

Central
Bedfordshire
Council
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TO ALL MEMBERS OF THE GENERAL PURPOSES COMMITTEE

25 May 2010

Dear Councillor

GENERAL PURPOSES COMMITTEE – THURSDAY, 3 JUNE 2010

Further to the agenda and papers for the above meeting, previously circulated, I attach the following report which was marked to follow:-

10. Harmonisation

To consider a report on the Harmonisation process.

Should you have any queries regarding the above please contact me.

Yours sincerely

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Meeting: General Purposes Committee

Date: 3 June 2010

Subject: Harmonisation

Report of: Acting Assistant Director, People

Summary: The report is for Members to note for information, as well as to provide the opportunity for comments and views to be forwarded from General Purposes Committee to Executive regarding the proposal that the Council does not continue with plans to harmonise pay, terms and conditions of service for the financial reasons set out in the attached report.

Advising Officer: Gordon McFarlane, Acting Assistant Director People

Contact Officer: Catherine Jones, Head of HR Strategy

Public/Exempt: Public

Wards Affected: n/a

Function of: Council

Key Decision No

Reason for urgency/
exemption from
call-in (if appropriate) n/a

CORPORATE IMPLICATIONS

Council Priorities:

By not proceeding with harmonisation, recognising that the legally safe position could only be to harmonise upwards, the decision will contribute towards safeguarding the Council's financial wellbeing..

Financial:

The earmarked budget for harmonisation was approximately £500k. However the year on year costs of harmonising upwards would cost the Council up to £1.5m.

Legal:

The Council has taken legal advice to underpin the decision reached ie not to harmonise but to continue to protect staff who transferred on 1 April 2009 under the Transfer of Undertaking (Protection of Employment) Regulations 2006 (TUPE)

Risk Management:

While we recognise that decisions of this kind are unlikely to be risk free, our legal advice supports the approach recommended to the Executive. Additionally, in taking this action, the Council is avoiding putting additional unnecessary pressures on budgets.

Staffing (including Trades Unions):

Trade unions have been advised of this recommendation, and we will continue to work closely with them to address individual and group issues, recognising the likely impact of this recommendation on significant numbers of colleagues.

Equalities/Human Rights:

Staff will continue to have legacy pay, terms and conditions of service protected by virtue of TUPE, and there will be no detriment as a result of the recommendation not to proceed with harmonisation.

Community Safety:

n/a

Sustainability:

n/a

Summary of Overview and Scrutiny Comments:

- n/a

RECOMMENDATION(S):

1. that the Committee

- (a) **Supports the report to Executive and the recommendation made that the Council does not continue harmonise the pay and terms and conditions of employment.**

Reason for Recommendation(s): To avoid putting additional ongoing pressures on the Authority's budget, recognising the current and likely future financial position.

Background

1. At previous meetings of General Purposes Committee, Members have received both written and verbal updates on the progress of the harmonisation project.

2. As set out in the attached report the project was divided into 3 mains strands:-
 - a) Analysis and evaluation of ex district roles,
 - b) Analysis of differences between legacy terms and conditions of service
 - c) Development and implementation of core HR policies for Central Bedfordshire.
3. During the first year of the Council the committee has received and approved a number of the HR core employment policies and these are now well embedded within the organisation.
4. Members have also been made aware of the progress being made on the evaluation of posts and the analysis of terms and conditions, however until the work had been completed no projected financial costs could be provided.
5. However as set out on the attached report (Appendix A), given the legal advice and the financial costs of implementing harmonisation and the Council's financial pressures there is a recommendation from the Corporate Management Team to the Executive that the harmonisation project should not continue.
6. As there is a saving of budget earmarked to cover the cost of harmonisation, the final decision to not continue with the harmonisation of pay and terms and conditions of service is required to be taken by Executive.
7. However in recognition of the terms of reference for the General Purposes Committee, it is appropriate that the Committee is able to discuss the recommendation and provide any comments to the Executive.

Background Papers: (open to public inspection)
None

Location of papers: N/A

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Meeting: Executive
Date: 8 June 2010
Subject: Harmonisation
Report of: Cllr M Jones, Portfolio Holder for Finance, Governance & People
Summary: The report proposes that the Council does not continue with plans to harmonise pay, terms and conditions of service in the way intended originally, for the financial reasons set out in the report.

Advising Officer: Richard Carr, Chief Executive
Contact Officer: Gordon McFarlane, Acting Assistant Director (People)
Public/Exempt: Public
Wards Affected: All
Function of: Executive
Key Decision Yes
**Reason for urgency/
exemption from call-in
(if appropriate)** N/A

CORPORATE IMPLICATIONS

Council Priorities:

By not proceeding with harmonisation as planned originally, recognising that the legally safe position could only be to harmonise upwards, the decision will contribute towards safeguarding the Council's financial wellbeing.

Financial:

Accurate costs could not be projected until a full analysis of job roles and differences in terms and conditions had been undertaken. Early indicative costs have been estimated at £1.5m.

A £500k reserve was created in 2009/10 in recognition of harmonisation costs, however this has been utilised in supporting the redundancy costs in respect of the Senior Management Review due to the accelerated timetable. £650k has been included in base budgets in the 2010/11 budget however overall costs associated with harmonisation exceed current budgetary provision.

Legal:

The Council has taken legal advice to underpin the decision reached i.e. not to harmonise, but to continue to protect staff who transferred on 1 April 2009 under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) on their legacy pay, terms and conditions of service.

Risk Management:

Whilst we recognise that decisions of this kind are unlikely to be risk free, our legal advice supports the approach recommended to the Executive. Additionally, in taking this action, the Council is avoiding putting additional unnecessary pressures on budgets.

Staffing (including Trades Unions):

Trade unions have been advised of this recommendation, and we will continue to work closely with them to address individual and group issues, recognising the likely impact of this recommendation on significant numbers of colleagues.

Equalities/Human Rights:

Staff will continue to have legacy pay, terms and conditions of service protected by virtue of TUPE.

Community Safety:

N/A

Sustainability:

N/A

Summary of Overview and Scrutiny Comments:

- The issues have not been considered by Overview and Scrutiny

RECOMMENDATION(S):

1. that the
 - (a) **Executive determines that the Council will not proceed to implement plans to harmonise pay, terms and conditions of service, as envisaged originally recognising that staff who transferred from the three legacy authorities on 1 April 2009 are protected under TUPE.**

Reason for Recommendation(s): To avoid putting additional ongoing pressures on the Authority's budget, recognising the current and likely future financial position.

Executive Summary

History and context

1. As part of the creation of Central Bedfordshire, and following the aspirations set out on the non statutory guidance relating to the creation of unitary authorities, there was a stated ambition to move all staff onto consistent pay, terms and conditions of service.
2. This would help to create the sense of belonging to one organisation, and overcome some perceived or actual differentials between similar jobs performed by colleagues from different legacy organisations.
3. The Shadow Authority adopted the ex County Council pay and grading schemes, and as a consequence, all ex South and Mid Bedfordshire District Councils' posts have been analysed in order that they could be evaluated on the adopted schemes. In order to achieve the publicly stated objective of harmonisation, work has been ongoing over the last 14 months.

Work to date

4. The project has been divided into 3 strands:
 - a. Analysis and evaluation of around ex District roles, occupied by approximately 600 staff.
 - b. Analysis of the differences between legacy terms and conditions of service.
 - c. Development and implementation of core HR policies for Central Bedfordshire
5. There has been much engagement with staff, managers and trade unions over the last 18 months, and a clear expectation created that the Authority would implement the planned changes.

What has changed?

6. Having worked on this issue for some time, it has become apparent that under the TUPE (Transfer of Undertakings (Protection of Employment)) Regulations 2006, colleagues could only be harmonised upwards i.e. to the most generous and beneficial of the legacy authorities' terms and conditions.
7. There is a significant cost associated with this, and when considered in the context of the economic climate, and the Authority's current financial position and the ongoing requirement to deliver efficiencies, it is now clear that the costs of implementation are prohibitive.

8. In summary, the Corporate Management Team have taken the opportunity over the last few weeks to review the work on the harmonisation project, prompted by a number of key drivers:
- Recognition that the organisation has re-focussed its priorities since April 2009 in light of the profoundly changed economic situation.
 - Legal advice about the implications of moving to a harmonised set of terms and conditions.
 - A better understanding of the costs of the project.
9. In the context of the economic recession, our current budget situation and anticipating seriously reduced resources for all public services, it is neither practical nor defensible for the Council to progress with harmonisation. In parts of the organisation where we have groups of staff going through business led organisational change, affecting staff numbers or functions, they will be placed on Central Bedfordshire pay, terms and conditions of service.

Financial implications

10. A budget of approximately £500k was earmarked for the implementation of harmonisation. However, accurate costs could not be projected until the analysis of job roles and also differences in terms and conditions had been carried out.
11. Indicative costs of harmonising upwards are £1.5m per year, clearly far exceeding budget provision.

Appendices:

None

Background Papers: (open to public inspection)

None

Location of papers: N/A