



# Leicestershire Partnership Revenues & Benefits

Future of the Partnership

## **1. PURPOSE OF THE REPORT**

- 1.1 The IRRV were commissioned to undertake a review of the LRBP. A report was presented to Joint Committee in April 2014 detailing 28 separate recommendations.
- 1.2 This report begins to explore Recommendation 1. Establish a single employer for the Partnership.

## **2. RECOMMENDATION**

- 2.1 That a single employer is not established; and the recommendation of the IRRV relating to this matter is now closed.
- 2.2 That the recommendation with regard to standardised terms and conditions is not progressed further as this is intrinsically linked to a single employer.

## **3. BACKGROUND**

- 3.1 As part of a review of the LRBP by the IRRV, 28 separate and diverse recommendations were made. The Joint Committee meeting of 2 April 2014 approved implementation of all of these recommendations.
- 3.2 It is apparent there is no fine detail to underpin the recommendations and the practicality and implementation of some of the recommendations may not bring immediate savings as expected and suggested in the report. Based on this a substantial amount of work has commenced with a view to providing information to base a decision around this recommendation
- 3.3 The LRBP commenced on 1 April 2011 bringing together the Revenues and Benefits service of Hinckley & Bosworth Borough Council, Harborough District Council and North West Leicestershire together.
- 3.4 As detailed above, a service review was undertaken by the IRRV, one of the recommendations agreed was to implement a new fit for purpose structure. This piece of work has been undertaken and completed.

The staff remain employed by their original authorities, seconded to the partnership and retain the salary grading attached to their role (in some cases pay protection is paid - depending on the policy applicable in the particular authority).

The IRRV review identified this as a problem, as staff doing the same job can be paid different salaries according to the employers they work for. This also lead to difficulties when vacancies occur and the recruiting authority pays more than the incumbent employing authority leading staff to “employer-hop” to achieve a pay increase.

HDC			NWLDC			HBBC		
1	14,075.00	15,523.00	A	14,837.00	14,837.00			
2	15,941.00	16,969.00	B	15,207.00	16,969.00	2	15,207.00	15,941.00
3	17,372.00	19,048.00	C	17,372.00	19,742.00	3	15,523.00	17,714.00
4	19,742.00	21,530.00	D	20,253.00	22,937.00	4	17,372.00	20,849.00
5	22,212.00	24,472.00	E	23,698.00	27,123.00	5	20,253.00	24,472.00
6	25,440.00	27,924.00	F	27,924.00	30,978.00	6	23,698.00	28,746.00
7	28,746.00	30,978.00	G	31,846.00	35,662.00	7	27,924.00	32,778.00
8	31,846.00	34,746.00	H	36,571.00	40,217.00	8	31,846.00	36,571.00
9	35,662.00	38,405.00	I	41,140.00	44,754.00	9	35,662.00	40,217.00
10	40217.00	42957.00				10	39267.00	46625.00

The above table is prior to the agreed 1% payrise for 16/17, and does not include “oncosts”.

3.5 In addition to differentials in salary, employees from the three Councils work on different terms and conditions, with differing HR policies and procedures. Less tangible is the HR team’s appetite for risk. This is demonstrated from the advice provided from the HR leads and the way matters are handled. Post restructure, this is more apparent as staffing matters are being managed more robustly and early intervention is taken when required.

3.6 The IRRV believe there should be a single employer. They recommend there are five potential models believing to be worthy of consideration:

- One partner local authority should be a single employer.
- Separate entity created as a vehicle to administer the Partnership with the entity being wholly owned by the three partnership authorities with staff transferring under the TUPE arrangements.
- A joint venture with the three Partnership authorities in partnership with a private sector company with staff transferring under TUPE.
- A straight outsource with staff transferring under TUPE.
- The creation of a mutual with either a wholly staff owned entity, a Partnership owned by the three partner local authorities and the staff or a Strategic Partnership of the partnership authorities, a private sector company and the staff. This approach could be investigated by applying for Government Mutual Funding.

(The reports then goes onto say: “notwithstanding the agreed approach, we believe the Partnership should move forward immediately to create common terms and conditions of employment across all employees of the Partnership. This should be phased in over a period of time with protected grades and uplift where necessary).

In addition to the five operation models detailed above, the HR leads have also identified the following models:

- Status Quo.
- Staff remain with employing authority and new Partnership Terms and Conditions.
- All new staff employed by one of the three authorities, existing staff remain with their employing authority.

#### **4 SWOT ANALYSIS**

- 4.1 A detailed SWOT analysis has been completed of all of the options suggested. This has been discussed by the Management Board and is available, if required.
- 4.2 In addition to the SWOT analysis, a detailed cost analysis has been undertaken with regard to the cost of the following options:
- HBBC being the single employer
  - HDC being the single employer
  - NWLDC being the single employer
  - Paying all staff at the highest grade each of the three LA's pay
  - Paying all staff at the lowest grade each of the three LA's pay

For the purpose of this exercise, the costings were undertaken on salary costs alone; the outcomes suggest that all are cost prohibitive with the exception of the last option which would realise savings in a relatively short period, though would bring significant risks that would be hard to mitigate in respect of: employee retention, recruitment, staff motivation and performance. This would also demand the creation of a separate company and would add costs where any savings are realised. This would be a costly exercise and would see less favourable terms for existing authorities.

The exercise did not include any costings with regard to pensions. In addition to this, negotiations would be extremely difficult. It is also worth noting HDC do not offer pay protection.

The matter with regard to terms and conditions would not be resolved either, as staff would TUPE across on existing terms and conditions, a single employer would not make a difference to terms and conditions initially.

- 4.3 As detailed, the exercise shows that partners would need to increase their contributions significantly if any of the first four options were adopted, namely : HBBC, HDC or NWLDC being the single employer, or paying all staff at the highest grade each of the three LA's pay, this is based just on salary costs alone.

Following discussions at Management Board it was decided to bring this information back to Joint Committee. The costs already identified will further increase if this feasibility continued as the whole cost would need to be looked at. It is suggested that our resources are now focused on growing the partnership.

- 4.4 A further recommendation of the IRRV review is to standardise terms and conditions. To remain with the status quo with regard to the employer but standardise terms and conditions would transfer the complexities to the HR teams of the employing authority e.g. if HBBC terms were to be adopted, the other two authorities would have to be fully familiar with not only their own policy but also those of HBBC. This isn't practicable; in addition to this it would be costly to implement as staff would need to be compensated for the changes to their terms and conditions.