

Title: Impact Assessment: facility time publication requirements in the public sector IA No: CO 2005 RPC Reference No: N/A Lead department or agency: Cabinet Office Other departments or agencies: Business Energy and Industrial Strategy	Impact Assessment (IA)			
	Date: 06/03/17			
	Stage: Final			
	Source of intervention: Domestic			
	Type of measure: Secondary legislation			
	Contact for enquiries: Lucy Revill (lucy.revill@cabinetoffice.gov.uk)			
Summary: Intervention and Options				RPC Opinion: Not Applicable

Cost of Preferred (or more likely) Option				
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANDCB in 2014 prices)	One-In, Three-Out	Business Impact Target Status
-£29.9m	N/A	N/A	Not in scope	Non qualifying provision

What is the problem under consideration? Why is government intervention necessary?

The cost of facility time (paid time off, granted by the employer, for union representatives to carry out trade union activities and duties) in the public sector is paid for out of public funds. There was inadequate monitoring and control of this spending in the Civil Service prior to reforms and evidence suggests this remains the case in large parts of the wider public sector. The inadequate examination of facility time means that there is a lack of consistent and comparable data collected across the public sector. Without intervention the Government cannot ensure that publicly funded employers publish information in relation to their usage and spend on trade union facility time, to improve transparency and accountability to the taxpayer.

What are the policy objectives and the intended effects?

The policy objective is to ensure that taxpayers' money spent on trade union facility time in the public sector is properly monitored, reasonable and transparent. This transparency will enable Government, employers and taxpayers to assess whether taxpayers' money is spent on appropriate and accountable trade union work that represents value for money, as well as provide a consistent and comparable data source.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

Policy Option 1: Facility time publication requirements in the public sector: the preferred option.
 Introducing a statutory duty through secondary legislation is the preferred option, as it is the only option that will fully deliver the policy intent of improving transparency and promoting greater accountability for the usage and spend on facility time in the public sector. This provision was included in the Trade Union Bill which became the Trade Union Act on 4th May 2016.

Policy Option 2: Do Nothing.
 Business continues as usual with no legislative requirement for the wider public sector to publish facility time data. The Civil Service will continue reporting facility time outside of legislative requirements.

Will the policy be reviewed? It will be reviewed. **If applicable, set review date:** 07/2020

Does implementation go beyond minimum EU requirements?	N/A			
Are any of these organisations in scope?	Micro No	Small No	Medium Yes	Large Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)	Traded: N/A		Non-traded: N/A	

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister: Ben Gummer Date: 08/03/17

Summary: Analysis & Evidence

Policy Option 1

Description: Facility time publication requirements in the public sector

FULL ECONOMIC ASSESSMENT

Price Base Year 2016	PV Base Year 2017	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: -15	High: -44.9	Best Estimate: -29.9

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	1.5	1.6	15
High	4.4	4.7	44.9
Best Estimate	2.9	3.1	29.9

Description and scale of key monetised costs by 'main affected groups'

The costs of the facility time transparency proposals only relate to public sector bodies, not to business or civil societies. Costs have been estimated as a one-off familiarisation cost of £2.9m and £3.1m recurring annual reporting costs. This represents the cost for every employer, within the scope of the provision, compiling and publishing the required information.

Other key non-monetised costs by 'main affected groups'

There are no other significant non-monetised costs identified in the impact assessment.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	-	-	-
High	-	-	-
Best Estimate	Not known	Not known	Not known

Description and scale of key monetised benefits by 'main affected groups'

While it is difficult to estimate the impact on the wider public sector, even a small fraction of the potential benefits seen in the Civil Service, after similar reforms were made, would outweigh the above costs. Given some of the uncertainties, a final monetised benefit is not claimed. However, as an illustrative example, if the same reductions in facility time seen in the Civil Service occurred in the wider public sector, the reduction in facility time costs would be over £100m per annum.

Other key non-monetised benefits by 'main affected groups'

The reform provides increased transparency and public scrutiny of facility time, allowing taxpayers better understanding about how resources are used in publicly funded employers. It encourages public sector employers to monitor and, where appropriate, evaluate the amount of money spent on facility time.

Key assumptions/sensitivities/risks (%)	Discount rate	3.5%
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We have assumed that it will take 8 hours for each public sector body affected to become familiar with the procedural and administrative changes required. The ongoing reporting cost (per annum) for schools and universities (smaller organisations) is assumed to cost 8 hours of time and 24 hours of time for all other public sector bodies affected. These figures are based on informal feedback from public sector bodies.

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			Score for Business Impact Target (qualifying provisions only) £m:		
Costs:	N/A	Benefits:	N/A	Net:	N/A
					N/A

Summary: Analysis & Evidence

Policy Option 2

Description: Do nothing

FULL ECONOMIC ASSESSMENT

Price Base Year -	PV Base Year -	Time Period Years -	Net Benefit (Present Value (PV)) (£m)		
			Low: N/A	High: N/A	Best Estimate: N/A

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	-	-	-
High	-	-	-
Best Estimate	N/A	N/A	N/A

Description and scale of key monetised costs by 'main affected groups'

In line with impact assessment guidance the do nothing option has zero costs or benefits as impacts are assessed as marginal changes against the do nothing baseline.

Other key non-monetised costs by 'main affected groups'

In line with impact assessment guidance the do nothing option has zero costs or benefits as impacts are assessed as marginal changes against the do nothing baseline.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	-	-	-
High	-	-	-
Best Estimate	N/A	N/A	N/A

Description and scale of key monetised benefits by 'main affected groups'

In line with impact assessment guidance the do nothing option has zero costs or benefits as impacts are assessed as marginal changes against the do nothing baseline.

Other key non-monetised benefits by 'main affected groups'

In line with impact assessment guidance the do nothing option has zero costs or benefits as impacts are assessed as marginal changes against the do nothing baseline.

Key assumptions/sensitivities/risks (%)	Discount rate	N/A
There are no assumptions, sensitivities or risk associated with the do nothing option.		

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:			Score for Business Impact Target (qualifying provisions only) £m:	
Costs: N/A	Benefits: N/A	Net: N/A	N/A	

Evidence Base (for summary sheets)

Introduction

Strategic overview

1. In the Trade Union Bill 2016 (the Bill), the Government introduced fundamental reforms to modernise trade union law and improve trade union practises and transparency, balancing the interests of unions with interests of the wider public sector. Measures introduced in the Bill will:
 - ensure that strike action only ever takes place on the basis of clear and representative mandates, through new thresholds that strike ballots must meet;
 - specify that members' agreement to a union's proposed industrial action will automatically expire 4 months after the ballot. It will also require 14 days' notice of strike action and give employers a greater chance to prepare for industrial action and put in place contingency plans. It will also remove the need to take industrial action in the first 4-8 weeks after a successful ballot;
 - tackle the intimidation of non-striking workers during a strike by requiring the appointment of a picket supervisor;
 - improve transparency of the operation of political funds;
 - improve transparency and oversight of trade unions through reforming the role of the Certification Officer;
 - reform trade union facility time in the public services by requiring public sector bodies to publish details of their resources used; and
 - restrict the deduction of union subscriptions from wages in the public sector (check-off).
2. The Bill received Royal Assent on the 4 May 2016 and became the Trade Union Act 2016 (the Act). The measures within the Act will now be implemented in a systematic way.
3. This impact assessment relates to section 13 of the Act (facility time publication requirements) which will require relevant public sector employers to publish data on their usage and spend on trade union facility time. The current impact assessment has been produced following an initial impact assessment, *Reporting of trade union facility time in the public sector*¹, that was published in January 2016. The initial impact assessment reflected the development and consideration of policy options during the passage of the Bill through Parliament. The purpose of the current impact assessment is to fully assess the impact of the final provision (section 13) included within the Act.
4. Section 13 of the Act only directly affects public sector organisations and therefore does not regulate business.
5. This impact assessment details the problem under consideration, the rationale for intervention and the policy objective. It also evaluates the monetised and non-monetised costs and benefits of the preferred option, as well as considering the risks and possible wider impacts.

Key definitions

6. Facility time: Facility time is paid time off, granted by the employer, for union representatives to carry out trade union activities and duties.
7. Relevant public sector employer: for the purpose of section 13 of the Act, the affected 'relevant public sector employers' will be defined in regulations.

¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/493638/BIS-16-71-trade-union-bill-impact-assessment-reporting-of-facility-time-in-the-public-sector.pdf

Issue under consideration and rationale for Government intervention

8. Section 13 of the Act (facility time publication requirements) relates to the Government's 2015 manifesto commitment to 'tighten the rules around taxpayer-funded paid 'facility time' for union representatives'.

Scale of the problem

9. In 2012, the Government introduced more rigorous monitoring of facility time in the Civil Service through the introduction of a standardised reporting mechanism for departments with a requirement to report quarterly to the Cabinet Office².
10. This Facility Time Framework for the Civil Service issued by the Cabinet Office ensures that the Civil Service publishes certain information in relation to facility time usage and spend on an annual basis. After the implementation of these reforms, the percentage of the Civil Service pay bill spent on facility time fell from 0.26% in 2012 to just 0.07% in the 1st quarter of 2015³.
11. A TaxPayers' Alliance report, *Taxpayer funding of trade unions 2012-13*⁴, published in 2014 suggests that 32% of public sector employers, (344 public sector organisations out of the 1,074 surveyed) either did not fully record facility time or did not record it at all in 2012-13. This indicates that a significant proportion of the wider public sector are not adequately monitoring their facility time and are therefore unable to be completely transparent and accountable to the taxpayer.
12. Spending on facility time in the wider public sector is reported to be around 0.14% of the pay bill⁵, around twice the proportional spend of that in the Civil Service. The annual pay bill for the Public Sector (excluding the Civil Service) is around £153 billion⁶. Using this figure, a reduction from 0.14% to 0.07% of the pay bill, as seen in the Civil Service, would provide the taxpayer with a saving of around £107 million a year.

Rationale for Government intervention

13. The whole public sector needs to ensure it delivers value for money; it is unacceptable that taxpayers' money should be spent without proper monitoring and control. As such, public sector employers need to ensure that their spending on facility time is reasonable and efficient.
14. The Government is therefore introducing a new requirement that all public sector employers publish facility time similar information to that which government departments are currently required to publish by the Cabinet Office's Facility Time Framework for the Civil Service.
15. The policy approach that underpins this intervention (section 13 of the Act) helps fulfil these objectives by promoting transparency and public scrutiny of employers' level of usage of facility time and the associated pay bill spend in the wider public sector. Trade union representatives are entitled to paid time off to carry out union duties for which the right to paid time off is set out in

² Government response to consultation on reform to Trade Union facility time and facilities in the Civil service (October 2012): https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/78930/facility-time-consultation-govt-response_0.pdf

³ <https://www.gov.uk/government/publications/trade-union-facility-time>

⁴ <https://d3n8a8pro7vhmx.cloudfront.net/taxpayersalliance/pages/5083/attachments/original/1422278685/taxpayerfundingtradeunions2013.pdf?1422278685>

⁵ Bob Neill, Parliamentary Under Secretary for DCLG, answer to Parliamentary Question on 25 October 2011: <https://www.publications.parliament.uk/pa/cm201011/cmhansrd/cm111025/text/111025w0001.htm>

⁶ National Audit Office: <https://www.nao.org.uk/wp-content/uploads/2015/06/Central-government-staff-costs-Summary.pdf>

legislation. This includes health and safety activities, negotiating with employers, representing members in the workplace and union learning activities⁷. Employers may also grant time off for union activities for which there is no statutory right to paid time off (although some employers may voluntarily choose to pay for the time spent on such activities). Therefore, whilst we expect that the transparency measures may reduce the proportion of the pay bill accounted for by trade union facility time, it will be for the individual employers to decide how this is done.

16. Taking into account experience in Civil Service departments, it is not expected that the proposed legislation will result in any significant impact on trade union representatives carrying out their trade union duties for which there is a legal entitlement to reasonable paid time off work.

Policy objective

17. The policy aim is to promote transparency and public scrutiny of facility time, and encourage public sector employers to moderate the amount of money spent on facility time in the light of that scrutiny. This will ensure taxpayers' money is only spent on justifiable and accountable trade union work that represents value for money.

Intended scope

18. Application of the policy is intended across those relevant public sector employers in England, Wales and Scotland to the extent they are specified in regulations.
19. Relevant public sector employers will be specified in The Trade Union (Facility Time Publication Requirements) Regulations 2017, which will be published on gov.uk at the same time as this impact assessment. The regulations reflect current policy intention to capture those public authorities that:
 - are employers;
 - are not levy funded by a discrete sector of society;
 - are not predominantly commercially focussed
 - have more than 49 employees;
 - have at least one trade union official; and
 - are not devolved Welsh Authorities within the meaning of Wales Act 2017
20. It is estimated that this policy will affect 26,453 public sector organisations. A summary list of affected employers can be found at **Annex A - Scope of the regulations: Number of public sector organisations affected**.

Devolved public bodies in Wales

21. Although devolved Welsh Authorities are not included within the scope of the regulations, because of the likelihood of future inclusion, we have assessed impacts for such Authorities on the basis.
22. The Wales Act 2017 will clarify that industrial relations are a reserved matter, and the UK Government will act at the earliest possible opportunity, following commencement of the Wales Act, to ensure the legislation covers devolved public authorities in Wales.

⁷ Unite, Unite Briefing: the facts about trade union facility time, 2012

Description of options considered

Option 1 - Facility time publication requirements in the public sector: the preferred option

23. The preferred option is to implement a statutory duty that requires relevant public sector employers to publish, on an annual basis, a narrow and proportionate range of information in relation to their facility time usage and spend. The Act will enable Ministers to make regulations requiring public sector employers to publish information similar to that required of government departments by the Cabinet Office's Facility Time Framework for the Civil Service.
24. This option will deliver the policy objectives by ensuring that taxpayers' money spent on trade union facility time in the public sector is properly monitored and accounted for. This transparency will enable Government, employers and taxpayers to assess whether taxpayers' money is spent on appropriate and accountable trade union work that represents value for money.
25. Transparency codes are likely to have an uneven impact in terms of encouraging greater transparency across the wider public sector, for example, the earlier experience with the Code of Recommended Practice for Local Authorities on Data Transparency. The Government therefore believes that, in line with similar reforms in the Civil Service, there should be a requirement in legislation to report on facility time across public sector employers.
26. The regulations for section 13 of the Act will specify the range of information that employers will be required to collate and the calculations used in establishing pay bill spend on facility time. This ensures the greatest level of consistency across the public sector as to how employers monitor and publish facility time data. This will serve to assure the public that taxpayer funds are being used responsibly, delivering value for money. A summary list of the information that public sector employers will be required to report on is at **Annex B - Facility time publishing requirements - data request**.

Option 2 - Do nothing

27. Without intervening, the Government would not be able to ensure that public sector employers publish their facility time spend. No intervention would have negligible effect, if any.
28. Currently, there is no consistent reporting and publishing approach used across the public sector allowing for transparency or easy and accessible comparisons.
29. As such, option 1 is the preferred option and is included within the Trade Union Act 2016 legislation. Therefore all other options are disregarded at this stage and further analysis below is carried out for option 1 only.

Monetised and non-monetised costs (direct costs)

Transition costs to public sector bodies

Familiarisation (direct cost) – all relevant public sector employers (26,453)

30. The introduction of section 13 of the Act will result in one-off familiarisation costs to all public sector employers included within scope.
31. For each relevant public sector employer, a limited number of staff will need to be made aware of the impacts that the proposed legislation will have on their operations. We assume that the amount of time taken to become familiar with the proposals will be minimal as the information required for publication, under Section 13 of the Act, is a narrow and reasonable range, similar to existing reporting rules that operate in a number of public sector workforces, such as those:

- which central government departments already publish under the Cabinet Office's 2012 Facility Time Framework for the Civil Service;
- which English local authorities publish as part of the Local Government Transparency Code 2015; and
- which the Department for Education recommended all schools publish in their 2014 guidance on facility time.

32. Familiarisation may include activities such as one official in each public body reading and understanding the proposed regulatory change, learning how it impacts their operations, and producing a report for senior management/leadership. This information may then be disseminated more widely in public sector bodies, e.g. through an email or face-to-face meetings.
33. For the purposes of this impact assessment, we assume that the type of staff involved in familiarising themselves with these proposed regulations will be public sector administrative officials. Using the Annual Survey of Hours and Earnings data (2016 provisional), the basic hourly median pay for 'administrative occupations: government and related organisations' (the closest available job category) is £11.45. Uprating by 19.8% to reflect non-wage costs (Eurostat⁸) the total hourly cost for an administrative official will be approximately £13.72.
34. Assuming that the above familiarisation activities take approximately one day (8 hours) of an official's time, the total familiarisation cost per public sector organisation will be around £109.74 (£13.72 x 8 hours). Based on the above estimates, the total one-off familiarisation cost to the public sector (assuming 26,453 wider public sector bodies) is estimated at **~£2.9m across all wider public sector bodies** (£109.74 x 26,453).

Ongoing costs to public sector bodies (direct costs)

Ongoing costs (direct costs) of annual reporting for facility time usage and spend - all relevant public sector employers (26,453)

35. The introduction of the legislation will also result in ongoing publication costs to all relevant public sector employers, who will be required to publish, on an annual basis, their usage and spend on trade union facility time.
36. Existing legislation already requires public sector bodies to include pay reporting in their annual accounts. For each public sector employer, this legislation is therefore an extension on current annual reporting rules. The activities associated with publication are likely to involve an administrative officer collating facility time data from relevant trade union representatives, and producing and publishing a report including total spend on facility time as well as associated statistics. It is expected that in smaller public bodies with fewer staff per body, such reporting will be very straightforward and will often involve 'nil returns' for those employers that do not have at least 50 employees and at least one trade union representative. In larger bodies, on the other hand, this exercise will be more burdensome. The estimated cost analysis in this impact assessment represents this difference.
37. It is assumed that the staff involved in reporting activities will be administrative officials, at an hourly cost to public sector bodies estimated at £13.72 including wage and non-wage costs.
38. Informal consultation with a number of Civil Service bodies who have been reporting on trade union facility time spend suggests that this reporting does not involve a large number of officials. Data gathered by the Cabinet Office from departments suggests that annual reporting activities

⁸ Eurostat, Labour costs per hour in EUR, 2004-2014, whole economy excluding agriculture and public administration, http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Labour_costs_per_hour_in_EUR,_2004-2014_whole_economy_excluding_agriculture_and_public_administration.png

involve, at most, 24 hours of an official's time (per year). We estimate that for smaller organisations, this reporting will take around a day (8 hours) based on Cabinet Office estimates.

39. The total annual reporting cost per smaller public sector body (schools and universities) is therefore estimated at £109.74 (£13.72 x 8 hours), and for a larger public body at £329.21 (£13.72 x 24 hours). The total annual cost to the public sector is estimated at ~**£3.1m** (£109.74 x 25,375 schools + £329.21 x 1,078 other bodies).

Summary table of costs

Summary table of costs (best estimates)		
	Group affected	Cost*
One-off transition cost		
Familiarisation	Public sector	£2,900,000
Ongoing annual costs		
Reporting (large organisations)	Public sector	£350,000
Reporting (smaller organisations)	Public sector	£2,780,000

*Figures are rounded to the nearest ten thousand.

40. **Annex C** shows the annual cost breakdown over a ten-year period, including details of the discounting rate used.

Benefits

Benefits of efficiencies in facility time due to increased transparency (indirect)

41. Evidence from the Civil Service reform shows that the amount of paid time spent on trade union facility time has fallen since the introduction of reporting on time spent on facility time. There was a fall from 0.26% of the Civil Service pay bill spent on facility time in November 2011, when reporting commenced, to 0.07% of the pay bill in the 1st quarter of 2015⁹, which represents a reduction in facility time spend of 73%.
42. It is recognised that the reduction in the spend on facility time experienced in the Civil Service may not be completely attributable to the increased transparency brought about by the introduction of facility time reporting requirements. However, it is considered that increased transparency is likely to be a key factor accounting for a significant proportion of the reduction.
43. There are uncertainties around the current level of facility time usage in the wider public sector and the extent to which the public sector behavioural response would be the same, or similar, post-transparency reforms as in the Civil Service. Given these uncertainties, **this impact assessment does not claim a specified, monetised benefit from the facility time reforms in the final net present value totals**. However, the benefits are potentially large and we therefore provide an illustrative example.
44. The annual pay bill for the Public Sector excluding the Civil Service is around £153 billion. There is no robust approximation, though one estimate is that around 0.14% of the annual pay bill in the wider public sector is spent on trade union facility time¹⁰. This indicates a spending level of around £214m on facility time in the public sector. If facility time expenditure fell to a level seen in

⁹ Cabinet Office, Facility Time Figures January to December 2014, 27 March 2015

<https://www.gov.uk/government/publications/trade-union-facility-time>

¹⁰ Bob Neill, Parliamentary Under Secretary for DCLG, answer to Parliamentary Question on 25 October 2011,

<http://www.theyworkforyou.com/wrans/?id=2011-10-25a.69094.h&s=%22bob+neill%22+0.14%25#g69094.r0>

the Civil Service of 0.07% of the pay bill, a drop of 50%, then the saving to the taxpayer would be approximately £107 million a year.

Risks and assumptions

Number of relevant public sector employers affected by the facility time publication requirement

45. This impact assessment assumes that 26,453 public sector employers will be affected by the legislative requirement of section 13 of the Act. This figure is based on a targeted online search of data sources that contain information on the number of public bodies within affected public sector workforces, of which 25,375 are smaller organisations (schools/universities), and 1,078 are larger public bodies.
46. We believe that the final figure is representative of the number of organisations which will be subject to the familiarisation and ongoing costs detailed in this impact assessment. It is noted that the figure may be slightly higher or lower and will fluctuate year-on-year as public bodies are closed and/or new ones introduced. The figure should therefore be treated as an estimate.

Time taken and associated costs for familiarisation and ongoing implementation of the facility time publication requirement

47. The cost estimates in this impact assessment rest on the following assumptions:
 - It will take an average of 8 hours for one administrative official in each public sector body to conduct familiarisation activities in relation to the facility time publication requirement.
 - It will take an average of 8 hours (smaller employers) or 24 hours (large employers) of one administrative official's time in each public sector body to conduct the required ongoing reporting/publishing facility time usage and spend.
48. These assumptions are based on informal feedback from public sector employers (Civil Service) that currently operate facility time monitoring procedures, similar to the requirements that will be brought about by section 13 of the Act.
49. A possible risk is that some organisations may experience a longer or shorter familiarisation and/or reporting/publishing time that assumed, dependent on the size and complexity of the organisation. However, it is expected that this will average out across all relevant public sector employers to align with the overall cost estimates.
50. These risks are tested in the sensitivity analyses at high and low estimates of +/- 50% time adjustments.

No indirect impact of trade unions and union members

51. Section 13 of the Act does not prohibit or restrict the usage of facility time in the public sector. The policy objective is to increase transparency of facility time that is publicly funded and ensure employers are accountable to the taxpayer. It is anticipated that this intervention may encourage employers to become more efficient in their usage of facility time but this is in no way expected to negatively impact upon trade unions and their members. There is still an expectation that facility time is used appropriately, according to business need, and in line with legislative requirements.

Sensitivity Analysis

52. Given the uncertainties surrounding the potential time taken for familiarisation and reporting/publishing costs, sensitivity analyses have been conducted for high and low case cost scenarios.
53. Given the lack of further information and evidence on potential time ranges, an adjustment of +/- 50% in time costs have been considered. These are not maximum and minimum estimates, but serve as an illustration of potential differences which may arise.
54. This results in familiarisation times of 12 and 4 hours as high and low estimates respectively; reporting times of 12 and 4 hours for smaller organisations and reporting times of 36 and 12 hours for large organisations.
55. The resulting effects on total cost estimates across all organisations and NPVs are presented in the tables below.

Summary of Sensitivity Analyses

<u>Cost estimates*</u>	High	Best	Low
Familiarisation	£4,350,000	£2,900,000	£1,450,000
Large organisation reporting	£530,000	£350,000	£180,000
Smaller organisation reporting	£4,180,000	£2,780,000	£1,390,000

*Figures are rounded to the nearest ten thousand.

<u>NPV estimates</u>	High	Best	Low
Resulting NPV*	£44,890,000	£29,930,000	£14,960,000

*Discount rate 3.5% over 2017-2027. Figures are rounded to the nearest ten thousand.

Wider impacts

56. A broad range of impact tests have been considered to ensure that the impact of the policy objective is fully understood and properly assessed. **Annex D** summarises the impact tests deemed inapplicable to the policy.

Equality Impact Assessment

57. Section 13 of the Act will not impose costs directly on individuals or have a financial and material impact on the relationship between a trade union and its members. Changes to public sector employers' procedures for monitoring and publishing data in relation to facility time does not attempt to alter any facility time arrangements employers currently have in situ.
58. As a result, we assess that there will be no adverse equality impacts on any protected group as a result.
59. A full equality analysis of all the key provisions within the Act, including the facility time publication requirement, can be found in the published Trade Union Bill Equality Impact Assessment (September 2015 - prior to Royal Assent)¹¹.

¹¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/460114/BIS-15-534-trade-union-

Small and Micro Business Exemption

60. Although the proposed legislation will not regulate business, it has been duly considered whether there may be any indirect or disproportionate impact on small or micro sized public sector employers.
61. It is not the Government's intention to create a disproportionate administrative burden for very small employers in the collation and publishing of facility time information. Therefore, section 13 of the Act will not be applied to small (10-49 employees) and micro (0-9 employees) public sector employers. It will also only be applicable to employers with at least one trade union representative. These limits will be made clear in regulations, whereby employers with less than 50 employees and/or no trade union representatives will be able to self-exempt themselves from the legislative requirement. If, however, these employers feel able to publish this information then they would be encouraged to do so.

Policy Review

62. Section 13 of the Act (facility time publication requirement) will be policy reviewed in July 2020.
63. At this time, three years' worth of facility time data will have been collated and published in the public sector. This should provide sufficient information over the period to enable a meaningful assessment to be made about the extent to which the intervention is meeting the policy intent. This will also enable a more detailed analysis of employers' experience and the associated costs and benefits.

Preferred option summary and implementation

Summary

64. Overall, it is not expected that the preferred option will have a significant impact on the public sector employers. The legal framework will be set out in regulations and should be straightforward to implement.
65. The preferred option should not increase the burden on public sector employers, who are expected to monitor spend and deliver value for money for the taxpayer. Legislation will ensure that the wider public sector emulates the practices of those bodies leading the way in facility time monitoring and transparency, such as that seen in the Civil Service.
66. The impact assessment identifies potential positive benefits of the policy. Although there are some nominal costs associated with the transition from current practice to the new regulatory requirement (£2.9m familiarisation costs, £3.1m ongoing costs per annum), these are potentially significantly outweighed by the benefits to public sector employers through the reduction in facility time spend brought about by better monitoring, accountability and transparency, such as that seen in the Civil Service.
67. By formalising facility time publication requirements, the policy delivers a consistent approach to the monitoring and publishing of facility time data across the public sector. This will ensure that publicly funded employers are accountable to taxpayers for the transparent use of facility time that represents value for money.

Implementation plan

68. Following the laying of regulations for section 13 of the Act, relevant public sector employers will be notified as to when the regulations will come into force and the date from which they will be required to start recording the specified facility time data. Employers will not be required to publish this data until the end of the reporting year and will be given three months in which to do so.

Annex A - Scope of the regulations: Number of public sector organisations affected*

Ministerial and non-Ministerial government departments ¹²	42
Public bodies (individually listed in the regulations)	176
Education	
State funded primary and secondary education ¹³	25, 223
Higher education institutions ¹⁴	152
Local authorities¹⁵	
Local Authority District (England) Unitary Authorities (Scotland and Wales)	255
Police services	43
Fire and rescue authorities/services	49
NHS¹⁶	
Clinical commissioning groups	209
NHS Trusts	30
Acute trusts	154
Mental health trusts	56
NHS Boards (regional, special and local)	28
Special health authorities	12
Community health councils	7
Public health body	1
Other	
National Park Authorities ¹⁷	15
Transport for London	1
Total	26,453

*The precise number of public sector bodies changes as bodies are closed and/or new ones introduced. The figures in this table should therefore be treated as estimates.

¹² Source: <https://www.gov.uk/government/organisations>

¹³ Source: <https://www.gov.uk/government/statistics/schools-pupils-and-their-characteristics-january-2015> / <http://gov.wales/docs/statistics/2016/160727-school-census-results-2016-en.pdf> / <http://www.gov.scot/Publications/2015/12/7925>

¹⁴ Source: <http://www.universitiesuk.ac.uk/facts-and-stats/Pages/higher-education-data.aspx>

¹⁵ Source: <http://researchbriefings.files.parliament.uk/documents/SN07104/SN07104.pdf>

¹⁶ Source: <http://www.nhsconfed.org/resources/key-statistics-on-the-nhs> / <http://www.nhs.uk/ServiceDirectories/Pages/SpecialHealthAuthorityListing.aspx> / <http://www.wales.nhs.uk/nhswales/aboutus/structure> / <http://www.scot.nhs.uk/organisations/>

¹⁷ Source: <http://www.nationalparks.gov.uk/about-us>

Annex B: Facility time publishing requirements - data request.

1. Relevant Union Officials

- The number of full-time equivalents of relevant union officials will be requested reliably contextualise resource allocation/spend and enable numbers to be readily comparable between bodies.

2. Percentage of time spent on facility time

- Employers will be asked to record what percentage of trade union representative time is spent on facility time.

3. Percentage of pay bill spent on facility time

- The regulations will provide the calculation to allow employers to produce the percentage. A percentage is requested for comparability purposes.

4. Trade Union Activities

- Employers will be asked to record the percentage of total paid facility time spent on trade union activities.

Annex C - Annual cost breakdown and discounting rate

Total cost best estimates by year are included below along with details of discount rate used*.

Year	Ongoing costs (£)	Cost Present Values* (£)
0	6,042,327.68 (inc. transitional costs)	6,042,327.68 (inc. transitional costs)
1	3,139,460.11	3,033,294.79
2	3,139,460.11	2,930,719.61
3	3,139,460.11	2,831,613.15
4	3,139,460.11	2,735,858.11
5	3,139,460.11	2,643,341.17
6	3,139,460.11	2,553,952.82
7	3,139,460.11	2,467,587.27
8	3,139,460.11	2,384,142.29
9	3,139,460.11	2,305,519.12
Total	34,297,468.68	29,926,356.01

*Discount rate: 3.5%. 2016 prices.

Annex D: Impact tests deemed inapplicable to the policy.

Business Impact Target	N/A
Review Clause	N/A
Small and Micro-business Assessment	N/A
Clarity of Legislation	N/A
Primary Authority	N/A
New Burdens Doctrine	N/A
Competition	N/A
New Criminal Offence Proposals	N/A
Justice Impact Test	N/A
Statutory Equalities Duties	N/A
Privacy Impacts	N/A
Family Test	N/A
Powers of Entry	N/A
Health Impact Assessment of Government Policy	N/A
Environmental Impacts	N/A
Sustainable Development Impacts	N/A
Rural Proofing	N/A