Workplace union representatives in the British health care sector: evidence from the 2011 Workplace Employment Relations Survey (WERS)

This briefing analyses independent research commissioned by the Royal College of Nursing from Professor Nick Bacon of Cass Business School and Professor Kim Hoque of the University of Warwick on the economic value of facility time in British public sector health care (PSHC), including:

- an assessment of the number of representatives in the public health care sector,
- an evaluation of the number of workplace union representatives spending all, or nearly all, of their time on their representative duties.
- the proportion of public sector health care workplaces that have Union Learning Representatives (ULRs)
- comparisons against other sectors
- an assessment of the extent to which union representatives are engaged in partnership working with managers.

The analysis draws on data from a representative sample of British workplaces in the 2011 Workplace Employment Relations Study (WERS 2011).[1] Assessment of the number of representatives in the public health care sector shows:

- 12 per cent of all PSHC workplaces have a union representative. This is compared to 38 per cent of other public sector workplaces (such as local government and civil service)
- While only 12% of PSHC workplaces have a union representative, 75% of their workforce is employed in a workplace in which a union representative is present
- Union representatives in public sector health care tend to be found in particularly large workplaces, with one representative for every 80 employees (compared to one for every 40 elsewhere in the public sector, and one to 66 in the private sector).

Nick Bacon and Kim Hoque, Professors of HRM conclude that:

> *It is difficult, therefore, on the basis of these figures from the government-sponsored WERS survey, to justify the claim that there are too many workplace union representatives in the public healthcare sector. In workplaces where representatives are present, there are only half as many representatives per employee in the public healthcare sector than in non-health public sector workplaces, and there are fewer representatives per employee than in non-healthcare private sector workplaces.*

Looking at the presence of full-time representatives:

- Given union representatives in public sector health care tend to be found in particularly large workplaces, 11% of PSHC workplaces have representatives that

[1] WERS is co-sponsored by the Department for Business, Innovation and Skills (BIS), Acas, the Economic and Social Research Council (ESRC), the UK Commission for Employment and Skills (UKCES) and the National Institute of Economic and Social Research (NIESR).

spend most or all of their time on union duties (compared to 7% in the rest of the public sector and 9% in the private sector)
- The average number of employees in workplaces with a full-time representative in PSHC is 2,500, compared with a figure of 371 for workplaces with a non full-time representative.
- Where representatives work on a full-time basis, they do so in larger workplaces and are responsible for representing a greater number of members with a wider range of complex employment relations issues to deal with.

Union Learning Representatives (ULR)

- Only 4.1% of PSHC workplaces have a ULR, compared with 4.9% elsewhere in the public sector
- Each ULR cover 455 employees in PSHC, compared to 175 elsewhere in the public sector

Bacon and Hoque conclude that:

> *One possible interpretation of these figures is that ULRs in public sector healthcare are organised in a particularly cost effective manner, given the potential for each ULR to improve training and skills for a large number of employees. However, there might also be a case for the recruitment of greater numbers of ULRs, given that each ULR is currently required to cover a lot of employees in public sector healthcare, and this may dilute their impact.*

Partnership working in the NHS

Partnership working between employers and union representatives is widely recognised as essential for improving patient care and safety in the NHS.[2] One important route by which union representatives participate in partnership working is via joint consultative committees (JCCs).

Among workplaces with union recognition, 30% of PSHC workplaces have a committee, compared to 14% elsewhere in the public sector and 12% of private sector health care workplaces. Further analysis shows that in those workplaces with a JCC, union involvement is higher in PSHC workplaces than in other workplaces, indicating a high level of engagement in partnership working.

91% of management respondents in PSHC workplaces in which union representatives are present agree that union representatives can be trusted to act with honesty and integrity. This compares with 86% of managers in public sector non-healthcare workplaces, 70% of managers in private sector non-healthcare workplaces, and 68% of managers in private sector healthcare workplaces.

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[2] Department of Health (2012) *Partnership Agreement: an agreement between DH, NHS Employers and NHS Trade Unions*

Union representative presence and labour turnover

Calculations from WERS suggest that labour turnover (voluntary exit rate) is **3.4%** in PSHC workplaces *with* a union representative, in comparison with **9.5%** in workplaces *without* a union representative[3].

The difference in labour turnover allows the calculation of turnover costs in workplaces with and without union representation, thereby contributing towards an assessment of the financial benefits of workplace union representation. The costs of turnover may be estimated in a number of ways ranging from the calculation of advertising, agency and search fees at the low end of cost estimates, to estimates including the cost of lost output and absorption costs associated with new employees.

Using a methodology applied by the DTI[4] and the average of estimates from the last 4 years of the CIPD's annual survey for the median costs of advertising, agency or search fees associated with staff appointments in the public sector (£1,875)[5], we can calculate the positive impact of workplace union representatives towards reducing costs for the replacement of staff who voluntarily leave. The annual savings for the whole of the NHS in the UK are (see Appendix for further details):

- £100,320,249 for all Agenda for Change staff including:
  - £34,165,586 for qualified nursing, midwifery and health visiting staff
  - £11,547,808 for health care assistants/nursing auxiliaries

In a large teaching hospital NHS organisation, annual savings are estimated to be £1,190,625 for all Agenda for Change staff.

Other frequently used estimates for the cost of staff turnover account for a broader range of costs including lost output and recruitment/absorption costs. For nursing staff, these are generally calculated as between 0.75 and 2 times the salary of the nurse that has left[6]. As an indication of the savings involved, we have calculated the potential amount just for qualified nursing staff to be £385,114,487 per year (see Appendix for more details).

[3] The leaving rate for the NHS in England between August 2013 and 2014 was 8.1%
[4] DTI (2007) *Consultation Document Workplace Representatives: A review of their facilities and facility time*. URN 06/1793
[5] CIPD (2015) *Resourcing and Talent Planning*
www.cipd.co.uk/binaries/resourcing-talent-planning_2015.pdf
[6] Health Education England (2014) *Growing Nursing Numbers*
http://hee.nhs.uk/wp-content/uploads/sites/321/2014/05/Growing-nursing-numbers-Literature-Review-FINAL.pdf

Illustrative differences in recruitment costs for an NHS organisation given differences in turnover rates depending on the presence of workplace union representatives

		No workplace union representatives present		**Workplace union representatives present**		
	Total number	Voluntary exits (turnover rate 9.5%)	Replacement advertising, agency or search fees (£1,875 per hire)	Voluntary exits (turnover rate 3.4%)	Replacement advertising, agency or search fees (£1,875 per hire)	**Difference in recruitment costs**
Non-medical staff (of which…)	10,407	989	£1,854,375	354	£663,750	**£1,190,625**
Administration and estates	2,397	228	£427,500	82	£153,750	**£273,750**
Healthcare assistants and other support staff	785	75	£140,625	27	£50,625	**£90,000**
Nursing, midwifery and health visiting staff	5,618	534	£1,001,250	191	£358,125	**£643,125**
Scientific, therapeutic and technical staff	1,584	151	£283,125	54	£101,250	**£181,875**

Bacon and Hoque conclude that:

> *Given the positive relationship between union representative presence and these outcomes, it is likely that any reductions in workplace union representative numbers, or the facility time on which they rely, will harm rather than improve NHS performance. As such, the reporting requirements and reserve powers in relation to facility time in the public sector contained in the Trade Union Bill 2015-16 may be regarded as particularly concerning. The analysis presented here suggests they may well result in the imposition of unnecessary costs on the NHS, and reduce the positive impact that union representative presence appears to have across a range of performance outcomes.*

Costs and wider benefits

The calculations do not make an assessment of the costs involved of union recognition and partnership working, such as the provision of facilities and facility time to workplace union representatives. These costs include paid time off for representatives to undertake trade union duties as well as the provision of offices and equipment.

This research has made a preliminary assessment of the savings made through the positive impact of workplace union representatives on reducing costs to replace public sector health care staff who voluntarily leave.

There are also other potential benefits from union recognition and partnership working which have not been quantified such as:

- The provision of a low cost mechanism for meaningful consultation which usually leads to early resolution of disputes, disciplinaries and grievances
- The resolution of casework without recourse to employment tribunal.
- The reduction of days lost to work-related illness and injury
- Productivity gains through helping staff acquire new skills

Appendix

About the WERS 2011 survey

WERS includes a survey of managers which is designed to be nationally representative of British workplaces with five or more employees in all industry sectors (with the exception of agriculture, hunting, forestry and fishing and mining and quarrying). Respondents to the survey are the most senior manager in the workplace with responsibility for employment relations, human resources or personnel. Out of 2,680 workplaces, the table below shows the number relevant to this study.

Managers survey responses

	All	**Union is recognised for collective bargaining and with a representative present**
public sector healthcare	169	124
public sector non-healthcare	653	437
private sector healthcare	134	9
private sector non-healthcare	1,724	380

Managers in workplaces with union representatives were also asked for consent to interview one trade union employee representative and one non-trade union representative. The interview was conducted with the most senior lay representative of the largest recognised union at the workplace, or the largest non-recognised union if none were recognised.

Union representatives survey responses

All	797
private sector healthcare	96
public sector non-healthcare	376
private sector healthcare	7
private sector non-healthcare	281

Labour Turnover Calculations

The following calculations reproduce the procedure used by the DTI (2007)[7]. An average of estimates from the last four years of the CIPD's (2015) annual survey of the median costs of advertising, agency or search fees in the public sector suggests costs of £4,500 to replace senior managers/directors and £1,875 to replace other employees[8]. This cost may be calculated for the NHS workforce as follows.

- The NHS has approximately 1,167,932 Agenda for Change staff (FTE)
- workplace representatives reduce turnover by 6.1 per cent
- average cost of replacing staff is £1,875 in advertising costs alone
- the positive impact of workplace union representatives on reducing costs to replace all AfC staff who voluntarily leave is £133,582,223 *per annum* (0.061 x 1,167,932 x £1,875)
- As 75.1 per cent of the workforce in public sector healthcare is covered by union representatives the actual savings can be estimated to be £100,320,249 *per annum*.

[7] DTI (2007)
[8] CIPD (2015)

Turning to the nursing workforce:

- The NHS has approximately 397,757 qualified nursing, health visiting and midwifery staff (FTE)
- workplace representatives reduce turnover by 6.1 per cent
- average cost of replacing staff is £1,875 in advertising costs alone
- the positive impact of workplace union representatives on reducing costs to replace nurses who voluntarily leave is £45,493,457 *per annum* (0.061 x 397,757 x £1,875)
- As 75.1 per cent of the workforce in public sector healthcare is covered by union representatives the actual savings can be estimated to be £34,165,586 *per annum*.
- The NHS has approximately 134,440 health care assistants/support workers (FTE)
- workplace representatives reduce turnover by 6.1 per cent
- average cost of replacing staff £1,875 in advertising costs alone
- the positive impact of workplace union representatives on reducing costs to replace health care assistants/support workers who voluntarily leave is £153,765,750 *per annum* (0.061 x 134,440 x £1,875)
- As 75.1 per cent of the workforce in public sector healthcare is covered by union representatives the actual savings can be estimated to be £11,547,808 *per annum*.

Calculation based on broader range of costs including lost output and recruitment/absorption:

- The salary for a registered nurse ranges from £21,692 to £98,453
- Using the top of Agenda for Change band 5 (£28,180) and estimating 0.75 of salary replacement cost of £21,135
- If workplace union representatives reduce turnover by 6.1 per cent among 397,757 nurses
- The positive impact of union representatives on reducing costs to replace nurses who voluntarily leave is £512,802,246 *per annum* (0.061 x 397,757 x £21,135) or £385,114,487 to reflect the 75.1 per cent of nurses estimated to be in workplaces with workplace union representatives present.

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