

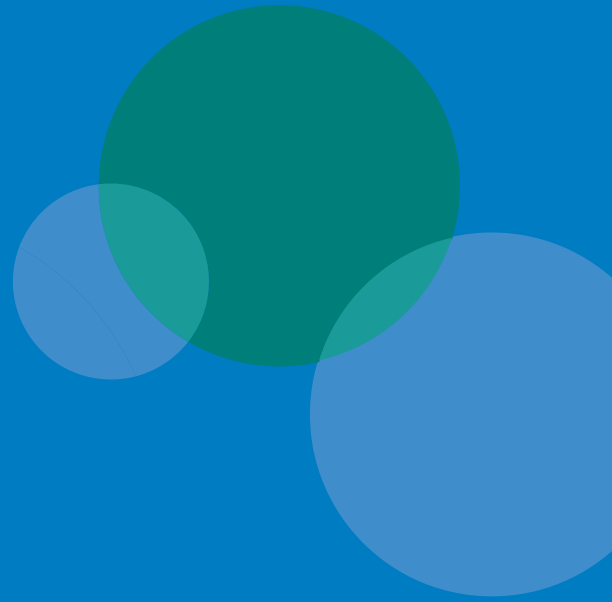


inform

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 2004 to 31 March 2005 was submitted to the Secretary of State for Trade and Industry on 29 November 2005 as requested by the Trade Union and Labour Relations (Consolidation) Act 1992.

Acas Annual Report and Accounts 2004/05

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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 is Director of the Involvement and Participation Association.



John Cridland 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 Professor of Labour Law at 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

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

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Foreword from the Chair



This has been another year of notable success for Acas, made all the more impressive because it has been achieved during a time of great challenge and change in the world of employment relations – and the public sector more specifically.

Our work in 2004/05 has been as much about planning for the future as it has about continuing to deliver a first class service to our customers in the immediate term. Acas has continued to develop its dual role as a conciliation service and provider of best-practice advice and training. Our mission – to improve organisations and working life through better employment relations – goes to the heart of the Government's productivity agenda and our emphasis will increasingly shift towards education and prevention.

We enjoy a proud reputation for independence, integrity and impartiality – and this is something we will continue to guard fiercely. It puts us in a unique position to help deliver good employment relations locally, nationally and internationally.

To respond effectively to the productivity challenge, Acas Council has taken a close look at the services Acas provides and developed its thinking on what the organisation of tomorrow should look like. This was set out in the *Acas 2008 Vision paper*, which went out to consultation with our staff this year. The final document will be our declaration of intent and we will publish it very shortly on our website.

The *Vision* looks at developing our alternative dispute resolution service, building on the achievements of our individual conciliators – but with a greater emphasis on mediation. The preventive thrust will be backed up by our ever-growing advisory and training capability, delivered by highly skilled frontline staff and supported by an efficient corporate services team.

A key driver for change has been the Government's public services reform programme, together with demands for greater efficiencies in the public sector. This has meant taking tough decisions and restructuring the organisation to meet ever-changing priorities. John Taylor will expand on this in his Chief Executive's report.

So what have we achieved this year? We have been involved in helping to settle over a thousand collective disputes, while continuing to have a high success rate in settling individual disputes between employers and workers which might otherwise have gone to an employment tribunal. October 2004 saw major changes to Britain's discipline and grievance legislation, with Acas revising extensively its statutory code of practice and guidance.

We have also been active in responding to the new Information and Consultation Regulations, as well as completing the *Acas Model Workplace*. This will soon be rolled out as a 'healthcheck' for employers who are keen to promote best practice and maximise their workforce's contribution to business success.

Partnerships have continued to be an extremely effective delivery mechanism for us and we very much value the working relationships we have formed in both the private and public sectors. Among our many notable successes this year has been our work with the Health and Safety Executive and the National Health Service.

Our website has attracted more and more visitors. Numbers are up almost 50 per cent on the previous year, while the helpline received a record volumes of calls. The range of Acas information, advisory and training products has grown substantially and is adding to our well-deserved reputation for excellence.

Rita Donaghy CBE

Chief Executive's statement

As Rita Donaghy notes in her foreword, this has been a year of both success and change for Acas.

Gearing-up for change

Acas is above all about delivering high-quality frontline services to customers, backed by effective corporate support teams that make this possible. This year we decided to completely overhaul our head office and field operations structure – and are now implementing a far-reaching change programme.

There have been some tough choices regarding priorities and ensuring that we continue to make the best use of available resources, in particular new technologies and the web. Planning for the future has meant balancing our traditional conciliation role with the growing demand for information, advisory and training services.

Conciliation – a continuing role

Individual and collective conciliation remain a key activity. In 2004/05 we handled some 1,100 collective disputes and helped to resolve over 90 per cent of these successfully, including the high-profile action at British Airways. We also handled almost 87,000 individual cases, of which only 23 per cent went to tribunal. Once again, Acas has made an invaluable contribution to the productivity agenda through this early dispute-resolution expertise.



Major changes in discipline and grievance legislation this year have meant more than just revising our code of practice and guidance. We now need to be even more effective in our conciliation role and are currently overhauling the service we provide. This includes developing an electronic case flow system – in partnership with the tribunal service – to help process applications more quickly and efficiently.

Mediation – the way forward


Prevention is always better than cure, so in future we will be placing even greater emphasis on heading off disputes before they have a chance to occur. Mediation will be a key part of this and already we have made great strides. This year we: piloted a range of free mediation services for small firms in Yorkshire, Humberside and London; developed an accredited mediation training programme for larger firms; and published a policy paper, backed by a conference, to raise awareness.

Partnership – the key to cost-effective delivery

We continue to invest in the partnership approach to our work, involving both the public and private sectors. It is an increasingly effective and rewarding way to do business.

This year we worked hard with government, employers and unions to prepare for the introduction of Information and Consultation Regulations for medium-sized and large organisations. We used an EU grant to produce a trainers' toolkit and ran a highly successful conference in London, introduced by the Employment Relations Minister.

We also set up mechanisms to resolve disputes in the so-called 'two-tier' workforce in local government, including agreeing a code of practice with all of the relevant parties. Further to this, we produced bespoke employment relations guidance for both the local government and health service sectors. By the end of the year, we had participated in employment relations initiatives with over 80 NHS trusts.



Our work this year also involved close co-operation with the Health and Safety Executive. We produced stress guidance in support of their Management Standards launch in October 2004 and are now in partnership with them in rolling-out their Stress Implementation Programme to employers.

Diversity – serving everyone’s needs

Acas has continued to give diversity issues a high priority and we are proud of our record of commitment and achievement. In addition to our national network of over 100 generalist advisers, we also have 21 specialist equality advisers who help to spread diversity awareness and good practice. Another seven will soon join the team. The Equality Direct helpline has been embedded into our mainstream telephone service and our website has been at the forefront of developing a one-stop-shop for equality issues across government.

We have also been developing guidance on employing older workers in anticipation of new anti-discrimination legislation due to come in from October 2006.

From local excellence to international success

In Scotland, Wales and the English regions we have continued to deliver a first class service. Our employment relations forums have been extended to new areas of the country, while this year we are hosting the first ever nationwide conference, which will take place in Wakefield.

We have been working hard to ensure that regional development agencies – and their Scottish and Welsh equivalents – fully understand the importance of good employment relations in developing the productivity and competitiveness agendas.

Internationally, Acas has added to its already burgeoning reputation for world class employment relations know-how. In Romania and Bulgaria we are delivering EU-funded twinning projects to develop and promote social dialogue.

We have also provided training courses and spokespeople for conferences around the world, including China and Korea.

Informing, educating, advising – the new agenda

I have left until last an area of activity that will become of increasing importance to us. Information, advice and training will be key to our ability to contribute to the productivity agenda – and most encouragingly, we have already achieved outstanding success.

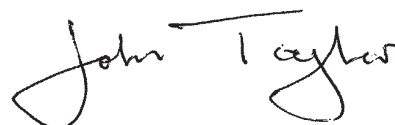
Over the past year the number of visitors to our website has grown to over 150,000 per month – a huge increase in traffic and a pointer to the future. Our helpline received nearly 900,000 calls – a new record – while customer satisfaction ran at over 90 per cent.

Our training courses received similarly high ratings, again with satisfaction levels running at well over 90 per cent. We continued to add to our training provision throughout the year, and now have six free online courses covering key employment relations topics.

In 2004/05 our workplace advisers carried out nearly 400 workplace consultancy projects, catering for the specific needs of client organisations and their employees.

What will the future bring?

Clearly Acas is in demand – and there is much for us to celebrate, build upon and look forward to. We are proud of our achievements, but not complacent. I congratulate Acas staff on their performance and pay tribute to the genuine quality we have running through the organisation. They have stayed focused and continued to deliver in times of great uncertainty. I believe that the coming year will bring more clarity of purpose and provide opportunities for us to make the *Acas Vision 2008* a reality.



John Taylor

Building trust

Everyone should
be treated fairly
and valued for
their differences



Workplace effectiveness

Acas has continued to contribute to helping workplaces become more effective and productive by focusing attention on the relationship between employer and employees.

Improving relationships – what our advisers have been doing

Our senior advisers carried out almost 400 workplace projects during the year, working with managers, employees and employee representatives to improve relationships and develop partnerships. This has contributed to enhancing performance, business effectiveness and productivity. The projects covered a range of issues and usually involved our adviser helping the organisation solve its own problems. We did this in a number of ways but typically it was by running a workshop with managers and employees and representatives, resulting in positive action to look at and resolve workplace issues, or by chairing a steering group or working group responsible for managing and implementing change.

Informing and consulting employees

During the last year we worked closely with the Department of Trade and Industry (DTI), the Confederation of British Industry (CBI) and the Trades Union Congress (TUC) to prepare for the introduction of the Information and Consultation Regulations on 6 April 2005. The Regulations apply to organisations with at least 150 employees and give employees the right to ask to be informed and consulted on a range of issues which affect them at work.

The legislation emphasises the need to reach agreements suitable for individual workplaces rather than a 'one size fits all' approach and so we developed wide-ranging good practice advice for those taking this route, including free

e-learning on our website. To support this we produced a comprehensive 'trainers' toolkit' – materials for companies to use to train their own staff in information and consultation. This was funded by a grant from the EU and launched at a major conference in October 2004.

In addition, our senior advisers have been providing practical assistance to organisations and during the year carried out over 400 'healthcheck' visits to ensure that organisations' information and consultation procedures and processes were effective. Where they could be improved or there was a need to make changes, the advisers provided the advice, training or hands-on help which was required. We provided training for managers and employee representatives in effective communication and consultation in 400 workplaces.

Working with others to work with you

During the year, we continued to work very closely with the Health and Safety Executive (HSE) in their work to develop and embed the Stress Management Standards, which address the negative effects of stress in the workplace.

As the year ended we were in discussion with HSE about how Acas senior advisers will support HSE colleagues as well as organisations which have volunteered to be part of the Stress Implementation Programme (SIP). The SIP will be a major partnership project which will see our staff supporting organisations once they have run the HSE Risk Assessment Tool. We will run focus groups to further explore any problem areas

A day in the life of...

Pat Rodgers, Acas Mediator



Pat works for Acas Yorkshire and Humber and operates from her home. Her job involves travelling around the region to help try and sort out work-based disputes before they spiral out of control and start to affect other colleagues and business productivity.

8 am

I'm on my way to a meeting in North Yorkshire with an employer who has asked me to help to mediate in a situation where the working relationship with a colleague has completely broken down.

9 am

Arrive at the meeting and reassure the client that all our discussions will be confidential, that the process is voluntary and that as the mediator I do not take sides. I ask him to talk through what has happened so far in the dispute. Although I need to understand the facts, getting to know how his feelings have been affected are just as important. By listening and assisting him to think clearly about his issues, we reach a point where he is prepared to go forward to a mediation meeting. As mediator, I will maintain an environment where both parties feel confident that they will have an equal say, with the hope that we can achieve a workable solution. The mediation will only go ahead if the second person involved is willing to take part on the same terms, and that's what I shall be exploring in my next meeting.

10.45 am

Back on the road, reviewing to myself how the meeting went and my approach to the second colleague who I am seeing at our office in Leeds. Often the second party feels suspicious that their colleague might have convinced me of their side of the story.

11.45 am

I have to work hard to reassure this person that I am completely impartial. Sometimes this can be achieved by actively listening and empathising to draw out their concerns and assumptions. Again, having gained his confidence in me and the process, he agrees that the mediation can go ahead within the next few days.

1.30 pm

Time to have a break for lunch, then back on the road to my home-based office. I'm ready to pick up my emails, voicemail messages and post and start working with my conciliation hat on – dealing with the caseload of employment tribunal claims I'm handling.

2.30 pm

The phone's been busy while I've been out. I've had a number of calls about employment tribunal cases where, with my help, the parties are tentatively moving towards an agreement.

4.30 pm

I've just a bit of time left today to start to plan a series of presentations I'm doing with a colleague later on in the month. We've been invited to address people from voluntary organisations on the services provided by Acas, in particular what we can offer in alternative dispute resolution.

5 pm

Switch off my PC and leave my voicemail message to tell any more callers I'll be back in touch with them tomorrow.

highlighted and then develop action plans to help them tackle those issues which need addressing.

Resolving disputes

A developing approach, building on experience

During the year Acas successfully continued to provide its long-standing assistance to parties facing a dispute by helping them to have further discussions and move towards agreement. In 2004/05 Acas completed collective conciliation in some 1,023 cases, and was able to resolve matters or progress them towards resolution in over 90 per cent. The issues we helped with were once again headed by pay and other terms and conditions (51 per cent), followed by trade union recognition, which accounted for 21 per cent of cases.

Our collective conciliation involvement typically occurs when parties exhaust any internal procedures they have for negotiation, and reach an impasse. There may then be deadlock without a third party such as Acas helping them to get discussions back on track and explore possible alternative solutions to the situation. Although Acas is very successful in helping parties to break these deadlocks, when in this position, parties will often be entrenched and moving towards a settlement can be tricky and difficult. So some organisations have sought to involve Acas at an earlier stage in their negotiations; and rather than reaching the point of breakdown, have looked for external help to prevent this situation occurring in the first place. Involving Acas at an earlier stage can help to introduce new thinking and ideas for moving things forward. This type of assistance is often termed 'assisted bargaining', and Acas has found a growing interest to provide for such an approach in negotiations.



Acas conciliators can of course only become involved in helping to resolve a dispute with the agreement of the parties. Although their role is to help find ways of reaching agreement, they have no powers to decide a settlement or even make formal recommendations. However, with the Acas reputation for independence and impartiality, built up over 30 years, the conciliator aims to convince the parties of the credibility and usefulness of having someone from outside the dispute provide input into the process. Using tools like reason, discussion, and reflection, and by organising appropriate face-to-face contacts – such as separate or joint meetings, and injecting a new perspective and ideas into the process, the conciliator looks 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 often allows the parties to sort out difficulties themselves – and this is, in many respects, the best way forward to maintain improved longer-term employment relations.

Working behind the scenes

Acas involvement in the majority of the 1,123 conciliation cases we handled during the year, triggered little media coverage. However, as always, there were a number of 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.

Perhaps our involvement which attracted most media interest was at British Airways during the summer of 2004. Acas was asked to assist with issues concerning the annual pay settlement for two groups of staff represented by TGWU, GMB and Amicus: those providing ground services and those working on check-in, sales and other administrative services. Our involvement began in July and continued during the next month, working through meetings and other contact with the parties to secure a way forward.

Negotiations reached the point where TGWU and GMB balloted and secured majorities for industrial action, with the threat of a strike over the August Bank Holiday. Although conciliation talks had not brokered a deal, in mid August the parties agreed to move back into direct negotiations and this resulted in a three-year offer which the unions recommended to members. The planned industrial action was called off, and members subsequently accepted the deal.

Arbitration and mediation in collective disputes

Arbitration and mediation are important mechanisms in Acas' toolkit for resolving disputes. Cases come from a range of industries and organisations and, although this year's caseload of 58 cases shows a small reduction on previous years, the effect of these interventions remains significant.

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

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 provides a suitable person from the Acas panel to assist 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. A particular example of this during the 2004/05 period was the setting up of mechanisms to resolve disputes in connection with the so-called 'two-tier' workforce in the local government sector. A Code of Practice was agreed on *Workforce Matters in Local Authority Service Contracts* and during 2004/05 the procedure for dealing with cases arising was finalised.

One of the principal provisions of the Code was that new workers employed in outsourced contracts would be given terms which are 'overall no less favourable' than those of staff transferred under the contract. If any dispute arises over the operation of the Code then the parties, (employer, trade union, local authority) can refer this to the Alternative Dispute Resolution (ADR) Procedure for resolution.

This procedure was developed through discussion between Acas and the parties, and has a standing panel specifically to hear cases arising under it. To date, no cases have yet been received. However at the end of the year the Government announced that a similar Code of Practice and ADR procedure would apply more widely across the public sector, and once again Acas will be servicing these arrangements.

“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.”

Equality and diversity

Acas Equality Services

Our network of 21 specialist equality advisers has worked closely with organisations providing them with understanding and good practice frameworks to enable business to get the most from diversity. We intend to increase the number of advisers to 28 during 2005 in line with our commitment to the government report *Ethnic Minorities in the Labour Market*.

Equality Direct

We have successfully embedded the Equality Direct telephone helpline in our main Acas helpline. Building on feedback from organisations, this service provides uncomplicated and immediate answers to equality and diversity questions, backed up by our network of advisers to offer practical help when needed.

Good practice on age

At the DTI's request, Acas has started to develop a good practice guide to support the forthcoming regulations to prevent age discrimination. The guide will provide a framework for organisations to make sure that they not only comply with legislation, but are in a position to benefit from age diversity. It is our plan to work collaboratively with external organisations to develop this guidance.

As part of a strategy of being a principal source of help on age-related matters, Acas has been supporting the Department for Work and Pensions (DWP) and the Age Partnership Group in its 'Be Ready' campaign with practical contact help for all organisations.

Race equality

Last year Acas was asked by the DTI to support the recommendations of the IPPR report, *Race Equality: The benefits of responsible business* and in particular to use our successful website to provide a gateway for an equality 'one-stop shop'. We have been working with partners on this to provide free downloadable good practice for businesses and aim to have it operational by the end of summer 2005.

Regional development

Last year we were fortunate to take on a secondee from the CRE to develop further and enhance our regional activities in north of England. The emphasis of this work has been to position Acas as a key strategic player in the delivery of equality and diversity in the workplace. Activities have included:

- Acas being appointed as the lead agency to carry out, on behalf of the North West Regional Assembly, their consultation on the North West Region's Equality and Diversity strategy. As a result of the success of this work Acas was re-appointed to carry out further work to identify the next steps in implementing an effective region wide strategy.
- Signing of a Memorandum of Understanding with the NW RDA which incorporated some key activities on equality and diversity including a major regional conference with Business in the Community (BITC) on equality and diversity.
- Development of a Yorkshire and Humber equality and diversity service to employers, particularly small and medium-sized enterprises (SMEs). This is building on the previous service which helped over 100 SMEs to develop and establish equality policies, and/or equality-proof their existing policies. More in-depth work included training in discrimination legislation, cultural awareness and other related issues. The new service from April 2005 will work through a consortium of key strategic partners, including Learning and Skills Council (LSC), Business Link, Regional TUC, Regional Chamber of Commerce, Engineering Employers Federation, Job Centre Plus, ITV and BITC.

Workplace effectiveness

Internal diversity strategy

We have been working hard to build stronger awareness and understanding of equality and diversity across our entire workforce. This was called for in our diversity strategy as well as our Plain English award-winning Race Equality Scheme. Acas recognises that without investing in the knowledge and skills of our staff in diversity, we cannot become an exemplar of equality good practice.

To meet this need, we have successfully completed a programme of distance learning based on a comprehensive diversity workbook, backed up and validated by a telephone testing facility.

All our staff completed this exercise and our next step is to build on this by enhancing our managers' skills to operate effectively in a diverse and flexible workforce.



Case Study 1

The Metropolitan Housing Partnership



Photo: copyright of Metropolitan Housing Partnership

The background

The Metropolitan Housing Partnership (MHP) offers a range of housing solutions through several businesses providing social housing, homes for outright sale, urban regeneration, shared ownership, community development and support services. The Partnership employs over 1000 staff spread across the country.

A considerable number of customers and nearly half of MHP's staff are from minority ethnic groups. Diversity is therefore high on its agenda. A review conducted by the Housing Corporation identified that the business had good plans for diversity but needed to integrate these more effectively. The Board and senior management of MHP felt that training would help to raise the profile of diversity and ensure that it became a central part of company culture.

How Acas helped

Acas was invited to deliver approximately 50 diversity training workshops across the organisation. The workshops drew together staff from different offices, jobs and levels of seniority.

Before rolling the training out, Acas had conducted a pilot project to fine-tune the course content. This enabled MHP staff to suggest changes to the course and ensured that case studies were tailored to the business.

The results

Acas' experience, regional reach and ability to deliver flexible training and work collaboratively meant that we were able to design and deliver a training programme best suited to the Partnership's needs.

Acas trainers were felt to have delivered a high standard of training and the positive outcomes of the training programme were felt to be:

- managers now feel able to communicate the company's diversity policy and related policies to all members of staff across the business
- staff awareness of the company diversity programme and related policies was actually shown to have improved in a staff survey following the training
- the training created an opportunity to communicate the businesses' broader vision and goals
- the workshops brought together staff from different parts of the business which helped to create a greater sense of unity
- staff now feel more confident that if issues of bullying or harassment are raised, they will be dealt with fairly
- members of staff are now better equipped to tackle customer complaints effectively.

'What the training has done is stimulated the debate and that's been really beneficial for us.'

Diversity Manager, MHP

Practical help

Our services are for all sizes and sectors – but many small firms do not know what we offer – a situation we have already started to change



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, and aim to provide information, advice and training to help them keep up-to-date with employment law.

Acas training

During the year we have continued to consolidate our reputation as a key provider of training in good employment relations practice, with 96 per cent of our delegates saying they were 'satisfied' or 'very satisfied' with the event. Acas customers say they particularly value our interactive style and the 'real life' experience our trainers bring to the sessions. Comments have included:

'What I liked was the interaction – there was a lot of participation for all students.'

'Because it was a small group of people we had time to discuss.'

'Our trainer understood what our needs were.'

'Clearly knowledgeable.'

These confirm both the expertise of our trainers and that we provide training in an appropriate format.

Training sessions designed for small and medium-sized businesses (SMEs), where there is often little or no human resource expertise, have remained popular – with discipline and grievance still proving to be a best seller. Local market research identified that to meet the needs of busy business owner/managers breakfast and 'lunch break' training sessions were needed and these are now provided.

The bespoke workplace training that Acas also offers continues to grow and develop; learning how to prevent bullying and harassment has proved to be much in demand. The introduction of the Information and Consultation Regulations for organisations employing more than 150 people brought a significant number of requests for communication and consultation training for managers and newly-appointed employee representatives, and we are pleased to be playing a significant role in improving employment relations via this route.

Acas training staff have entered into a range of collaborative partnerships to deliver their message alongside Chambers of Commerce, Enterprise Councils, the Inland Revenue and law firms. In addition, training focused on new equality legislation has led to joint working with the Roman Catholic Conference of Bishops and the Muslim Council for Britain. Partnerships with the Disability Rights Commission (DRC) and HSE will lead to further collaborative working during 2005.



Relationships with smaller companies

We are always looking at how we can develop our range of training sessions and launched a number of new training products during the year including *Managing Stress in the Workplace* which is designed to support the introduction of the HSE Stress Management Standards. Work is continuing to produce new suites of material including *Recruitment and Retention*, *Performance Management* and *Managing Attendance*, which launched in May 2005.

To help and advise those who find it particularly difficult to attend our training sessions or who wish to access information at a time and place to suit them, we launched five more e-learning packages.

These are free and can be accessed from the Acas website. The topics now covered are:

- Absence in the Workplace
- Redundancy Handling
- Discipline and Grievance
- Working Parents
- Information and Consultation
- Contracts and Written Statements.

These packages are proving to be extremely popular and we plan to add further courses during the coming year.

The Acas helpline

The numbers of calls received by our helpline continued to increase. Our advisers answered 880,787 calls compared with 796,649 for the previous year. The most frequently asked questions were about discipline and dismissal issues, and a lot of interest was generated by the introduction of the statutory discipline, dismissal and grievance procedures in October 2004.

The Acas helpline is the gateway to other Acas services and helpline advisers often refer callers to other colleagues in Acas who may be able to help. During the year, this occurred particularly in relation to queries about the new Information and Consultation Regulations. When it was considered appropriate, callers were told of Acas' in-house training and 'healthchecks' on the Regulations.

Some callers were referred to Acas advisers who work jointly with managers, employees and their representatives to help to improve communication and consultation arrangements in the workplace. Callers were also directed towards the Acas website, which contains guides and training exercises which can help organisations to prepare to meet the requirements of Information and Consultation Regulations.

Important world events also have an impact on the type of calls we receive to the Acas helpline. For example, following the Tsunami disaster, employers called our helpline for advice about the employment status of missing employees. The death of the Pope prompted a number of queries about whether employees should be allowed time off during the period of mourning and on the day of the funeral. 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. To help our advisers meet these increased pressures, we have improved the levels of information, support and training available. Training packages have been developed which give advisers access to web-based information on employment law and other related issues. Acas has also developed an electronic helpline information system which will ensure that helpline advisers have quick and easy access to up-to-date information on employment law.

Helpline satisfaction survey and use breakdown:

93% of callers would use the helpline again if they had other enquiries relating to employment issues

86% found the information valuable

93% were satisfied with the service they received from the helpline

86% agreed that the information they were given answered their enquiry in full

The top three topics people rang the helpline about were:

20% discipline and dismissal

18% contractual matters

15% redundancy, lay-off and short-time working

Of those calling the helpline:

35% were employers

35% were employees/workers

22% represented someone else

6% former employees



Personal approach

If you want to talk to real people who know what they are talking about – ask Acas. Our services are open to all



Individuals in the workplace

Once workplace disputes reach the tribunal stage, employment relationships are often damaged beyond repair and so we are working to develop further the range of help we offer to prevent differences getting this far.

Alternatives to tribunals

Acas continues to offer an effective and confidential service dealing with individual problems in the workplace to avoid potential employment tribunal claims or resolve actual claims before they reach the tribunal hearing stage. In this year's report, we describe the other services which Acas has developed to facilitate early resolution of workplace disputes. We also report on some of the initial findings from the pilot projects for small firms described in last year's report which had been set up in response to recommendations of the Employment Tribunal Task Force and the Better Regulation Task Force concerning advice on employment law matters and mediation in the workplace.

Mediation pilots

We piloted a range of free services in London, Yorkshire and Humber specifically for businesses employing fewer than 50 people. These included visits to advise such employers in small businesses on specific employment issues and how to develop best practice; mediation in individual workplace disputes; and a service to hear appeals at the final stage of a discipline or grievance procedure.

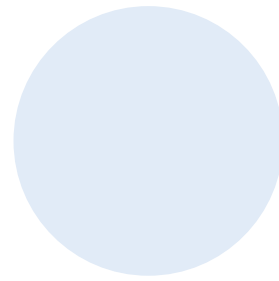
We dealt with 160 cases under the pilot – 127 employment law visits, 24 mediations and two appeals. The evaluation of the pilots is well underway and early findings suggest a high degree of employer satisfaction with employment law visits. Employers and employees taking up mediation are very positive about the role of Acas and the mediation process.

They would use mediation again and employers are willing to consider paying for mediation.

The free pilots ended in October 2004, although the mediation and appeal services have continued to be made available nationwide on a charged basis to organisations or individuals requesting such help and regardless of the size of the workplace. There has been a small but growing demand for these services with 48 mediations and seven appeals being conducted outside of the small firms pilot during the year. The findings from the evaluation of the pilot will be used to develop policy and inform practice in our mediation services.

Other Alternative Dispute Resolution (ADR) initiatives

Acas has developed a training programme for larger employers who wish to use their own employees to mediate in grievance, discipline and other workplace disputes. This five-day course is accredited by OCR, one of the top three UK awarding bodies. This means that employers and individuals can be sure that the qualification gained meets a national standard and that the delivery of the course and assessment of trainees is externally verified and quality assured by OCR. The course is supported by help to set up and embed mediation schemes in the workplace in the form of training events and support from specialist advisers.



Acas has been involved in discussions on the potential of ADR in a number of public sector organisations in the UK, in light of the modernising government agenda and the extensive and rapid change this has generated.

Finally, the DTI has identified lack of awareness of mediation as a key barrier to its use to resolve workplace disputes. As part of our plans to raise awareness, Acas published a policy discussion paper *Making more of alternative dispute resolution* in January and also held a highly successful conference *New Horizons in Dispute Resolution* in London in February where Gerry Sutcliffe MP, Parliamentary Under Secretary of State for Employment Relations spoke of the '... great potential here for developing new and innovative approaches to dispute resolution that will help significantly to foster that crucial spirit of partnership between employers and employees....'

Acas Arbitration Scheme

The Acas Arbitration Scheme has been in operation since May 2001. Following extension to Scotland in 2004, the Scheme is now available across Great Britain to resolve unfair dismissal or flexible working disputes.

To date, Acas has accepted 49 cases for resolution under the Scheme, and 25 out of the 43 cases heard have been found in favour of the employer. This outcome closely mirrors the Employment Tribunal Service's (ETS) figure. This shows that 55 per cent of those unfair dismissal claims, which proceed to a hearing, are decided in favour of the employer.

In cases where dismissals have been found to be unfair, remedies have ranged from £256 to £18,000. Again, this is roughly consistent with the sort of figures awarded at employment tribunals. Claimants were represented in about two thirds of cases, largely by trades unions. Respondents, on the other hand, have been represented in a little over half of the cases, almost always using the services of legal professionals.

Acas conciliation

Over the last year, everyone involved with employment tribunals, including the judiciary, tribunal administrators, conciliators and the parties to employment tribunal claims has been adjusting to the biggest change in the way employment tribunals operate since their inception in the 1960s.

As outlined in last year's report, traditionally Acas could conciliate in tribunal claims right up to the date of the hearing, and many cases were not settled until the last moment. By then, considerable time and expense had often been spent by the tribunals, as well as the parties to claims, in preparation for a hearing which did not take place. Following a period of consultation, on 1 October 2004, the Government introduced completely revised employment tribunal regulations which address key matters of tribunal practice, and include provisions to encourage parties who wish to settle to do so at an earlier stage in the proceedings.

The major change for Acas has been that our duty to conciliate has been limited to seven weeks for certain claims, for instance breach of contract and redundancy, and 13 weeks for most other claims. At the end of these periods, Acas can exercise a discretionary power to offer conciliation.

The regulations exclude the discrimination, equal pay and public interest disclosure jurisdictions from the fixed period for conciliation. This means that in claims where these jurisdictions are present there is no change from previous practice.

The tribunal now notifies the parties of any fixed conciliation period which applies to their case, and conciliators give the parties further reminders during their discussions to explore the options for resolving the claim without the need for a tribunal hearing. Conciliators make every effort to encourage early resolution of claims, and follow strict guidelines in responding to requests to continue helping the parties once the fixed conciliation period has ended.

Case Study 2

TSC Foods Limited



Elaine Neale, HR Manager at TSC Foods Ltd with Chris Ablott, Acas senior adviser

The background

TSC is a well-established supplier of soups and sauces to major retailers and restaurant chains. There was a growing dissatisfaction amongst the workforce with the company's grading structure – a 'job ranking' system which left employees feeling discontented and unappreciated because it seemed to place more value on some jobs than others. Recognising this, and concerned that they were also vulnerable to challenge on equal pay, the company's works council and senior managers decided that it was time for a new, more robust approach.

How Acas helped

Acas provided advice, facilitation and support to a Joint Steering Group (JSG) to develop an analytical job evaluation scheme covering all 35 hourly paid production jobs. The JSG also acted as the Job Evaluation Panel to carry out the evaluation of all the jobs under the agreed scheme.

Before publishing the results, the JSG agreed an appeal procedure to deal with any appeal(s) from individual job holders. Acas held regular meetings with the steering group to guide them through the process.

The results

The JSG published the new grading structure and management then negotiated new rates of pay against it. Although there were a couple of appeals against grading these were successfully resolved and the overall outcome was considered by everyone to be very successful.

'There were a couple of appeals but we had anticipated this possibility and, with an appeals procedure already in place, these were successfully resolved. I am delighted to say that the overall outcome has been hailed as a success by management and employees alike'

Elaine Neale, HR Manager
TSC Foods Ltd

In cases where some unforeseen event beyond the control of one of the parties, or Acas, has prevented any meaningful attempts to settle within the fixed conciliation period, then the discretionary conciliation power may be exercised.

Examples so far include:

- severe communication difficulties, for instance where a number of unrepresented claimants, or more than one respondent, are involved
- delays in receiving key paperwork from the employment tribunal
- where conciliation has not been possible pending the outcome of a judicial intervention, or a relevant internal procedure, and the fixed conciliation period has expired
- the incapacity of a party due to serious illness.

This year, in total, Acas conciliators dealt with almost 87,000 applications to employment tribunals. Only 23 per cent of all cases ended with a tribunal hearing, and even fewer discrimination cases (16 per cent) went down this route.

There has been close liaison between Acas and tribunal staff, both at national and local level, to ensure as smooth a transition as possible from the old to the new arrangements. Our conciliators have had to spend more time explaining the implications of the new tribunal rules to the parties, while managing their caseloads to maximise their effectiveness within much tighter deadlines. They have worked hard to maintain their high standards and professionalism in handling their casework. Speedy delivery of information from employment tribunals is critical for conciliators, and this will be guaranteed with the outcome of a project to create an electronic link between the Employment Tribunal Service and Acas. The link is currently in the design phase, and the system is expected to 'go live' nationwide by May 2006 after rigorous testing in a pilot exercise.

Conciliation in practice

The purpose of conciliation is to try and help the parties to 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 their strengths and weaknesses.

The approach a tribunal will take in examining the case will be explained, and the benefits of settlement will also be made clear. 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 aware of the responsibilities of public funding, as we balance 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, but they may meet one or both parties face-to-face – separately or together, where they consider that contact of this kind is likely to bring about swifter resolution. The increase in access to the internet has meant that some of the more administrative aspects of the conciliation process can be dealt with by email. For instance, email exchanges on the details of settlement proposals and wording can speed up the conclusion of a case. Another of the key advantages of an Acas brokered settlement is that it enables the parties to reach and record agreement in a way that would not be possible in a tribunal ruling on the case.

For instance, in a case involving a charity, it was not disputed that the claimant was contractually entitled to the money she said she was owed in her application to the tribunal. She was still employed and living in tied accommodation. Neither party wanted the employment relationship to end, but the charity was subject to severe financial restraints and was having difficulty in finding the required resources to meet the claim. A number of options were explored by telephone, followed by email exchanges on variations on possible settlement wording, and further direct discussions to ensure clarity of understanding and interpretation of the complexities of the final agreed wording. The agreement wording spelt out in detail how the money would be paid and some key terms and conditions of the employment relationship.



Where the discussion with the conciliator about the procedure and approach adopted in a case brings to light any other employment relations questions or difficulties within an organisation, or in their procedures for handling problems at work, Acas can offer further assistance to the employer to help address them.

More and more employers are using our good practice training sessions and online learning packages to design or revise procedures to help improve relationships in the workplace and reduce the number of tribunal claims brought against them.

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 a resumed tribunal hearing which is arranged on its completion.

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 aside. Acas' involvement in the process, thereafter, is limited. The employment tribunals are responsible for appointing an expert on each occasion they consider it appropriate.

The designated experts are not employees of Acas or the employment tribunals and are completely independent in the way they operate. 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 the 2004/05 period, four of our Independent Experts retired from the Acas panel: Mrs Sue Harper, Mr Barry Cushway, Mr Tony Iddison OBE and Mrs Joan Keogh OBE.

Acas has undertaken a recruitment process, with a new expanded panel to be set up in the 2005/06 period.

Since the Equal Value Regulations were introduced, the tribunals have appointed experts in a total of 270 cases; 12 of those arose in the 2004/05 period.

<i>Expert</i>	<i>Position</i>
Dr A J Arthurs	Lecturer in employment relations
Mrs W Bishop	Former senior personnel adviser
Ms V Branney	Consultant and mediator in employment relations
Mr C Campbell	Former senior lecturer in human resource management
Mr J Colville	Former head of management and business centre
Mrs J M Evans	Principal lecturer in human resource management
Mrs F Fearn	Human resources consultant
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
Mr C J Roberts	Member of employment tribunal and HR practitioner
Mr P Yeeles	Consultant in employment relations

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 collaboration and partnership with other organisations has developed the relationship that Acas enjoys with many public sector bodies and membership organisations and allowed Acas to reach a wider and more varied customer base.

Acas working in partnership

Acas is committed to developing its links with small and medium-sized companies (SMEs) and we have been particularly targeting those within ethnic communities, who have traditionally not seen Acas as an obvious partner. For example, to support and encourage good employment relations within the black Caribbean community Acas has, for a second year, sponsored the Black Enterprise Acas Employer of the Year Award. This award recognises a business in which the managers genuinely listen to and consider the views of employees; allow everyone to be treated fairly and value differences; seriously consider and where possible, agree to flexible working; encourage staff to learn new skills and have procedures in place to help avoid and resolve problems fairly.

Acas continues to work alongside the National Council for Voluntary Organisations (NCVO) to encourage organisations within this sector to adopt best practice when employing people. This ongoing collaboration has allowed us to ensure that voluntary organisations are aware of the products and services Acas is able to offer by way of support and help and how they can be accessed.

Nationally, Acas has been building on its strong relationship with public service organisations, working with them and the relevant trade unions on events to encourage joint working and effective consultation. In the regions, our local offices continue to build relationships with Business Links and Learning and Skills Councils to meet the needs of local organisations.

We have also, through working in collaboration with various organisations at regional level, been able to highlight the importance of encouraging diversity in the workplace. This has ranged from basic employment law guidance for people with disabilities who employ a personal assistant, to working with consortium members from organisations such as the TUC, Engineering Employers Federation and Chambers of Commerce to build on and progress work that will deliver support and advice to SMEs on a range of diversity issues.



A day in the life of...

**Sue Thomas,
Publicity Manager,
Acas Wales**



Sue is based in Acas' Cardiff office and one of her roles is to raise the Acas profile and increase awareness of the many services and products Acas has to offer in Wales to help employers working in smaller businesses.

9 am

Check telephone and email messages then turn my attention to proof reading. Acas Wales produces a regional annual review and for 2004 a new design/print supplier has been chosen. Over the past month I have been working closely with them to produce, what I hope will be an eye-catching, readable, publication about the work of Acas Wales and its role in improving employment relations within the Principality.

10 am

I meet the Director of Acas Wales to discuss the proofs and update him on the progress of our 2005 marketing plan. Our current focus is increasing awareness of the 'Getting it right' training sessions we run. These events are aimed at small businesses – 'they do what it says on the tin' – that is give straightforward advice about employment legislation and good practice.

11.30 am

Back at my desk I take a phonecall from the newsdesk of a local radio station – they have picked up on a media release I issued earlier this week about parents at work. I arrange to visit them tomorrow to give an interview. Talking to the media always makes me a bit anxious but I have given a few interviews now and I'm even beginning to enjoy it!

12.30 pm

I spend some time with our admin support staff discussing a mailshot advertising our 'Getting it right' sessions being sent to small businesses in south east Wales. The work of the support staff is pivotal to this exercise, from the issuing of the flyers through to the handling of the resultant telephone enquiries and bookings.

2.00 pm

I have arranged a meeting with a national newspaper advertising executive to talk about forthcoming publications and she tries to persuade me to spend some of my precious publicity budget on some advertorials. I agree to consider 'some' of her suggestions and she leaves with my promise to contact her with a decision next week.

3.00 pm

I'm on my way to a hotel in Cardiff city centre to give a presentation to a group of hoteliers. I talk about the work Acas does and the services we provide. I always begin such talks with the question 'What do you know about Acas?' I'm nearly always given the reply 'It's the arbitration service' – this convinces me there is still a great deal to do in my publicity role!

4.45 pm

With the presentation and question and answer session over, I leave a supply of Acas advice leaflets, our current training programme and plenty of my business cards with the hoteliers and head for home – just in time for the rush hour traffic!

Reaching our audiences

In 2004/05 we continued to promote our range of services to our audiences. Our new newsletter was launched to provide businesses and organisations with information on the many ways we could help them in dealing with everyday workplace issues and to keep them informed of employment relations developments. The newsletter went out to over 200,000 organisations and has proved to be very popular with over 86,000 existing and new customers signing up to receive their free copies.

Comments have included:

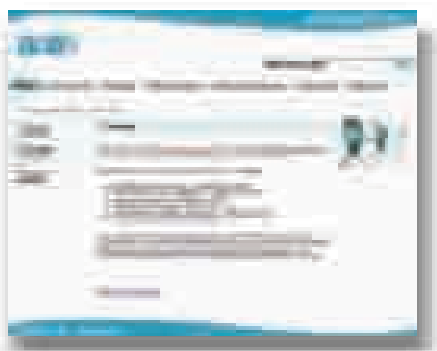
'Thank you so much – what a great idea. This is really helpful to HR departments of small, growing companies that are trying to work within the law and to nip any problems in the bud.'

Denise Bell HR Manager, Accutest Ltd

This year we have also published the first two issues of *Employment Relations Matters*, our new quarterly bulletin discussing topical issues drawn from Acas' own workplace experience. We have also developed a series of Acas policy discussion papers designed to stimulate debate about key employment relations issues.

The Acas website

The Acas website was developed further to meet our customers' needs and now receives close to a million visits each month. Five more free online learning packages were added including redundancy handling, working parents and information and consultation. There are now over 18,000 registered users for these. Other additions to the site included a new section on rights at work and a useful employment forms area to download a range of sample forms and letters employers may need when employing people.



Acas increased its good practice guidance by publishing two new advisory booklets – *Parents at work* and a joint booklet with the Health and Safety Executive on *Stress at work*. We also redrafted the Acas *Code of Practice on disciplinary and grievance procedures* to reflect the new statutory procedures that came in to effect on 1 October 2004.

To help increase employers' awareness of the full range of Acas services, we produced information on how Acas can help with specific projects. The material illustrates the range of projects undertaken from helping organisations with setting up policies and procedures, managing change and building partnerships to improving working relationships. Further information on Acas' range of mediation services is currently being developed.

International work

In partnership with the French Ministry of Employment, Acas began an EU-funded 'Twinning' project to assist Romania's Economic and Social Council (ESC) to strengthen bipartite social dialogue in Romania and to enhance the ESC's capacity to provide information, training services and assistance to social partners. The project aims to transform the ESC into a learning and knowledge based organisation with a specialised training unit and a resource centre in the social dialogue and employment relations field. The project, valued at Euros 800,000, will run for 20 months until July 2006.

Acas, together with the Northern Ireland Civil Service, was successful in its bid to run an EU-funded project in Bulgaria to assist the social partners to develop effective social dialogue in preparation for EU membership in 2007. The project, which is due to start in the summer of 2005, adds to a list of Twinning projects that Acas has been involved in over the years. It also confirms that Acas has acquired a reputation abroad for reaching high standards in delivering training and knowledge transfer, especially across cultural boundaries.

spreading the word

Acas trainers delivered two tailor-made training courses in Hong Kong. The courses on *The Conciliation of Claims* and *The Resolution of Disputes* were delivered to Labour Officers and Assistant Labour Officers of the Hong Kong Labour Department. The training enabled their conciliation officers to gain an insight into the conceptual framework of the conciliation process and the role of the conciliator and kept them abreast of UK and international trends in labour dispute conciliation and settlement practices and overseas experience.

The International Criminal Tribunal for the former Yugoslavia (ICTY) approached Acas to run training in negotiation skills for management and employee representatives attached to the United Nations. The delegates, mostly lawyers, represented seven different nationalities. The two-day programme covered traditional distributive bargaining and joint problem-solving.

Acas continued to receive a number of overseas visitors keen to learn from us. Notably, Social Partners and state administrators from Russia involved in establishing the Model Labour Arbitration Institutions in the Russian Federation and a delegation from the Schenzen Labour Arbitration Court. Acas participated at conferences in China, South Korea and Slovenia and hosted a meeting of international mediation agencies from the English-speaking world to exchange experiences and establish a basis for more formal partnerships.

Members of the Romanian Economic and Social Council and representatives of Acas and the EU Delegation meet in Bucharest in February 2005 to launch the Romanian Twinning project to promote autonomous social dialogue in Romania.



Case Study 3

Lanes for Drains Ltd



The background

Lanes for Drains Ltd is the UK's largest independent drain specialist. As the company prepared to implement the changes to new employment law introduced on 1 October 2004, they realised they might need outside help to help harmonise local personnel practices in their UK-wide network of offices with company policy and ensure that all offices were up-to-date with the latest legislation.

How Acas helped

A senior adviser from Acas Yorkshire and Humber was called in and he looked at the most useful and practical way to help the company in the short time before the legislation came into force. He decided that the best way forward was to design a tailored series of intensive training sessions for managers drawn from all the company's divisions.

The results

By the time legislation was introduced the personnel team was confident that it could implement any changes necessary to company procedures and that if uncertain about anything, it could call on Acas to answer any questions and provide further back up if needed.

'We are delighted with the response from Acas. With over 500 directly employed staff, the sheer scale of our network means that it can be difficult for the company to ensure that its managers out in the field are working cohesively and are fully up to speed on new requirements like written statements of employment, and ongoing employment issues like diversity in the workplace.'

'Recognising this, and that we did not have the expertise to remedy this situation in-house, we turned to Acas as a well-known, and well-respected 'brand' for advice and help in this area. The Acas adviser carefully considered our needs and put a training programme together for us that was spot on – good humoured, and not too formal. It really worked for us and as a result we now have a well-informed and consistent management structure.'

Barbara Tattersall
Group Personnel Manager,
Lanes for Drains Ltd

Valuing people

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



Managing Acas

We recognise the value of our staff and the expertise they bring to their jobs and have looked at the way we communicate internally to make sure our staff are informed.

Human Resources and Lifelong Learning

Internal communications

This year Acas implemented a far-reaching internal communication strategy to meet the business needs of its geographically diverse work force. This consisted of introducing a nationwide team briefing system, improving internal communication channels like the intranet and staff newsletter, and employing an internal communications manager to coordinate internal communication activity from the centre. A key feature of the new system is encouraging staff feedback and we are already beginning to see improvements in our internal communication performance.

Building relationships and partnerships

Acas staff are encouraged to give their views through team briefings, and to participate in task groups as well as raise issues through the trade union with which we strive to work to mutual advantage. Union Learning representatives are now well established within Acas and we have formalised agreement with the trade union to support the Learning Representative role.

Diversity and equality

We have used the points identified from an employee survey to inform our thinking in a number of areas, not least communications, where we have really made significant improvements. We intend to repeat this at regular intervals as it proved valuable in giving staff a real opportunity to express their views.

Staff participated in a diversity and equality awareness training programme and we were pleased that 97 per cent of staff completed it. The programme of training continues. We now have in place an in-house Diversity and Equality training team to respond to local needs and provide additional training for managers.

We continue to embed equality and diversity into all our activities and plans. We have made a commitment to ensure that impact assessments are carried out before the introduction of new policies and procedures. We have reviewed a number of systems and policies identified as 'most relevant' under the Race Relations Amendment Act 2000. Acas strives to meet its obligations under all current and forthcoming equality legislation.

On our intranet we have set up a discrete section for diversity and equality which brings together all relevant material.

New policies and procedures

To equip our staff to meet the challenges of the next three years we continue to work towards modernising our business processes and strengthening our partnership relationships.

In our drive to make sure that Acas is an effective and innovative organisation, we launched a number of new policies and procedures at the beginning of the year. Attendance management was reviewed and streamlined and a new probation process introduced, all underpinned

by our commitment to diversity and fairness. A new HR payroll system has recently been introduced. This has the capacity to produce statistical information that will help inform future business decisions.

HR policies and procedures are regularly reviewed to ensure that they support the business direction, our commitments towards diversity and fairness and any external factors.

Recruitment processes

There has been limited recruitment during the last 12 months, but we continue to review and develop our recruitment and selection arrangements for the future.

Lifelong learning and continuous development

We have this year concentrated on increasing the learning opportunities for staff and there have been many changes to the types of delivery available. Building on the changes from last year's increase in bespoke delivery, all of the core structured training programmes are run on our premises. This has resulted in a steep learning curve for our staff in dealing with the logistical differences.

This change is in line with our commitment to increase the opportunity for staff to take part in training and development by removing the residential aspect we had previously pursued. We can now ensure that all staff can take advantage of all opportunities to enhance their skills. Further reviews will continue to assure us that the content of our training is fit for purpose and meets our changing business needs.

Following the successful piloting of the Certificate in Employment Relations and Employment Law (CEREL), in partnership with Strathclyde University, we have now started two further programmes aimed at staff from the Helpline and Individual Conciliation sections. CIPD have also accredited the course as equivalent to associate membership. The hard work put into the pilot by the students and their contribution to the final version of the programme

now in use, means staff can complete their internal training and then study for a qualification accredited against that training. The course is intended to challenge and stretch staff by requiring their work-related knowledge to be put into the context of written assignments and a project.

We are currently being assessed for confirmation that our internal NVQ centre can support the NVQ in Customer Service for our support staff and that those new assessors and candidates can use the internal route to gaining their relevant qualifications and completed their assessments by June 2005.

Apprenticeships are also being trialed. Subject to evaluation we will consider their extension.

We aim to maximise the accessibility of learning opportunities to ensure that staff can pursue qualifications that enhance their development needs. To this end, we continue to offer all staff managers the opportunity to undertake a programme of study under the auspices of the Chartered Management Institute. This supports the Government strategy of improving the delivery of public services and will meet the Professional Skills for Government remit promoted by the Cabinet Office. We must continue to invest in our people to ensure that they are equipped to meet the challenges and changes ahead.

Security of employment

We are committed to personal development in support of the business and are confident that we have demonstrated significant investment in our staff. This should stand us in good stead when re-accreditation under IIP is sought.

Work-life balance

We continue to explore opportunities to move away from a long hours culture and seek more efficient and effective ways of working to deliver a service of an appropriate standard and quality to our customers. We already have a number of homeworking, job share and compressed hours working arrangements and we will continue to develop these.

Pay and reward systems

As with all other public service organisations, there are constraints on how much we can pay staff. Within this we have sought to minimise any possibility of a discriminatory effect in our pay and reward system. We will also explore other options for rewarding performance.

Our formal procedures and code of practice

Our processes for dealing with poor performance and erratic attendance and capability issues are open and transparent. We recognise the valuable contribution that the trade union and staff have in making all of these processes effective and fair and consistent and have recently reviewed our attendance policy with trade union colleagues.

Health and safety

Acas is committed to maintaining a safe working environment for its staff, contractors and visitors and ensuring effective health and safety policies and arrangements are in place to meet this commitment. Acas actively seeks the support of its staff and works in partnership with its contractors to achieve these aims.

Developments:

- developed and expanded the new health and safety intranet site with guidance notes covering the key risk areas
- produced a guidance note setting out minimum standards for health screening provision for staff
- sourced a suitable new electronic Display Screen Equipment risk assessment, training and reporting tool
- produced the basis for a pilot of the HSE's stress risk assessment model to help identify whether staff have the skills and support mechanisms they need to accurately identify possible work-related stressors and to take appropriate action
- contracted a new occupational health provider
- reviewed managing attendance policy with the trade union side to ensure it is applied consistently and fairly
- ensured that health and safety considerations inform all business developments.

Acas encourages setting up safety committees and appointing 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.

Visit our website for a link to the full health and safety report including a detailed breakdown of control strategies and occupational health data.

Managing our finances

The full set of our accounts for 2004/05 – which are prepared under section 253 of the Trade Union and Labour Relations (Consolidation) Act 1992 and are published by order of the House of Commons – are set out at the end of this report (see pages 54 to 88).

Key financial headlines are:

Issue	Result (£'000)
Total Gross cost of Acas (excl. CO & CAC)	£47,632
Total non grant income to Acas (excl. CO & CAC)	£2,610 (percentage generated through training events 74%)
Grant in Aid	£45,619
Audit Committee	John Steele (Chair), Rita Donaghy, Veronica McDonald, Sarah Anderson, John McMullen

During the year a key focus has been contributing to the identification and quantification of opportunities for change to enable continued delivery of the mission but within a much reduced budget settlement. As we enter 2005/06 Acas has a clear programme of work – 'Futures' – which is designed to deliver the necessary changes.

A day in the life of...

Jon Dews, Senior Adviser



Jon works in Acas West Midlands, covering Birmingham. He deals with disputes between organisations and their employees, provides workplace training and presents training sessions covering a range of employment issues.

8 am

Arrive at the NEC Metropole Hotel to staff the Acas stand at the Birmingham Chamber of Commerce Spring Conference. Give advice to delegates on topics from discipline and grievance to information and consultation provisions. Make a few contacts for follow-up later.

11 am

Get to my office, check my post and play space invaders with my emails. I talk to the HR adviser from a large transport and communications plc for whom I'm developing information and consultation training. I've already emailed some proposals and given some input on the new staff forum constitution. I discuss the format of the session with him and the exercises that I will be running.

12.30 pm

Have a sandwich and go for a quick walk, taking the opportunity to ring a few contacts from my messages. One is to a media organisation that is in the throes of sensitive pay negotiations with its trade union. I'm booked to sit down with management and the trade union that afternoon to help find a way through the deadlock and I want to make sure that arrangements are in place.

2.30 pm

Sit down with management and trade union representative. I explain my role and what 'rules of engagement' there are and then invite both sides to put their case. After 30 minutes discussion I invite each side to withdraw to separate rooms so that I can begin to explore potential solutions, firstly with management and then with the trade union.

6.45 pm

After much discussion, facilitation and movement between the two opposed positions, both parties achieve a workable compromise and come together to discuss the wording of an agreement. In return for some concessions from management, the union agree to recommend the pay offer to their members.

8.00 pm

Sit down at a meeting of the North Midlands RFU to consider the outcomes of disputes between clubs during the North Midlands Junior Cup. As the Cup Secretary I have to adjudicate sometimes in these disputes and my Acas training comes in handy! Sometimes disputes between employers and unions can be tame compared to sorting out young rugby players' arguments!

Developments:

- introduced the Government Procurement Card to improve efficiency of low value, high volume procurement – a successful pilot has paved the way for full roll out during 2005/06
- migrated to a new, tailored fixed asset management system
- provided a programme of finance and systems training for staff with financial responsibilities
- designed and built the Output Costings module ready for the introduction of this management information in 2005/06
- undertaken a fundamental review of the operations and structure of the finance team to identify opportunities for greater efficiency
- streamlined internal accounting procedures to enable faster period closure and to reduce system downtime.

Improving our governance

During the year we have concentrated on bedding down the new business management processes introduced in the previous year – these included a more integrated approach to planning and the development of a programme and project management methodology.

Developments:

- conducted a major review of Acas' accommodation requirements and produced a revised and modern estate strategy. Transition to the new strategy will include:
 - reducing the number of our smaller offices whilst retaining the full range of customer services through flexible working
 - expanding open plan working to support knowledge working
 - achieving greater consistency in office fit out and space standards
- produced a Business Continuity Planning Strategy and started implementation

- assisted the 'Futures' change programme in using the new programme and project management methodology
- undertaken a further rationalisation of the Corporate Development team through a redesign of business processes.

Acas performance

Acas currently has eight key performance targets against which operational performance is measured. However, this year, we decided against conducting customer evaluation surveys in respect of individual conciliation, workplace projects and collective conciliation. In the case of individual conciliation, last year's survey utilised data drawn from across both this year and last year. In respect of workplace projects, we are currently carrying out an in depth, independent evaluation of workplace projects and we plan to report on this research next year. With collective conciliation, we again felt the practical difficulties of conducting this survey outweighed the advantages of customer feedback.

Acas has traditionally measured its success in individual conciliation by the percentage of employment tribunal cases which do not proceed to a full hearing. This year, our target for this objective was 76 per cent which we exceeded as 77 per cent of complaints were either settled or withdrawn before they got as far as a tribunal. Although we have not undertaken new customer research this year for the reason stated above, the evaluation exercise we reported upon last year recorded that 84 per cent of customers were satisfied with the service provided to them – narrowly missing the target of 85 per cent.

The demand for the Acas national helpline has continued to grow, from nearly 800,000 calls last year to almost 881,000 calls this year – a 10 per cent increase in volume. This service continues to be rated highly by those who use it with 93 per cent of callers surveyed either satisfied or very satisfied with the service they received – just 2 per cent short of our target of 95 per cent. We also aim to provide callers with quick access to a helpline adviser and we have a target of answering 70 per cent of incoming calls within 20 seconds. This year, 68 per cent of callers were answered within 20 seconds. Just as we reported last year, we fell below our target as a result of a couple of periods when demand was unusually high for our services. Notwithstanding this, 85 per cent of customers were satisfied with the length of time it took for them to get through and four out of five callers got through on their first call.

Importantly, the survey confirmed again that the information provided by the helpline enables callers to decide upon their next course of action. Four out of five callers said that information provided helped them to decide what to do next; 86 per cent that their question was answered in full; and 96 per cent that they would use the service again.

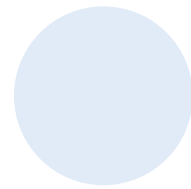
In respect of delivering our training programme, we achieved a 21 per cent growth in the number of charged training sessions delivered this year compared with last year. This exceeds our target this year of 20 per cent. In terms of customer satisfaction, 96 per cent of customers who have attended an Acas training session were either satisfied or very satisfied with the session compared with our target of 95 per cent. 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. Customer surveys encouragingly indicate that the training received is put into practice at the workplace.

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 customers. This year, in the face of a fall in individual conciliation caseloads that exceeded expectations in the second half of the year, it was difficult to maintain unit costs below inflation. The cost of a case successfully completed (either settled or withdrawn) increased by about 6 per cent.

Similarly, with collective disputes, the number of requests for assistance fell markedly and affected costs. There was an increase of 11 per cent in the cost of a case where either a settlement was achieved or significant progress was made. The cost of a helpline query answered rose to £8. However, in the period around the implementation of the new tribunal regulations, the information and guidance given to answer queries was sometimes more complex than had been the case previously, which saw average call lengths increase.

The cost of a completed workplace project fell significantly, mainly as result of the average length of a project decreasing. Finally, the average cost of an arbitration hearing held its costs in real terms.

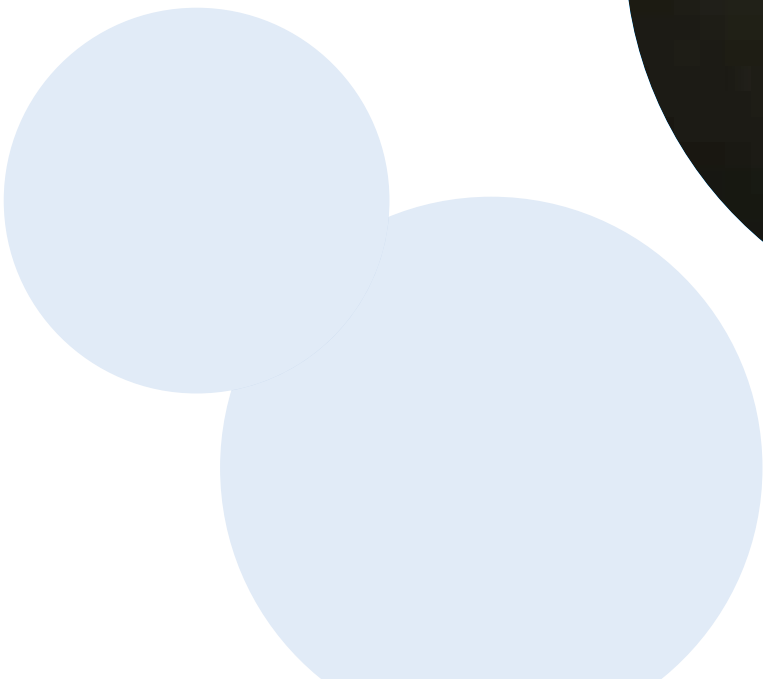


Complaints to Acas

There were 24 formal written complaints received about the service we offer, 11 of which related to our helpline, and 13 to individual conciliation. Acas treats complaints very seriously and all complaints are investigated fully.

It was accepted that two of the complaints about the individual conciliation service had some grounds. In eight of the others, while it was a matter of great regret that the complainants were dissatisfied with the service they received, we could not agree with the criticism they levelled at the conciliators who had handled their cases. Two of the remaining three complaints related to old cases for which we no longer held any documents, and in the third we asked for more information in order to investigate the complaint. This was not forthcoming. Most of the complaints questioned the impartiality of the conciliator, but our investigation of these cases revealed no evidence of this kind. The conciliator's job requires them to explore the strengths and weaknesses of the case of both parties, and this may involve challenging points made, or the rationale for an action. Sometimes this approach may be interpreted as bias by a party who is pressed in this way, since they may have no way of knowing the nature of the conciliator's discussions with the other side.

Acas received 11 complaints in connection with its helpline services during the year. 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. Eight complaints concerned alleged inaccuracies in information given about employment rights; two complainants believed that the attitude of the helpline adviser was unhelpful and in one case the impartiality of the helpline adviser was called into question. As a result, helpline adviser customer skills training has been improved and we have emphasised more forcibly in helpline induction training that helpline advisers should remain impartial at all times.



Facts and figures

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

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Performance against key targets

	02/03 target	02/03 outturn	03/04 target	03/04 outturn	04/05 target	04/05 outturn
Resolving and preventing collective disputes						
Collective conciliation cases in which parties report all or some issues settled in conciliation	80%	n/a [†]	80%	n/a [†]	80%	n/a[†]
Workplace project cases in which parties report all or some objectives were met	80%	n/a [†]	80%	n/a [†]	80%	n/a[†]
Promoting settlements of employment tribunal cases						
Employment tribunal cases which do not proceed to a full hearing or an arbitration hearing	75%	77%	76%	75%	76%	77%
Customers very satisfied or satisfied with service	85%	82%	85%	84%*	85%	84%
Provision of information and advice						
Percentage of helpline callers answered within 20 seconds	80%	44%	70%	69%	70%	68%
Customers satisfied or very satisfied with service	95%	92%	95%	93%	95%	93%
Training services						
Customers very satisfied or satisfied with charged events	95%	96%	95%	96%	95%	96%
Increase in volume in promoting good practice events	30%	86%	30%	22%	20%	21%

Other targets

	02/03 target	02/03 outturn	03/04 target	03/04 outturn	04/05 target	04/05 outturn
Percentage of arbitration awards provided to parties within three weeks of hearing	100%	87%	100%	99%	100%	98%
Percentage of letters to helpline answered within seven working days	100%	94%	100%	97%	100%	97%
Percentage of bills paid within the terms of the relevant contract or within 30 days of receipt of valid invoice	100%	96%	100%	92%	100%	96%

[†] not available

* For 2003/04, we reported provisional figures, these were subsequently adjusted.

Other key performance indicators

	02/03	03/04	04/05
Number of ET1s and non-ET1s received**	95,856	104,952	86,816
Number of non-ET1s received**	1,403	2,393	4,983
Number of re-employments	711	757	1,010
Number of requests for statutory arbitration scheme	23	8	5
Number of mediation requests received	0	1	35
Number of collective conciliation requests received	1,353	1,244	1,123
Number of workplace projects started	452	419	331
Number of requests for trade dispute arbitration	80	69	58
Number of calls answered by the national helpline	723,615	796,649	880,787
Number of advisory visits	1,828	1,912	1,923
Number of training sessions delivered	2,014	2,462	2,989
Number of calls answered by Equality Direct	4,891	4,554	4,736
Number of contracts started by Acas Equality Services	119	78	99
Parties to tribunal cases who felt that Acas helped speed up the resolution of their case	59%	61%*	63%
Helpline callers who felt that information provided allowed them to decide upon a course of action	79%	82%*	79%
Costs of completed collective conciliation case where a settlement was achieved or significant progress made	1,879	£2,049	£2,312
Cost of an arbitration hearing	£1,805	£1,926	£1,993
Cost of a completed advisory project	£6,343	£8,402	£6,043
Cost of individual conciliation case settled or withdrawn	£332	£393	£415
Cost of a helpline enquiry answered	£6.90	£7.30	£8

* In 2003/2004, we reported provisional figures; these were subsequently adjusted.

** See footnotes on page 51.

Individual disputes

Regional breakdown of individual applications 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	5,541	1,948	863	332	1,075	1,213	566	126	137	16	14	604	12,435
South East	3,993	1,694	639	415	557	219	368	147	30	9	4	398	8,468
East of England	2,957	1,057	488	236	326	166	230	70	18	5	8	243	5,804
East Midlands	2,357	1,359	374	247	216	131	170	22	21	10	4	313	5,224
West Midlands	3,196	1,327	622	367	287	236	176	78	57	38	7	271	6,662
North East	1,994	1,037	308	122	521	41	114	79	4,655	16	4	229	9,120
Yorkshire & Humber	3,085	1,795	505	246	289	125	206	18	67	16	6	752	7,110
North West	4,772	2,722	522	367	543	185	337	132	1,531	19	13	640	11,783
Scotland	3,441	1,756	358	336	167	48	143	380	50	14	4	441	7,138
South West	2,114	1,259	420	207	320	86	210	16	29	10	3	361	5,035
Wales	1,414	719	344	118	142	39	114	34	12	1	3	109	
Total	34,864	16,673	5,443	2,993	4,443	2,489	2,634	1,102	6,607	154	70	4,361	

Acas also conciliated in a further 4,983 potential applications to employment tribunals (Non ET1s)*.

Applications to Arbitration Scheme

	02/03	03/04	04/05
Unfair dismissal	23	7	4
Flexible working	0	1	1

*See footnotes on page 51.

Applications received by main jurisdiction (ET1)*

Nature of claim	Main Jurisdiction						Secondary and other jurisdictions					
	2004/05 No.	%	2003/04 No.	%	2002/03 No.	%	2004/05 No.	%	2003/04 No.	%	2002/03 No.	%
Unfair dismissal	34,864	42.6	39,766	39.0	41,611	44.0	7,595	11.6	7,916	11.0	7,813	12.0
Wages Act	16,673	20.4	20,724	20.0	21,201	22.0	20,112	30.7	20,204	27.0	18,455	27.0
Breach of contract	5,443	6.7	8,271	8.0	9,366	10.0	15,587	23.7	20,200	27.0	19,840	29.0
Redundancy pay	2,993	3.7	4,386	4.0	4,323	5.0	3,434	5.2	4,321	6.0	4,155	6.0
Sex discrim.	4,443	5.4	10,560	10.0	4,839	5.0	6,370	9.7	3,218	4.0	2,874	4.0
Race discrim.	2,489	3.0	2,704	3.0	2,943	3.0	788	1.2	714	1.0	681	1.0
Disability discrim.	2,634	3.2	2,716	3.0	2,681	3.0	2,101	3.2	2,774	4.0	2,699	4.0
Working time	1,102	1.3	2,251	2.0	1,561	2.0	2,153	3.3	5,255	7.0	4,859	7.0
Equal pay	6,607	8.1	2,428	2.0	1,856	2.0	979	1.5	645	0.9	809	1.0
National min. wage	154	0.2	210	0.2	173	0.2	278	0.4	359	0.5	630	1.0
Flexible working	70	0.1	72	0.1	-	-	170	0.3	129	0.2	-	-
Other	4,361	5.3	8,471	8.0	3,899	4.0	6,023	9.2	8,211	11.0	5,663	8.0
Total	81,833		102,559		94,453		65,590		73,946		68,479	

Nature of claim	All Jurisdictions (ie. jurisdiction total)					
	2004/05 No.	%	2003/04 No.	%	2002/03 No.	%
Unfair dismissal	42,459	28.8	47,682	27.0	49,424	30.0
Wages Act	36,785	25.0	40,928	23.2	39,656	24.0
Breach of contract	21,030	14.3	28,471	16.1	29,206	18.0
Redundancy pay	6,427	4.4	8,707	4.9	8,478	5.0
Sex discrim.	10,813	7.3	13,778	7.8	7,713	5.0
Race discrim.	3,277	2.2	3,418	1.9	3,624	2.0
Disability discrim.	4,730	3.2	5,490	3.1	5,380	3.0
Working time	3,255	2.2	7,506	4.3	6,420	4.0
Equal pay	7,586	5.1	3,073	1.8	2,665	2.0
National min. wage	432	0.3	569	0.3	803	0.5
Flexible working	240	0.2	201	0.1	-	-
Other	10,384	7.0	16,682	9.4	9,562	6.0
Total	147,418		176,505		162,932	

* See footnotes on page 51.

Individual disputes (continued)

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

Main Jurisdiction	Year	Total	Settled	%	Withdrawn	%	ET Hearing	%	Other outcomes*	%
Unfair dismissal	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
	02/03	45,261	21,974	49	12,124	27	8,973	20	2,190	5
Wages Act	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
	02/03	23,030	9,002	39	7,971	35	5,292	23	765	3
Breach of contract	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
	02/03	8,387	3,579	43	2,433	29	1,969	23	406	5
Redundancy pay	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
	02/03	4,492	906	20	1,531	34	1,875	42	180	4
Sex discrim.	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
	02/03	4,740	2,215	47	1,670	35	615	13	240	5
Race discrim.	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
	02/03	3,157	1,242	39	1,064	34	600	19	251	8
Disability discrim.	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
	02/03	2,573	1,256	49	824	32	374	15	119	5
Working time	04/05	1,408	426	30	805	57	167	12	10	1
	03/04	1,698	783	46	474	28	415	24	26	2
	02/03	1,608	732	46	641	40	207	13	28	2
Equal pay	04/05	610	358	59	146	24	43	7	63	10
	03/04	632	242	38	313	50	52	8	25	4
	02/03	1,337	605	45	405	30	278	21	49	4
National minimum wage	04/05	173	116	67	29	17	21	12	7	4
	03/04	142	64	45	35	25	30	21	13	9
	02/03	170	58	34	59	35	49	29	4	2
Flexible working	04/05	76	31	41	34	45	9	12	2	2
	03/04	41	15	37	19	46	6	15	1	2
	02/03	0	0	0	0	0	0	0	0	0
Others	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
	02/03	3,842	1,041	27	1,560	41	1,024	27	217	6
Total	04/05	74,432	32,877	44	22,283	30	16,741	23	2,531	3
	03/04	92,364	39,102	42	27,576	30	22,380	24	3,306	4
	02/03	98,597	42,610	43	30,282	31	21,256	22	4,449	5

*Other outcomes include applications that are out of scope or struck out by the tribunal service. In both cases, the scope for conciliation is limited.

Collective disputes

Collective conciliation requests by region and source of request

		Total Received	Employer	Trade Union	Joint	Acas
London	04/05	113	25	29	46	13
	03/04	123	20	36	45	22
	02/03	106	17	22	56	11
South East	04/05	83	16	34	19	14
	03/04	109	16	25	35	33
	02/03	108	23	38	27	12
East of England	04/05	56	6	24	13	13
	03/04	83	13	26	32	12
	02/03	87	15	35	20	17
East Midlands	04/05	56	16	13	24	3
	03/04	60	15	14	28	3
	02/03	86	18	26	34	8
West Midlands	04/05	62	15	19	27	1
	03/04	56	9	21	23	3
	02/03	81	21	24	32	4
North East	04/05	111	9	31	42	29
	03/04	102	19	28	32	23
	02/03	113	6	21	54	32
Yorkshire & Humber	04/05	79	16	13	32	18
	03/04	111	14	11	71	15
	02/03	100	9	12	70	9
North West	04/05	259	22	35	158	44
	03/04	265	21	37	186	21
	02/03	293	29	159	75	39
Scotland	04/05	190	18	111	53	8
	03/04	209	16	110	76	7
	02/03	234	30	120	76	8
South West	04/05	33	6	10	16	1
	03/04	42	7	8	27	0
	02/03	43	11	7	25	0
Wales	04/05	66	15	14	32	5
	03/04	63	19	23	18	3
	02/03	88	25	25	28	10
Head Office	04/05	15	0	6	8	1
	03/04	22	3	9	8	2
	02/03	14	1	4	5	4
All	04/05	1,123	164	339	470	150
	03/04	1,245	172	348	581	144
	02/03	1,353	205	359	663	126

Collective disputes (continued)

Requests by cause of dispute

		General pay	Other pay	Recognition	Changes in working practices	Other TU	Redundancy	Discipline & dismissal	Others
London	04/05	20	21	23	11	15	8	3	12
	03/04	30	30	15	7	14	11	10	6
	02/03	24	27	26	10	5	2	3	9
South East	04/05	18	11	21	10	9	7	4	3
	03/04	15	35	20	0	8	16	6	9
	02/03	38	12	20	10	8	7	5	1
East of England	04/05	13	11	15	2	3	9	2	1
	03/04	15	11	23	5	8	4	1	6
	02/03	13	21	21	4	17	6	2	3
East Midlands	04/05	11	13	16	4	5	3	1	3
	03/04	17	20	13	2	0	6	1	1
	02/03	22	22	24	5	2	5	4	2
West Midlands	04/05	12	15	26	1	2	3	0	3
	03/04	11	24	11	3	2	4	0	1
	02/03	22	19	23	7	3	3	2	2
North East	04/05	30	44	26	0	6	3	0	2
	03/04	38	29	22	2	4	3	2	2
	02/03	38	35	20	2	4	11	0	3
Yorkshire & Humber	04/05	17	17	13	3	8	5	0	16
	03/04	30	22	29	3	8	11	2	6
	02/03	34	23	20	2	5	7	1	8
North West	04/05	57	83	36	14	27	11	19	12
	03/04	59	71	33	16	20	35	24	7
	02/03	61	50	38	19	39	36	10	4
Scotland	04/05	59	47	41	11	7	4	20	1
	03/04	52	56	42	10	8	11	28	2
	02/03	72	45	64	21	14	3	14	1
South West	04/05	18	6	5	0	3	0	0	1
	03/04	11	6	14	4	2	2	0	3
	02/03	7	6	15	7	1	3	1	3
Wales	04/05	23	12	11	2	2	9	4	3
	03/04	17	19	13	5	2	0	4	3
	02/03	18	22	21	2	2	12	8	3
Head Office	04/05	11	1	1	1	0	0	1	0
	03/04	10	7	1	1	0	0	0	3
	02/03	8	1	2	1	1	0	0	1
All	04/05	289	281	234	59	87	62	54	57
	03/04	315	330	236	58	76	103	78	49
	02/03	339	310	308	88	83	100	78	47

Collective conciliation cases by outcome

		Total cases	Completed	Successful	Unsuccessful	Withdrawn
London	04/05	100	97	86	11	3
	03/04	116	112	95	17	4
	02/03	121	120	106	14	1
South East	04/05	104	101	93	8	3
	03/04	95	92	86	6	3
	02/03	93	85	83	2	8
East of England	04/05	54	53	50	3	1
	03/04	97	95	87	8	2
	02/03	83	83	76	7	0
East Midlands	04/05	54	53	50	3	1
	03/04	60	60	54	6	0
	02/03	84	83	77	6	1
West Midlands	04/05	53	51	49	2	2
	03/04	53	52	50	2	1
	02/03	64	59	53	6	5
North East	04/05	120	98	85	13	22
	03/04	105	92	85	7	13
	02/03	120	102	94	8	18
Yorkshire & Humber	04/05	79	78	72	6	1
	03/04	114	107	99	8	7
	02/03	106	101	92	9	5
North West	04/05	182	179	164	15	3
	03/04	276	271	263	8	5
	02/03	135	125	123	2	10
Scotland	04/05	197	195	184	11	2
	03/04	213	213	199	14	0
	02/03	218	216	198	18	2
South West	04/05	39	39	38	1	0
	03/04	34	34	31	3	0
	02/03	49	48	45	3	1
Wales	04/05	70	69	67	2	1
	03/04	90	87	86	1	3
	02/03	67	65	63	2	2
Head Office	04/05	10	10	8	2	0
	03/04	18	17	14	3	1
	02/03	13	10	9	1	3
All	04/05	1,062	1,023	946	77	39
	03/04	1,271	1,232	1,149	83	39
	02/03	1,153	1,097	1,241	78	56

Collective disputes (continued)

Cases referred to arbitration and dispute mediation

	02/03	03/04	04/05
Single arbitrator	70	62	51
Board of arbitration	1	1	0
Single mediator	8	6	6
Board of mediation	1	0	1
Police arbitration tribunal	0	0	0
Total	80	69	58

Issues referred to arbitration and dispute mediation

	02/03		03/04		04/05	
	No.	%	No.	%	No.	%
Annual pay	19	24.0	21	30.0	14	25.0
Other pay and conditions of employment	26	32.0	16	24.0	13	22.5
Dismissal and discipline	15	19.0	11	16.0	14	25.0
Grading	3	4.0	0	0.0	1	0.5
Others	17	21.0	21	30.0	16	27.0
Total	80		69		58	

Advice services

Completed workplace projects by subject and region

		Total Completed	Discip. & griev.	Collective bargaining arrangmnts.	Trade union rec.	Comms. & consultat	Pay & reward systems	Management of change	Changes to Pattern of work	Improving relationships/ problem solving
London	04/05	16	2	5	2	3	2	2	0	0
	03/04	39	0	18	-	12	4	5	-	-
	02/03	56	3	26	-	14	2	11	-	-
South East	04/05	54	8	11	1	16	5	9	1	3
	03/04	46	1	13	-	13	9	10	-	-
	02/03	42	2	12	-	16	4	8	-	-
East of England	04/05	9	0	4	0	5	0	0	0	0
	03/04	11	0	7	-	0	2	2	-	-
	02/03	33	4	10	-	12	2	5	-	-
East Midlands	04/05	46	3	8	0	12	12	4	1	6
	03/04	29	2	6	-	10	5	6	-	-
	02/03	21	1	5	-	7	4	4	-	-
West Midlands	04/05	23	2	4	0	8	5	4	0	0
	03/04	10	0	3	-	4	2	1	-	-
	02/03	20	1	8	-	4	1	6	-	-
North East	04/05	36	1	6	4	18	2	5	0	0
	03/04	46	0	11	-	20	5	10	-	-
	02/03	45	0	18	-	14	5	8	-	-
Yorkshire & Humber	04/05	52	6	4	0	27	4	9	0	2
	03/04	33	3	0	-	21	2	7	-	-
	02/03	42	2	7	-	21	3	9	-	-
North West	04/05	24	3	1	0	5	2	13	0	0
	03/04	26	2	5	-	5	8	6	-	-
	02/03	63	4	8	-	19	12	20	-	-
Scotland	04/05	44	6	11	4	5	4	13	0	1
	03/04	30	2	12	-	5	2	9	-	-
	02/03	44	6	14	-	4	3	17	-	-
South West	04/05	32	1	6	0	10	4	11	0	0
	03/04	37	2	5	-	16	7	7	-	-
	02/03	34	3	8	-	7	9	7	-	-
Wales	04/05	35	2	4	0	18	6	5	0	0
	03/04	42	2	8	-	12	9	11	-	-
	02/03	58	5	8	-	11	14	20	-	-
All	04/05	371	34	64	11	127	46	75	2	12
	03/04	349	14	88	0	118	55	74	0	0
	02/03	458	31	124	0	129	59	115	0	0

Advice services (continued)

Helpline and advisory meetings

	Calls recorded by helpline			Advisory meetings		
	04/05	03/04	02/03	04/05	03/04	02/03
London	117,971	121,200	116,337	192	220	233
South East	84,949	74,102	67,132	214	177	166
East of England	32,443	37,019	0	65	78	97
East Midlands	65,482	69,787	62,843	107	126	60
West Midlands	92,443	71,725	89,801	182	197	168
North East	48,324	49,848	52,404	92	164	178
Yorkshire & Humber	71,279	61,305	55,702	185	173	165
North West	126,548	119,082	108,940	434	202	273
Scotland	108,450	81,811	63,906	164	230	186
South West	80,199	65,216	52,956	137	156	100
Wales	52,699	45,554	53,594	151	189	202
Total	880,787	796,649	723,615	1,923	1,912	1,828

Equality Direct helpline

	04/05	%	03/04	%	02/03	%
Family friendly policies	426	9	319	7	544	11
Equal opportunities	663	14	1,002	22	764	16
Discrimination law	1,705	36	1,685	37	1,229	25
Employment good practice (general enquiries)	1,326	28	1,047	23	1,911	39
Other enquiries	616	13	501	11	443	9
Total	4,736		4,554		4,891	

Training sessions

	Charged training sessions			Charged workplace training			Non-charged sessions			Total training sessions		
	04/05	03/04	02/03	04/05	03/04	02/03	04/05	03/04	02/03	04/05	03/04	02/03
London	92	125	80	188	145	88	54	50	33	334	320	201
South East	123	131	112	164	135	52	123	84	77	410	350	241
East of England	79	40	67	105	54	55	26	13	11	210	107	133
East Midlands	58	36	49	156	51	57	15	9	10	229	96	116
West Midlands	53	43	39	79	40	21	30	23	10	162	106	70
North East	74	67	66	136	113	66	17	23	19	227	203	151
Yorkshire & Humber	78	60	69	164	118	60	58	50	58	300	228	187
North West	95	85	88	120	143	49	184	164	295	399	392	432
Scotland	145	169	167	167	180	36	11	4	8	323	353	211
South West	72	65	27	72	50	32	28	13	26	172	128	85
Wales	67	56	88	118	81	49	38	42	50	223	179	187
Total	936	877	852	1,469	1,110	565	584	475	597	2,989	2,462	2,014

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 Board 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 Head Office. 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 Head Office 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.



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Foreword to the Accounts

Background

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 1794));
 - to administer the Acas Arbitration Scheme [Acas Arbitration Scheme (Great Britain) 2004 (S.I. 2004 No 753) and Acas (Flexible Working) Arbitration Scheme (England and Wales) Order 2003 (S.I. 2003 No. 694)], 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 has a general duty of promoting the improvement of employment relations in Great Britain.
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 issues:
 - applications for the recognition and derecognition of trade unions
 - applications for the disclosure of information to trade unions for collective bargaining purposes
 - applications and complaints under the Information and Consultation Regulations
 - the establishment and operation of European Works Councils 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
- Promoting diversity in the workplace.

Last year Acas was tasked by the Secretary of State with revising its Code of Practice on Disciplinary and Grievance Procedures in line with the Employment Act 2002 provisions. The revised Code was published in October 2004.

CO

12. 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

13. 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 one case under the legislation relating to European Works Councils. The Information and Consultation Regulations came into effect on 6 April 2005.

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

Results for the Year

Financial Results

15. The Service incurred gross administration costs, before interest on capital of £49,048k in the year plus capital expenditure of £1,836k. Cash expenditure was financed by a Grant-in-Aid of £47,298k from the Department of Trade and Industry (Request for Resources 1 (RfR1), of DTI's Resource Estimate) plus other operating income of £2,630k.

16. During the year Acas made six payments to former employees totalling £56,000. Four were Employment Tribunal claims, one was an early retirement case and one was a severance payment.

17. During NAO's audit it came to light that Acas had misunderstood their delegated authority for these payments. Prior approval should have been sought from the DTI and the Treasury. As a result the payments were in breach of the Acas Financial Memorandum and Government Accounting. The Treasury Officer of Accounts withheld retrospective approval to regularise the payments on the basis that they did not take account of the wider public interest. The Acas view was that the payments represented value for money from the organisation's perspective and were in keeping with sound business practice.

18. In terms of internal control, Acas was mistakenly under the impression that delegated authority existed to make these payments. This view was not undermined when Treasury Solicitors advice was received in four of the cases without any reference for the need to refer them to the Treasury Officer of Accounts.
19. Acas is now actively reviewing its delegated authorities with the DTI and will put in place controls to ensure these requirements are met in full.

Operational Results

Acas

20. During 2004/05 Acas' nationwide network of telephone Helplines handled almost 881,000 calls. Results from a survey of customers using the Helpline showed that well over 90% of respondents were either very satisfied or satisfied with the service.
21. Almost 400 workplaces were helped with practical joint working and partnership building, while in respect of our Training Programme, Acas delivered 2,989 sessions in the year on a variety of employment relations topics.
22. Acas dealt with 1,123 industrial disputes in 2004/05. Acas individual conciliators handled around 87,000 new and potential employment tribunal claims and achieved a 77% clearance rate i.e. cases which did not proceed to a full hearing.

CO

23. 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.
24. The CO received a total of 467 enquiries from members concerning alleged complaints against trade unions. This represents a decrease of 17% in the number of enquiries compared with last year.
25. The CO issued 27 decisions relating to the breach of trade union rules, an increase of 50% compared with the previous year. In addition a further 11 decisions and 1 enforcement order were issued relating to breach of statute complaints.

CAC

26. The CAC received 83 applications for statutory recognition under Part I of the Schedule from trade unions between 1 April 2004 and 31 March 2005. During this period it did not receive any applications under Parts II but there was one application under Part IV. In addition, the CAC received 7 complaints under the Disclosure of Information provision, and 2 European Works Council cases were received. There were no cases under the European Company Statute.

Post Year End Events

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

Acas Council Members

28. 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.

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

Mr B Barber ¹	1 May 1995
Professor W Brown CBE ^{1,2}	1 May 1998
Mr J Cridland	1 May 1998
Ms R Donaghy OBE (Chair) ²	9 October 2000
Mr W Coupar	22 November 2000
Ms V McDonald ²	22 November 2000
Mr J Steele ²	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 ²	1 May 2004
Ms S Veale	1 May 2004
Mr J McMullen ²	1 May 2004
Mr D Prentis	1 May 2004

¹ Appointment concluded 30 April 2004

² Also a member of the Audit Committee

30. 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.

31. 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.

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

Remuneration and Pensions

33. Remuneration and pension arrangements of members are shown in Note 3 of the account.

Equal Opportunities

34. 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 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 aware of their responsibilities.

Employee Involvement

35. 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 trades 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)

36. The Service became the first public sector body to receive IiP recognition in January 1994. Acas has remained accredited ever since with our latest reaccreditation in January 2004. The CAC was awarded IiP accreditation in its own right in January 2002. The CO was awarded IiP accreditation in July 2003.

Charitable Donations

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

Payment of Creditors

38. 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 2004-05, 96% of all payments were made within 30 days. A copy of the CBI code can be obtained from Acas.

Auditors

39. The external auditor of the Service is the Comptroller and Auditor General. The annual audit fee was £25k. No non-audit services were provided.

Annual Reports

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

Acas

41. 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

42. 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

43. 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).

Further Developments

44. In line with the new Corporate Plan, published in 2004-05 'Improving the world of work', Acas continues to raise the profile of employment relations within Government. This has been achieved by the introduction of two new publications, 'Employment Relations Matters' and 'Acas Policy Discussion Papers' as well as public responses to key consultations and partnerships with other Government departments.

45. Acas has introduced a range of new products including the revised 'Code of Practice on Disciplinary and Grievance Procedures', guidance for Information and Consultation and six e-learning packages aimed at helping employers.

46. Acas has been active internationally, with major EU-funded contracts to deliver assistance on social dialogue to Romania and Bulgaria. There have also been a number of contracts to deliver ad hoc charged services overseas, including Hong Kong, United Nations, Jersey, and Guernsey.

47. Acas recognises its main resource is its staff and continues to develop staff to their full potential and equip them with the necessary skills to contribute to the future of Acas and to deliver a first class service to all our stakeholders and customers. We are working hard in our endeavours to be the employer of choice, to promote our diversity to reflect that of the community 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

48. 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.
49. Acas will continue to build on its role in the modernisation of the Public Sector, working with the NHS to provide a new mediation service for Health Authorities and in partnership with the HSE to combat stress in the workplace.
50. As Best Value (for public procurement) and the Two-Tier Workforce (protection of common working standards for public employees) is rolled out across the entire public sector, we will 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.
51. 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. 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. Success will to some extent depend on the scope to develop the range of charged services we can offer, as well as updating the way we meet our statutory obligations, through exploiting new technology.
52. 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 Governments new Dispute Resolution measures which came into effect in October 2003. We will further develop accredited training courses for in-house mediation.

John E Taylor
Accounting Officer
Acas
26 October 2005

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 Service is required to prepare a statement of accounts for each financial year in the form and on the basis directed by the Secretary of State, with the consent of the Treasury. 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 Service is required to:

- 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;
- 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, are set out in the Accounting Officers' Memorandum issued by the 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, 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 meetings 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 2005 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

3. Capacity to handle risk

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

The risk management policy and an introduction to risk management presentation are 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 endeavoring 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. During 2004-05 we completed the development of an in-house Programme and Project Management methodology which featured an early review by internal audit enabling us to embrace best practice. Senior Responsible Owners of the projects designed to enable Acas to continue to deliver its mission with reduced funding, have completed 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.

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.

6. Significant internal control problems

During the year six payments totalling £56,000 were made to staff which were not in accordance with Treasury Authority. The requirements of Acas' Financial Memorandum and Government Accounting were breached and irregular expenditure was incurred as a result.

In the case of this breach Acas is ensuring that all future potential payments in this category are referred to the DTI for approval in accordance with the Financial Memorandum.

On a wider perspective Acas is currently reviewing its delegated authorities and seeking clarification from the DTI regarding delegations contained in the Financial Memorandum. Following this clarification a new internal Accounting Memo will be issued to communicate clear delegations throughout the organisation.

John E Taylor
Accounting Officer
Acas
26 October 2005

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

I certify that I have audited the financial statements on pages 70 to 88 under section 253 (4) of the Trade Union and Labour Relations (Consolidation) Act 1992. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 73 to 74.

Respective responsibilities of Acas, Accounting Officer and Auditor

As described on page 62, Acas and the Accounting Officer are responsible for the preparation of 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 transactions. Acas and the Accounting Officer are also responsible for the preparation of the Foreword. My responsibilities, as independent auditor, are established by statute, and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are 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, and 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 if, in my opinion, the Foreword is not consistent with the financial statements, if Acas has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 63 to 65 reflects Acas' compliance with Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Acas' corporate governance procedures or its risk and control procedures.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by Acas in the preparation of the financial statements, and of whether the accounting policies are 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 are free from material misstatement, whether caused by error, or by fraud or other irregularity 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 have also evaluated the overall adequacy of the presentation of information in the financial statements.

Unqualified opinion on the truth and fairness of the financial statements and qualified opinion on the regularity of expenditure arising from unauthorised compensation payments made to former employees in respect of termination of employment

As disclosed in paragraphs 16 to 19 to the Foreword, during 2004-05, Acas made compensation payments to six former employees in relation to the termination of their employment. Whilst the circumstances of each case were different, the payments went beyond those that Acas employees, or former employees, are contractually entitled to receive. As such they are deemed to be 'special payments' that require the prior approval of the Treasury under Section 18 of Government Accounting. Acas, however, did not obtain the necessary prior approval before making these payments. Following the identification of these payments during my audit the Treasury, after considering the circumstances of each case, refused to grant Acas retrospective approval for the payments. Accordingly, I have concluded that the six payments amounting to £56,000 do not conform with the authorities that govern them and have not been applied for the purposes intended by Parliament.

Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of Acas at 31 March 2005 and of the net operating cost, recognised gains and losses, and cash flows for the year then ended and have been properly prepared 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.
- except for the expenditure relating to compensation payments made to six former employees referred to above, 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.

Details of this matter are set out in my report on pages 68 and 69.

John Bourn
Comptroller and Auditor General
2 November 2005

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

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

Introduction

1. As part of my audit of Acas' financial statements, I am required to satisfy myself that the expenditure and income shown in the accounts have been applied to the purposes intended by Parliament and conform to the authorities which govern them; that is, they are "regular". In doing so I have regard, in particular, to Treasury authorities and the Treasury Manual 'Government Accounting', which sets out the financial framework within which government entities are required to operate.
2. I have qualified my audit opinion on the Acas 2004-05 financial statements. My qualification arises in respect of the regularity of expenditure owing to the inclusion of six irregular compensation payments totalling £56,000. These payments were made to employees in respect of the termination of their employment.

Background to the Irregular Payments

3. During 2004-05 Acas made compensation payments to six employees in relation to the termination of their employment. Four of the payments were made to settle Employment Tribunal cases involving claims for unfair dismissal and other alleged breaches of employment law in advance of the Tribunal determination. The fifth payment was made in respect of an early retirement case to compensate for untaken annual leave and pay in lieu of notice that exceeded the Approved Early Retirement Scheme terms. The remaining payment represented a severance payment to an individual who, as an alternative to dismissal, was allowed to resign with a settlement as part of a Compromise Agreement.
4. In each case the payments went beyond those that Acas employees, or former employees, are contractually entitled to receive. Payments of this type require the prior approval of the Treasury under Section 18 of Government Accounting. This is because they are classified as 'special payments' and in exceeding contractual entitlements are considered to be contentious. Under the terms of Acas' Financial Memorandum¹ relating to compensation payments Acas should first have referred details of each of the proposed payments to the Department for Trade and Industry (DTI) as the sponsoring department. Had the DTI supported Acas' proposals then they would have sought the necessary approval, on behalf of Acas, from the Treasury.
5. Acas did not regard these payments as novel or contentious and mistakenly believed they had the delegated authority to make such payments without reference to the DTI or the Treasury. Acas therefore did not refer the payments to DTI in accordance with their Financial Memorandum.
6. In each case Acas made the payments because they considered them to represent sound economic and commercial sense. In the four Employment Tribunal settlement cases Acas sought legal advice from the Treasury Solicitors to inform their decision. The advice received in each of the four cases pointed, in Acas' view, to the desirability of settling in advance of the Tribunal determination. However the receipt of legal advice does not obviate the need to obtain formal approval for the expenditure from the Treasury before making such payments.

¹ The Financial Memorandum is the document issued by the Secretary of State for Trade and Industry which sets out the accounting and other rules governing the use of funds provided by Parliament for Acas' activities.

7. Following the identification of these payments during my audit the Treasury, after considering the circumstances of each case, refused to grant retrospective approval for the payments Acas had made. The Treasury considered that, taking account of the wider public interest, the payments did not represent value for money. The DTI agreed with the Treasury's decision.
8. Acas have assured me that they understand the requirements for Treasury approval and, in future, no such payments will be made unless the necessary approval has been obtained before any offers are made to the staff involved.

John Bourn
Comptroller and Auditor General
2 November 2005

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

Operating Cost Statement

for the year ended 31 March 2005

	Note	£'000	2004-05 £'000	£'000	2003-04 £'000
Operating Income					
Grant-in-Aid	2.1	45,462		45,655	
Deferred Government Grant Reserve	2.1	1,648		2,043	
		47,110		47,698	
Other	2.2	2,630		1,779	
			49,740		49,477
Administration Costs					
Staff costs	3.1	30,330		28,860	
Other administration costs	4.1 & 4.2	18,718		20,960	
			(49,048)		(49,820)
Net Operating Income/(Expenditure) before Interest on Capital					
			692		(343)
Interest on Capital	5		(284)		(211)
Net Operating Income or (Cost)			408		(554)

All activities are continuing operations.

Statement of Recognised Gains and Losses

for the year ended 31 March 2005

	2004-05 £'000	2003-04 £'000
Surplus on revaluation of fixed assets (note 14)	628	12
Recognised gains and losses for the financial year	628	12

The notes on pages 73 to 88 form part of these accounts.

Balance Sheet

as at 31 March 2005

	Note	31 March 2005		31 March 2004	
		£'000	£'000	£'000	£'000
Fixed Assets					
Intangible Assets	6.1	613		747	
Tangible Assets	6.2	6,462		5,512	
Total Fixed Assets			7,075		6,259
Current Assets					
Stocks	7	27		22	
Debtors	8	2,831		3,007	
Cash at Bank and in Hand	9	181		(203)	
Total Current Assets		3,039		2,826	
Creditors	10	(936)		(1,491)	
Net Current Assets			2,103		1,335
Total Assets less Current Liabilities			9,178		7,594
Less Provisions for Liabilities and Charges	12.1		(329)		(253)
Total Net Assets			8,849		7,341
Represented by Taxpayer's Equity					
General Fund	13		1,774		1,082
Deferred Government Grant Reserve	14		7,075		6,259
			8,849		7,341

The notes on pages 73 to 88 form part of these accounts.

These accounts were approved on 26 October 2005.

John E Taylor
Accounting Officer
Acas

Cash Flow Statement

for the year ended 31 March 2005

	Note	2004-05 £'000	2003-04 £'000
Net Cash Inflow from Operating Activities		384	(4,099)
Capital Expenditure (a)		(1,836)	(1,286)
Financing – capital additions from Grant-in-Aid (b)		1,836	1,286
Increase in Cash		384	(4,099)
Reconciliation of Operating Cost to Operating Cash Flows			
Net Operating Income/(Cost)	OCS	408	(554)
Adjustment for non-cash transactions	12.1 & 13	493	377
Adjust for cash utilisation of provisions	12.1	(133)	(29)
Adjust for Movements in Working Capital other than Cash	11	(384)	(3,893)
Net Cash Inflow from Operating Activities	9	384	(4,099)
Analysis of Capital Expenditure			
a) Payments to acquire tangible fixed assets	6	(1,836)	(1,286)
b) Purchases via Deferred Government Grant Reserve	14	1,836	1,286

The notes on pages 73 to 88 form part of these accounts.

Notes to the Accounts

for the year ended 31 March 2005

1. Statement of Accounting Policies

1.1 Basis of Preparation

The financial statements have been prepared in accordance with the Resource Accounting 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 31 March 2005 instead of mid year.

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. Leasehold improvements are revalued every four years by a professional estate surveyor.

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

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. Capital Charge

In accordance with Treasury guidance notional interest is charged to the Operating Cost Statement at 3.5%. There is no cost of capital in respect of assets financed by the Government Grant Reserve.

1.9. Pensions

Past and present employees are covered by the provisions of the Civil Service Pension Schemes which are described at Note 3. 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	2004-05 CO/CAC £'000	Total £'000	Acas £'000	2003-04 CO/CAC £'000	Total £'000
Grant-in-Aid received from DTI	45,619	1,679	47,298	45,355	1,586	46,941
Less capital transfer to Government Grant Reserve	(1,836)	0	(1,836)	(1,286)	0	(1,286)
Release from Deferred Government Grant Reserve	1,648	0	1,648	2,043	0	2,043
Grant-in-Aid credit to Operating Cost Statement	45,431	1,679	47,110	46,112	1,586	47,698

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	2004-05 CO/CAC £'000	Total £'000	Acas £'000	2003-04 CO/CAC £'000	Total £'000
Receipts from fees	1,892	19	1,911	1,370	16	1,386
Car lease scheme receipts	40	0	40	45	0	45
Sale of publications etc	98	0	98	101	0	101
Other receipts	579	2	581	246	0	246
Receipts from minor occupiers	0	0	0	1	0	1
	2,609	21	2,630	1,763	16	1,779

The CAC has no Operating Income.

3. Staff

3.1 Staff Numbers and Costs

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

	2004-05					2003-04
	Permanently employed	Others	Ministers	Special Advisors	Total	Total
HO Strategy	39	0	0	0	39	32
HO Programmes	29	0	0	0	29	26
HO Private Office/ Secretariat	5	1	0	0	6	5
HO Operations Policy	35	1	0	0	36	35
HO Human Resources and Life Long Learning	30	1	0	0	31	32
HO Corporate Development and Finance	28	1	0	0	29	30
Regional Offices	718	13	0	0	731	718
Certification Officer	11	0	0	0	11	11
Central Arbitration Committee	15	1	0	0	16	13
Total	910	18	0	0	928	902

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

Acas	2004-05					2003-04
	Permanently employed	Others	Ministers	Special Advisors	Total	Total
Wages and salaries	23,929	368	0	0	24,297	22,918
Social security costs	1,796	19	0	0	1,815	1,759
Other pensions costs	3,103	0	0	0	3,103	3,081
Sub total	28,828	387	0	0	29,215	27,758
Less recoveries in respect of outward secondments	44	0	0	0	44	0
Total Net Costs	28,784	387	0	0	29,171	27,758

CO & CAC	2004-05					2003-04
	Permanently employed	Others	Ministers	Special Advisors	Total	Total
Wages and salaries	945	15	0	0	960	914
Social security costs	76	1	0	0	77	74
Other pensions costs	122	0	0	0	122	114
Sub total	1,143	16	0	0	1,159	1,102
Less recoveries in respect of outward secondments	0	0	0	0	0	0
Total Net Costs	1,143	16	0	0	1,159	1,102

Total Acas, CO & CAC	2004-05					2003-04
	Permanently employed	Others	Ministers	Special Advisors	Total	Total
Wages and salaries	24,874	383	0	0	25,257	23,832
Social security costs	1,872	20	0	0	1,892	1,833
Other pensions costs	3,225	0	0	0	3,225	3,195
Sub total	29,971	403	0	0	30,374	28,860
Less recoveries in respect of outward secondments	44	0	0	0	44	0
Total Net Costs	29,927	403	0	0	30,330	28,860

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 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

For 2004-05, employers' contributions of £3.264 million were payable to the PCSPS (2003-04 £3.100 million) at one of four rates in the range 12 to 18.5% of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions every four years following a full scheme revaluation. From 2005-06, the salary bands will be in a range between 16.2% and 24.6%. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

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

3.2 Remuneration and Pensions

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.

The salaries of the Acas Chairman, the Certification Officer, the Chairman of the Central Arbitration Committee (CAC) and the members of the Acas Council are set by the Senior Salaries Review Body (SSRB). The Acas Chairman and the Certification Officer are covered by pension schemes which are, in all respects, identical to the Principal Civil Service Pension Scheme, but reflect that they are not Civil Servants. No pension contributions are made in respect of Acas Council members.

Members of the Acas Council are appointed by the Secretary of State for Trade and Industry normally for a term of three years. Since May 1998 Acas Council appointments have been subject to open competition in line with the Nolan Committee's recommendations.

The Chairman of the Central Arbitration Committee (Sir M 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.

Four Acas staff and one of the CAC staff are members of the Senior Civil Service and have their salaries set by the SSRB.

Salaries and allowances payable and pension entitlements in 2004-05 were as follows:

	2004-05 Salary, including performance pay (£K) (2003-04, in salary 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 31/03/05 and related lump sum (£K)	CETV at 31/03/04 (nearest £K)	CETV at 31/03/05 (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	63 (60-65)	0	0-2.5	2.5-5 plus 10-15 lump sum	53	71	15	0
Mr D Cockburn	66 (60-65)	0	0-2.5	2.5-5 plus 0-2.5 lump sum	32	46	11	0
Mr JE Taylor	109 (105-110)	0	0-2.5	40-45 plus 120-125 lump sum	671	728	20	0
Mr J Thompson	77 (70-75)	0	0-2.5	35-40 plus 110-115 lump sum	601	636	3	0
Mr A Wareing	64 (60-65)	0	0-2.5	10-15 plus 40-45 lump sum	153	175	12	0
Mr F Noonan	64 (75-80)	0	2.5-5	35-40 plus 105-110 lump sum	634	683	24	0
Mr GS Charles	71 (65-70)	0	2.5-5	25-30 plus 80-85 lump sum	449	491	17	0
Mr T Lippiatt	58 (50-55)	0	2.5-5	25-30 plus 80-85 lump sum	425	479	20	0

Acas Council members	£s
Annual salary	1,505
Daily rate	153
CAC Deputy Chairmen daily rate	412
CAC Members daily rate	233

Salary

(i) '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.

Pension

(ii) 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).

UK Employees get tax relief on their contributions. These 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 up to a maximum of 3/80ths of final pensionable earnings for each year of service or 2.25 times pension if greater. 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. 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% (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

Columns 5 and 6 of the table on the previous page show the member's Cash Equivalent Transfer Value (CETV) accrued at the beginning and the end of the reporting period. Column 6 is the difference between columns 5 and 6 after adjustment of column 4 to reflect the same market valuation factors as used to calculate the CETV at the end of the reporting period, an inflation adjustment factor between the start and end of the reporting period, and less the pension scheme contributions made by the member during the period.

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 Scheme has received a transfer payment commensurate to the additional pension liabilities being assumed. It includes any 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.

Benefits in kind

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

3.3 Pensions and Early Retirement

	2004-05			2003-04		
	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	36	0	36	80	0	80
Provisions for future years:	0	10	10	0	71	71
Costs met by Acas:						
In year	84	0	84	95	0	95
Provisions for future years	0	0	0	0	0	0

4. Other Administration Costs

4.1 Administration Costs

	Acas £'000	2004-05 CO/CAC £'000	Total £'000	Acas £'000	2003-04 CO/CAC £'000	Total £'000
Accommodation costs	6,409	288	6,697	6,801	277	7,078
Travelling and incidental expenses	1,739	16	1,755	1,753	11	1,764
Fees and expenses of arbitrators, conciliators and CAC members	79	59	138	82	55	137
General administration costs	4,926	64	4,990	5,170	63	5,233
Services provided by other Government Departments	75	0	75	83	0	83
External audit fees	48	0	48	24	0	24
Staff training costs	984	4	988	927	12	939
Publications, publicity and research and development costs	1,891	9	1,900	3,319	8	3,327
Conference costs	65	24	89	47	19	66
Legal costs	101	77	178	45	55	100
Bad debts	3	0	3	0	0	0
	16,320	541	16,861	18,251	500	18,751

The external audit fee for 2004-05 represents two years charges.

The breakdown of CO and CAC administration costs for the current year is £223k (CO), £318k (CAC). The breakdown of their net expenditure for the current year is £668k (CO), £1,011k (CAC).

4.2 Non Cash Costs

	2004-05 £'000	2003-04 £'000
Depreciation	1,519	1,601
Loss on disposal of fixed assets	34	269
Loss on revaluation	95	173
Provisions for liabilities and charges	209	166
	1,857	2,209

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.

	2004-05 £'000	2003-04 £'000
Charge in year	284	211

6. Fixed Assets

6.1 Intangible Fixed Assets

	Software Licences £'000
Cost or Valuation	
At 1 April 2004	1,174
Additions	451
Disposals	(130)
Revaluation	(97)
At 31 March 2005	1,398
Depreciation	
At 1 April 2004	427
Charge in year	274
Disposals	(117)
Revaluation	(52)
Adjustments	253
At 31 March 2005	785
Net Book Value at 31 March 2005	613
Net Book Value at 31 March 2004	747

6.2 Tangible Fixed Assets

	Leasehold Improvements	Computer Hardware, Telecomms & Office Mach.	Furniture Fixtures & Fittings	Total
Cost or Valuation	£'000	£'000	£'000	£'000
At 1 April 2004	6,553	3,031	2,172	11,756
Additions	400	943	42	1,385
Disposals	0	(376)	(35)	(411)
Revaluations	444	(139)	75	380
Adjustment	0	(32)	1	(31)
At 31 March 2005	7,397	3,427	2,255	13,079
Depreciation				
At 1 April 2004	2,105	2,611	1,528	6,244
Charge in year	408	615	222	1,245
Disposals	0	(365)	(25)	(390)
Revaluations	39	(92)	47	(6)
Adjustment	0	(412)	(64)	(476)
At 31 March 2005	2,552	2,357	1,708	6,617
Net Book Value at 31 March 2005	4,845	1,070	547	6,462
Net Book Value at 31 March 2004	4,448	420	644	5,512

Valuations of leasehold improvements are performed on a periodic basis by Chartered Surveyors in accordance with RICS requirements. Acas National and Manchester offices were revalued in 2005.

During 2005 Acas installed a new fixed asset register. Whilst migrating the data into the new system the opportunity was taken to correct the closing values where assets had previously been undervalued. This resulted in a net increase in value of £192k [-253 (see note 6.1)-31+476 (see note 6.2) = +£192k] which has been taken to the Government Grant Reserve.

7. Stock

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

	2004-05 £'000	2003-04 £'000
Closing stock	27	22

8. Debtors

	2004-05 £'000	2003-04 £'000
Amounts falling due within one year:		
VAT debtor	253	477
Deposits and advances (staff)	87	99
Other debtors	498	262
Prepayments	1,893	2,091
	2,731	2,929
Amounts falling due after more than one year:		
Deposits and advances (staff)	100	78
	2,831	3,007

9. Cash at Bank and in Hand

	2004-05 £'000	2003-04 £'000
Balance at 1 April	(203)	3,896
Net cash inflow/(outflow)	384	(4,099)
Balance at 31 March	181	(203)
The following balances at 31 March are held at:		
Office of Paymaster General	180	(204)
Cash in hand	1	1
	181	(203)

10. Creditors Amounts Falling Due within One Year

	2004-05 £'000	2003-04 £'000
Sundry creditors	52	532
Accruals	778	692
Deferred income	106	267
	936	1,491

11. Movements in Working Capital other than Cash

	2004-05 £'000	2003-04 £'000
Increase/(Decrease) in stock	5	(174)
Increase/(Decrease) in debtors	(176)	1,526
Decrease/(Increase) in creditors	555	2,541
	384	3,893

12. Provisions and Contingent Liabilities

12.1 Provisions for Liabilities and Charges

	* Future pensions £'000	** Dilapidations £'000	Total £'000
Opening Provisions at 1 April 2004	100	153	253
In period:			
Expenditure during year	(23)	(110)	(133)
Increase/(Decrease) in provisions	123	86	209
Closing Provision at 31 March 2005	200	129	329

* Provision for future years' pensions for former Chairmen.

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

12.2 Contingent Liabilities

There was one Employment Tribunal case against Acas pending at the year end. In the event of the Tribunal finding against Acas it is estimated that the total costs would not be more than £30,000.

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

	2004-05 £'000	2003-04 £'000
Net Operating Income or (Cost)	408	(554)
Income not Appropriated-in-Aid paid via Department of Trade & Industry to the Consolidated Fund	0	0
	408	(554)
Non Cash Charges: Cost of Capital	284	211
Net Increase/(Decrease) in General Fund	692	(343)
General Fund at 1 April	1,082	1,425
General Fund at 31 March	1,774	1,082

14. Deferred Government Grant Reserve

	Note	2004-05 £'000	2003-04 £'000
Balance at 1 April		6,259	7,004
Revaluation during year	6	436	12
Additions to capital	6	1,836	1,286
Release to Operating Cost Statement	2.1	(1,648)	(2,043)
Fixed Asset Adjustment		192	0
Balance at 31 March		7,075	6,259

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 2005.

16. Commitments under Operating Leases

	2004-05		2003-04	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
At 31 March 2005 the service was committed to making the following payments during the next year in respect of operating leases expiring:				
within 1 year	164	23	179	39
between 2 and 5 years	8	53	240	79
after 5 years	3,460	3	3,006	0
	3,632	79	3,425	118

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 cash at bank and in hand and 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 and 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	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
Balances with other central government bodies	477	0	154	0
Balances with local authorities	0	0	26	0
Balances with NHS Trusts	0	0	7	0
Balances with public corporations and trading funds	0	0	0	0
Balances with bodies external to government	2,452	78	1,304	0
Total as at 31 March 2004	2,929	78	1,491	0

20. Losses & Special Payments

As explained in paragraphs 16 to 19 of the Foreword, during the year Acas made six payments to former employees totalling £56,000 which were not in accordance with Treasury Authority and are therefore deemed to be irregular. These payments form part of Acas' general administration costs disclosed under Note 4.1.

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