



Department for
Communities and
Local Government

Taxpayer funding of trade unions

Delivering sensible savings in local government

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Taxpayer funding of trade unions – Making sensible savings

"I believe that trade unions continue to play an important and constructive role in the modern workplace. But for too long in the public sector, trade unions have received taxpayer funding that is poor value for money and inadequately controlled. Reducing such public subsidies to trade unions is a practical way that councils can save money, to keep council tax down and protect frontline services for local residents – including union members themselves.

"Trade union activities and campaigning in local councils should be funded by members' subscriptions, not bankrolled by the taxpayer. Freedom from state dependency will also mean that trade union bosses will better reflect and respond to the wishes and views of the grassroots members who pay the bill."

*Rt Hon Eric Pickles MP,
Secretary of State for Communities and Local Government*

Summary

1. Councils should save taxpayers' money by significantly scaling back the cost of trade union facility time.
2. There should be full transparency on the level of facility time given to trade unions.
3. Employees should not be spending all or the majority of their working hours on trade union duties.
4. Time off for trade union activities should be unpaid.
5. The amount of facility time should be reduced and should be limited to a set percentage of an organisation's pay bill.
6. Councils should adopt private sector levels of facility time.
7. Restrictions should be placed on the use of office facilities for trade union representatives.
8. Political material, or material which incites industrial action, should not be produced or distributed on or using taxpayer-funded facilities.
9. Councils should charge for collecting union subscriptions, or end the practice completely.
10. Councillors should declare payments and sponsorship from trade unions and ensure there is no conflict of interest.

Introduction

1. In December 2012, the Department for Communities and Local Government published '50 ways to save' containing practical tips and ideas on how local authorities can deliver sensible savings to support frontline services, help reduce the deficit left by the last Administration and keep council tax down. In the document, we recommended:

Scrap trade union posts: *Get rid of unnecessary non-jobs such as taxpayer-funded, full-time trade union 'pilgrim' posts. So-called 'facility time' costs an estimated 0.14% of the annual pay bill in the wider public sector, compared to just 0.04% in the private sector. At least 2,840 full time equivalent public sector staff worked on trade union activities or duties at taxpayers' expense in 2010-11. The Civil Service is reducing its facility time and ending the practice of full-time staff spending all their time on union activities – councils should conduct their own reviews to remove these union posts.*

2. This document follows through with more detailed advice on how councils can deliver such savings and work constructively with trade unions and local employees.
3. Localism cuts both ways. Each local authority is an individual employer in its own right and as such, it is for councils and fire and rescue authorities to make local decisions on how they manage their workforces. However, equally, local taxpayers can draw conclusions if their councillors choose not to make savings in this area. Freedom of Information Act requests¹ have indicated massive variation amongst local authorities – highlighting the scope for sensible savings.

Key principles

There should be full transparency on the level of facility time given to trade unions.

4. In reviews of facility time arrangements to date, many public authorities have acknowledged that a lack of data meant it was difficult to say how many representatives with agreed release time were in place at anyone time. Only through access to accurate information about the operation of facility time agreements, can employers and trade unions properly measure and rationalise the time and money that they spend. In addition, regular publication of such information is essential for enabling taxpayers to see how public money is spent in this way.
5. For Civil Service departments and agencies, the Government has introduced a common reporting system and a requirement for departments to publish details of facility time annually. Local authorities should consider how their reporting arrangements can be improved and the scope for sharing best practice and information across the sector. The Government recently consulted on adding expenditure on trade union facility time to the list of information that authorities should publish under the *Code of*

¹ TaxPayers' Alliance, *Taxpayer funding of trade unions 2012*, 31 October 2012.

Recommended Practice on Data Transparency. Subject to that consultation, the Government is proposing to ensure greater openness and local accountability on facility time.²

Employees should not be spending all or the majority of their working hours on trade union duties.

6. The Government believes that for a trade union representative to function effectively and be able adequately to represent the views of employees, it is necessary for them to be actively involved in the work of their employing organisation. Many respondents to the recent consultation on facility time in the Civil Service acknowledged that it can be detrimental to the skills and knowledge of individuals for them to spend a long period of time as '100%' trade union representatives.³
7. Our approach is that workplace representation for trade union duties should be ancillary to a worker's main duties as an employee. Local authorities should put in place clear rules, regularly and openly monitored by a relevant council committee. Such scrutiny should take place in open session rather than behind closed doors.

Time off for trade union activities should be unpaid.

8. There is a difference between trade union duties (for example, negotiating pay, terms and conditions) and trade union activities (for example, attending meetings where the principal purpose is to discuss internal union matters). The legal requirement for trade union activities is that an employer should allow reasonable unpaid time off. However, some employers across the public sector are going far beyond this requirement.
9. In order to ensure the best use of taxpayers' money, the Government has decided that the default position in the Civil Service and agencies should be that trade union activities do not attract paid time off. In no circumstances will facility time be provided for political activity to be undertaken. This approach can and should be applied to local authority workforces. This will help to provide reassurance to local taxpayers that, in the context of reduced budgets, staff resources are being focussed appropriately.

Overall, the amount of facility time should be reduced and should be limited to a set percentage of an organisation's pay bill.

10. Trade union representatives can play an important role in the workplace; however, this is not to say that taxpayer subsidies are justified.
11. Estimates have previously suggested that facility time costs amount to 0.14% of the annual pay bill in the wider public sector, compared to just 0.04% in the private sector.⁴ We recommend that that the private sector benchmark be adopted by local government to maximise savings.
12. This includes all facility time, time off for Health and Safety representatives and time off for Union Learning representatives.

² DCLG, *Improving Local Government Transparency consultation*, October 2012.

³ Cabinet Office, *Consultation on reform to Trade Union facility time and facilities in the Civil Service: Government Response*, 8 October 2012.

⁴ Based on data from the *2004 Workplace Employment Relations Survey*.

13. Local authorities should consider how this benchmark could be achieved and monitored across their workforces, taking account of their local circumstances, the particular needs of their workforces and their statutory obligations. Many local authorities have sought to review and reduce their expenditure on trade union costs, freeing up resources for other priorities of wider benefit to their communities. For example, North Lincolnshire Council has indicated that, by reducing the taxpayer-funded support provided to trade unions, they will be able to support the creation of ten new apprenticeships posts.⁵

Restrictions should be placed on the use of office facilities for trade union representatives.

14. Other than for trade union representatives who are engaged in matters related to Transfer of Undertakings, collective redundancies and health and safety, there is no statutory right for facilities to be made available for union representatives.

15. Office facilities should only be used for duties agreed in advance. Clear boundaries should be set on the use of notice boards and the distribution of literature on departmental premises, with a process for managing infringement of such boundaries. For example, political material, or literature or content which incites industrial action, should not be produced or distributed on or using taxpayer-funded facilities. Local authorities should consider adopting a similar approach within their workforces and premises. This should include rigorous monitoring and management of how facilities are being used.

16. In addition, the Trade Union and Labour Relations (Consolidation) Act 1992 requires that trade unions must adopt rules providing that all expenditure on political objects (specific types of political activity, as defined by the Act) should come from a separately constituted, ring-fenced political fund, financed by a levy on trade union subscriptions.⁶ It consequently follows that such political activity by unions should not be financed by council funds.

Guidance for managers

17. In order to secure the most effective implementation of trade union facility time agreements, local authorities should ensure that line managers have access to appropriate guidance and support. This will help them to confidently manage requests for facility time, particularly where the practice of employees spending most of their time on trade union duties is coming to end. In addition, authorities should seek to develop and share best practice in managing facility time agreement, and explore the scope for establishing consistent systems across the sector for recording and monitoring the operation of arrangements.

⁵ <http://www.taxpayersalliance.com/campaign/2012/10/north-lincolnshire-council-ends-taxpayer-funding-unions.html>

⁶ Certification Office, *Political Funds: A guidance for trade unions and employers' associations wishing to establish a political fund*, September 2012.

Deduction of trade union subscriptions from payroll

18. Some employees who are trade union members pay their union subscriptions by deduction from their pay at source. The money is then passed direct to the union by their employers. Employers are not required to provide this facility – known as ‘check-off’ - or to keep making such deductions indefinitely. Where employers do choose to provide this service, they may also choose to charge the union for the administration involved in doing so.
19. Many councils seek to recover the cost of providing ‘check-off’ facilities by charging trade unions a proportion of the value of the fees collected – for example, from 0.5% to 5%⁷. We consider that charging for collecting trade union subscriptions is one example of sensible savings that can be made in local government. Alternatively, local authorities have complete discretion to terminate such arrangements, and allow trade unions to adopt their own ways of collecting subscriptions (e.g. bank Standing Order or Direct Debit).

Declarations by councillors

20. The Localism Act 2011 abolished the Standards Board regime and put in place new arrangements for local authority standards, including new rules for disclosing certain pecuniary interests. The new rules⁸ require councillors to disclose, among other things, sponsorship, including any payment or financial benefit, including election expenses, from a trade union. If the business of the authority related to the trade union in which the councillor has a pecuniary interest, the councillor cannot take part in that business.

⁷ Taxpayers' Alliance, *Taxpayer funding of trade unions 2012*, 31 October 2012.

⁸ The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012. Section 30(3) of the Act sets out the circumstances in which such an interest is a disclosable interest and where dispensations may apply.