UNISON
NEC report 2016

Gateway to the future:
stable and sustainable branch resources

UNISON
the public service union

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Introduction

UNISON needs strong, active branches to ensure that our members receive the service they need from our union. In tough times, we need branches that can organise, represent members despite growing fragmentation, mobilise members to campaign for change and participate fully in the democracy of the union.

But we face unprecedented challenges. An accelerating austerity agenda has seen hundreds of thousands of jobs cut in our public services and those who stay face extra pressures: growing workload, stress, reorganisations, privatisation and fragmentation. All on top of years of pay freezes.

These are the most challenging of times to be a local branch of UNISON, and the union needs to recognise the difficulties branches face and take action to support them, ease the pressures and be flexible enough to adapt as circumstances change.

The National Executive Council fully recognises that the government's austerity agenda has put huge pressures on our branches. It was with this in mind that in 2010 the General Secretary made a commitment to national delegate conference to introduce a dedicated fund to directly support branches in their struggle against public sector cuts. The National Executive Council approved the creation of the Fighting Fund in December 2010.

In order to create this dedicated pool of money to directly support branches, budget reductions have been made year-on-year at the national centre with resources being focused on maintaining front line posts through regional budgets and the Fighting Fund.

All of this has been done against a background of falling income, from a peak of £173.4m in 2011 to £166.8m in 2015. This has led to national and regional expenditure cuts of £5m, managed through strict budgetary controls.

By the end of 2016, the Fighting Fund will have provided an extra £29.2m to directly support branches, creating some 100 extra posts for each year from 2011 onwards.

The Branch Resources Review (BRR) has already introduced significant changes to the way finance and resources are managed at branch level.

This report outlines the next steps in an evolving process of updating our financial management and resourcing. But it also aims to make a fundamental shift by proposing an immediate process for injecting additional funds where they are most needed, giving financially-stressed branches an automatic boost in funding and resources.

The review process has been lengthy and will continue. It is gradually introducing a culture change in UNISON and this takes time and requires the full engagement of branches and regions in supporting the case for change and testing the specific proposals before widespread introduction.

Throughout this process proposals have been based on a careful appraisal of financial data, discussed with stakeholders and feedback sought and acted upon before piloting the new approaches.

The review team has recognised that some of its proposals have not been supported by enough branches and has listened to those concerns. Earlier proposals around branches pooling part of any reserves held to provide a fund for those branches without sufficient resources were not widely supported. The review has listened to the concerns of branches who felt this undermined their autonomy and did not reward good housekeeping by those branches who had built up financial reserves. This idea is therefore not included in the current thinking of the review group. There are no proposals to change branch reserves.

Branch funding and the case for change

UNISON's current branch funding formula has been in place since 1 January 2002. It divides the union's subscription income between an allocation of 23.5% directly to branches and 76.5% to the union's National Executive Council (NEC).

Of the proportion of subscription income allocated to the NEC in 2014 for budgeting purposes, some 64% was spent on supporting members, with 19% on union infrastructure, 9% on union democracy and 8% on affiliations and donations.

The money spent on supporting members includes the provision of education and training for members, regional support, the Fighting Fund initiative providing additional organiser support for branches and regions; rule book benefits, legal services for members, communicating with members and specialist support for branches around particular areas such as the new procurement unit.

This balance of direct funding to branches with centrally-provided resources and services has provided UNISON with a stable financial base and allowed branches to operate with appropriate autonomy at local level, while ensuring that services are available to all members.

However, the last five years have proved the most difficult for UNISON and for the public service workers we represent since our union was formed.

Now, more than ever, we need to ensure that our union's finances and resources are used efficiently and securely to support our members through tough times.

Since the election of the coalition government in 2010, UNISON has faced major challenges as a result of an intensifying austerity agenda based on deep cuts in public spending. These cuts have focused on a programme of nearly one million job losses in essential local and public services – overwhelmingly in the areas where UNISON organises and represents members.

The impact has been to put additional pressures on local branches in terms of the support needed by members while at the same time, the loss of public service jobs has reflected in falling membership income to the union. Although we are recruiting strongly, our overall membership has continued to decline – from a peak of 1,374,500 in 2010 to 1,239,750 in 2015. This represents a loss 134,750 members or just under 10% of our membership in the last five years.

These challenges look set to grow with the Conservative government now free of any constraint imposed by coalition and pushing through hostile legislation, such as the Trade Union Bill. Branches are under huge pressure to maintain the services our members need in an environment of increasing privatisation, fragmentation and political hostility.

Analysis of recent branch financial data continues to show that overall, the current percentage of subscription income allocated by rule H 4.1 to branch funding (23.5%) is still enough to fund all their collective branch needs.

Even though membership and income have declined during this period, the sums held in branch reserves have risen, year on year.

However, this does not mean that all our branches have sufficient funds to operate effectively in the current climate. There are wide disparities between branches in terms of finances, and other resources, which are in danger of creating a two-tier union.

The following tables show this disparity clearly. Table 1 shows the pattern of branches holding reserves above (grey) the national standard of £16 per head and those with reserves below (black) the national standard, during this period.

Table 1: 2011 branch data on general fund reserves below or above the national standard of £16

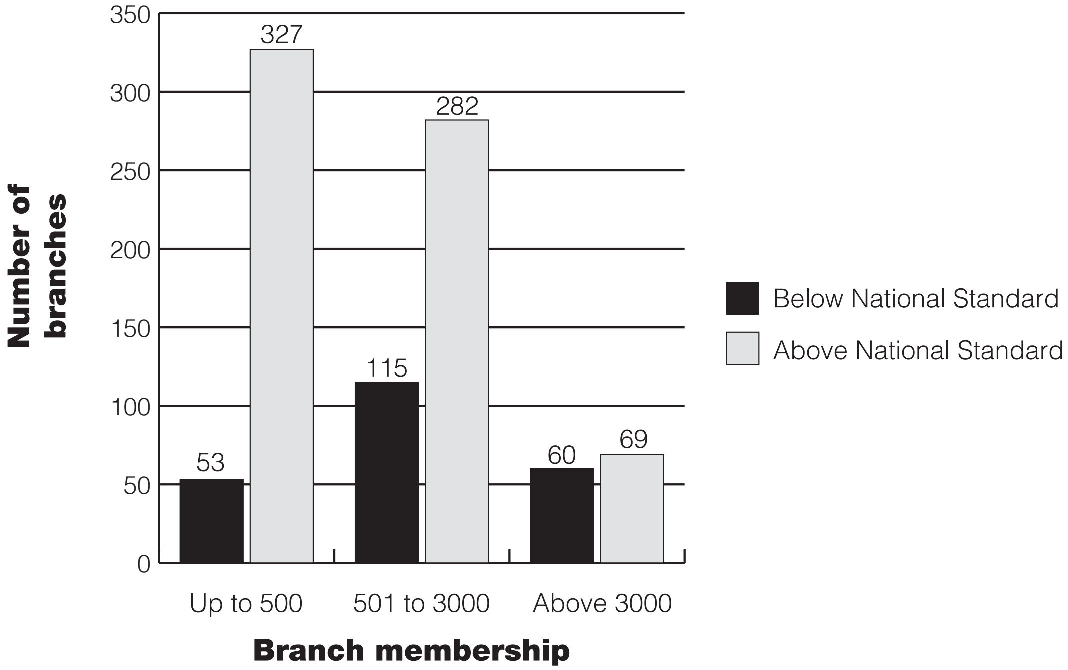
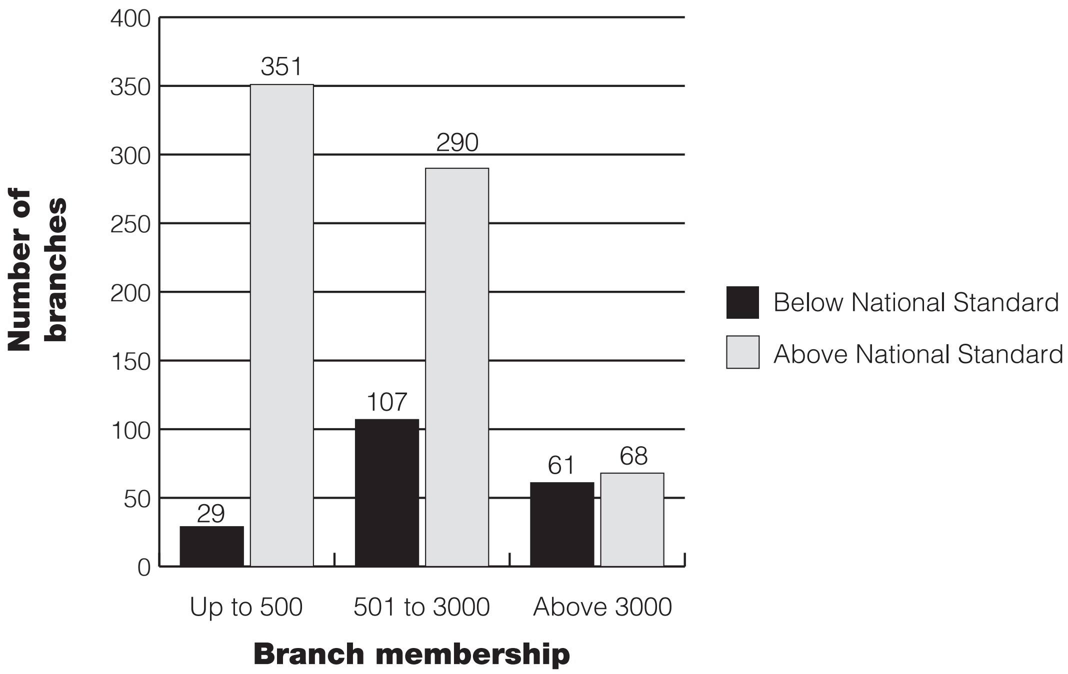


Table 1 above shows that of the 906 branches submitting an annual return for 2011, some 678 held reserves over and above the nationally-agreed standard of £16 while 228 had reserves below the national standard.

If we compare this to the figures we have from the 2014 annual returns (see table 2, below) the number of branches with reserves over and above the nationally-agreed standard has risen to 709 and those with reserves below the national standard has dropped slightly to 197.

Table 2: 2014 branch data on general fund reserves below or above the national standard of £16



When we look at the actual sums of money (set out in tables 3 and 4) held by branches in their general reserve funds they reveal even greater disparities. In 2011 678 (75%) of the 906 branches with reserves above the national standard held £33.4m (88%) of the overall branch reserves of £37.8m. In 2014 709 (78%) of the 906 branches with reserves above the national standard held £36m (92%) of the overall branch reserves of £39.1m.

Table 3: 2011 Branch general fund reserves

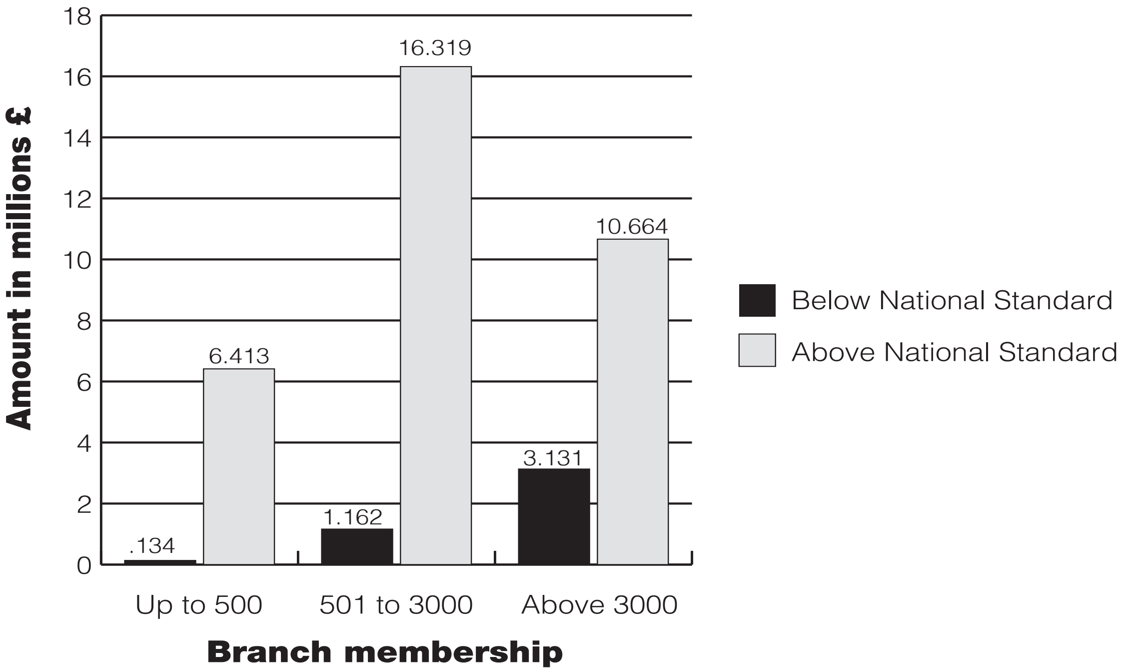
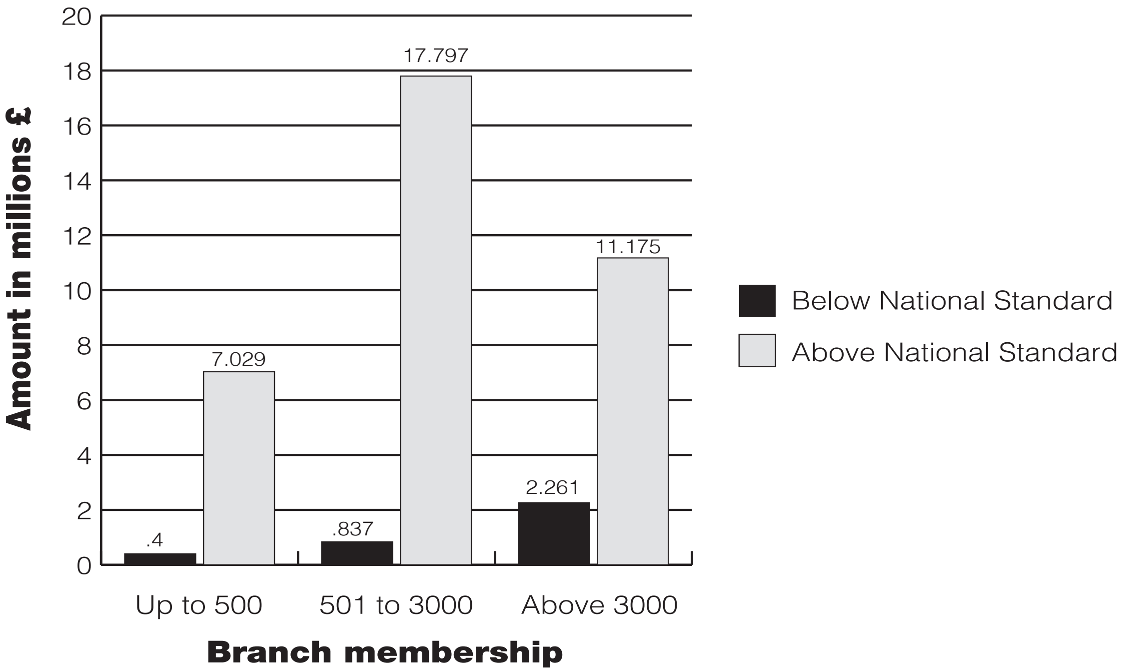


Table 4: 2014 Branch general fund reserves



The data from these four tables shows a pattern whereby an increasing amount of the union's money is held in branch reserves. The figures show that from 2011 to 2014, the total amount of money held in general reserves rose from £37.8m in 2011 to 39.1m in 2014.

The general trends are good and support the view that 23.5% is enough to fund branch activities collectively.

The following table (5) groups branches into one of four categories based on whether they made a surplus or a deficit in 2014 and whether their reserves at 31 December 2014 were above or below the national standard of £16 per member.

Category	Branch out-turns in 2014	Number of branches	General fund reserves	Members	Per capita reserves
1	Branches declaring a surplus with large reserves	365	£19,691,589	339,206	£58.05
2	Branches declaring a surplus with low reserves	125	£4,544,023	291,852	£15.57
3	Branches declaring a deficit with large reserves	359	£15,429,321	582,126	£26.51
4	Branches declaring a deficit with low reserves	57	-£526,529	108,062	-£4.87
	totals	906	£39,138,404	1,321,246	£29.62

Table 5

The data contained in the tables above convinced the Branch Resources Review group that there was not a single solution that would work for every branch but it did start to highlight where support was needed.

The branches submitting annual returns in 2014 finished up in one of four categories; the 365 branches in category 1 declared a funding surplus, and had reserves more than three times the national standard.

The 125 branches in category 2 lived within their means, and those branches in category 3 were able to draw on reserves to fund their activities. This may not always be the case but only activity-based budgeting is going to provide us with continuing robust evidence of what branches actually need.

The 57 branches in category 4 required assistance. It is important to note that the position of some of these branches would not be resolved by giving them 5% or even 10% additional funding. They require dedicated help and assistance to ensure they remain sustainable.

Overall it is clear that some of our branches have both healthy finances and substantial reserves, together with long-term resources such as paid staff and secure premises, others are limited in their ability to organise, represent members and even participate fully in the union's democratic structures due to lack of finance and resourcing.

An increasing number of branches have operated deficit budgets in the last two years – usually covered through reserves, but this will not be sustainable in the longer term.

An across-the-board percentage increase to branches may initially sound appealing, but given this disparity, the danger is that it would lead to even more money held in reserves, while reducing the money available to fund other activity which branches rely on from the regions and the centre.

The aim of the Branch Resources Review has been to work closely with branches and regions to see how this growing disparity can be addressed and how those branches currently feeling the most financial pressure can be supported.

The Branch Resources Review

UNISON has regularly reviewed branch funding since vesting day in 1993, with changes made to address new circumstances and issues as they have arisen.

The current review was originally the result of a conference motion in 2011. The review's work began with a series of measures designed to help branches to manage their finances, including the introduction of annual budgeting, production of NEC guidance on an expenses framework, advice on tax matters and the development of a new online branch accounts system (OLBA) to support branches in budgeting and financial management.

Motion 116 to the 2014 National Delegate Conference called on the review to set up an implementation group with representation from branches, regions and NEC to bring forward practical proposals for implementing changes to branch finances for 2016 conference approval.

This group has been working on a range of options for future branch finances. It was agreed that any new branch funding scheme should:

- ensure a fairer distribution of resources to branches
- make sure branches have enough resources to meet their operational and policy obligations
- set up processes procedures and protocols that are fit for purpose, now and in the future
- ensure the financial stability and viability of the union
- integrate seamlessly with the wider financial and organisational strategy of the union.

However, reviewing our finances is a tough task at any time. There are a very large number of stakeholders and as many strongly-held views as there are branches in the union. Every branch has a different experience and it is clear that no one size can fit all.

The group has consulted very widely with branches, regions and service groups on a range of issues and options for change. All have been thoroughly debated, through four rounds of consultation and some options discounted. This report brings the successful proposals together for conference endorsement.

The importance of branch budgeting

Conference has already agreed a rule change to require branches to produce a budget and the BRR group has overseen the introduction of an online package to support branches in the process of putting together budgets and getting access to historical financial data. As yet a relatively small number of branches have fully embraced branch budgeting using the OLBA system, but the review continued to show the value of embedding annual budgeting within our regular processes.

With the ongoing attacks on trade unions, a hostile political environment and the possible withdrawal of check-off subscription payments, the union's finances are likely to continue to be stretched.

In these circumstances, it is vital that the union manages finite resources wisely; is accountable at all levels for our expenditure, and works to ensure that all of our resources are put to work in supporting our members.

Pilot process

In order to be able to make firm recommendations to the 2016 conference, it was necessary for the BRR group to develop a practical model of budgeting which could meet the needs of all branches and have it fully tested by the end of 2015.

A pilot project was set up in conjunction with UNISON Scotland to work through the practical application of a model known as "activity-based budgeting" with a range of branches.

A training course was developed and new modules provided in OLBA to support branches – including income forecasting and providing greater detail of financial information.

Branches welcomed the concept and principles of activity-based budgeting, but experienced some difficulties with developing and recording budgets using the existing OLBA expenditure analysis. The Branch Resources Review group has since developed OLBA to better meet branch requirements and held further pilots in all regions and a follow-up session in Scotland.

In total, some 26% of branches covering 42% of the UNISON membership have now engaged with the process, allowing us confidence that activity-based budgeting can meet UNISON's needs and that we have put in place support mechanisms to help branches with implementation.

Activity-based budgeting

The pilot process has shown that activity-based budgeting can form the basis of a flexible and fair funding scheme that supports branches in representing members, organising in the workplace, campaigning and participating in the democratic structures of the union.

Activity-based budgeting is a simple process which involves the branch drawing up plans for activity and expenditure in the coming financial year, evaluating the most cost effective methods for delivering these and drawing up budget estimates accordingly. Branches will receive help from the region to undertake this exercise, including support in amending budget proposals to take into account previously unforeseen activities or expenditure.

This allows regions to identify patterns of need for resources, which they may find more efficient ways to meet collectively. More importantly, it identifies those branches struggling through lack of resource or those in need of additional help, support and resources in order to meet their aims and objectives and those of the union.

It is proposed that regional pool funding is made available to assist and support these branches in the short term, while in the longer term, this strategy will allow for a realistic assessment of branch needs and continued work on how they can best be met.

For 2017, where it is identified that branches do not have sufficient resources to fulfil their agreed work plans, they will receive an increase in funding from the regional pool.

This approach means that all branches are supported in the work they need to do for our members and will have the resources to participate fully in the work of the union and its democratic processes.

The union will continue to move towards full implementation of activity-based budgeting, in the secure knowledge that those branches struggling with under-resourcing now will have a swift and fair process in place to ensure they have the help they need.

The Branch Resources Review and the NEC propose the following recommendations are adopted by National Delegate Conference.

Recommendations

a. The following process will apply from 1 January 2017;

b. All branches will continue to be funded in accordance with the provisions of the current branch funding formula;

c. There are no proposals to change branch reserves;

d. All branches are required to produce annual budgets under Rule G 2.2.9. It is proposed that these should be activity-based budgets, prepared by the branch committee and agreed as part of the regular joint branch assessment process;

e. All annual budgets should be consistent with the branch work plan, include appropriate cost estimates and reflect the union's objectives and priorities;

f. The annual branch budget will be entered onto the online branch accounting system as part of the joint branch assessment. Training, help and support will be provided as needed;

g. Where a branch has agreed a work plan and budget as part of the joint branch assessment process, but does not have the resources to meet the work plan, there will be a provision for the branch budget to be automatically topped up from the regional pool;

h. Where a branch wants to fund activities that are not agreed as part of the joint branch assessment as meeting the union's objectives, there will be an appeal process whereby the budget is referred to a joint regional council body for resolution;

i. During 2016, in consultation with regions, the regional pool structure and criteria will be revised to facilitate increased funding for branches whose reserves are insufficient to fund their activity-based budget work plan;

j. The National Executive Council will evaluate and appraise the implementation of activity-based budgeting to ensure that sufficient resources can be made available to meet the proper running, management, activity and other expenses of each branch;

k. Detailed advice, guidance, training and support will be provided to assist branches in maximising their entitlement under the existing formula, taking into account the results of the activity-based budgeting process and levels of reserves.

Members of the branch resources group

Josie Bird	FRMC (Chair)
Lucia McKeever	FRMC
Paul Glover	FRMC
Davena Rankin	FRMC
Chris Tansley	D&O
Jane Carolan	PDCC
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Officers

Bronwyn McKenna	AGS Organisation and Resource Development
Cliff Williams	AGS Regional Management and Governance
Raj Ashra	Director of Finance
Sotirios Loizou	Project Manager
Serena Hadley	Administrator

Appendix 1: Activity-based budgeting for 2016/17

All branches will be provided with adequate training and support to submit budgets for 2016 and 2017 based on activity-based budgeting principles. The programme to achieve this is outlined below.

July - September

- All branches and staff to be trained in activity-based budgeting.
- All staff were trained in the general principles in 2014 and pilot branches in activity-based budgeting in 2015, so this training will be a refresher for some.

September - December

- Branches to commence drawing up 2017 budget guided by activity-based budgeting as part of the Joint Branch Assessment process.
- Additional training will be made to be available to support senior branch officers in holding discussion with the regional organiser to develop a skeleton draft branch budget for 2017.

General principles to follow will include:

– review of expenditure in 2015 and 2016 to date

– development of a draft branch activity plan for 2017 based on agreed NEC priorities, aims and objectives (these priorities are based on national delegate conference policy and the subject of consultation throughout the union)

– evaluation of any aspects of branch activity that could be made more cost effective or tailored to be appropriate to the branch plan

– the regular provision of more accurate branch income data

– drawing up of skeleton draft branch budget

– assessment of balance of income over expenditure and availability of any reserves

– Senior branch officers and regional organiser to forward draft budget to the region, any branches facing a deficit budget will have an opportunity to discuss their long and short term concerns with the region which will enable the union to provide early intervention where required.

– Branches and their designated regional organiser will regularly review expenditure against budget over the course of the year.

January - March 2017

- Draft branch assessment and branch budget to be reported to branch committee for discussion and approval
- Branch assessment and branch budget to be reported to branch AGM
- Branches facing deficit budgets and with low reserves will be referred to the appropriate regional lay body for additional funding from the regional pool (see Appendix 2).

June - July 2017

- Branch and regional organiser monitor progress of branch budget and finances in preparation for cycle to draw up branch budget for 2018.
- The branch will review their existing budget and ensure that it is still fit for purpose.

Appendix 2: The process for providing additional financial support to branches

Regions already have established lay bodies which monitor and oversee lay expenditure, including the regional lay budget, applications to the General Political Fund and the regional pool. Regions will be required to review these structures to ensure they are fit for purpose in having oversight of the branch budgeting process at regional level, and in evaluating and authorising additional payments to those branches who find themselves in need of additional funding to meet their branch plans.

Regions will be expected to monitor implementation of branch activity-based budgeting with a view to supporting those branches which are struggling, identifying trends and anticipating potential future challenges, and making reports to the NEC—particularly in regard to branches in deficit budget and/or with low reserves.

All branches falling into the category of deficit budget and low reserves will be referred to the appropriate lay body for additional funding from the regional pool. The lay body will review the branch budget and work plan, ideally this will through the joint branch assessment process and supported by the relevant regional organiser, but all referrals will be considered irrespective of this.

The appropriate lay body will be responsible for evaluating the branch budget and work plan, liaising with the branch as appropriate, and authorising additional payment from the regional pool.

All branches in financial need can expect to receive adequate additional funding to enable them to meet their branch plan.

Regions will continue to take responsibility for ensuring the regional pool is managed responsibly.

Any branch dissatisfied with the decisions taken at regional level about their funding will be entitled to have their case reviewed by the NEC.

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