05/06
Single arbitrator	62	51	55
Board of Arbitration	1	0	0
Single mediator	6	6	2
Board of mediation	0	1	0
Police Arbitration Tribunal	0	0	0
Total	69	58	57

Issues referred to arbitration and dispute mediation

	03/04		04/05		05/06	
	No.	%	No.	%	No.	%
Annual pay	21	30.0	14	25.0	11	19.0
Other pay and conditions of employment	16	24.0	13	22.5	10	17.5
Dismissal and discipline	11	16.0	14	25.0	5	9.0
Grading	0	0.0	1	0.5	14	24.5
Others	21	30.0	16	27.0	17	30.0
Total	69		58		57	

Advice services

Completed workplace projects by subject and region

		Total completed	Discipline and grievance	Turnover/absence management	Bullying and harrassment	Collective bargaining arrangements	Trade Union recognition
London	05/06	15	1	0	0	2	0
	04/05	16	2	–	–	5	2
	03/04	39	0	–	–	18	0
South East	05/06	24	6	0	1	3	1
	04/05	54	8	–	–	11	1
	03/04	46	1	–	–	13	0
East of England	05/06	23	0	0	0	2	0
	04/05	9	0	–	–	4	0
	03/04	11	0	–	–	7	0
East Midlands	05/06	13	0	0	0	1	1
	04/05	46	3	–	–	8	0
	03/04	29	2	–	–	6	0
West Midlands	05/06	14	0	1	0	0	1
	04/05	23	2	–	–	4	0
	03/04	10	0	–	–	3	0
North East	05/06	28	0	1	0	4	1
	04/05	36	1	–	–	6	4
	03/04	46	0	–	–	11	0
Yorkshire & Humber	05/06	46	1	0	0	4	0
	04/05	52	6	–	–	4	0
	03/04	33	3	–	–	0	0
North West	05/06	45	3	1	0	5	1
	04/05	24	3	–	–	1	0
	03/04	26	2	–	–	5	0
Scotland	05/06	47	5	2	0	1	13
	04/05	44	6	–	–	11	4
	03/04	30	2	–	–	12	0
South West	05/06	18	0	0	0	0	0
	04/05	32	1	–	–	6	0
	03/04	37	2	–	–	5	0
Wales	05/06	46	4	1	1	5	3
	04/05	35	2	–	–	4	0
	03/04	42	2	–	–	8	0
All	05/06	319	20	6	2	27	21
	04/05	371	34	–	–	64	11
	03/04	349	14	–	–	88	0

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
3	1	2	1	0	0	0	5
3	2	–	2	0	–	–	0
12	4	–	5	0	–	–	0
5	2	1	2	0	0	0	3
16	5	–	9	1	–	–	3
13	9	–	10	0	–	–	0
12	1	2	3	0	0	0	3
5	0	–	0	0	–	–	0
0	2	–	2	0	–	–	0
2	2	1	3	0	0	0	3
12	12	–	4	1	–	–	6
10	5	–	6	0	–	–	0
5	0	1	0	0	0	0	6
8	5	–	4	0	–	–	0
4	2	–	1	0	–	–	0
9	3	1	3	2	0	0	4
18	2	–	5	0	–	–	0
20	5	–	10	0	–	–	0
22	3	2	6	0	0	1	7
27	4	–	9	0	–	–	2
21	2	–	7	0	–	–	0
17	5	1	11	0	0	0	1
5	2	–	13	0	–	–	0
5	8	–	6	0	–	–	0
3	3	7	7	1	1	0	4
5	4	–	13	0	–	–	1
5	2	–	9	0	–	–	0
2	4	0	6	0	0	0	6
10	4	–	11	0	–	–	0
16	7	–	7	0	–	–	0
9	10	1	8	1	0	0	3
18	6	–	5	0	–	–	0
12	9	–	11	0	–	–	0
89	34	19	50	4	1	1	45
127	46	–	75	2	–	–	12
118	55	–	74	0	–	–	0

Advice services (continued)

Helpline and advisory meetings

	Calls recorded by helpline			Advisory meetings		
	05/06	04/05	03/04	05/06	04/05	03/04
London	107,367	117,971	121,200	226	192	220
South East	85,414	84,949	74,102	227	214	177
East of England	34,727	32,443	37,019	138	65	78
East Midlands	81,181	65,482	69,787	81	107	126
West Midlands	93,506	92,443	71,725	122	182	197
North East	57,986	48,324	49,848	105	92	164
Yorkshire and Humber	72,384	71,279	61,305	309	185	173
North West	152,351	126,548	119,082	361	434	202
Scotland	102,480	108,450	81,811	163	164	230
South West	60,399	80,199	65,216	100	137	156
Wales	60,758	52,699	45,554	170	151	189
Total	908,553	880,787	796,649	2,002	1,923	1,912

Equality Direct helpline*

	04/05	%	03/04	%	02/03	%
Maternity, paternity and adoption	461	9.0	–	–	–	–
Diversity and discrimination	2,039	40.0	–	–	–	–
Family friendly policies	330	7.0	–	–	–	–
Others	2,231	44.0	–	–	–	–
Total	5,061		4,736		4,554	

* In 2005/06 Acas changed the way call subject matter was recorded and it is therefore not possible to provide direct comparisons between previous years for subject breakdown, only for the total calls received per year.

Training sessions

	Charged training sessions			Charged workplace training			Non-charged sessions			Total training sessions		
	05/06	04/05	03/04	05/06	04/05	03/04	05/06	04/05	03/04	05/06	04/05	03/04
London	73	92	125	214	188	145	63	54	320	350	334	320
South East	96	123	131	240	164	135	84	123	350	420	410	350
East of England	80	79	40	62	105	54	41	26	107	183	210	107
East Midlands	54	58	36	103	156	51	18	15	96	175	229	96
West Midlands	47	53	43	141	79	40	29	30	106	217	162	106
North East	73	74	67	116	136	113	13	17	203	202	227	203
Yorkshire & Humber	58	78	60	197	164	118	60	58	228	315	300	228
North West	95	95	85	122	120	143	132	184	392	349	399	392
Scotland	151	145	169	255	167	180	0	11	353	406	323	353
South West	65	72	65	85	72	50	3	28	128	153	172	128
Wales	51	67	56	116	118	81	27	38	179	194	223	179
Total	843	936	877	1,651	1,469	1,110	470	584	2,462	2,964	2,989	2,462

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 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.



Contents

Acas Annual Accounts 2005/06

Annual Report to the Accounts	60
Statement of the Service's and Accounting Officer's Responsibilities	75
Statement on Internal Control	76
The Certificate of the Comptroller and Auditor General to the House of Commons	78
Operating Cost Statement	80
Statement of Recognised Gains and Losses	80
Balance Sheet	81
Cash Flow Statement	82
Notes to the accounts for the period ended 31 March 2006	83

Annual Report to the Accounts

Directors' Report

Introductions

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.
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. This is the first year it has received 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

18. 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 Alisdair 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, CO and CAC do not make any charitable donations.

Going Concern

28. The financial statements cover the activities of Acas, the Certification Office (CO) and the Central Arbitration Committee (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 2005-06, 95% 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 £26k. 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 obtained.

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.

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 2313).

John E Taylor
Accounting Officer
Acas
12 July 2006

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 (CAC) 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 2005-06, employers' contributions of £4.438 million were payable to the PCSPS (2004-05 £3.264 million) at one of four rates in the range 16.2% to 24.6% (2004-05 12% to 18.5%) of pensionable pay, based on salary bands. Rates increased by 0.9% with effect from 1 April 2006 to produce a range of 17.1% to 25.5% subject to revalorisation of the salary bands. Employer contributions are to be reviewed every four years following a full scheme valuation by the Scheme Actuary. 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.

47. Salaries and allowances payable and pension entitlements in 2005-06 were as follows:

	2005-06 Salary, including performance pay (£K) (2004-05 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 31/03/06 and related lump sum (£K)	CETV at 31/03/05 (nearest £K)	CETV at 31/03/06 (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	65 (60-65)	0	0-2.5	5-10 plus 0-5 lump sum	84	115	19	0
Mr D Cockburn	67 (65-70)	0	0-2.5	0-5 plus 0-5 lump sum	61	95	19	0
Mr JE Taylor	127 (105-110)	0	0-2.5	40-45 plus 130-135 lump sum	706	903	32	0
Mr J Thompson	82 (70-75)	0	0-2.5	35-40 plus 115-120 lump sum	813	981	8	0
Mr A Wareing	71 (60-65)	0	0-2.5	10-15 plus 40-45 lump sum	165	219	7	0
Mr GS Charles	76 (70-75)	0	0-2.5	30-35 plus 90-95 lump sum	568	717	32	0
Mr T Lippiatt	27 (55-60)	0	0-2.5	30-35 plus 85-90 lump sum	633	746	20	0
Ms J Dixon	38	0	0-2.5	10-15 plus 35-40 lump sum	144	199	6	0
Ms C Hewitt	40	0	0-2.5	10-15 plus 40-45 lump sum	160	212	6	0

Acas Council Members

	£s		£s
Annual salary	1,545	CAC Deputy Chairmen daily rate	425
Daily rate	157	CAC Members daily rate	240

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.

Please note that the factors used to calculate the CETV were revised on 1 April 2005 on the advice of the scheme actuary. The CETV figure for 31 March 2005 has been restated using the new factors so that it is calculated on the same basis as the CETV figure for 31 March 2006.

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.

John E Taylor
Accounting Officer
Acas
12 July 2006

Management Commentary

Financial Results

48. The Service incurred gross administration costs, before exceptional items and interest on capital of £48,919k in the year plus capital expenditure of £1,149k. At the end of January Acas ran a Voluntary Early Departure/Severance scheme that cost the organisation £10,784k which is reported under exceptional costs. Cash expenditure was financed by a Grant-in-Aid of £48,615k from the Department of Trade and Industry [Request for Resources 1 (RfR1), of DTI's Resource Estimate] plus other operating income of £2,909k.

Operational Results

Acas

49. During 2005-06, the Acas national helpline handled over 908,000 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. Nearly 250 workplaces were helped with practical joint working and partnership building, while in respect of our Training Programme, Acas delivered almost 3,000 sessions in the year on a variety of employment relations topics.

51. Acas dealt with 952 industrial disputes in 2005-06. Acas individual conciliators handled over 100,000 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 and 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 522 enquiries from members raising issues or matters of concern about trade unions. This represents an increase of 12% in the number of enquiries compared with last year.

54. The CO issued 35 decisions relating to breaches of trade union rules, an increase of 30% compared with the previous year. Two enforcement orders were issued. In addition a further 7 decisions were issued relating to breach of statute complaints.

CAC

55. The CAC received 58 applications for statutory recognition under Part I of the Schedule from trade unions between 1 April 2005 and 31 March 2006. During this period it did not receive any applications under Parts II to VI. In addition, the CAC received 10 complaints under the Disclosure of Information provision, and 1 European Works Council case. There have been 5 applications for decisions under the Information and Consultation Regulations, and employees have submitted requests for I&C arrangements to the CAC, rather than their employer, for 6 separate organisations. There were no cases under the European Company 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, 2004-05 – 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 the forthcoming age discrimination legislation will be published in the spring.

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 will be piloting 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 this year and its recommendations will impact 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 Priorities

62. Over the coming year Acas will seek to play a full part, through supporting the improvement of employment relations, to promote greater efficiency, productivity and competitiveness for the benefit of all.

63. As Best Value (for public procurement) and the Two-Tier Workforce (protection of common working standards for public employees) become established across the entire public sector, we may find that much of our collective activity is increasingly focused there. 'Assisted negotiation' will become an accepted product, ensuring our involvement well before disputes actually occur – and hopefully preventing them from doing so.

64. Acas will be looking to ensure that it responds to the changing needs of its customers, delivers traditional and new services in ways that best address these needs and provide excellent value for money. This includes a number of technological solutions including an electronic document and records management system (PLATO) which will assist in establishing a bank of knowledge accessible by anyone in Acas. Towards the end of 2006-07, we plan to introduce a system to handle the documentation in our individual conciliation casework by means of an electronic link with the Employment Tribunal Service.

65. However, despite effective use of our resources, the requirement to fulfil our statutory conciliation duty will be under severe strain from the high volumes of casework coming through the employment tribunals system. These pressures, coupled with those from the large numbers of requests from public sector employers who wish to conclude settlements of potential equal pay claims without the need for their employees to present a tribunal claim, are obliging us to further revise our service standards in order to meet demand.

66. To pursue its mission to improve workplaces and working life, Acas is actively exploring new ways of delivering services which are more efficient and better targeted. This includes developing a pilot subscription service aimed at Small and Medium Employers (SMEs) that might include email updates on relevant employment relations matters, tailored information for SMEs via a dedicated helpline and incentives to take advantage of our advisory and training services.

67. As well as offering its full range of conciliation and advisory services Acas will be looking to continue to increase the number of good practice training services events we run including those on equality issues. We shall continue to expand our mediation services to develop earlier intervention in support of the Government's dispute resolution measures which came into effect in October 2004. We will also continue to offer our Certificate in Workplace Mediation (CIWM), an OCR accredited mediation skills course for in-house mediators. A full launch of our Mediation services is planned for later this operational year.

Acas Restructuring

68. During the year Acas ran a Voluntary Early Severance (VES) and Voluntary Early Retirement (VER) scheme in order to meet the reducing SR2004 budget allocation covering 2005-06 to 2007-08. Acas has agreed to release 143 employees in total at a cost of £10.8m of which £4.3m was paid by the year end.

69. Acas is currently in the process of restructuring its service as a result of VER/VES departures. In addition, Acas' services have been the subject of a review conducted by Department of Trade and Industry to ensure that Acas and other Agencies/NDPB's deliver services that are appropriate and fit for purpose.

John E Taylor
Accounting Officer
Acas
12 July 2006

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 on 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 regular meetings with our sponsor department – the DTI – both on progress against the DTI objective 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, the minutes of Council meeting 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 Acas' 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 2006 and up to the date of approval of the annual report and accounts, and it 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.

The 'risk management policy' and 'an introduction to risk management' presentation is on the Acas intranet, together with the strategic and operational risk registers. The Senior Management Team and a number of key operators, within both front line and support activities, have participated in risk awareness sessions and various risk workshops and are now well versed in the management of risk.

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 practice across management teams by sharing their contributory assurance statements via the intranet and in working with the DTI to establish 'good practice' examples for next year's assurance work.

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. The Senior Responsible Owners of key projects (mainly designed to enable Acas to continue to deliver its mission with reduced funding) have completed and used formal

project initiation documentation - which includes the key risks in each project. In addition, the programme level risks have been identified and captured for monitoring and review throughout the life of the programme. 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 of the risk in question and the specific business area. Reputational risk 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 and project plans;
- the performance management system;
- the capability framework;
- our 'Guiding Principles';
- our structure for Board papers; and
- our Management Development programmes.

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 Acas 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 a recent review focused on our commercial activity; and
- maintenance of an organisation wide risk register.

John E Taylor
Accounting Officer
Acas
12 July 2006

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 2006 under section 253 (4) of the Trade Union and Labour Relations (Consolidation) Act 1992. These comprise the Income and Expenditure Account, 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.

Respective responsibilities of Acas, 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 for Trade and Industry, 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 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 for Trade and Industry. 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. I also report to you if, in my opinion, the Annual Report is not consistent with the financial statements, 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 relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the statement on pages 76 to 77 reflects Acas' compliance with HM Treasury' s guidance on the Statement on Internal Control, and I report if it does not. I am not required to consider whether the Accounting Officer's statements on internal control cover 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 Annual Report to the Accounts and consider whether it is consistent with the audited financial statements. This other information comprises only the Annual Report, the Directors' Report, the unaudited part of the Remuneration Report and the Management Commentary. 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

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 for Trade and Industry, of the state of Acas' affairs as at 31 March 2006 and of its net operating cost 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 for Trade and Industry; and
- 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.

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

Operating Cost Statement

for the year ended 31 March 2006

	Note	£'000	2005-06 £'000	£'000	2004-05 £'000
Operating Income					
Grant-in-Aid	2.1	47,466		45,462	
Deferred Government Grant Reserve	2.1	1,491		1,648	
		48,957		47,110	
Other	2.2	2,909		2,590	
			51,866		49,700
Administration Costs					
Staff costs	3.1	(31,076)		(30,330)	
Other administration costs	4.1 & 4.2	(17,843)		(18,678)	
			(48,919)		(49,008)
Net Operating Income/(Expenditure) before Interest on Capital & Exceptional Item					
			2,947		692
Exceptional Item	4.3		(10,784)		0
Interest on Capital	5		(181)		(284)
Net Operating Income or (Cost)			(8,018)		408

All activities are continuing operations.

Statement of Recognised Gains and Losses

for the year ended 31 March 2006

	2005-06 £'000	2004-05 £'000
Surplus on revaluation of fixed assets (note 14)	176	628
Recognised gains and losses for the financial year	176	628

The notes on pages 83 to 97 form part of these accounts.

Balance Sheet

as at 31 March 2006

	Note	31 March 2006		31 March 2005	
		£'000	£'000	£'000	£'000
Fixed Assets					
Intangible Assets	6.1	432		613	
Tangible Assets	6.2	7,254		6,462	
Total Fixed Assets			7,686		7,075
Current Assets					
Stocks	7	31		27	
Debtors	8	3,509		2,831	
Cash at Bank and in Hand	9	0		181	
Total Current Assets		3,540		3,039	
Cash at Bank and in Hand	9	(32)		0	
Creditors	10	(2,071)		(936)	
Net Current Assets			1,437		2,103
Total Assets less Current Liabilities			9,123		9,178
Less Provisions for Liabilities and Charges	12.1		(7,500)		(329)
Total Net Assets			1,623		8,849
Represented by Taxpayer's Equity					
General Fund	13		(6,063)		1,774
Deferred Government Grant Reserve	14		7,686		7,075
			1,623		8,849

The notes on pages 83 to 97 form part of these accounts.

These accounts were approved on 12 July 2006.

John E Taylor
Accounting Officer
Acas

Cash Flow Statement

for the year ended 31 March 2006

	Note	2005-06 £'000	2004-05 £'000
Net Cash Inflow from Operating Activities		(213)	384
Capital Expenditure (a)		(1,149)	(1,836)
Financing – capital additions from Grant-in-Aid (b)		1,149	1,836
Increase / (Decrease) in Cash		(213)	384
Reconciliation of Operating Cost to Operating Cash Flows			
Net Operating Income/(Cost)	OCS	(8,018)	408
Adjust for Movements in Working Capital other than Cash	11	453	(384)
Adjust for cash utilisation of provisions	12.1	(34)	(133)
Adjust for non-cash transactions	12.1 & 13	7,386	493
Net Cash Inflow from Operating Activities	9	(213)	384
Analysis of Capital Expenditure			
a) Payments to acquire intangible fixed assets	6	(165)	(451)
Payments to acquire tangible fixed assets	6	(984)	(1,385)
b) Purchases via Deferred Government Grant Reserve	14	1,149	1,836

The notes on pages 83 to 97 form part of these accounts.

Notes to the Accounts

for the period ended 31 March 2006

1. Statement of Accounting Policies

1.1 Basis of Preparation

The financial statements have been prepared in accordance with the Government Financial Reporting Manual 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 Accounting Convention

The financial statements have been prepared under the historical cost convention modified to include the revaluation of fixed assets. In accordance with recent changes revaluation has taken place as at 31st March 2006.

1.3 Group Members

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

1.4 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. Capital acquisitions are funded through Grant-in-Aid and this element of Grant-in-Aid is credited to the Government Grant Reserve.

Fixed assets are revalued using relevant published indices. Upward revaluation is transferred to the Government Grant 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.

1.5 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

The annual depreciation charge and profit or loss on disposal are offset by a release from the Government Grant Reserve.

1.6 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.

1.7. 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 and is split between operating income and Government Grant Reserve (see notes 2.1 and 14). The Service also receives income from a variety of operations and this is credited to other operating income net of VAT (see note 2.2).

1.8. Cost of Capital Charge

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

1.9. 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 two former Chairmen of the CAC. 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.

1.10 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.

1.11 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.

1.12 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 3.3).

1.13 Stocks

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

1.14 Government Grant Reserve

The Grant-in-Aid received from the DTI is split on an annual basis between running costs and capital expenditure. Each year an amount is recognised in the Government Grant Reserve representing the capital purchases in the current year. This reserve is then amortised over the life of the assets concerned. Depreciation and the revaluation depreciation are accounted for in the reserve.

2. Operating Income

2.1 Grant-in-Aid

	Acas £'000	2005-06 CO/CAC £'000	Total £'000	Acas £'000	2004-05 CO/CAC £'000	Total £'000
Grant-in-Aid received from DTI	47,196	1,419	48,615	45,619	1,679	47,298
Less capital transfer to Government Grant Reserve	(1,149)	0	(1,149)	(1,836)	0	(1,836)
Release from Deferred Government Grant Reserve	1,491	0	1,491	1,648	0	1,648
Grant-in-Aid credit to Operating Cost Statement	47,538	1,419	48,957	45,431	1,679	47,110

2.2 Other Operating Income

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

	Acas £'000	2005-06 CO/CAC £'000	Total £'000	Acas £'000	2004-05 (restated) CO/CAC £'000	Total £'000
Receipts from fees	2,388	11	2,399	1,892	19	1,911
Sale of publications etc	78	0	78	98	0	98
Other receipts	432	0	432	579	2	581
	2,898	11	2,909	2,569	21	2,590

The CAC has no Operating Income.

The prior year figure for Other Operating Income has been restated (Car Lease Receipts have been removed and treated as negative expenditure (see note 4.1)).

3. Staff

3.1 Staff Numbers and Costs

(a) Average number of persons employed (by Directorate) during the year was as follows:

	2005-06					2004-05
	Permanently Employed	Others	Ministers	Special Advisors	Total	Total
Acas National	158	5	0	0	163	170
Regional Offices	667	28	0	0	695	731
Certification Office	11	0	0	0	11	11
Central Arbitration Committee	12	1	0	0	13	16
Total	848	34	0	0	882	928

The staff numbers above are average numbers for the year ended 31 March 2006. During the last quarter of the year Acas ran a severance scheme that is due to see the eventual release of 143 staff. As at 31 March 2006 Acas employed a total of 796 full time equivalents.

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

Acas	2005-06					2004-05
	Permanently Employed £'000	Others £'000	Ministers £'000	Special Advisors £'000	Total £'000	Total £'000
Wages and salaries	22,945	906	0	0	23,851	24,297
Social security costs	1,829	47	0	0	1,876	1,815
Other pensions costs	4,275	0	0	0	4,275	3,103
Sub total	29,049	953	0	0	30,002	29,215
Less recoveries in respect of outward secondments	(50)	0	0	0	(50)	(44)
Total Net Costs	28,999	953	0	0	29,952	29,171

3.1 Staff Numbers and Costs (continued)

CO & CAC	2005-06					2004-05
	Permanently Employed £'000	Others £'000	Ministers £'000	Special Advisors £'000	Total £'000	Total £'000
Wages and salaries	853	46	0	0	899	960
Social security costs	69	3	0	0	72	77
Other pensions costs	153	0	0	0	153	122
Sub total	1,075	49	0	0	1,124	1,159
Less recoveries in respect of outward secondments	0	0	0	0	0	0
Total Net Costs	1,075	49	0	0	1,124	1,159

Total Acas, CO & CAC	2005-06					2004-05
	Permanently Employed £'000	Others £'000	Ministers £'000	Special Advisors £'000	Total £'000	Total £'000
Wages and salaries	23,798	952	0	0	24,750	25,257
Social security costs	1,898	50	0	0	1,948	1,892
Other pensions costs	4,428	0	0	0	4,428	3,225
Sub total	30,124	1,002	0	0	31,126	30,374
Less recoveries in respect of outward secondments	(50)	0	0	0	(50)	(44)
Total Net Costs	30,074	1,002	0	0	31,076	30,330

3.2 Pensions and Early Retirement

	2005-06			2004-05		
	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	8	0	8	36	0	36
Provisions for future years	0	0	0	0	10	10
	8	0	8	36	10	46
Costs met by Acas:						
In year	4,259	0	4,259	84	0	84
Provisions for future years	0	6,525	6,525	0	0	0
	4,259	6,525	10,784	84	0	84

4. Other Administration Costs

4.1 Administration Costs

	2005-06			2004-05 (restated)		
	Acas £'000	CO/CAC £'000	Total £'000	Acas £'000	CO/CAC £'000	Total £'000
Accommodation costs	6,646	131	6,777	6,409	288	6,697
Travelling and incidental expenses	1,826	9	1,835	1,699	16	1,715
Fees and expenses of arbitrators, conciliators and CAC members	99	49	148	79	59	138
General administration costs	4,473	43	4,516	4,926	64	4,990
Services provided by Other Government Departments	71	0	71	75	0	75
External audit fees	26	0	26	48	0	48
Staff training costs	664	7	671	984	4	988
Publications, publicity and research and development costs	1,416	18	1,434	1,891	9	1,900
Conference costs	70	9	79	65	24	89
Legal costs	72	40	112	101	77	178
Bad debts	3	0	3	3	0	3
	15,366	306	15,672	16,280	541	16,821

4.1 Administration Costs (continued)

The breakdown of CO and CAC administration costs for the current year is £148k (CO), £158k (CAC). The breakdown of their net expenditure for the current year is £648k (CO), £771k (CAC).

The prior year figure for Travel and Incidental expenses has been restated to include car lease receipts which is treated as negative expenditure (see note 2.2).

4.2 Non Cash Costs

	2005-06 £'000	2004-05 £'000
Depreciation	1,398	1,519
Loss on disposal of fixed assets	42	34
Loss on revaluation	51	95
Provisions for liabilities and charges	680	209
	2,171	1,857

4.3 Exceptional Costs

	2005-06 £'000	2004-05 £'000
In year cash expenditure	4,259	0
Provisions for liabilities and charges	6,525	0
Voluntary Early Severance / Retirement	10,784	0

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.

	2005-06 £'000	2004-05 £'000
Charge for year	181	284

6. Fixed Assets

6.1 Intangible Fixed Assets

	Software Licences
Cost or Valuation	£'000
At 1 April 2005	1,398
Additions	165
Disposals	0
Revaluation	(40)
At 31 March 2006	1,523
Depreciation	
At 1 April 2005	785
Charge in year	326
Disposals	0
Revaluation	(20)
At 31 March 2006	1,091
Net Book Value at 31 March 2006	432
Net Book Value at 31 March 2005	613

6.2 Tangible Fixed Assets

	Assets Under Construction	Leasehold Improvements	Computer Hardware, Telecomms & Office Mach.	Furniture Fixtures & Fittings	Total
Cost or Valuation	£'000	£'000	£'000	£'000	£'000
At 1st April 2005	0	7,397	3,427	2,255	13,079
Additions	0	475	464	45	984
Disposals	0	0	(276)	(163)	(439)
Transfers	777	0	0	0	777
Revaluations	0	285	(57)	11	239
At 31st March 2006	777	8,157	3,558	2,148	14,640
Depreciation					
At 1st April 2005	0	2,552	2,357	1,708	6,617
Charge in year	0	466	410	196	1,072
Disposals	0	0	(262)	(135)	(397)
Transfers	0	0	0	0	0
Revaluations	0	112	(26)	8	94
At 31st March 2006	0	3,130	2,479	1,777	7,386
Net Book Value at 31st March 2006	777	5,027	1,079	371	7,254
Net Book Value at 31 March 2005	0	4,845	1,070	547	6,462

During the year the Employment Tribunal Service purchased assets on behalf of Acas totalling £777k. 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 Caseflow system.

7. Stock

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

	2005-06 £'000	2004-05 £'000
Closing stock	31	27

8. Debtors

	2005-06 £'000	2004-05 £'000
Amounts falling due within one year:		
VAT debtor	345	253
Deposits and advances (staff)	73	87
Other debtors	656	498
Prepayments	2,343	1,893
	3,417	2,731
Amounts falling due after more than one year:		
Deposits and advances (staff)	92	100
	3,509	2,831

9. Cash at Bank and in Hand

	2005-06 £'000	2004-05 £'000
Balance at 1st April	181	(203)
Net cash inflow / (outflow)	(213)	384
Balance at 31st March	(32)	181
The following balances at 31st March are held at:		
Office of Paymaster General	(32)	180
Cash in hand	0	1
	(32)	181

Acas was not overdrawn at the Office of Paymaster General, the balance shown included reconciling items such as cheques drawn but not cashed.

Acas has no cash in hand. The use of petty cash was withdrawn following the introduction of the Government Procurement Card.

10. Creditors Amounts Falling Due within One Year

	2005-06 £'000	2004-05 £'000
Sundry creditors	1,159	52
Accruals	587	778
Deferred income	325	106
	2,071	936

Included in the Sundry creditors is a balance of £976k which represents third party payroll deductions e.g. PAYE / NIC.

11. Movements in Working Capital other than Cash

	2005-06 £'000	2004-05 £'000
(Increase) / Decrease in stock	(4)	(5)
(Increase) / Decrease in debtors	(678)	176
(Decrease) / Increase in creditors	1,135	(555)
	453	(384)

12. Provisions and Contingent Liabilities

12.1 Provisions for Liabilities and Charges

	* Future Pensions £'000	**VER / VES Scheme £'000	*** Dilapidations £'000	Total £'000
Opening Provisions at 1st April 2005	200	0	129	329
In period:				
Reversed unused in the year	0	0	(107)	(107)
Expenditure during year	(24)	0	(10)	(34)
Increase in provisions	0	6,525	787	7,312
Closing Provision at 31st March 2006	176	6,525	799	7,500

12.1 Provisions for Liabilities and Charges (continued)

	* Future Pensions £'000	**VER / VES Scheme £'000	*** Dilapidations £'000	Total £'000
Summary of Cashflow Timings				
Within 1 Year	24	1,931	390	2,345
Between 2 and 5 Years	96	3,413	409	3,918
Beyond 5 Years	56	1,181	0	1,237
	176	6,525	799	7,500

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

** This covers the cost of the Voluntary Early Retirement / Voluntary Early Severance scheme run during the year.

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

12.2 Contingent Liabilities

There was one personal injury case against Acas pending at the year end. This case has subsequently been settled for an amount less than £3k.

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

	2005-06 £'000	2004-5 £'000
Net Operating Income or (Cost)	(8,018)	408
Income not Appropriated-in-Aid paid via Department of Trade & Industry to the Consolidated Fund	0	0
	(8,018)	408
Non Cash Charges: Cost of Capital	181	284
Net Increase/(Decrease) in General Fund		
General Fund at 1st April	(7,837)	692
General Fund at 31st March	1,774	1,082
	(6,063)	1,774

14. Deferred Government Grant Reserve

	Note	2005-06 £'000	2004-05 £'000
Balance at 1st April		7,075	6,259
Revaluation during year	6	176	436
Additions to capital	6	1,149	1,836
Additions (ETS Transfer)	6	777	0
Release to Operating Cost Statement	2.1	(1,491)	(1,648)
Fixed Asset Adjustment		0	192
Balance at 31st March		7,686	7,075

The revaluation element reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments. This has been charged to the Deferred Government Grant Reserve as the assets have been purchased by a capital government grant.

15. Capital Commitments

There were no material capital commitments at 31 March 2006.

16. Commitments under Operating Leases

	2005-06		2004-05	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
At 31 March 2006 the service was committed to making the following payments during the next year in respect of operating leases expiring:				
Within 1 year	46	33	164	23
Between 2 and 5 years	34	69	8	53
Beyond 5 years	3,594	0	3,460	3
	3,674	102	3,632	79

17. 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 Other 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.

18. 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.

19. 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	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	2,119	92	1,891	0
Total as at 31 March 2006	3,417	92	2,071	0
Balances with other central government bodies	253	0	93	0
Balances with local authorities	512	0	16	0
Balances with NHS Trusts	19	0	4	0
Balances with public corporations and trading funds	0	0	0	0
Balances with bodies external to government	1,947	100	823	0
Total as at 31 March 2005	2,731	100	936	0

Printed in the United Kingdom for The Stationery Office Limited.
On behalf of the Comptroller of Her Majesty's Stationery Office.
184097 12/05 AM4298

requires
updating

