local government reorganisation

interim people management issues

pay, pensions and employment solutions
introduction

This interim employers’ advice on people management issues has been developed by the Local Government Employers (LGE) local government reorganisation advisory group. It has also been shared with the major trade unions and the Department for Communities and Local Government (CLG).

context

Local government reorganisation (LGR) will have major implications for the management and delivery of council services in affected areas. In July 2007, the government announced that nine proposals for unitary status will go ahead towards implementation with the intention that all new authorities are fully up and running in 2009.

The CLG Working Group has been given terms of reference to “…consider practical arrangements for implementing structural change…having regard to…the need to:

• minimise any risk of disruption to the exercise of an authority’s functions;
• reflect local flexibility wherever possible;
• not create barriers to transformational change and service re-engineering;
• secure value for money for the local and national taxpayer…”

None of this of course can be achieved without the co-operation of the people who organise and deliver council services. There are many immediate HR issues which need urgent attention, and this paper addresses these ‘interim people management issues’. These guidelines are offered as an aid to achieving a smooth transition, without imposing too many prescriptive requirements on affected local authorities. The intention is that affected local authorities will use this guidance and interpret it within their own particular local context, but always following the spirit of the guidance.

Good people management practices are key to maintaining quality delivery, and all authorities affected by LGR should be taking steps now to ensure a smooth transition to new unitary authorities. Authorities need to cooperate on LGR, and they will be judged by all parties on how well they do this.

LGR is a massively complex task, and a key principle of this guidance is that all significant HR developments from now on are aimed at, or are at least not inconsistent with, ensuring a smooth transition to unitary authorities. A second key principle is that any HR actions now should be consistent with what the new unitary authority is likely to want (or what any shadow board or shadow authority wants). There will simply not be enough time if authorities put off these issues until later.
**key aims**  

Authorities affected by LGR should:

- focus on transforming and improving services;
- strive to achieve a seamless transfer for citizens, staff and stakeholders;
- do what is best for local communities;
- not cause unnecessary redundancy or recruitment to take place;
- seek to maximise the transfer and retention of employees; and
- ensure a process that is fair and transparent, thereby creating a climate of trust and openness.

**a local protocol**  

All local authorities in a relevant LGR area should discuss and agree a local protocol for considering significant people management issues that arise from now on and until the Joint Implementation Team (JIT) takes over this work. The protocol should outline the issues which are covered by the protocol (see overleaf), and should include suitable escalation rules if agreement cannot be achieved for example, if the protocol is managed by HR leads, disagreements could be escalated to a chief executives’ panel. A member panel representing affected authorities could be used to resolve any disagreements if the protocol was managed by chief executives. Much of this protocol will be subject to suitable arrangements with the recognised trade unions, whether required by statute, local convention or good practice.
Affected local authorities should start to work together closely in the interests of their citizens and employees. The overriding principles are to ensure that any significant developments support the required direction of travel and that such changes are consistent with what the new unitary authority is likely to want (or what any shadow board or shadow authority wants). Local authorities should share information and resources to work together to achieving a smooth transition. It would be particularly useful for scarce specialist resources to be pooled during this interim period.

The issues identified below are suggested as core topics for any local protocol, and authorities may wish to add further issues for inclusion, depending on local circumstances.

**staff communications**

It would be very sensible to have a joint staff communications strategy covering all affected authorities. In that way all affected employees would hear the same key messages, at the same time. This is vital if we are to avoid any group of employees feeling that they are being unfairly treated.

**trade unions**

Much of the local protocol will be in the context of discussions with recognised trade unions. The intention should be to work with those unions in the interests of staff and effective service delivery. A joint forum with the trade unions should be developed.

**recruitment and retention**

It is suggested that local authorities agree a common recruitment strategy during the interim period. Any new posts above a specified grade or of specific agreed roles should only be created and advertised on an agreed basis. Any changes in pay of posts above a defined level or of agreed roles should similarly be discussed under the local protocol. Any special retention arrangements during the interim should be discussed as part of the protocol. It may also be advantageous to agree to common advertising arrangements, and an efficient method of publicising details of vacancies so that all affected employees have the maximum opportunity to apply for suitable jobs.
It is important that any structural change during the interim period is discussed as part of the local protocol. Any structural changes should support the general direction of travel. Any significant outsourcing or partnership arrangements should be discussed within the protocol arrangements. These discussions should include existing contracts and their expiry dates, and any proposed developments, so that all plans and commitments can be integrated as far as possible.

Any significant HR policy changes should be discussed within the protocol to ensure that they support what is required in the new unitary authority. Similarly, any significant changes to terms and conditions of employment should be discussed within local protocol arrangements. Any plans to implement a solution to single status should be included. There are benefits in establishing at an early stage the differences in conditions of service amongst the affected local authorities. This will ensure that work can commence as soon as possible on plans for harmonisation, insofar as possible in each particular situation.

Any changes to current severance policies should be discussed under the local protocol. Ideally, all proposed early, redundancy or efficiency retirements, particularly of any senior member of staff above a locally agreed grade level or of specified agreed roles, should be subject to discussion within the local protocol. This will protect the new authority from an outgoing authority perhaps agreeing to such retirements and leaving the new authority short of staff in key or difficult to fill areas, and will protect the interests of council tax payers. On the general pensions front, it could be very helpful if affected local authorities work together to consider the advantages and disadvantages of harmonisation of the various pensions scheme discretions. Harmonisation might only be desirable where a county and all the districts in that area are being reorganised into one unitary authority, thus minimising any differences when the new unitary authority is created; with other more complex scenarios, prior harmonisation might not necessarily be desirable. Authorities should liaise with their pension fund administering authority and the fund actuary regarding the bulk intra-fund transfer process.

Any new, shadow or transitional authority will need to consider their responsibilities under the equality duties that cover public authorities and their ongoing legal responsibilities in respect of the Equal Pay Act and wider employment legislation. In developing new policies and procedures to deal with the practical challenges of LGR, impact assessments may have to be made to ensure these do not disproportionately affect women or
men, people with disabilities or ethnic minorities. Such policies and procedures may include relocation to new premises, recruitment processes, changes to terms and conditions of employment, and selection for redundancy. In all cases local authorities should strive to ensure their workforce reflects the diversity of the community they serve. The new authorities created by LGR should have ambitions to improve their performance in this area.

contracts

Any new HR contracts (eg advertising, occupational health etc) should be discussed amongst the affected local authorities. The HR implications of non-HR contracts also need to be discussed under the protocol.

non-HR issues

The principles above also apply to non-HR issues and it is suggested that a wide range of other corporate issues should be subject to similar interim arrangements. Obvious candidates are significant new contracts, major capital developments, including property disposals and acquisitions, major ICT developments, publicity campaigns etc. Authorities who have positive interim arrangements with each other could engage in a dialogue about their budget plans for the coming year.

© Local Government Employers
Produced by the Local Government Employers in association with Public Sector People Managers’ Association (PPMA) acting as advisers to the LGE, and endorsed by the Local Government Association (LGA)

ppma
PUTTING PEOPLE AT THE HEART OF PUBLIC SERVICES

LGE
Local Government House
Smith Square
London SW1P 3HZ
tel 020 7187 7323
e-mail info@lge.gov.uk
web www.lge.gov.uk

published and printed by the
Local Government Association
November 2007