
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 to 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):

that the 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.

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