

Estimating the Economic Impact of Acas Services

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Executive summary

Acas (the Advisory, Conciliation and Arbitration Service) supports and improves workplace relations between employers and employees, in order to drive sustained organisational effectiveness and productivity in Great Britain. To achieve this, Acas provides a range of services offering practical advice and expert support, preventing and resolving workplace disputes. This report presents a review of the impact of these services delivered by Acas on the wider GB economy, based on activities delivered in 2014/15.

There is a clear need in the economy for a third party to work with the parties to disputes, to achieve speedier and more optimal dispute resolution. A key characteristic of such a third party, together with an obvious need for skills and experience in dispute resolution, is that it must be trusted by both parties. Early work considering the role of information in employment relations shows how important asymmetries of information are as drivers of costly industrial action. One of the key roles for third-party conciliators and arbiters is to overcome such asymmetries, using strategic approaches that encourage parties to offer up information in pursuit of more optimal outcomes. Acas, with its strong brand of independence, uniquely fulfils this role.

The main focus of this report is on the economic value of a year of Acas services delivered during the 2014/15 operational year. The starting point for the analysis in this report is the prior review of the economic impact of Acas in 2007 (Meadows¹), which is based on Acas activities delivered in 2005/06. This has been updated in line with key principles of cost-benefit analysis and tackles a number of issues flagged in subsequent reviews with a particular focus on questions of the counterfactual, impacts beyond the first year of Acas intervention, and of displacement and substitution. In addition, new estimates have been provided in service areas that were not included in the 2007 study as well as in new areas of Acas activity, such as new digital channels of service delivery. Whereas previous economic impact analyses were estimated to account for around 70 per cent of Acas service delivery, this report considers approximately 90 per cent of Acas activities, which are grouped into the following categories:

- Dispute Resolution Services (*Collective Conciliation, Conciliation in Individual Employment Disputes, Joint Problem Solving Activities*)
- Training Services (*Open Access Training, Workplace Training, E-learning*)
- Helpline Services (*Telephone Helpline, Webchat*)
- Business Support Services (*Workplace Projects, In-depth Advisory Meetings & Telephone Calls*)
- Online Information and Guidance (*Online Publications, Advice, Guidance & Tools*)

The analysis presented in this report draws on data from the most recent independent evaluations of Acas services as well as economic data from other sources, to give an estimate of the economic benefits of each service considered. These are aggregated, to give an estimate of the overall benefits to the GB economy of Acas. In arriving at these estimates, a conservative approach is adopted throughout to ensure that the economic benefits are not overstated. The estimate presented for the economic impact of Acas and its services is further supported by an econometric analysis (Chapter 10), which provides compelling

¹ Meadows, P. (2007), A Review of the Economic Impact of Employment Relations Services Delivered by Acas, *Acas Research paper*, Ref: NIESR/07

evidence of a causal impact from Acas intervention, overcoming issues flagged in previous analyses around the counterfactual. This provides a strong justification for the attributing of economic benefits to Acas intervention in various areas of the attendant analysis.

Building up from estimates calculated for each area of Acas services provides **an overall benefit-cost ratio of £13 for every £1 invested in Acas services delivered during the 2014/2015 operational year**. This is based on estimated benefits of £653 million, and an annual cost of £51.3 million.

The report provides detailed estimates of economic impact for each individual area of Acas services in Chapters 5 to 9. As in previous analyses, *Acas' Collective Conciliation* activities, resolving disputes between employers and groups of employees (represented by a trade union), generates a particularly high economic impact. This is largely due to the significant 'external' economic benefits which can be realised when disputes in particular sectors of the economy are resolved, particularly in transport disputes. Other services which deliver high ratios tend to be those which are able to reach large volumes of organisations and workers at a low marginal cost, which is the case for *Online Publications, Advice, Guidance & Tools, Open Access Training* and the *Telephone Helpline*.

These observations notwithstanding, it should be borne in mind that the estimate for each service area is underpinned by the strong Acas brand and its position in Acas' suite of services. The report gives consideration to the overall economic value of Acas, as reflected in the value of this brand of independence that has benefited from 40 years of intangible investment; it is speculated that the value of Acas brand equity lies between £25 and £40 million. It follows that caution needs to be exercised when considering any individual service ratio in isolation.

1. Introduction

In 1976 the Advisory, Conciliation and Arbitration Service (Acas) became a statutory body as part of the Employment Protection Act 1975. Though it is largely publicly funded (now by the Department for Business, Energy and Industrial Strategy, BEIS), Acas has always been demonstrably independent of government. It is run by a tripartite Council with equal numbers drawn from employer and employee backgrounds, alongside independent members. This structure has been important in building a brand of independence, with conciliation, advice and support roles working equally for all sides in the employment relationship.

Whilst this report gives some consideration to the economic value of the Acas brand that has benefited from 40 years of intangible investment, the main focus is on the economic value of a year of Acas services, delivered during the 2014-2015 operational year (the latest year for which figures are available). These services are designed to ensure that Acas fulfils its statutory duties and key functions, including:

- A general duty to promote the improvement of industrial relations, which in turn prevents employment disputes;
- A specific duty to offer conciliation, mediation or arbitration to help settle collective disputes;
- A duty to offer conciliation in the majority of claims submitted to an Employment Tribunal, including the appointment of individual conciliators. In April 2013, Acas introduced Early Conciliation (EC). Potential Employment Tribunal (ET) claimants must formally notify Acas before submitting an ET1 (Employment Tribunal form) and at this point they will be offered EC;
- The provision of advice (on request or otherwise) concerned with employment relations;
- The issue of Codes of Practice, and other documents that promote good practice, for the purposes of promoting the improvement of industrial relations.

1.1 Background to economic impact assessment of Acas

In 2007 a cost-benefit model was developed to capture the economic impact of Acas services delivered during the 2005/06 operational year (Meadows, 2007). This study reported that each pound spent by Acas generated around £16 of direct and immediate benefit to the UK economy.

The first review of Meadows' analysis was carried out by HM Treasury and the then Department for Business, Innovation and Skills (BIS) in 2009/10 as part of the Public Value Programme (PVP), and focused particularly on issues of the counterfactual. BIS / HM Treasury viewed the PVP Cost Benefit Analysis (CBA) estimates to have 'built on' Meadows (2007), but ultimately recognised that their own adjustments to accommodate issues of the counterfactual were 'arbitrary' (simply, "reducing estimates where the counterfactual is uncertain by fifty percent"²; BIS PVP Report to Treasury, 2010). Based on the 2007/08 operational

² The exception is the proportion of ET claims that are avoided as a result of employee calls to the helpline, which was reduced by a quarter. This was based on Acas helpline survey evidence, as reported in *Acas Research and Evaluation Section & BMRB Social Research* (2004), "Acas Telephone Helpline: Findings from the 2004 Customer Survey".

year, the PVP review calculated a benefit-cost ratio of between £9.2 and £15.8 for every £1 invested in Acas (with the lower estimate reflecting a more conservative '50 per cent' approach to the counterfactual).

The method for assessing economic impact in a subsequent 2013 Triennial Review was unchanged from the BIS PVP report to HM Treasury in 2010, and this produced estimated benefit-cost ratios (for the 2010-11 operational year) of between £11.8 and £21.6. The 16-to-1 benefit-cost ratio originally estimated by Meadows sits somewhere in the middle of this range calculated from the Triennial Review.

1.2 Updating the economic impact framework

Urwin (2012) provides a starting point for consideration of many issues raised as part of these subsequent reviews³. The author first details the market failures that motivate government intervention in aspects of the employment relationship; and then considers the role that Acas performs in tackling these market failures. This provides a framework for the categorisation of Acas services, which are broadly in line with strategic and operational realities, as well as market failure categories. Within each category of Acas services we can then consider the nature of hypothesised benefits arising from intervention and tackle the issues that have been flagged in studies of Acas' Economic Impact.

Essentially, the starting point for analysis in this report is very much in line with the original approach of Meadows. The approach draws on the 'top-down' approach of Urwin (2012); within which it locates the more 'bottom-up' approach of Meadows and subsequent reviews. The development of a clear economic framework, working down from arguments of market failure, to those of intervention and then to hypothesised benefits, mitigates the potentially subjective nature of CBA. As Boardman et. al. (2011) underline, CBA is a normative tool and in such a context we need clarity on motivations for intervention and the subsequent hypothesised benefits, if we are to avoid a form of Cost-Benefit arms race. This is especially true in the absence of clear evidence on causal inference, where '*additionality logic chain*' approaches⁴ can result in very different outcomes, depending on which stakeholders are surveyed⁵.

Acas face particularly acute challenges when attempting to estimate the causal impact of its services. The statutory nature of Acas services and the voluntary nature of Alternative Dispute Resolution (ADR) make it particularly difficult to create comparable control (or comparison) groups which do not receive the intervention (and who therefore experience outcomes that may approximate the counterfactual⁶). As a result Acas have utilised alternative methods (including the

³ Urwin, P. (2012), *A framework for Estimating the Economic Impact of Acas Services*, informs much of the discussion in Acas Research and Evaluation Section (2014), *Measuring the Value and Impacts of Acas*, Ref: TRI/14

⁴ See for instance, PA Consulting & SQW Ltd. (2006)

⁵ In such approaches there is also the potential for only those with more favourable views on impact to feed into the process of development.

⁶ For instance, taking the example of Employment Tribunal (ET) cases, we cannot assume that all ET cases resolved before a full hearing are attributable to Acas intervention. Some would have been resolved early even without the help of Acas. Previous studies of Acas' Economic Impact provide robust guidance on how to value the costs and benefits arising from early resolution of an ET case; but methods for estimating the proportion of early-

self-assessment approaches used by economics consultants and the then Department for Business, Innovation and Skills (BIS)⁷, now known as BEIS), and this report utilises a range of estimates from Acas-commissioned studies, alongside outcomes from an econometric analysis of Workplace Employment Relations Study (WERS) data in Section 10. The analysis in Section 10 should be seen as producing evidence that ‘complements’, rather than ‘substitutes’, the estimates of impact gleaned from Acas-commissioned studies – it provides evidence of a causal impact arising from Acas services that has been missing from previous studies.

The 2007 framework has subsequently been expanded and updated in line with key principles of CBA (Boardman, Greenberg, Vining and Weimer, 2011; HMT Green Book, 2011) and much of the work undertaken represents a further updating, based on data from recent Acas-commissioned evaluations carried out by independent researchers. In addition, this analysis extends to service areas that were not included in the 2007 study, such as *Workplace Training*, as well as new areas of Acas activity, such as *Helpline Online* (considered within the category of *Online Publications, Advice, Guidance & Tools*) and *Webchat*.

This analysis also tackles a number of issues flagged in reviews subsequent to Meadows, with a particular focus on questions of (i) the counterfactual, (ii) impacts beyond the first year of Acas intervention⁸; together with (iii) questions of displacement and substitution, as we scale impacts to a whole-economy level. More specifically:

The Counterfactual:

Using WERS 2004 and 2011, the analysis in this report follows 989 workplaces between 2004 and 2011. Using questions relating to the levels of dispute in a workplace and indicators of Acas engagement, a matching-with-difference-in-differences approach is adopted to identify possible causal impacts from Acas interventions. This has the potential to overcome unobservable and observable differences between the treatment and control groups described above, as long as the unobservable impacts are time invariant.

Impacts beyond the first year of Acas intervention:

The analysis of WERS may be taken as evidence that impacts are enduring beyond the first year. In previous studies of Acas’ Economic Impact, for the majority of services, only “proximal” impacts are captured, and there is a case for considering the inclusion of “intermediate” and more “distal” outcomes⁹. However, as with consideration of issues of the counterfactual, the lack of a clear point of Acas treatment (and specifics of that treatment) in our econometric analysis limit the extent to which we can directly draw on this analysis to create estimates of second and third round impacts. Therefore, in order to be conservative, we follow the approach of previous studies in only capturing immediate impacts.

resolved cases that can be attributed to Acas have faced criticism from economists.

⁷ See for instance, Collins, D. and Balarajan, M. (2011), “Survey questions for impact evaluations which rely on beneficiaries self-assessment: evidence and guidance”, Prepared for the *Department for Business Innovation and Skills*

⁸ For the majority of services considered in previous studies, only “proximal” impacts are captured, and here we consider the case for inclusion of “intermediate” and more “distal” outcomes. For more detail see, Acas (2010), *Measuring the Economic Impact of Acas*, Oct.

⁹ For more detail see, Acas (2010), *Measuring the Economic Impact of Acas*, Oct.

Displacement and substitution:

When scaling impacts to the whole GB economy, the analysis looks to limit concerns over displacement and substitution. For instance, only cases where there is some degree of natural monopoly are considered when estimating the external impacts of *Collective Conciliation*, so that the productive output lost to a day of strikes is truly 'lost'. Avoidance of a strike in these cases has a clear impact on the overall productive capacity of the economy (the 'Production Possibility Frontier').

Finally, this report flags concerns over possible double counting when considering certain aspects of Acas online delivery such as Acas online guidance, *E-Learning*, *Helpline Online* and the *Acas Model Workplace Tool* and discounts impacts in this area substantially to counter such concerns.

Furthermore, in order to remain cautious, the analysis focuses solely on 'active' rather than 'passive' online activities – for instance, metrics such as the number of users/followers on social media platforms are not considered – but for the future it is recommended that Acas commission specific research to (i) better capture the full range of impacts associated with online and digital delivery and (ii) shed light on the sort of end-to-end online journeys that employees and employers take when engaging with Acas online content. Being able to fully capture and monetise the economic benefits of the suite of online services becomes increasingly important as Acas adopts a 'Digital First' strategy to service development.

1.3 Structure of the report

Having introduced the study, Section 2 sets out the activities undertaken by Acas which are considered in this report and flags a number of additional issues that have been raised in reviews subsequent to the 2007 study.

Section 3 sets out the market failures that motivate government intervention in workplace employment relations, and describes the role that Acas plays in tackling these. Central to this role in tackling market failure is Acas' brand of independence and the value of the integrated business model of services which is also considered in this section.

Section 4 provides a summary overview of the estimated impacts identified across all Acas services during the 2014-2015 operational year, as a result of the analyses described in Section 5 (Dispute Resolution Services); Section 6 (Training Services); Section 7 (Helpline Services); Section 8 (Business Support Services) and Section 9 (Online Information and Guidance). More detail on the figures underpinning calculations in Sections 5 to 9 can be found in the Appendix.

Section 10 then provides an outline of the findings from an econometric analysis of the 2004-2011 panel of organisations from WERS¹⁰.

Section 11 concludes with a discussion of the overall impact estimate, alongside consideration of issues such as the counterfactual and dynamic (second and third round) impacts.

¹⁰ This utilises a *matching with difference-in-differences* approach to identify the causal impact of Acas interventions using the 989 panel of organisations for whom we have responses to the WERS Management Questionnaire between 2004 and 2011.

2. Updating the Analysis of Acas Services

Since 1994, Acas has maintained an ongoing programme of monitoring and evaluation, exploring its services from the perspectives of customers, in terms of satisfaction, perceived efficiency, responsiveness, effectiveness and impacts. This report draws extensively on this evidence base, which comprises regular quantitative surveys, in-depth qualitative explorations, case studies and analysis of management information (MI) data.

Acas currently employs around 800 (full-time-equivalent) staff, who work across a range of services, to meet its various duties. The integrated nature of Acas, as a business approach, offers the potential for 'spillover' benefits. The one-stop-shop nature of Acas means that users can move seamlessly between services, referred quickly to those most appropriate to their needs; it better reflects the realities of workplace conflict, where the duties of Acas are often overlapping and distinctions blurred; and it allows flexibility of staffing and knowledge transfer across functions.

These potential spillover benefits are another aspect of economic value that are considered in this report, not least because this business integration benefits from, and further re-enforces, the Acas brand. However, as with the question of Brand, the integrated business model is something explicitly considered when focusing on the value of Acas in Section 3.2.

2.1 Overview of Acas services

The majority of the report, from Section 5 to Section 9, is focused on development of a cost-benefit model that estimates the value of Acas activity delivered over the 2014-2015 operational year. The approach here is to disaggregate Acas activities into constituent parts, considering each service separately, rather than as part of a whole integrated business model. More specifically, Acas services are considered within the following five broad clusters of activity for the purposes of this cost-benefit analysis.

(A) Dispute Resolution Services

Collective Conciliation:

The purpose of Acas' *Collective Conciliation* service is to help resolve disputes between employers and groups of employees (represented by a trade union) to improve employment relations and avoid industrial action, such as strikes. Often Acas become involved when the parties have exhausted internal procedures and are still unable to resolve the issue or when there has been a breakdown in communication between the parties. No charge is levied on the parties for use of this service.

In the 2014/2015 operational year, Acas received 1,371 requests for *Collective Conciliation*. As part of the calculations, the 858 requests for collective conciliation received in 2013/2014 are also considered; creating average annual impacts in cases where both years are considered. This mitigates against variability in the nature of collective disputes from one year to the next.

Conciliation in individual employment disputes:

Those considering submitting an Employment Tribunal (ET) claim must first notify Acas of their intention to do so by lodging an Early Conciliation (EC) notification.

Acas then offers to conciliate to try to resolve the matter. Where a case is not resolved at EC, the claimant is able to submit an ET claim after which Acas has a statutory duty to offer conciliation to the parties to try to resolve the matter to prevent a full ET hearing. Throughout this report this whole process is referred to as '*Conciliation in Individual Employment Disputes*'. No charge is levied on the parties for use of this service.

In the 2014/2015 operational year, 83,423 EC notifications were received by Acas and 18,830 ET claims were copied to Acas for individual conciliation.

Joint Problem Solving Activities:

Joint Problem Solving Activities describes fee-waived projects carried out by Acas Senior Advisers that look to find solutions to workplace problems. These interventions are directly linked to disputes and are often agreed as part of the settlement to a collective conciliation. *Joint Problem Solving Activities* are delivered inside workplaces involving management and employee representatives with the aim of improving employment relations.

In the 2014/15 operational year, Acas delivered 104 Joint Problem Solving Activities.

(B) Training Services

Open Access Training:

Acas runs a series of charged-for *Open Access Training* events on a range of employment relations topics. These events train managers and employee representatives to increase confidence, knowledge and skills to promote / enable effective employment relations.

In the 2014/15 operational year, Acas delivered 1,286 *Open Access Training* events reaching a total of 11,995 delegates.

Workplace Training:

Acas delivers charged-for training on a range of employment relations topics. *Workplace Training* is tailored to meet the specific needs of individual workplaces: it trains managers, employees and employee representatives from the same organisation to increase confidence, knowledge and skills to promote / enable effective employment relations.

In the 2014/2015 operational year, Acas delivered 1,078 *Workplace Training* courses reaching a total of 19,937 trainees.

E-learning:

Acas has developed a suite of free, online training modules known as *E-learning* on a range of employment relations topics. As with *Open Access Training*, these online modules are designed to help train managers and employees to increase confidence, knowledge and skills to promote / enable effective employment relations.

In the 2014/15 operational year, there were 14,750 registrations to use Acas' *E-learning* modules.

(C) Helpline Services

Telephone Helpline:

The Acas national *Telephone Helpline* provides free and impartial advice to employers, employees and their representatives on employment relations issues to help prevent and resolve workplace problems.

In the 2014/15 operational year, the Acas Helpline answered 903,679 calls.

Webchat:

Webchat is an online service accessed by employers, employees and their representatives which offers free and impartial advice on employment relations issues to help prevent and resolve workplace problems. Acas advisers respond in real time via a text-based digital platform to deal with employment relations enquiries.

In the 2014/15 operational year, Acas piloted the use of *Webchat* allowing 2,672 real time text-based conversations.

(D) Business Support Services

Workplace projects:

Workplace Projects describe interventions carried out by Acas Senior Advisers that look to find solutions to workplace problems. As with *Joint Problem Solving Activities*, *Workplace Projects* are delivered inside workplaces and involve both management and employee representatives. They cover a range of topics related to improving employment relations, such as building trust and developing capability of management / employees / representatives.

In the 2014/15 operational year, Acas delivered 135 *Workplace Projects* which were offered on a charged-for (cost recovered) basis.

In-depth Advisory Meetings & Calls:

In-depth Advisory Meetings & Calls is a service accessed by employers which offers advice and guidance to address employment relations issues within the workplace. The service is delivered primarily on a fee-waived basis, via a combination of telephone and face-to-face meetings, depending on the particular issues being considered.

In the 2014/15 operational year, Acas undertook 1,628 *In-depth Advisory Meetings* and 3,549 *In-depth Advisory Calls*.

(E) Online Information and Guidance:

Online Publications:

Many individuals access the Acas website to download publications / codes of practice or access other information and guidance hosted on the website. During the 2014/2015 operational year, there were 1,016,371 downloads of Acas *Online Publications* which offer guidance on employment relations.

Helpline Online:

Helpline Online is an online service accessed by employers, employees and their representatives which offers free and impartial advice on employment relations issues to help prevent and resolve workplace problems. *Helpline Online* uses search algorithms to match individuals to the employment relations information they require. In the 2014/15 operational year, there were 531,712 *Helpline Online* user sessions.

Acas Model Workplace (AMWP) tool:

The *Acas Model Workplace Tool* is a free, easy-to-use online tool which can be used to check the employment relations 'health' of an organisation. During the 2014/2015 operational year there were 1,789 *AMWP* registrations.

In the calculations that focus on *Online Information and Guidance*, it is important not to double-count impacts, as a visit to the Acas website holding information and guidance may also be associated with the downloading of a related *Online Publication*, a use of the *AMWP* tool or *Helpline Online*. For instance, the way the *AMWP* tool is used, seems more closely aligned to publications, codes of practice and general information/guidance (Berry-Lound and Holland, 2014).

More generally, when considering each of the Acas services, there is necessarily some overlap. For instance, *In-depth Advisory Meetings & Calls* focus predominantly on provision of expert advice and guidance, and might at first be considered as a form of 'dispute prevention'. However, it is also possible that any advice will relate to an ongoing collective dispute and therefore the focus is partly on resolution. Meadows drew on the analogy of the Fire Service to distinguish *prevention* (improving fire safety), from *resolution* (putting out fires); and emphasised the particular challenges faced when estimating impacts from preventative activities.

2.2 Notes on analysis

This report has already considered a number of issues arising from previous estimates of Acas' economic impact, including questions of the counterfactual and second/third round impacts. This section notes additional issues that have been flagged at various points in the review process, together with the action taken to tackle them:

- a. HM Treasury and BIS in 2009/2010 as part of the Public Value Programme (PVP) flagged (a) the need to produce a range of estimates¹¹ (b) to use appropriate trend productivity¹²/labour cost estimates¹³ and (c) to only include

¹¹ The only service where sensitivity analysis has not been previously applied, is Collective Conciliation. This was deemed appropriate as the size and impact of large scale industrial disputes varies a great deal from year to year. We estimate impacts across two years, and take the average, further mitigating any concerns over estimated impacts in this area.

¹² Self-reporting of trend productivity in Acas surveys used in the 2007 model, was considered high [at 7%]. The recommendation was to adjust this to 2.5% and, in line with subsequent reviews, we adopt this change.

¹³ Non-wage labour costs have been reduced from 28 to 20 per cent, to bring the study into line with the levels used by BEIS and other government departments in impact assessments.

in-scope helpline calls¹⁴; and these are all recommendations incorporated into our analysis.

- b. In previous estimates of Acas' economic impact, there is an assumption that improvements brought about by Acas Services have effectively been achieved without any resource costs. For instance, the direct and opportunity costs to management and employee representatives of engaging with Acas as part of *Joint Problem Solving Activities* that aim to improve employment relations, are not accounted for. For those cases where Acas intervention does not secure resolution, it is perhaps easier to see why there may be a concern over omission of costs arising from engagement with Acas. But even in those cases where Acas does secure resolution, there is still an offsetting cost of engagement (though it is likely to be relatively small, compared to the staff time saved from avoidance of an ET Claim)¹⁵.
- c. Counteracting this, there is extensive evidence that even when an Acas intervention does not result in, for instance, the avoidance of an ET claim, there is a high probability that Acas intervention will move the parties closer to resolution from their initial positions, and/or provide them with a clearer idea of their position (reducing the time and costs associated with subsequent ET discussions). For instance, Downer, Harding, Ghezelayagh, Fu and Gkiza (2015) find that 60 per cent [of those who fully engage with the EC stage of *Conciliation in Individual Employment Disputes*] reported that Acas had been important in bringing parties together, even though they did not reach a settlement¹⁶. As the authors find, this "shows that in the majority of cases, participation in EC brought parties closer together, regardless of the final outcome".

We assume that the costs not included under b. are more-than-offset by the benefits under c. and take a cautious approach by omitting both.

- d. The Survey of Employment Tribunal Applications (SETA) is used extensively to provide estimates in the cost-benefit model. SETA provides both mean and median values for some of the quantitative survey results used. In some cases there is a large discrepancy between the two, suggesting a skewed distribution. Taking either measure as a representative figure carries risks. To reflect this uncertainty, the difference between SETA means and medians are reflected in the higher and lower estimates (mean in higher, median in lower) where appropriate.

¹⁴ The number of calls to the telephone Helpline was reduced by 3% from the total in subsequent reviews (and by 3.8% in the 2012/2013 refresh), to correct for out-of-scope calls that do not have any impact. We use a figure of 3.7%, taken from the 2015 Acas Management Information, and go further in ensuring that only 'relevant' calls are counted.

¹⁵ Our approach to *Conciliation in Individual Employment Disputes* may be considered as taking into account some of the costs of engagement, but this is driven by data availability. We take into account the cost of managers engaging with *Early Conciliation*, when calculating the savings from cases avoided at the EC stage, as some of these cases would have been resolved by Acas post-claim. For instance, to calculate the savings from cases avoided at the EC stage, we estimate what proportion of these avoided cases would otherwise have been cleared by Acas post-claim. The management time saved, by resolution of one of these cases at EC, is calculated as the average management time spent on an ET claim, minus the management time on a claim settled at EC. Ultimately, this is a data issue, as we simply do not have estimates of the management time spent on ET cases, in the EC context.

¹⁶ See for instance, the evaluation of Early Conciliation by Downer, Harding, Ghezelayagh, Fu and Gkiza (2015) and TNS BMRB (2012), "Why Pre-Claim Conciliation referrals become Employment Tribunal claims", *Acas Research Paper 14/12*,

- e. There has already been some mention that the 2007 cost-benefit model included around 70 per cent of Acas services. The analysis in this report is expanded to consider a number of new services; some of these existed in 2007 but were excluded due to a dearth of available evaluation data on the particular service's impact (since collected), and others which are new areas of service delivery. More specifically, this analysis includes: (i) an expanded approach to evaluate *Conciliation in Individual Employment Disputes* to incorporate *Early Conciliation*, (ii) *Joint Problem Solving Activities*, which were previously considered as part of *Workplace Projects*, (iii) *Workplace Training*, (iv) *E-learning*, (v) *Webchat*, (vi) *In-depth Advisory Meetings & Telephone Calls*, (vii) *Helpline Online*, which is considered within the category of *Online Publications, Advice, Guidance & Tools*, (viii) *Acas Model Workplace Tool*, which too is considered within the category of *Online Publications, Advice, Guidance & Tools*. It is estimated that the approach in this analysis accounts for approximately 90 per cent of the service delivery in 2014-2015.
- f. Finally, in all studies to date, there is a focus on capturing benefits that derive from the opportunity cost of time. For instance, management time is saved if Acas conciliation resolves a dispute earlier than would otherwise have been the case. The value of this time saved is estimated using the hourly wages of managers, as this is taken as a good estimate of the opportunity costs of their time. Some studies find that the productivity of an individual is a multiple of their wage – for instance, the analysis of Dearden, Reed and Van Reenen (2005)¹⁷ implies that it could be twice the value of an individual's wage. However, evidence on productivity impacts is limited and therefore in this analysis a cautious approach is retained, estimating benefits according to the time saved - as reflected in the average wage of the individual, rather than their productive capacity, which is a multiple of their wage.

¹⁷ Dearden, L., Reed, H., and Van Reenen, J. (2005), "Estimated Effect of Training on Earnings and Productivity, 1983-99", *CEP Discussion Papers*, LSE.

3. Market Failure and Acas' Brand of Independence

To tackle some of the key issues flagged in the introduction and provide a clear justification for decisions made in the estimation of costs and benefits, this section describes the overall economic framework for the analysis which follows (drawing on Urwin, 2012) and also considers the role that Acas' brand of independence plays in tackling these market failures.

3.1 Market Failure

One of the key economic criteria influencing a government's decision of whether to intervene in the economy is the extent to which we observe market failure. Market failure generally occurs where individuals, organisations and other economic agents make decisions that are not 'optimal' (in an economic sense), when left to their own devices. This tends to happen because in certain areas of social and economic activity, the market does not do an effective job of communicating the correct information to these economic agents.

The situation is best explained with an example. Government intervenes in the area of health and medicine because left to its own devices the market does not allocate resources efficiently. In most cases where we talk of 'efficiency' we are looking for a situation where individuals and organisations are making well-informed decisions on their purchasing and production activities because they are taking into account all of the relevant costs and benefits of their actions. In the case of health care, the market mechanism would likely result in individuals purchasing too little because they only consider the costs (paying for the service) and benefits (curing their ills) to themselves. They do not take into account the positive benefits which 'spillover' to others in society when they decide to receive some form of treatment - for instance, a vaccine against flu, which benefits the individual, but also lowers the probability that others will get flu (a benefit that spills over to others, or an 'externality' in the terminology of economists).

A variety of market failures are observed in the area of employment disputes. For instance, as Urwin (2012) details, left to their own devices it is likely that parties to a conflict will arrive at a solution, but in many cases the journey to such a solution will be costly and protracted. The final outcome may only come about after long periods of industrial action and/or the withholding of pay. Also, any 'solution' is potentially short-lived, as resolution through conflict will not necessarily tackle issues at the heart of the conflict (and they are therefore likely to resurface). More specifically, when applying the lessons from Game Theory, there is extensive evidence that, left to their own devices, two (seemingly rational) parties to a dispute will arrive at outcomes that are sub-optimal¹⁸.

This game theoretical approach provides insights into the strategic barriers that exist to successful negotiation and resolution of conflict, alongside the psychological, organisational and institutional barriers that are also likely to impact. Left to their own devices, both parties pursue strategies that are seemingly optimal (from the individual perspective), but which result in outcomes that are worse than those achieved under cooperation.

¹⁸ See for example, Ross, L., Tversky, A., Arrow, K., Mnookin, R. and Wilson, R. (1995), *Barriers to Conflict Resolution*, W.W. Norton & Co.

There is a clear role here for a third party to work with the parties to a dispute, to achieve speedier and more optimal resolutions. A key characteristic of such a third party, together with an obvious need for skills and experience in dispute resolution, is that it must be trusted by both parties. Early work considering the role of information in employment relations¹⁹ shows how important asymmetries of information are as drivers of costly industrial action. One of the key roles for third-party arbiters and conciliators is to overcome such asymmetries, using strategic approaches that encourage parties to offer up information in pursuit of more optimal outcomes. **Only a body with a strong brand of independence (trusted by both sides) will have any chance of fulfilling such a role**²⁰.

Ultimately, the market failure described here is one that is closely related to incomplete or asymmetric 'information'. Returning to the original consideration of market failure, it is hopefully clear that if information is in some way restricted or incomplete, then the market mechanism is less able to achieve efficient outcomes. However, it is important to note that within the context of dispute resolution, simply overcoming such informational barriers does not solve the problem. Two parties to a dispute with full information (for instance, on the other side's position) still have the potential to arrive at sub-optimal outcomes²¹. The skill of conciliation is the use and strategic deployment of such information, to arrive at enhanced (pareto-improved) outcomes; rather than simply the provision of unfettered access to such information.

Within the context just described it is quite possible to imagine that parties to a dispute will recognise the potential benefits from employing an independent third party (especially in repeated 'games'). However, we would be unlikely to observe the creation of organisations providing such 'third party' services within a free-market context, again because of problems of information. Unfortunately, markets are not good at creating 'demonstrably' independent bodies, trusted by both sides to a dispute. This can be seen as an example of the Principle-Agent problem²², with both parties to a dispute wishing to employ a third party only if it acts in their own interests. Even if there were some way of doing this contractually (i.e. aligning the principle's interests with the agent's incentives) they would simply transfer all the problems inherent in our previous game theoretic situation to this new context. This is a market failure that was apparent in the recent financial crisis, with seemingly independent ratings agencies providing ratings for organisations (at a price), which have subsequently turned out to be biased upwards²³.

To summarise, there is a clear market failure here, in that left to their own devices parties to a dispute will take longer to arrive at resolutions and many outcomes will be sub-optimal (for both the parties and wider society). When we consider the

¹⁹ Hayes, B. (1984), "Unions and Strikes with Asymmetric Information", *Journal of Labor Economics*, Vol. 2, No. 1; pp 57–83.

²⁰ It is important to note that such 'demonstrable' independence is also key in overcoming psychological, institutional and organisational barriers to conflict resolution.

²¹ In fact, full information of the other party's 'position' has the potential to worsen the situation (ibid.).

²² For more detail, see for instance, Sappington, D. (1991), "Incentives in Principal-Agent Relationships", *Journal of Economic Perspectives*, Volume 5, No. 2; pp 45-66.

²³ Credit rating agencies have tended to rely on business models where ratings are either provided only to 'subscribers' (those paying a fee) or one where the organisation in question pays for the rating. In both models there is a conflict of interest, as the incentive is to provide more favourable ratings to those who pay (directly or indirectly).

creation of bodies that would be able to fulfil a 'third-party' role to improve outcomes, we cannot turn to the market mechanism to create such 'demonstrably' independent bodies. For similar reasons the creation of a government department can be seen as insufficient, as demonstrable independence includes the need for independence from Ministers; and outsourcing to commercial bodies similarly has the potential to undermine confidence in the Acas brand of independence. Delivery of dispute resolution services (whether Collective or Individual) through Acas stands out as the only option amongst alternatives, as it has the required brand of independence, developed over forty years.

This discussion continues in Section 3.2, which considers the importance (and economic value) of this Acas brand and the related issue of the integrated business model. Also, Section 5 draws on this initial discussion when constructing estimates of economic impact in the areas of Collective and Individual *Dispute Resolution Services*.

3.2 The Acas Brand and Integrated Business Model

Research commissioned by Acas²⁴ shows that awareness of Acas amongst employers and employees is high. In a representative survey, 70 per cent of employers suggested they knew at least a little about Acas, and this figure makes Acas "better known amongst this group than Investors in People (IIP), the Chartered Institute of Personnel and Development (CIPD), and the Department of Business, Innovation and Skills (BIS)". The figure for awareness amongst employees is 56 per cent and taken together this suggests a high level of brand recognition amongst the relevant client groups.

Furthermore, as a paper from the Acas Research and Evaluation Section underlines (ibid.), other work undertaken on behalf of Acas²⁵ has established that (unprompted) keywords associated with Acas are *neutral, impartial, reliable, reputable, helpful, knowledgeable, worthy, trustworthy, and positive*. It would seem that communication of the messages above has been effective in the past, as impartiality is seen as a key characteristic associated with the Acas brand. For instance, Downer et. al. (2015) report that, "nearly three quarters (73 per cent) of claimants (and their representatives) felt that the Acas conciliator had been 'even handed' in the way they dealt with the case" at the EC stage; and when parties to a collective dispute were asked the extent to which they agreed that the *conciliator had remained impartial*, an average score of 4.64 was recorded (with 5=strongly agree, and 1=strongly disagree).

Brand is a 'reputational asset'²⁶ which has been 'developed over time so as to embrace a set of values and attributes'²⁷, resulting in a 'powerfully held set of

²⁴ Cameron, D., Charlton, A. and Clemence, M. (2014), "Researching the current and potential reach of Acas services: employer and employee tracker surveys", *Acas Research Paper* Ref: 11/14.

²⁵ Involving ten focus groups convened and analysed for Acas by Cragg Ross Dawson.

²⁶ Giorgio Marrano, Haskel and Wallis (2007). For some of their analysis of brand, Giorgio Marrano et. al. (2007) draw on the work of Corrado, Hulten and Sichel (2005).

²⁷ John Murphy founder of *Interbrand*, as quoted in British Brands Group (2004).

beliefs by the consumer [client]' and a range of other stakeholders²⁸. There have been many academic studies estimating the financial value of brand to companies operating in the private sector (Feldwick, 1996; Biel, 1997; Sexton, 2000; Hupp and Powaga, 2004; Argyriou et. al., 2006; White, 2007; Gerzema et. al. 2007). For instance, *Forbes* estimate the value of the Apple brand at \$145 billion, the most valuable in the world; with Microsoft (\$69 bn) and Google (\$65 bn) in second and third place. The values placed on these reputational assets, are often much larger than the values of traditional physical assets found on organisational balance sheets.

According to the information economics literature, a strong brand name works as a signal of quality for imperfectly informed buyers and generates premiums that are a return to brand investments undertaken by the firm²⁹. The valuation of brand equity may include market share, profit margins, and various measures of consumer recognition (including quality associated with the brand). The Acas brand is recognised and trusted – as such it has a value that can be viewed as the outcome of intangible investment over many years. For instance, every year Acas receives free advertising in its role as a conciliator in high profile collective disputes. The ability of Acas to be 'in the news, but not the news' has helped to build a brand of independence and impartiality over 40 years.

This stock of brand equity provides a return each year, via the activities of Acas advisers - the signal of 'independence' that it communicates better ensures economic impact from the activities of individual Acas conciliators, mediators and advisers, as they carry out their duties. The parties to a dispute need to be convinced that conciliators are independent, as this is required to overcome some key market failures highlighted in Section 3.1 - the Acas brand is an essential signal of this demonstrable independence. This section does not consider the technical detail required to estimate a specific value for the Acas brand, but we can get some idea of its potential magnitude by considering existing brand valuations.

Consider, for instance, some of the *Forbes* estimates from 2015 for companies that may be seen to deliver 'consulting' services in a similar way to Acas. For instance, *Accenture's* brand equity is estimated at \$12 bn, and this sits alongside a market capitalisation of \$63.5 bn; annual sales of \$32.8 bn and 323,000 employees. *Thomson Reuters* has an estimated value of \$7.8 bn for its brand equity; a market capitalisation of \$33.2 bn; \$12.6 bn in sales and 53,000 employees. As Moore and Craig (2008) find, "for companies with consumer products or services, the value of all their brands is typically 50 to 70 per cent of the firm's market capitalization (i.e. the organisations net worth). For companies with industrial products or services, [it is] about 10 to 20 per cent of market capitalisation". Unfortunately, we do not have a market capitalisation for Acas from which to speculate on a possible value for Acas' brand equity.

However, the value of the *Accenture* brand is approximately 37 per cent of annual sales, whilst for *Thomson Reuters* the value of brand is around 62 per cent of sales. Fifty per cent is almost exactly in the middle of these two proportions and therefore we might suggest that the value of Acas brand equity is not less than £25.5 million

²⁸ Frank Auton, *The Marketing Council* (2000).

²⁹ Urwin, P., Karuk, V., Hedges, P. and Auton, F. (2008), "The Role of Brands in UK Economy and Society", Commissioned by the British Brands Group

(around half of the £51 million Acas annual expenditure). This is likely to be a lower bound, as we are only working from a cost-base (of £51 million), rather than the actual value of sales; the level of brand recognition is clearly very high (as suggested by the research detailed above) and the Acas brand has benefited from around 40 years of development, around the same core values (of independence and impartiality). We could therefore reasonably speculate that the value of Acas brand equity lies between £25 and £40 million.

In creating brand, which is a reputational asset, it can be argued that everyone in an organisation has a part to play in protecting and shaping that reputation. This not only includes the extent to which a service delivers the promised benefits to its customers, but also how the telephonist answers the phone and how staff interact with clients. In many institutions such as Acas, brand serves as a guiding principle aligning corporate, business and operational strategy – any deviation from ‘impartiality’, on the part of any employee, will begin to undermine the value of this brand equity.

In this section of the report our consideration of value associated with the Acas brand, underlines the value of Acas as an institution; in addition to the value it generates each year as part of its activities, which we detail in Sections 5 to 9. As already suggested, we do not have a market capitalisation to consider, but discussions in this section attempt to capture some aspects that would contribute to such a market capitalisation. For instance, in addition to the Acas brand, Section 2 mentions the integrated nature of the Acas business model. The integrated service model essentially ensures that people (i) get to the relevant person/service quickest (because all services are under one roof and all those delivering services are aware of the full Acas offering); (ii) that any change in the nature of service required, can draw in relevant additional services and (iii) it allows a much more efficient staffing (and staff development) model.

The integrated business model that underpins Acas can be seen to feed through into impacts arising from yearly service delivery in a similar way to brand equity. The strong Acas brand better ensures an ‘impact’ premium, as there is a value from demonstrable independence in conflict resolution (to overcome the market failures outlined in Section 3.1); and such an impact premium is also more likely to arise, because of better targeted services, delivered more efficiently and flexibly (as a result of the Acas business model). Including these aspects in Sections 5 to 9 would be wrong, because it would amount to double-counting. The economic impact of Acas services over one year are partly a return on investment in an integrated service model, together with the brand equity built up over 40 years. However, omitting these aspects from our discussions would miss an important part of the value of Acas.

A similar concern applies when considering the contribution of Acas policy, research and evaluation outputs, which, whilst aimed at improving employment relations as a whole as well as improving Acas services, also help build brand and support the integrated business model (for instance, research findings may be used in marketing content). Similarly, whilst the main body of our report does not evaluate the impact of Acas Arbitration activities³⁰, we can clearly see the role of brand here, as parties agree to be bound by the decisions of an arbiter, because they have confidence in the brand of independence.

Ultimately, we may consider value of the Acas brand as being equal to what a

³⁰ Arbitration was excluded from the benefit cost model due to a lack of evaluation data required to estimate its impact.

per cent of respondents reported that they probably would have been implemented". As a result, we have multiplied the 32 per cent figure from the 2016 survey by 26 per cent, to give a figure of 8.3 per cent⁴¹.

This approach to estimation of internal impacts is carried out for a subset of the total 1,371 cases subject to Acas conciliation during the 2014/2015 operational year. In the 2014/15 Acas Annual Report it is reported that 78.1 per cent of cleared collective cases were successfully completed, 11.2 per cent were unsuccessfully completed and in 10.7 per cent of cases the request was withdrawn or refused – we therefore only apply our approach to 78.1 per cent of the 1,371 cases. Table 3 summarises the key measures that arise from this process of estimation, and feed into our calculations of impact.

Table 3: Impact benefits reported by parties to a dispute, internal to the organisation (2014-2015 operational year)

Internal benefits	% of Workplaces reporting the relevant change	% productivity boost to workforce annual GVA	Net economic benefit from improved workplace relations
Benefit from improved morale	36%	1.0%	£9.5 million
Benefit from improved workplace practices	32%	2.0%	£4.4 million
Benefit from improved communication	43%	0.5%	£5.7 million
		Days saved from benefit	
Benefit from improved speed in processing future claims	49%	5	£0.6 million
Total			£20.2 million

Before summarising, it is important to tackle some **additional issues** around estimation of impacts arising from *Collective Conciliation*. Where we witness strikes in areas of Natural Monopoly (for instance, the London underground railway operator) there are fewer additional challenges when considering whether the impacts identified scale up to the 'whole-economy'. In our choice of case studies, we have stuck very closely to those instances where there are likely to be few 'displacement' or 'substitution' effects. For instance, in the case of a large British

⁴¹ 32 per cent in the original study [and 2016 survey] suggest that working practices had changed; subsequently it would seem that 42 per cent of these impacts would have certainly occurred without Acas intervention; and 32 per cent 'probably' would have occurred. Taking the 42 per cent and 32 per cent as an indication of what would have happened without Acas intervention, we reduce the 32 per cent figure by 74 per cent (or to 26 per cent of its original value).

three categories of cases avoided at the EC stage. In the second two columns, estimates are calculated using figures for average management time taken at the 'mean'; whilst the figures in brackets are calculated using median values, and represent the 'extreme lower bound' estimate.

Table 4: Estimated management time saved from Acas resolution at the EC stage

		Net	
Cases avoided, which otherwise would have been cleared post-claim	15,646	£1,396 [£509]	£21.85 million [8.0 million]
Cases avoided, which otherwise would have gone to an ET hearing, following post-claim conciliation	4,806	£2,070 [£927]	£10.0 million [4.5 million]
Cases avoided, which otherwise would have gone to an ET hearing, without post-claim conciliation	7,565	£674 [£418]	£5.1 million [£3.2 million]
Total	28,017	£4,141 [£1,855]	£36.9 million [£15.6 million]

In addition to the estimates presented in Table 4, we assume a saving in recruitment costs of one post for every ten cases that would have been heard in the absence of Acas intervention⁴⁶; some saving to the taxpayer in terms of employment tribunal administrative costs; time savings for third parties involved in the process (with the estimate of 10 per cent of cases involving a third party taken from the 2013 SETA); and also savings from avoidance of future claims.

The estimate of savings from avoidance of future claims is calculated using the 14 per cent figure from Downer et. al. (2015; page 89), which represents the proportion of employers who report that, "the Acas conciliator had provided them with information or advice that they believed would help them to avoid having to

⁴⁶ This is an assumption used in all studies since the PVP analysis of Individual Conciliation (the original assumption in the 2007 model was 1 in 3). We have not been able to identify any justifications for an alternative to this estimate of 1 in 10.

deal with a similar case in the future". We therefore take 14 per cent of 63,689 cases (73.2 per cent of the total 87,008 who are estimated to take up Acas conciliation) to derive an estimate of 8,917 cases avoided in the future (assuming only one future case is avoided for each current case conciliated). The average saving in management time across all 28,017 cases avoided in our EC calculations is £1,317 (or £579 at the extreme lower bound estimate). We therefore use these figures to calculate an expected saving from avoidance of these 8,917 cases in the future.

Together, the calculations of these savings on recruitment; to taxpayers; third parties; and future avoided claims, provides us with an estimated saving of £36.9 million from Acas intervention at this initial stage in the process of conciliation in individual employment disputes.

As already outlined, the outcomes inferred for the 19,940 cases that progress beyond the EC stage are those that arise when we consider only post-claim conciliation cases that stemmed from an EC notification. More specifically, for all cases that progress to an ET claim, we apply a proportion of 53.4 per cent for cases that are COT3 settled (10,648 cases) and 15.4 per cent withdrawn (3,071 cases); these proportions are based on Acas MI data. We then assume that all COT3 settlements are attributable to Acas and use a figure of 17 per cent to represent the proportion of un-progressed claims that are attributable to Acas⁴⁷. This gives a figure of 11,170 ET hearings that are avoided by Acas intervention at the post-claim stage.

The figures above form the basis for the calculation of how much management time is saved by avoiding an ET hearing, as a result of Acas resolution during the post-claim conciliation phase. Table 5 presents the various stages of estimation, separately for (a) an approach that uses the arithmetic mean and (b) one that uses the median, for management time. Once again, because of data issues, we are taking a relatively cautious approach, as our estimate of management time saved in the case where an ET hearing is avoided, is calculated as the 'management time on a claim that proceeds to a tribunal' minus 'management time on a claim settled by Acas, prior to tribunal' (see footnotes 15 and 45).

⁴⁷ Downer, M., Harding, C., Ghezelayagh, S., Fu, E., Pitt, W. and Thomas, A. (2016), "Evaluation of Acas conciliation in Employment Tribunal applications", Ref: 04/16.

parties only spent a fifth of the time they would spend on a typical case. Our figures are net of multiples and so we do not need to reduce our figures in the same way⁴⁸.

Bringing together all the estimated impacts from our various calculations, we arrive at the following figures, with a benefit-to-cost ratio that is slightly lower than that estimated in previous studies⁴⁹.

Conciliation in Individual Employment Disputes 2014/15 (Urwin & Gould, 2016)	
<u>Main estimate</u>	
Total Benefit:	£127.1 million
Total Cost:	£24.4 million
Benefit-Cost Ratio:	5.2
<u>Extreme lower bound estimate</u>	
Total Benefit:	£92 million
Total Cost:	£24.4 million
Benefit-cost Ratio:	3.8
Previous Benefit-Cost Ratios (Individual Conciliation)	
2011/12 Update	
5.7 [4.7 lower bound estimate]	
2005/06 Review, Meadows (2007)	
6.4	

5.3 Joint Problem Solving Activities

In the 2014/2015 operational year Acas Senior Advisers delivered 104 *Joint Problem Solving Activities* within workplaces. As outlined in Section 2, these are fee-waived projects that look to find solutions to workplace problems which are directly linked to a workplace dispute. This may push us to consider benefits as being similar to those hypothesized when considering collective dispute resolution services. Ultimately, we do not have the information on *Joint Problem Solving*

⁴⁸ However, we do retain the assumption from previous economic impact assessments, that the savings to third parties and the taxpayer are a factor of two greater in the case of non-ETs, when compared to ET cases – as the cases take up much more ETS time. As with other ‘inherited’ assumptions, we have attempted to find alternatives, but none are available.

⁴⁹ It is perhaps worth noting that, in comparison to calculations that underpin the economic impact of [for instance] the Telephone Helpline, when considering conciliation in individual employment disputes, we do not count benefits to employees of unemployment avoided, because the vast majority of cases do not save the employment relationship (even when we consider the EC stage, most claimants are in a new job). It is only when we consider services where there is a potential to avoid the ET process, and therefore save the employment relationship, that these are taken into account

Activities to carry out the sort of analysis of 'external impacts' carried out in Section 5.1. However, we do have the information required to estimate 'internal' impacts, in a similar way to that for *Acas Collective Conciliation*.

The approach to estimation of impacts arising from *Joint Problem Solving Activities* is therefore very similar to that seen in Section 5.1, with parameters from the model based on findings from recent evaluations carried out by Broughton, Pearmain and Cox, (2010); Cooper, (2011) and Ipsos Mori, (2013) into Workplace Projects (which covers *Joint Problem Solving Activities*, and *Workplace Projects*).

To begin, we use data from Acas MI to calculate that the average workplace involved in *Joint Problem Solving Activities* has 509 employees. Two sets of estimates are then produced, one assuming that all employees in the workplace are impacted by the activities; and an extreme lower bound estimate using the assumption that only 50 per cent of employees are affected by the following productivity, sickness absence and quality impacts.

We assume that the 509 workers add the average annual GVA per workforce member of £45,298 (ONS, 2013) and this figure is used as the basis for consideration of impacts arising from reduced grievance and disciplinary procedures, together with reduced sickness absence and improvements in quality of the good/service produced. In the 2013 Ipsos Mori study, 5 per cent of firms report improved quality⁵⁰; 10 per cent of organisations report lower absenteeism⁵¹ and 4 per cent report higher levels of productivity (with the productivity gain from improved quality assumed to be 2.5 per cent).

Previous estimates of economic impact assumed a reduction in the incidence of grievances or disciplinary cases of 25 per cent; and reduction in the incidence of absenteeism as 10 per cent. We have not been able to find alternative estimates that are underpinned by research evidence, and so adopt the same figures; but overall our approach results in a lower estimated impact, as those reporting a 'higher quality of service/output' has dropped from 8 per cent to 4 per cent.

⁵⁰ An internal Acas report on *Joint Problem Solving Activities* estimates this figure at 4%, so this is used, rather than the 5% figure [which also applies to *Workplace Projects*].

⁵¹ Note that the relevant figure [Ipsos Mori, p50; 2013) captures the extent to which respondents note that Workplace Projects had an effect on absence.

Joint Problem Solving Activities 2014/15 (Urwin & Gould, 2016)

Main estimate

Total Benefit: £3.5 million

Total Cost: £190,000

Benefit-Cost Ratio: 18.3

Extreme lower bound estimate

Total Benefit: £1.7 million

Total Cost: £190,000

Benefit-Cost Ratio: 9.1

Previous Benefit-Cost Ratios (Workplace Projects⁵²)

2011/12 Update

7.8 [3.9 lower bound estimate]

2005/06 Review, Meadows (2007)

55.3

⁵² Previous estimates refer to the broader service definition of 'Workplace Projects' (rather than disaggregating *Joint Problem Solving Activities* as in this study), so like-for-like comparisons need to be considered with care.

6. TRAINING SERVICES

This section presents estimates of the economic costs and benefits arising from Acas delivery of *Open Access Training*, *Workplace Training* and *E-Learning*. However, before describing this analysis, we briefly consider recent reports that have focused on issues of productivity, which has particular relevance here. In the original 2007 study, Meadows flags the greater challenges faced when attempting to capture evidence of a causal relationship between, “practices associated with better relationships [such as the *Training Services* we consider in this section] and higher performance”. When considering services in this section (and to some extent in the areas of *Online Information and Guidance* and *Helpline Services*) the focus is more on ‘prevention’ than ‘resolution’ and it is often harder to identify productivity impacts for the former. Consideration of issues raised in recent publications provides some key insights into the role that Acas services, which focus on prevention [and improving employment relations more generally], can play in raising UK productivity.

UK Productivity and Management Practice:

It is clear that good employment relations are an underpinning requirement across the two productivity ‘pillars’ identified in a recent Treasury report⁵³, and the evidence across a variety of studies is that poor workplace management is a key reason why the UK’s productivity is lower than many of our competitors.

For instance, a common theme running through invited contributions in a recent Acas productivity report⁵⁴ is summarised by research carried out by Bloom and Van Reenan (2010)⁵⁵. This work estimates that around a quarter of the UK’s productivity gap with the US is down to poor workplace management. Similarly, “one perennial problem that has plagued the UK economy is the lack of skills amongst managers, with only 43 per cent of UK managers having a degree compared to 58 per cent across fourteen countries of the OECD in 2007”⁵⁶. From Katherine Chapman at UKCES⁵⁷; to Len Levy at the CBI; to Mike Cherry at the FSB⁵⁸, weakness in the UK’s management capability is seen as intricately linked to our poor productivity performance - Acas clearly plays an essential role in tackling this, by delivering a variety of advice and training services.

⁵³ HM Treasury (2015), *Fixing the foundations: Creating a more prosperous nation*, July

⁵⁴ Acas Strategy Unit (2015), *Building Productivity in the UK*, June

⁵⁵ Bloom, N., Dorgan, S., Dowdy, J. and Van Reenen, J. (2007), ‘Management Practice and Productivity: Why they Matter’, *Centre for Economic Performance*, London.

⁵⁶ Pryce, V., Ross, A. and Urwin, P. (2015), *It’s the Economy Stupid: Economics for Voters*, Biteback Publishing Ltd; 371 pages.

⁵⁷ “There is evidence that skills are not being used effectively in the workplace due to poor management capability, which hinders innovation and growth; and too many businesses continue to base their market strategies on low value products”.

⁵⁸ “The UK has a long-standing weakness in this regard, with studies pointing out the existence of a ‘long tail’ of British organisations lacking adequate leadership and management capabilities, including shop floor management and basic monitoring of people and processes”.

This management capability is also linked to innovation, entrepreneurship and enterprise. Acas play an important role in supporting small business owners and managers, who have less formal employment relations structures and fewer opportunities for training. They may very well possess the skills of entrepreneurial insight that are essential to high levels of productivity, but may lack the necessary skills to manage staff effectively (see for instance Urwin, 2012). Acas is impartial, offering services which support firms of all sizes, but the more limited resources available to small business owners mean that Acas services are particularly important.

The finding from these recent publications is that significant gains to productivity can be made from improving the practice of workplace management – this is the assumption underpinning estimates in this section, as much of the benefit from *Acas Advisory and Training services* derives from impacts on productivity, via specific improvements we see captured in Acas-commissioned studies - for instance, in Wiseman and Balodis (2016), when considering *Open Access Training*; and in York, Fettiplace and Jamieson (2014), when considering *Workplace Training*.

6.1 Open Access Training

In the 2014/2015 operational year, 11,995 Delegates attended 1,286 Acas *Open Access (OA) Training* events. In line with previous studies of Acas' economic impact, we estimate the impact of *OA Training* based on findings from delegate surveys, which ask attendees about the impacts on their organisation of the training in terms of ET claims, workplace attendance and absence, discipline cases and implementation of new workplace policies.

The approach to estimating the economic impact of *OA Training* first needs to ensure that we do not double-count impacts, therefore the Acas MI data has been trawled to ensure that we only count impacts once for each workplace. For instance, if two managers from the same workplace attend an OA event, the impact is only captured for one workplace – even if different training is provided, we only calculate one impact from improvements in attendance, discipline and avoidance of ET cases. This reduces the number of workplaces where we have OA impacts by roughly half, to 6,702; and the average number of employees in organisations represented is 228 (with our extreme lower bound estimate calculated by assuming that only half of these employees are impacted).

The above calculation gives a starting point for the base number of workplaces to which *OA Training* impacts are applied and then we can draw on the latest evaluation findings to derive the estimates. Impacts are applied to 73 per cent of these 6,702 delegates based on the finding in Wiseman and Balodis (2016)⁵⁹ that, as a result of the training, 73 per cent of delegates had reviewed, revised or introduced one or more new policy or practice in their respective organisations or planned to do so. Of these, 22 per cent said they had experienced a reduction in ET claims; 21 per cent reported improvements in staff absenteeism and 31 per cent a reduction in discipline and grievance cases. Therefore, when applied to our total of 6,702; these impacts translate into 16 per cent, 15 per cent and 23 per cent respectively.

These are the key figures that underpin estimates generated in Table 6. Calculation

⁵⁹ Wiseman, J. and Balodis, L. (2016), "The impact of Acas Open Access Training", *Acas Research paper*

of the management time saving from reduction in disciplinary action and grievances, applies the 23 per cent figure, alongside an estimate of the average management days spent on disciplinary cases (7.8) from the CIPD (2011) Conflict Survey, to produce an estimated £3.4 million of savings. The main component of saving however, is from the reduction in sickness absence, as we apply a figure of 15 per cent reporting some impact from *OA Training* in this area where we utilise an estimate of 7.4 for the average number of days per year an employee is absent (from the CIPD Absence Management survey, 2014); and carry forward the assumption (see the discussions under Section 5.3) that the impact felt by the 15 per cent is a 10 per cent reduction in absence. Using these figures, alongside those for average GVA per employee, we arrive at the estimate of £35.1 million. The estimate of management time saved on ET cases utilises both the arithmetic mean and median for management time saved (from SETA, 2013), hence the greater gap between the main estimate and extreme lower bound.

Table 6: Calculating the Benefits of Acas Open Access Training

Open Access training benefits	Benefits (assuming 100% of employees impacted)	Benefits (assuming 50% of employees impacted) [used for extreme lower bound estimates]
No. of delegates from distinct organisations	6,702	6,702
Management time saving from reduction in disciplinary and grievance	£3.4 million	£1.7 million
Saving from reduction in sickness absence	£35.1 million	£17.5 million
Impact from ET cases avoided	£2.1 million	£0.7 million
Total	£40.7 million	£20.0 million

The estimated benefit of OA training presented in this analysis is slightly higher than the original estimates in Meadows, which is mainly driven by the higher proportion of those who made policy or practice changes reporting a reduction in sickness absence (21 per cent) and the increased reach of this service.

Open Access Training 2014/15 (Urwin & Gould, 2016)

Main estimate

Total Benefit: £40.7 million

Total Cost: £1.6 million

Benefit-Cost Ratio: 25.4

Extreme lower bound estimate

Total Benefit: £20.0 million

Total Cost: £1.6 million

Benefit-Cost Ratio: 12.5

Previous Benefit-Cost Ratios

2011/12 Update:

59.4 [29.5 lower bound estimate]

2005/06 Review, Meadows (2007):

17.7

6.2 Workplace Training

In the 2014/15 operational year, 19,937 delegates attended 1,078 Acas *Workplace Training* events. The approach to calculation of impacts from *Workplace Training* is very similar to that of *OA training*, with the specific parameter estimates drawing on findings from York, Fettiplace and Jamieson, 2014⁶⁰. In the case of *Workplace Training*, double-counting is less of an issue, as we have a clearer idea of how many distinct workplaces receive training. Table 7 sets out the estimated impacts, in terms of the reduction in disciplinary action and grievances; ET claims and sickness absence.

The estimate of £0.5 million management time saved from reduction in disciplinary action and grievances is calculated in the same way as for OA training, but this time using a figure of 9.9 per cent to represent the proportion of the 1,078 workplaces that report a reduction in disciplinary action and grievances⁶¹. Similarly, the estimated £6.8 million saving from improved attendance (reduced sickness absence) is calculated in the same way as *OA Training*, but this time applied to 1,078 workplaces (each with an average 432 employees), using a figure

⁶⁰ York, C., Fettiplace, S. and Jamieson, D. (2014), "Acas Workplace Training Evaluation 2013", *Acas Research paper*, Ref: 05/14.

⁶¹ All figures used here for ET claims avoided, reduction in discipline/grievance and savings from reduced sickness absence are taken from the Workplace Training survey, reported on p54 & 56 of York et. al. (2014); and are derived from the numbers reporting changes, and attributing these to ACAS intervention.

of 9.8 per cent for the proportion reporting that these impacts resulted from the Workplace Training event. The £0.1 million reduction in impacts related to ET cases also follows the OA approach, but this time with a 5 per cent figure used for the proportion of our 12,461 managers who report these impacts⁶². These calculations lead to an overall impact in Table 7 of £7.3 million, with an extreme lower bound of £3.6 million calculated using the median for management time saved, and assuming only 50 per cent of employees are impacted.

Table 7: Calculating the Benefits of Acas Workplace Training

		Impacts (assuming
Number of events	1,078	1,078
Management time saving from reduction in disciplinary and grievance	£0.5 million	£0.2 million
Saving from reduction in sickness absence	£6.8 million	£3.4 million
Impact from ET cases avoided	£0.1 million	£0.04 million
Total	£7.3 million	£3.6 million

Workplace training has not been considered in previous economic impact analyses due to a prior lack of evaluation data on the impact of this service. Comparing the estimated benefit-cost ratio of *Workplace Training* to *OA Training*, the economic benefits estimated for *Workplace Training* are lower in part due to less evidence of impacts, but more significantly due to its lesser reach, in terms of the number of organisations impacted.

⁶² Implicit in this approach, is an assumption that savings from disciplinary and grievance/ET cases avoided, only apply to the managers who attend the events across these 1,078 workplaces; and that the sickness absence reductions apply to the average number of employees across the 1,078 workplaces.

Workplace Training 2014/15 (Urwin & Gould, 2016)

Main estimate

Total Benefit: £7.3 million

Total Cost: £1.6 million

Benefit-Cost Ratio: 4.6

Extreme lower bound estimate

Total Benefit: £3.6 million

Total Cost: £1.6 million

Benefit-Cost Ratio: 2.3

Previous Benefit-Cost Ratios

Not applicable

6.3 E-Learning

In the 2014/2015 operational year, there were 14,750 online training instances (or registrations). Consideration of the recent evaluation carried out by Berry-Lound and Holland (2014)⁶³ suggests caution in attributing impacts to all of these registrations. For instance, “the numbers of respondents who had completed an entire module varies from 13 per cent with Handling Redundancy up to 38 per cent on Equality and Diversity” and, “over a third (35 per cent) had not completed any modules, a quarter (25 per cent) had completed one module, and eight per cent had completed all 10”. As the authors recognise, high numbers are just browsing the materials to identify the information that they need; suggesting that for some users e-learning is similar to the type of use we consider under Section 9 (*Online Information and Guidance*).

Furthermore, the findings of Berry-Lound and Holland (2014) raise concerns over possible double counting, if we scale up from 14,750 events in addition to a separate counting of impacts arising from Acas *Online Information and Guidance* services. The authors find that, “the most common way that respondents came across the Acas e-learning was via the Acas website (54 per cent)” and, “as a result of using Acas e-learning, 90 per cent of respondents that responded to the question have used the Acas website, [and] 72 per cent have used Acas online guidance including advisory booklets”.

The 2014 study does provide information that allows us to calculate some of the key indicators required to adopt a similar approach to evaluation as that adopted for *OA training*. We estimate the proportion of e-learning registrations that are managers or SME owners, and assume an average workplace size of 228 employees. However, any estimates of the percentage avoiding a tribunal claim; of improved attendance, or reduction in discipline cases, are taken from the

⁶³ Berry-Lound, D. and Holland, J. (2014), “An Evaluation of the Acas Model Workplace and Acas e-learning”, Acas Research Paper, Ref: 09/14.

evaluation of *OA Training* carried out by Kwaw, Grimes and Bryce (2011).

Therefore, the approach to calculation of impacts arising from e-learning follows that set out for *OA Training*, but with impacts scaled down to only 1/3 of their value, to counter concerns over double-counting; and only 50 per cent of the overall impact is taken (25 per cent in the extreme lower bound scenario), to counter concerns over the levels of completion we see amongst users, which we would expect to reduce estimated impacts⁶⁴. Working from a base of 14,750 events, we calculate that 4,278 are managers or small business owners - using a figure of 29 per cent from the Berry-Lound and Holland (2014) study.

Table 8 estimates £134,475 of management time saved from reduction in disciplinary action and grievances, which is calculated in the same way as for *OA training*, using a figure of 8 per cent to represent the proportion who report a reduction in disciplinary action and grievances (with the figure of £33,619 obtained by considering only 33 per cent of cases, and taking only 25 per cent of impacts arising from these cases – compared to the 50 per cent impact used for the £134,475 figure). The estimate of £3.7 million saving from improved attendance (reduced sickness absence) is calculated as for *OA training*, but this time applied to 4,278 workplaces; each with an average 228 employees and using a figure of 15 per cent for the proportion that experience these impacts⁶⁵. The £97,500 reduction in impacts related to ET cases also follows the same *OA* approach, with a 7 per cent figure used for the proportion of the 4,278 managers who report these impacts (alongside the proportionate reductions applied across all calculations).

⁶⁴ The reduction to 1/3 is something we come back to in Section 9, but ultimately both these figures represent an area where future research can help to shed some light. Many bodies such as Acas are some way along the 'digital-by-default' pathway, and the next step is to consider systematic approaches to capturing impacts that take into account the inter-connected pathways that users take across various aspects of the digital delivery.

⁶⁵ The figure implied for average workplace size from the relevant service evaluation is 101 employees. However, the study is qualitative in nature and therefore we utilise the average Open Access training size (of 228 employees) for this service instead.

Table 8: Calculating the Benefits of Acas E-learning [applying only one-third of calculated impacts]

E-learning benefits	Impacts (assuming 100% of employees impacted & 50% of impact taken)	Impacts (assuming 50% of employees impacted & 25% of impact taken) [used for extreme lower bound estimates]
Total delegates	14,750	14,750
Number of delegates who are managers or SME owners	4,278	4,278
Net management time saving from reduction in disciplinary cases	£0.1 million	£0.03 million
Net saving from reduction in sickness absence	£3.7 million	£0.9 million
Impact from ET cases avoided	£0.1 million	£0.02 million
Total	£3.9 million	£1.0 million

This leads to an overall impact in Table 8 of £3.9 million, with an extreme lower bound of £975,000 (calculating management time saved using a median figure and applying the more extreme discounting factors). The resulting high ratio estimated (of 136) is largely due to a very low cost base (as flagged in Section 4). Due to this and the relative lack of evidence on the impacts of this service, the *E-learning* benefit-cost ratio should be considered with some caution, but it is important to note that the service area does not have a significant impact on the overall benefit (contributing only 0.6 per cent of the total Acas benefits).

E-learning 2014/15 (Urwin & Gould, 2016)	
<u>Main estimate</u>	
Total Benefit:	£3.9 million
Total Cost:	£29,000
Benefit-Cost Ratio:	136
<u>Extreme lower bound estimate</u>	
Total Benefit:	£975,000
Total Cost:	£29,000
Benefit-Cost Ratio:	34
Previous Benefit-Cost Ratios	
Not applicable	

7. HELPLINE SERVICES

Previous studies of Acas' economic impact have included estimates for the economic benefit of Acas' *Telephone Helpline*, and here we expand consideration to also include *Webchat*, which can be seen as an online version of the telephone service [in that, it takes place in real-time and delivers bespoke advice and guidance].

7.1 Telephone Helpline

In the 2014/2015 operational year 903,679 calls were answered by the Acas *Telephone Helpline*. As in other areas of Acas Service delivery, we are able to use the MI data to estimate the proportion of these calls that can be associated with impacts. Thus, we use the MI data to measure the proportion of callers who are employers (19.5 per cent) and the proportion who are employees (79.4 per cent); together with a finding that 3.7 per cent of all calls were 'out-of-scope'.

We further reduce the number of employee calls that are associated with impacts, as Harding and Hingley (2015)⁶⁶ find that employees surveyed (including employee representatives and former employees) called an average of 2.56 times each across a 12 month period. Therefore, we further reduce the 79.4 per cent of employee callers, by dividing by 2.56, suggesting that estimated impacts can be calculated for 269,912 employees. In keeping with the cautious approach adopted throughout this study, this is likely to over-compensate for the problem of double counting, as employees could be calling about separate issues that experience some amount of cumulative impact across calls, rather than just one impact for every 2.56 calls. It seems reasonable to suggest that for employers, each call is more likely to be associated with a separate impact – though we only count 87 per cent of employer calls, as this is the proportion in Harding and Hingley (2015) who report that the call helped to resolve the issue⁶⁷. Only considering in-scope calls and those where employers report that the call helped to resolve the issue, we have a starting baseline of 147,636 employer calls.

Starting from these baseline figures, Table 9 sets out the savings that are associated with employer calls to the *Telephone Helpline*. We calculate an £8.7 million saving of management time (carrying forward an assumption from previous reviews, that each employer saves two hours as a result of the Helpline advice); and an £11 million benefit to employers from avoiding disciplinary and grievance procedures. The difference between this £11m and £5.5m estimate is driven by an upper and lower bound for the disciplinary/grievance-avoidance-rate of 5 per cent and 2.5 per cent, applied in previous studies; and this also drives the gap between a £2.55m and £1.28m estimate for savings in recruitment costs from reduced turnover. The gap between our £805,000 and £144,000 estimates for the savings arising from EC notifications (using the approach implemented in Section 5.2), is driven by the use of an arithmetic mean, as opposed to the median, for management time saved.

We estimate that 282 employees avoid a loss of earnings equal to £1.8m, through a saving of the employment relationship (or 141 employees avoid £594,000 if we use median earnings estimates, and the 2.5 per cent figure for grievance-avoidance); and there is a £0.69m saving of employee time that would have been

⁶⁶ Harding, C. and Hingley, S. (2015), "Acas Helpline evaluation 2014", *Acas Research Paper* Ref: 02/15.

⁶⁷ The figure is not separately reported for employees and employers, but the suggestion in the report is that the employer proportion is higher and therefore this figure can be seen as relatively cautious.

used in preparation of cases. Finally, we estimate savings to taxpayers and third parties from the avoidance of EC notifications that amount to £148,000 and £36,000, calculated in the same way as in Section 5.2. Overall, this leads to a benefit from employer calls of £25.8 million [or £16.4 million at the extreme lower bound].

Table 9: Calculating the benefits of the Acas Telephone Helpline: employer calls

Telephone Helpline benefits: employer callers	Impacts (Using the arithmetic mean for management time) ⁶⁸	Impacts (Using the median for management time) [used for extreme lower bound estimates]
Total callers for whom impacts are estimated	147,636	147,636
Total benefit to employers from saving time	8.7 million	8.7 million
Management time saving from reduction in discipline and grievances	£11.0 million	£5.5 million
Employer savings in recruitment costs	£2.6 million	£1.3 million
Employer savings from ET cases avoided	£0.8 million	£0.1 million
Loss in employee earnings avoided by saving employment relationship	£1.8 million	£0.6 million
Employee savings from avoiding preparation time for cases	£0.7 million	£0.07 million
Taxpayer savings	£0.1 million	£0.07 million
Savings to third parties	£0.04 million	£0.02 million
Total	£25.8 million	£16.4 million

For each of the 269,912 employee calls, we utilise the information from Harding and Hingley (2015) that finds that 29 per cent of surveyed [employee] callers were considering an ET claim; that 28 per cent of this sub-group of employee callers subsequently decided against doing so; and that of this sub-group who subsequently decided against making a claim, 90 per cent credited the Acas Helpline as 'important' in making this decision. These figures are used to arrive at

⁶⁸ In addition to the differences in values between the two columns in Tables 9 and 10 that are driven by differences in the measures of management time used, the first column uses the Mean time spent unemployed after an ET case (18.5 weeks according to SETA, 2013); whilst the second column uses the Median of 12 weeks, when calculating the savings to employees of avoiding an ET claim that is associated with job loss, in 92% of cases (again, using SETA 2013). The first column also uses a Mean of 30 hours that SETA 2013 estimates employees spend preparing a case; as opposed to the second column that uses the median of 6 hours.

an estimate of 19,725 EC Notifications avoided.

In Table 10, the estimated benefit of £15.4m from management time saved from reduced EC notifications, is calculated using the same parameters as those in Section 5.2, applied to these 19,725 cases; with the lower estimate of £5.5 million driven by the use of median figures for estimated management time on EC and post-claim conciliation cases, taken from SETA 2013. The £48.8 million estimated benefit from employer savings in the costs of staff turnover (most notably recruitment) are based on an estimated turnover cost of £2,686.75 for each job. This is a rather dated figure from the CIPD (2009) *Recruitment and Retention Survey*, but later surveys (such as the one in 2015) only give advertising costs.

One of the largest components of Table 10 is the £117.9m estimate of employee savings from periods of transitional unemployment avoided, which is based on the findings from SETA 2013, that 92 per cent of claimants in ET cases are no longer in employment, and therefore avoidance of a case saves 18.5 weeks of unemployment on average, for each case avoided (which, from SETA 2013, is the average time spent in unemployment following an ET case; and the lower estimate of £76.4m is created using the median duration of unemployment, which is 12 months). The use of an arithmetic mean [of 30] for the average number of days an employee spends preparing an ET claim, results in an estimated £48m saving – whilst the median is only 6 days and therefore results in a much reduced estimate of £9.6 million. Using the same approach as for employer calls, we calculate savings of £9.3m and £72,000 for taxpayers and third parties, respectively.

Table 10: Calculating the benefits of the Acas Telephone Helpline: employee calls

Telephone Helpline benefits: employee callers	Impacts (Using the arithmetic mean for management time)	Impacts (Using the median for management time) [used for extreme lower bound estimates]
Total callers for whom impacts are estimated	269,912	269,912
Total number of EC Notifications avoided	19,725	19,725
Management time saving from reduction in EC Notifications	£15.4 million	£5.5 million
Employer savings in costs of staff turnover	£48.8 million	£48.8 million
Employer savings from periods of transitional unemployment avoided	£117.9 million	£76.4 million
Employee savings from avoiding preparation time for cases	£48.0 million	£9.6 million
Taxpayer savings	£9.3 million	£9.3 million
Savings to third parties	£0.07 million	£0.07 million
Total	£239.4 million	£149.6 million

Overall, estimated impacts from the *Acas Telephone Helpline* have been reduced quite significantly from previous economic impact analyses, as the approach has significantly reduced the number of calls that can be associated with impacts, when compared to previous studies. As a result of this, we undertake a comparative discussion (below) to see if previous estimates may have been over-stated, when compared to other studies in the public sector – the suggestion is that this is not the case, and therefore the estimated benefit-cost ratio of 20.7 presented in this analysis may be seen as relatively cautious. Furthermore, one can see that the main difference with previous estimates is a reduced gap between the two estimates provided, which is mainly due to a more conservative approach to estimation of the main (upper bound) estimate.

Telephone Helpline 2014/15 (Urwin & Gould, 2016)

Main estimate

Total Benefit:	£265.1 million
Total Cost:	£12.8 million
Benefit-Cost Ratio:	20.7

Extreme lower bound estimate

Total Benefit:	£166 million
Total Cost:	£12.8 million
Benefit-Cost Ratio:	12.9

Previous Benefit-Cost Ratios

2011/12 Update:

65 [25.4 lower bound estimate]

2005/06 Review, Meadows (2007):

53.1

The *Acas Telephone Helpline* makes an important contribution to the economic impact of Acas services, in part because it deals with so many enquiries and takes up a significant proportion of staff time. How do the impacts we identify for the Acas Helpline compare to those identified in recent studies elsewhere in the public sector? Since the original 2007 study, there have been BIS-commissioned studies considering the impact of telephone helpline services in other areas of the public sector (for instance, Ecorys, 2012; 2014)⁶⁹ and we are also able to consider the

⁶⁹ Ecorys (2012), "Assessment of the Business Link Helpline", *Department of Business, Innovation and Skills*; Ecorys (2014), "Evaluation of the Business Support Helpline and GOV.UK", *Department of Business, Innovation and Skills Research Paper No. 193*

