



Home Office

# **Identity & Passport Service**

## **NEWPORT PASSPORT OFFICE**

*Summary of the responses from the collective consultation and the Government's decisions on the future of passport services at Newport*

**May 2011**

## 1 INTRODUCTION

1.1 The Identity and Passport Service (IPS) deals with around 5.5 million passport applications each year from people in the UK. IPS has a network of regional and local offices throughout the country, of which five centres provide passport application processing facilities. These centres are part of the regional offices at Belfast, Durham, Liverpool, Newport and Peterborough.

### Capacity Review

1.2 In 2010, IPS carried out a review of its existing and future staffing needs and physical estate requirements. The review identified over-capacity in both areas and the need to reduce the excess capacity in the passport application processing network and in the Interview Office Network.

1.3 IPS set out their proposals for achieving the necessary reductions and on 18 October 2010, commenced a 90-day collective consultation period with staff and the trade unions on how to reduce the excess headcount and physical estate. This paper deals only with the responses to the formal consultation submitted in respect of the passport application processing network. Proposed reductions in the Interview Office Network were subject of a separate consultation exercise and the outcome of that consultation process can be found by clicking [here](#).

### Collective Consultation – Application Processing Centre (APC)

1.4 The consultation process commenced on 18 October 2010 and ended on 18 March 2011 (150 days). IPS agreed to extend the period of consultation beyond the normal maximum of 90 days in the light of requests from the trade unions and others for more time to respond.

1.5 The form of consultation undertaken was a collective consultation with staff and trade unions. However, in the light of interest from a range of interested parties, IPS agreed to take into account their views and comments. The aim of the consultation was to determine how the proposed savings could be achieved by minimising the number of compulsory redundancies and by maintaining the high quality of service delivery that IPS provides.

1.6 A number of Members of Parliament and Members of the National Assembly for Wales made representations on behalf of their constituents and representations were received from a number of organisations and individuals including Newport City Council. The future of the Newport Office was subject to an Inquiry by the Welsh Affairs Committee and the [Committee published their report on 3 February 2011 \(HC 590\)](#).

## **2 PROPOSALS FOR CHANGE**

2.1 IPS is a public service organisation that achieves high levels of public confidence. IPS must operate within the income derived from its fee structure and the income must be used solely for the effective delivery of services. IPS must keep its business operation under review against the key aims of delivering a secure, high quality service at an economic cost to the customer and the UK economy.

2.2 The cancellation of the National Identity Scheme (NIS) reduced the activities and functions of the IPS passport operation. Additionally, in the regional passport processing operation, IPS has been able to demonstrate increasing productivity over the last two years and has further plans, through investment in a replacement processing system and online channel and through streamlining processes, to improve productivity further.

2.3 Against that background, IPS announced in October 2010 their intention to reduce excess capacity of staff by around 350 full time equivalents and excess physical capacity of about 25% in the application processing network. To achieve that, without reducing existing or future levels of passport service and at the least possible cost, IPS announced its intention to consult on the proposed closure of the application processing centre (APC) at Newport.

2.4 The case for closing the Newport APC was set out in the Multi Criteria Analysis. The Multi Criteria Analysis (MCA) method was used to establish objectively which office provided the best option for closure. The broad outline of the Multi Criteria Analysis as described in the Treasury Green book is as follows:

- Identify policy options for analysis
- Identify criteria against which options will be assessed
- Assess options against criteria using quantitative or qualitative data
- Score options against criteria on a consistent basis
- Weight criteria and compare options
- Carry out sensitivity analysis & revisit conclusions.

2.5 The criteria used by IPS consisted of seven key groups - Cost, Affordability, Estates, People, Customers & Partners, Performance and Operational Feasibility. Consideration was given to the respective weightings of the criteria but these were ultimately given equal weights, as varying the weightings made no discernible impact on the outcome of the analysis. The MCA identified the potential benefits of closure of each of the current five APCs and of making the necessary savings across the whole of the APC

estate rather by focussing on a single APC. The weblink to the MCA is provided at the end of this report.

2.6 In accordance with the guidance published by the Department of Business, Innovations and Skills on issuing Impact Assessments, IPS was not required to complete or publish such an assessment. However, in response to requests from the Welsh Affairs Committee and from interested parties, an Impact Assessment (IA) was issued on 11 March 2011. The weblink to the IA is provided at the end of this report.

2.7 Both the MCA and the IA show the benefits to be achieved by closing the Newport APC outweigh any of the other considered options. The figures and statistics used and calculations undertaken to determine the optimum solution have been carried out objectively and been subject to independent verification by the Office of National Statistics, StatsWales and the Home Office Chief Economist.

### **3 RESPONSES TO THE CONSULTATION**

3.1 This was a collective consultation with staff and trade unions about how best to deal with any potential job losses. However, IPS accepted responses from individuals, elected representatives in the UK Parliament, the National Assembly for Wales as well as staff from the regional office network and from the trade union side. As the consultation was not a public consultation, permission was not sought at the outset from respondents to publish in full their individual comments. Therefore, individual respondents and their comments are not provided in this document.

3.2 This document is in two parts. Part 1 sets out responses under two headings. First, the generic points which were made by respondents about the proposed changes, and then secondly, the more detailed comments made in respect of the economic and social arguments for Newport APC remaining open. Part 2 sets out the Government's decision on the application processing centre at Newport and future staffing arrangements at regional offices and headquarters, in the light of the responses to the consultation and other factors that have changed since the initial proposals were made.

#### **PART 1:**

##### **Anti-Welsh**

3.3 There was a strong and constant criticism that the decision to close the Newport Passport Office was evidence of a London-based Government having little or no regard for the people of Wales and denying them the same level of service available to citizens in the rest of the United Kingdom.

**Government response:** The consultation process was on the proposal to close the application processing centre at Newport and not the Newport Passport Office. Unfortunately, much of the public campaign in particular focussed on the alleged departure of IPS from Wales when that was not the case. As a result, a large percentage of correspondents were critical of a decision that had neither been proposed nor taken by IPS.

**Ministers confirmed at a very early stage in the consultation process that a customer service centre would be located at Newport, retaining the ability for Welsh language applicants to obtain services in the Welsh language. The centre would provide for the 47,000 people each year who visit the existing office at Newport from South Wales and South West England for priority services.**

**IPS is responsible for delivering a service to all its customers in the UK. IPS has to take a considered view on locating services and the economic benefits of their estate strategy. That is why in 1988 the application processing capability was removed from the London office and in 2008, the passport application processing centre in Glasgow was closed with the loss of 124 posts. Decisions such as these will continue to be taken on the basis of ensuring that the person paying for their passport receives the best value for their money. IPS derives its revenue costs from passport fees not the taxpayer.**

### **Loss of local services**

3.4 Respondents were critical that the closure of the Newport office would mean people having to travel further and therefore pay more for their passport than people in other parts of the UK and receive a lower standard of service.

**As indicated above, the proposal was not to close the passport office in Wales. A customer service centre will continue to be located at Newport and continue to provide for the 47,000 people each year who visit the existing office at Newport from South Wales and South West England. In addition, the centre will retain the ability for Welsh language applicants to obtain services in the Welsh language.**

### **Cuts to public services**

3.5 A number of respondents expressed concern that Government proposals to cut the deficit would result in reducing both the quality and level of delivery of public services. This would impact in particular on the public on a daily basis and in general the UK economy.

**Government response:** IPS has identified over-capacity in its operational structure. Irrespective of the current financial climate, the review would have had to be implemented. IPS must operate within the fee structure and deliver a passport service at an economic rate for the customer and in the best interests of the UK economy. The proposed changes were announced ahead of the Comprehensive Spending Review.

### **Loss of experienced staff**

3.6 Some respondents said that losing staff will mean that expertise and experience will be lost and the quality and level of service will be reduced.

**Government response:** IPS achieves high levels of public confidence in the passport process and high levels of public satisfaction in the quality of service. That is because of the commitment by and application from staff who are the biggest asset of the agency. Cutting staff is a very difficult decision and the impact that the loss of a job and a career may have is fully acknowledged.

However, IPS is running at a level where there are simply too many staff and too much physical estate. The passport applicant cannot be expected to subsidise excess capacity and it has been necessary to take this step.

### **Quality of forecasting and capacity planning**

3.7 Some respondents questioned the reliability of the capacity forecasts and planned efficiency savings. It was considered that sufficient consideration had not been given to alternatives such as revising how IPS operates existing services (e.g. how it deals with lost or stolen passports or saving jobs by finding cheaper locations) including its contracts with major suppliers.

**Government response:** We welcome suggestions that help improve the efficiency and effectiveness of IPS. At a national level, suggestions were often made without a supporting or sustainable evidence base.

IPS has for the third consecutive time come top of the survey carried out by the Institute of Public Services on customer satisfaction within the public service. That does not happen by chance. That is achieved by staff and their expertise in demand forecasting, contract management and professionalism in the delivery of services to the public. Predicting future service levels to maintain that high level of delivery requires an evidence-based approach using informed and professional skills. We

believe that the estimated over-capacity and planned productivity improvements are realistic.

IPS has sought at all times to achieve an objective assessment of which approach will deliver the best results for its customers and for the UK economy. IPS worked with the Office of National Statistics, StatsWales, the Home Office Chief Economist and colleagues in the Wales Office.

We have listened to the options provided and sought to take these on board wherever possible. These are covered in part 2 of the paper. Detailed points on the business case for closure are set out below.

### **Economic Impact on Newport**

3.8 Respondents were concerned that the closure of the APC did not take into account the economic impact on Newport and surrounding area and that the decision to close the Newport APC would be a further blow to the Welsh economy.

**Government Response:** We are of course deeply concerned at job losses and recognise the contribution that staff in Newport and across IPS make to the high levels of public satisfaction that IPS achieves. However, we have had to reach a decision that achieves the necessary savings in the most cost effective way.

The Impact Assessment shows that the APCs at Liverpool, Newport and Peterborough have closely matched Net Present Values. However, the closure of the APC at Newport can be achieved at the lowest one-off costs and its closure will deliver the optimum results in terms of meeting future demand without the need to backfill posts. The business case points at closing the Newport APC to achieve maximum benefits.

We recognise the impact on a local economy of losing jobs. That same consideration applies to the geographical locations of each of the five existing centres. That is why we applied similar criteria to all the options.

3.9 Some respondents argued that the Impact Assessment was at a macro (regional) level that did not fully recognise the impact on Newport itself.

**Government Response:** IPS sought to carry out localised assessments for Belfast, Durham, Liverpool, Newport and Peterborough. To do so would require the same level of data for each town and for that data to be reliable. The Office of National Statistics informed IPS that consistent and reliable data that were meaningful were not available at such a local level.

**Information was provided as part of the consultation in the form of a local impact assessment by interested parties in Newport. This was a helpful contribution to the decision-making process. Unfortunately, however, it contained out-of-date multipliers, assumptions and conclusions based on unreliable data. Figures provided could not be substantiated. The figures and calculations used in the locally developed impact assessment served to confirm the ONS advice that consistent and reliable data were not available at the local level.**

**If such data had been available and if it pointed to a location other than Newport facing greater local economy difficulties, IPS would have still have had to consider what the optimum approach would be for the fee-payer.**

**We recognise, however, that the local economy in Newport has suffered other impacts during the recession, and we have considered ways to mitigate the impact of IPS changes in deciding the way forward.**

3.10 Some respondents said the calculations used by IPS are inconsistent and have been tailored to suit their arguments, particularly around such areas as redundancy and estate costs. They would not hold up to scrutiny. IPS made up its mind and has spent the consultation period trying to support its own case.

**Government response: IPS has taken an objective approach from the outset and continued that approach throughout the consultation process. Consistent criteria have been applied to all options. IPS has used the consultation period constructively to listen and engage. Considerable engagement has been undertaken with the office of the Chief Economist for the Home Office, with the Office of National Statistics and with StatsWales. These independent groups operate to the highest standards of professionalism and we have sought and obtained their verification of the information used. We have also sought the advice from these groups on any new statistical data provided by interested parties during the consultation period.**

3.11 Some respondents said that both the Multi Criteria Analysis and the Impact Assessment are based on the false assumption that IPS intend to lose 350 FTE posts across the application processing network. You are losing jobs through natural attrition and through the programme of VER/VES. Therefore, the proposed level of job losses in Newport is not needed at the level you are proposing.

**Government response: Our aim is to reduce the capacity of the application processing network. IPS has lost a number of staff through**

**resignation, retirement etc since the consultation commenced and more staff have departed and will depart through voluntary early release schemes. We have taken this into account in deciding the way forward.**

**We have included staff who have left voluntarily in the IA calculations. It does not make any difference to the outcome of the IA as the cost has been spread equally across the existing five centres. The IA also makes clear that the closure of a single office would be a contribution to the achievement of the overall target of a reduction of 350 FTEs.**

3.12 Some respondents said that insufficient consideration has been given to retaining staff experience and expertise at Newport by moving HQ functions to Newport. In addition, greater consideration needs to be given to the lease arrangements across the IPS estate and significant savings could be made by renegotiating the lease on the existing Newport building.

**Government response:**

**IPS has been looking at all its functions at local, regional and national level. It is currently in the process of a major restructuring programme to ensure that headquarters, regional and operational functions are focussed on ensuring that we achieve more for less. That includes ensuring that the estate is more effectively used. We are already rationalising the local interview network. We are consulting with other government departments and local authorities on sharing offices to deliver a more flexible way of working and improving customer service.**

**Part 2 below sets out how we have decided to implement the modernisation and restructuring programme to minimise the level of job losses in Newport. It also sets out next steps on our estates, based on assessment of the available property options in Newport and elsewhere.**

## **4 PART 2: FUTURE WORKING MODEL**

4.1 IPS originally set out to reduce the capacity of the application processing network by 350 FTEs and 25% of its estate. IPS announced the closure of the passport application processing at Newport in order to deliver savings through a reduction of 287 FTE posts and a reduction in estate of around 19%. This would deliver savings of approximately £24 million over the CSR period.

4.2 We have taken into account the comments and responses received to the consultation and listened to the views of staff and trade unions and other stakeholders including Members of Parliament, the Welsh Affairs Committee,

Members of the Welsh Assembly, Newport City Council and a range of other organisations and individuals.

4.3 We have also taken into account other organisational changes impacting on IPS, particularly the effect of voluntary exit schemes. Some 170 operational staff have left IPS since autumn 2010 on a voluntary basis.

4.4 We are maintaining our intention to end the processing of postal and online applications in Newport. This remains the most effective approach to achieve the necessary reductions in excess staffing levels and capacity in the application processing network.

4.5 However, because of the reductions which have already occurred, it is not necessary to reduce numbers further in Newport.

4.6 Following the consultation, IPS has decided to consolidate some of its operational functions throughout their regional network.

4.7 The Newport office will keep the IPS central customer complaints and correspondence function and share telephone customer enquiry handling with the Durham office. The consolidated handling of lost and stolen passports will be located at Durham and Peterborough and a specialist counter-fraud team will be moved to Newport. The processing of overseas passport applications will be carried out in Liverpool, Durham and Belfast from 2013. The distribution of tasks is an effective and efficient approach enabling the knowledge, skills and expertise of staff in every regional office to be applied in these areas of specialist activities.

4.8 Consequently, the overall size of the IPS workforce in Newport will be about 150 FTE posts. The current premises in Newport will be retained until the lease break in 2013. After that date, the size of the premises used for Newport will be reduced by 50%. We will give up excess space at our offices in Glasgow and Durham by the end of the current financial year. The Durham estate will be reduced further by March 2014. A strategic review of the North West Estate will be carried out and the options for the size of the Peterborough estate assessed after the main lease break in July 2013.

4.9 This programme of work combined with the voluntary exit schemes already underway will reduce processing capacity by 300 posts. The proposed consolidation of specialist work across the regional offices will lead to a surplus of around 120 FTE posts in Newport compared to the original proposal to make 300 posts surplus. The other changes described above will not lead to any staff being made surplus at other locations. Changes will be managed within existing overall staff complements. IPS has sought to deliver the reductions in excess capacity with the minimum impact on staff and, as

indicated at the outset of the consultation period, avoiding having to resort to compulsory redundancies.

4.10 The rationalisation of the estate will reduce the overall IPS estate capacity by 15%. We anticipate savings of £22.6 million over the period of the Comprehensive Spending Review, subject to carrying out a further voluntary exit scheme later this year.

## **5 FURTHER INFORMATION**

5.1 The following documents can be found by clicking [here](#) or by clicking on the individual documents:

- [Proposed closure of IPS regional offices and application processing centre at Newport - impact assessment \(PDF file - 163kb\)](#)
- [Closure of application processing in Newport - annexes and equality impact assessment \(PDF file - 314kb\)](#)
- [Stakeholder letter - equality impact assessment \(PDF file - 76kb\)](#)
- [Diversity data - equality impact assessment \(PDF file - 132kb\)](#)
- [Passport operation restructure - full data pack for Newport office closure \(PDF file - 139kb\)](#)

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