

## **UNISON Scheme for branch Industrial action funds**

### **Purpose**

In response to the growing number of branch requests for information this document introduces recommended practises as agreed by the NEC for branches regarding Branch Industrial action funds. It applies to branches that have already established Industrial action funds, and also to those wishing to establish them.

This document will also provide relevant information for branches in respect of

- National funds – administered by national office and in some areas by regions
- Regional funds - administered by regions.

### **Scope**

This scheme sets out the recommended practises for the establishment, closure, funding and operation of dedicated Industrial action funds in branches and also includes other important financial information associated with such funds. Please note that Industrial action funds fall within the prescriptions of Rule M8 (Financial and legal) and Rule O Industrial action.

### **Section A - definition**

A Branch Industrial action fund is a properly constituted dedicated fund that is established by a branch to provide supplementary strike benefit to its members who are experiencing hardship. Hardship must be experienced as a direct consequence of being involved in a strike or other official industrial action (see below). Members experiencing hardship through other causes may make application to the UNISON Welfare Fund under the normal processes.

Only the National Executive Council or the General Secretary has the power to authorise Industrial action. Therefore Branches cannot set up or use existing funds to directly finance strike or other industrial action, without first seeking this approval, as this would be in direct contravention of Rule O.

However, Industrial Action funds can be used to provide supplementary strike benefit to members who are experiencing hardship as a result of engaging in strike or other industrial action (hereinafter referred to as a dispute). In such cases, a dispute must have been approved by National Executive Council or the General Secretary in accordance with **Rule O – Industrial Action**.

Therefore any payment made to a member from a branch Industrial Action fund not in accordance with this definition is outside the scope of this scheme and falls outside the dispensation granted to payments made in compliance with the scheme. This dispensation is referred to in the section on Guidelines on Expenditure.

Regions are also able to establish a regional Industrial action fund to which branches may make application for assistance.

All Rule O5 dispute payments will be paid from the national Industrial Action Fund which is administered by the Industrial Action Committee on behalf of the full National Executive Council.

## **Section B - existing branch Industrial action funds and levies**

A number of branches already have established dedicated Industrial action funds. These include former partner union funds originally set up as branch Industrial Action Funds and transferred into UNISON. The guidance below applies to the management of these funds, and also any arrangements made to transfer monies from general funds into dedicated Industrial action funds and vice versa.

A very small number of branches continue to raise local levies to fund dedicated Industrial action funds. Branches that established Industrial action funds may continue to fund the reserve under this scheme, subject to the requirements of the NEC scheme on levies.

## **Section C - establishment of new branch Industrial action funds**

Branches which do not currently hold dedicated Industrial action funds and are wishing to establish one may do so as follows;

A dedicated Industrial action fund can be established if it is approved by a two-thirds majority of the members present and voting at a quorate general meeting of the branch where such notice of the proposal has been set out on the agenda for that meeting and circulated to all branch members.

Any Industrial action fund that is not established in accordance with the above cannot be classified as an Industrial action fund.

## **Section D – closure of Industrial action funds**

Following the same criteria for the establishment of new branch Industrial action funds branches can close their Industrial action fund. Where such a decision is taken any assets and funds must be transferred to general fund reserves.

## **Section E - funding**

Branches covered by Section B or meeting the requirements laid down in Section C may:

Transfer up to 5% of their estimated annual branch funding into a dedicated Industrial action fund in any one financial year as long as:

- Each year, a quorate general meeting of the branch ratifies all transfers made in this way

and

- Where the overall balance remaining in the fund from such transfers exceeds £3 per member, that amount will be added back to general fund balances for the purposes of calculating branch funding.

Branches that are not covered by section B wanting to raise a levy to fund a dedicated Industrial Action fund must refer to the NEC scheme on levies.

During disputes branches may require additional income for their Industrial action fund. Therefore it will be possible to supplement the 5% restriction limit placed on transfers as long as;

- The dispute is officially authorised in accordance with Rule O.
- The branch committee considers and approves such transfers.
- Any transfer must necessarily take into account the current financial position of the branch.
- No transfer will take place until the approval of the region has been obtained.
- At the end of the dispute any supplementary income transferred in this way which remains unspent must be transferred back into general fund reserves.

Members wishing to make voluntary donations direct to a branch's Industrial action fund may do so by making a direct payment that is separately identifiable as such. Monies collected from members of the public, from other UNISON branches or external organisations should be treated as follows:

- (i) **Local action** (i.e. action approved by the national Industrial Action Committee which is local to the branch or a defined group of branches) – if bucket collections are taken or members of the branch make donations or donations are received in response to branch appeals these can be retained by the branch and accounted for as directed within this scheme.
- (ii) **Regional and/or National action** (i.e. action approved by the Industrial Action Committee which covers one or more regions) – In such instances all monies received by local collections and through donations from outside bodies must be passed to the region for payment into the regional Industrial action fund. Donations received from individual members within the branch may still be paid direct into the established branch fund.

Where branch Industrial action reserves comprise funding from a local levy and transfers from branch funding then,

For the purposes of calculating a branch's funding entitlement any expenditure in the previous financial year will be deemed to have been spent from balances transferred.

## **Section F - Industrial action committee**

The branch committee must take ultimate responsibility for the administration of the dedicated fund in accordance with Rule Book requirements as the body elected to administer branch business in accordance with the branch rules and any guidelines issued by the National Executive Council. However branches may elect a sub-committee to undertake the day to day administration of Industrial action issues during a dispute.

Branches that do elect an Industrial action committee must ensure that body reports regularly to the branch committee, including monthly financial reports. The branch Treasurer must be a member of this sub-committee as the treasurer will be required to account for all transactions either monthly to the branch committee, at the end of a dispute and at the end of a financial year.

## **Section G - applications for assistance**

Branches with Industrial action funds are encouraged to publicise the financial assistance available to members involved in a dispute and should maintain strict confidentiality in administering and making payments to members who claim.

Branches should provide claim forms to members applying for supplementary financial assistance.

Branches can produce their own forms or obtain supplies of a standard form from their region. Locally produced forms must provide sufficient information to support the criteria detailed in the guidelines below as well as the accounting requirements detailed in this scheme.

All applications must be supported by documentary evidence confirming participation in a dispute, loss of earnings and membership of the union. Usually most payslips will provide all this information

## **Section H - guidelines on expenditure**

Branches can decide on the criteria that they apply in approving or rejecting applications for assistance received. The criteria should be available to the membership so as to ensure transparency. It is important that this is not seen as just a means testing exercise. Some guidance which may assist branches in determining and assessing hardship is attached as an appendix to this document.

However whichever body adjudicates on applications received from members it is essential that all payments are made in compliance with the definitions contained in this scheme.

In addition when reflecting on an appropriate amount to pay the committee must ensure it is consequential from the action taken (that is a loss of pay as a result of participating in the dispute) and not financial problems prior to the dispute.

It would **not** be prudent to make up members' pay to net pay as the effect of tax refunds etc may result in members receiving more money whilst on strike than at work.

In some instances disputes may be organised over a number of days. Usually strike payments will not be made until the fourth day of action is taken. Therefore branches should defer consideration of hardship payments until that position is clear. Claims relating to the first three days of action should not be considered unless extreme hardship can be demonstrated.

Payments which are made in compliance with the definition on Industrial action payments are not emoluments from employment and are therefore not liable to tax and National Insurance Contributions.

Other costs that are not part of a branch's normal operating costs that are directly associated with a dispute (e.g. branch mailings, printing, stationery, postage, room hire etc.) may by branch committee agreement be paid from the Industrial action fund.

During some disputes the NEC may require branches to disburse strike pay to members on their behalf. Where branches have established Industrial action funds the NEC will direct branches to pass strike payments through their Industrial action account. Appropriate guidelines will be issued by the NEC to branches in advance of any payments being made.

## **Section I - accounting procedures and records**

The proposals made in this section are recommended practises and supplement those already contained within this scheme and the Code of Good Branch Practise. They are issued to provide helpful and meaningful guidance for branches which establish dedicated Industrial action funds and to ensure our compliance with trade union legislation.

- Strict confidentiality is to be maintained in administering all claims and payments made under this scheme.
- The treasurer is responsible for making all payments, receiving all income and keeping a record of all transactions that pass through the Industrial action fund account(s).
- The treasurer is to open a separate bank current account, in the name of the branch, from which all payments from the reserve are to be made. The branch committee must approve this. As a guide open the account as "ABC" br UNISON Industrial action fund.
- There must be at least two signatories to this account for all payments, one of which must always be the treasurer.
- There must be at least two signatories to all other Industrial action fund account(s) held in the name of the branch, one of which must always be the treasurer.

- All payments must be made by cheque.
- All money received (cash or cheque) must, in the first instance, be paid into the Industrial action account intact, that is without deduction or into another branch account.
- During disputes it is recommended that cash is banked daily or cash is locked in a secure place if left overnight (e.g. a safe). Payments which, are due to the regional Industrial action fund should then be made on the following day.
- ***If money is to be left overnight check that the global branch insurance policy provides adequate cover for your branch. You may contact Head Office***
- No payments should be made unless supported by an invoice, branch claim form, application for assistance etc and that documentation is properly authorised by a nominated branch officer prior to a payment being made.
- Signed acknowledgements must be obtained for all payments made.
- If the branch receives cash payments/donations the treasurer should issue a signed receipt (small receipt books with a carbon copy can be purchased from most leading stationery stores) and keep the receipt book with the carbon copy for audit.
- To assist the audit of Industrial action funds keep all receipts and payments documentation in a separate file.
- All decisions of the branch/Industrial action committee must be minuted and made available if requested by the auditors.
- It is strongly recommended that a record of Industrial action transactions is maintained in an analytical cash book separate from those relating to the general fund transactions.
- Open an investment account in the name of the branch into which all Industrial action funds surplus to the day to day requirements of the branch are invested and earning interest.
- It is recognised (and prudent) that to maximise investment income a branch may invest all funds surplus to its day to day needs in one account. If this is the case the branch rules must set out how investment income is apportioned between the various funds it holds.

## **Section J – year-end**

At the end of every financial year the branch treasurer must prepare the Industrial action fund's income and expenditure account and balance sheet. These must be audited.

The audited Industrial action fund accounts will be presented for approval to the branch AGM as part of, or in addition to, the annual branch accounts.

The annual return as required by rule G7.1 also requires branches to separately report on their Industrial action fund which will be completed from the Industrial action fund accounts.

## **Section K - transfers between funds**

This section sets out the procedure to be followed if a branch is considering moving funds from its Industrial action fund to other fund(s). The transfer of funds into an Industrial action fund has already been considered in the section on funding.

Branches seeking to transfer funds from their Industrial action fund to another dedicated fund or their branch general fund can do so by in accordance with the following procedures:

1. The branch committee makes an appropriate recommendation to a general meeting of the branch.
2. That recommendation should include the reason for the transfer and the amount to be transferred.
3. The recommendation should be circulated to all branch members in advance of the general meeting as well being copied to the region.
4. A simple majority of the members present and voting at a quorate general meeting of the branch must support the proposal.

### Appendix – Assessing financial hardship

Branches should adopt criteria to be used for the assessment of financial hardship to ensure:

- a) The purposes for which assistance can be given are properly defined.
- b) Branch 'Industrial action funds' are efficiently and effectively deployed, directing resources where they are required and needed.

By adopting criteria branches can ensure that all members are treated 'fairly' although it is accepted that occasionally exceptions may be made in certain circumstances.

The union has many low-paid members whose financial circumstances may warrant assistance. However in assessing 'hardship' as a result of a dispute branches should consider whether these circumstances have put an unreasonable financial burden on the household and take into account any health considerations.

### **The financial assessment**

It is good practice to accept that applicants who are in receipt of a means tested benefit such as Income Support and Housing Benefit are on low income and therefore most likely to be affected by any reduction in pay. Income Support brings people only up to the minimum income standard level which they have been assessed as needing. Whilst tax credits can be an indicator of low income, these awards are made to bring people above minimum income levels.

The following financial assessment could be applied to all applicants:

### **Income**

Weekly income from all sources should be taken into account i.e.

- Earnings
- Partner's earnings
- Means-tested benefits
- Savings
- Income from non-dependants including children in work
- Maintenance payments.

### **Income that can be disregarded**

- Disability benefits such as DLA

### **Expenditure**

Income should be compared to normal everyday expenditure. It is important to consider each individual's circumstances fully, not make generalisations but at the same time, to take into account 'actual' loss of income.

Where a member is seeking assistance in excess of 'actual' loss, this may indicate that their difficulties are not directly related to any dispute. In these circumstances it is important to consider whether an application to UNISON Welfare may also be appropriate.

### **Priority expenditure - which can be deducted from income**

Housing costs e.g. rent, mortgage, council tax, insurance's  
 Secured loans e.g. second mortgage  
 Ground rent/service charge  
 Childcare costs  
 Food  
 Utility costs  
 Child maintenance  
 Fines (subject to a court order)

### **Other expenditure - which may be taken into consideration**

Prescription costs  
 School fares/meals  
 Abnormal costs e.g. fuel where arrears have accrued and additional payments are being met etc.

N.B. it is recommended that Industrial action funds are not used to meet credit commitments e.g. store/credit cards, loan payments etc. UNISON Welfare operates a free debt advice service and can give guidance on how to deal with late/delayed payments etc. Members may access this free phone service direct by contacting 0800 389 3302 (lines are open Monday to Friday 8 am to 9pm and 9am to 1pm on Saturday's) without the need for form filling.

Advisors are aware of the type of help UNISON Welfare may offer and will refer the member to them if appropriate.

Branches can always contact UNISON Welfare on 020 7551 1620 for further information on the range of support and help available to members.