

Local Government Association

REVIEW OF THE EMPLOYERS ORGANISATION

CONSULTATION DOCUMENT

August 2005

**Review of The Employers' Organisation
Consultation Document**

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Section 2: Background

Context and strategic objectives

1. On 27 May, the Local Government Association (LGA) announced that the policy functions currently undertaken by the Employers Organisation (EO) relating to pay and conditions, pensions and negotiations should be renamed and brought closer to the LGA. Other functions related to improvement and workforce development should be integrated into the Improvement and Development Agency (IDeA). John Ransford (LGA Deputy Chief Executive) and Lucy de Groot (IDeA Executive Director) were appointed to lead the review.
2. In his keynote address to the LGA conference in July, Councillor Sir Sandy Bruce-Lockhart said that *'the growing emphasis on the locality, and the need to rebuild trust and democracy combined with local councils' track record of improvement, brings to local government a new legitimacy and confidence. Most of all, it brings new opportunities'*.
3. The role of the central bodies is to maximise the ability of local government to improve how it works with local communities, and the work of the EO is a key element of the central bodies - which includes LGA, IDeA, EO, Public Private Partnerships Programme (4Ps) and Local Authority Co-ordinators of Regulatory Services (LACORS). Strategic people management and workforce development issues, together with pay and pensions, are crucial areas for local government and the impact on the sector's capacity and ability to deliver high quality efficient services.
4. However, any business needs to be shaped around the strategic needs of clients, customers and stakeholders. The particular form and structure of local government's central bodies need to continually adapt to reflect developments in national policy and priorities and the changing needs of the sector for strategic support.
5. It was considered that a more focused local authority employers organisation, closely aligned to the LGA, as the national forum for local government leaders, would produce benefits, not just in the development of the key employer issues relating to pay and pensions policy and practice, but also in providing clarity of

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purpose for key stakeholders such as the unions, Government and professional bodies.

6. Similarly, it was considered that an integrated Improvement Agency would better provide the skills and capacity needed to respond to the full range of strategic improvement issues now faced by local government. Clearly, people management and workforce skills are central to high quality leadership and performance. Real knowledge about how organisations work – captured in the January 2005 LGA/IDeA statement 'What makes for improvement?' and supported by the ongoing work of the Audit Commission - shows that real excellence in public service organisations requires an integrated approach.

Progress so far

7. On 1 June, the review leaders wrote to all staff setting out the scope and approach to the review, which was followed up on 24 June by a joint statement with UNISON as the recognised staff union.
8. The review leaders stated at the outset that the purpose of the LGA and its central bodies is to provide the best possible service to local councils, and in some instances other customers. The challenge of providing a uniformly excellent service means that the challenge of change is as great for staff working in the IDeA and LGA, as well as the EO. The review leaders have approached the task in that spirit – another stage of development in which best use is made of complementary skills and resources across the local government family.
9. Given the desire of the review leaders to take an open, participative approach initial proposals have been held up until now so they could be informed by a better understanding of the EO's existing tasks and dialogue with staff performing them. The review leaders are immensely grateful to colleagues for maintaining and developing services whilst advising us in this way.
10. As a result, the review leaders have both met a wide range of staff and received a rich range of submissions, comments and proposals. The review leaders have also started to meet some key stakeholders centrally and in the English regions and in Wales, Scotland and Northern Ireland. An extended discussion on the purpose and direction of the review at the EO Board on 22 July was also particularly helpful, together with discussion at the IDeA Board on 27 July.

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11. The review leaders believe that staff and stakeholders will recognise the proposals as they reflect a great deal of advice given to them, and they look forward to discussing and debating them over the coming weeks. The review leaders have declared an intended direction for the vast majority of staff and will be working with them, colleagues in UNISON as the recognised staff trade union, and Human Resources to explain them further and determine how the new arrangements should be implemented.
12. Following the outcome of the consultation process, the review leaders intend to publish draft structures as soon as possible. Those staff transferring to the IDeA will do so formally by 1 April 2006. However, joint working and cross organisational co-operation together with an integration of functions will commence shortly. This reflects the views expressed by staff.

Impact on services and stakeholders

13. In developing these proposals, the review leaders recognise that it will be important to have a pro-active approach to working with a variety of stakeholders, not only those involved with the EO but also with the LGA and IDeA.
14. The review leaders are already involving key stakeholders, including employees, and will need to ensure that people directly affected, particularly in the Employers Organisation, are consulted as appropriate and kept as fully informed as possible. The need to fully involve employees affects not only the EO but also the LGA and IDeA; and staff in all the central bodies will need to be kept informed of developments. The plans for this important consultation process are set out below in Section 6.
15. At a strategic level, as part of the next stages of the review, the review leaders are committed to ensuring the widest possible discussion with the full range of stakeholders. This will involve individual councils and other organisations inside and outside the sector active on improvement, employment, workforce and skills related issues with whom the EO, IDeA and LGA are working. The outline communications strategy for the next stages of the review, as set out in Section 5, will be central to this.

16. Some issues cover more than England and affect Wales, Scotland and Northern Ireland. There are other strategic issues raised by the review in relation to the English regions which we will also need to consider. As indicated above, the review leaders have started discussions with relevant stakeholders and the issues involved are considered more fully in Section 4 below.
17. Internally across the organisations, and externally from a stakeholder perspective, there is a need to ensure that responsibilities are clear. Service and business planning for next year and beyond is already getting underway and will require co-operation across organisations. The proposals for top slice allocation also need to be finalised in the autumn. Inevitably, there will be financial, technical and operational issues which will need to be addressed. As set out in Appendix A, we have established a high level steering group to ensure clear lines of communication and responsibilities and to co-ordinate detailed implementation across organisations. In this way, services continue to be provided in a seamless and efficient way.

Section 3: Governance Arrangements

Proposed governance arrangements

18. The new arrangements proposed here change the location of support for local government within the family of central bodies. The overall aim must be to provide a seamless and complementary set of services from those bodies so as to continually improve the support and representation available to local authorities.
19. Within this context, the LGA sets the policy, strategy and resource framework through the LGA Executive, its Boards and Panels. With specific reference to the services considered here, the IDeA Board is concerned primarily with improvement support and capacity building for local government. The local government family must work together to bring focussed and integrated added value to local councils, wherever the organisational responsibility for individual service components lie.
20. The existing EO Board is also the LGA Human Resources Panel. To help in bringing the existing employer functions of the EO closer to the LGA, the Panel has been extended and restructured from 1 August to ensure that the Chairs of the three principal negotiating bodies are included – local government, fire and

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education. The LGA Human Resources Panel will play the key role in holding the changed organisation to account. Its lead reporting officer will be the Deputy Chief Executive of the LGA.

21. In making the decision to change the EO in its present form, it was envisaged that the main principles defining the new arrangements for the employers functions would be
- An organisation which operates closer to the LGA for core policy and strategy reasons
 - A unit which is fit for purpose given the current and predicted high political profile for terms and conditions and pensions issues in particular
 - Alongside the LGA, serving key stakeholders effectively, including WLGA, COSLA, the Association of Police Authorities (APA), Fire Authority for Northern Ireland (FANI) and the Sixth Form Colleges Forum.
22. Initial legal advice and indications from ODPM favour the proposal to retain the existing company, the Employers' Organisation for Local Government, but overhaul its structure and presentation. Whilst retaining the formal title of Employers' Organisation for Local Government (EO) as a company name, the organisation could be rebadged as Local Authority Employers (LAE) – registering that it represents local councils and other related public bodies eg: Police Authorities and new forms of Fire Authorities. An alternative name could be Local Government Employers, to reflect its close relationship with the LGA. The advantages of this approach over forming a new company are:
- As new governance and company arrangements would be avoided, the redesign would appropriately concentrate on profile, functions and the positive impact on partners and customers
 - Planning and structural arrangements to achieve the desired outcomes can commence immediately and will continue through the consultation period. We will discuss progress at various stages with staff and their representative union and then publish detailed structures as soon as possible

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- It would be more straightforward to maintain its top slice of RSG as its funding base as the company name is specified in statutory regulations.

Section 4: Initial Proposals

Approach

23. In light of the above the approach adopted here, after assessing very helpful advice and evidence from staff and key stakeholders, is to maintain clear synergies in a context of more flexible working throughout the central bodies. Therefore, the proposals for change are presented in three groups:

- Transfer of functions into the IDeA
- Those which will be reformed as part of a new local authority employers unit and
- Other functions, where further work is required through the Collaboration Project.

24. The collaboration project has evolved from continuing efforts between the LGA and central bodies to work together on their common purpose – representing, promoting, informing, improving and supporting the work of local government. It is tasked with bringing together support services across the six organisations to ensure that resources are used efficiently and effectively to serve local government, and that there is not duplication of effort or unnecessary central overheads.

Transfer of functions into the IDeA

25. In recommending functions to transfer to the IDeA, the essential design feature has been to ensure that the focus and core objectives of the Agency are strengthened within existing governance arrangements of the IDeA Board. Therefore, those existing EO services which support the core improvement objective of the IDeA are proposed for transfer.

26. It is proposed that the following functions move to IDeA, with staff transferring under the TUPE arrangements

- PEOPLE MANAGEMENT [HR Performance and Capacity Building]

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- DIALOG [Diversity and Equality]
- WORKFORCE DEVELOPMENT [Recruitment and Careers, National Graduate Development Programme, Skills and Development]
- ON-SITE SUPPORT including the REGIONAL SKILLS CAPACITY ADVISORS [but excluding Consultancy Unit]
- FUTURES [from Research & Intelligence]
- In view of these recommendations the appropriate Strategic Director would also transfer to IDeA.

27. In line with its core improvement objective, the IDeA is structured on a very different basis from the EO. The structure aims to align the Agency's services with the priorities of local government and the needs of individual councils. Service delivery responsibilities are separated out from policy and strategy development, and regional associates are embedded within the service directorates to carry out a critical authority facing role. EO functions transferring to the IDeA will be integrated within its organisational design.

Absorption of functions into the new 'Local Authority Employers' (LAE)

28. The current EO functions which would be remodelled in Local Authority Employers will be –

- PAY STRATEGY AND EMPLOYMENT RELATIONS. This includes the work currently covered in pay strategy and the Negotiation Unit's local government services, fire and police, education and sixth form colleges groups. A new integrated structure will be created by adding the Employment Relations Unit from PEOPLE MANAGEMENT and the Pay Research Unit from RESEARCH AND INTELLIGENCE

The LGA Deputy Chief Executive and appropriate Strategic Director will develop plans to ensure that a new structure reflects its strategic objectives, operates with optimum efficiency and serves the special needs of key parties, either when it operates on a United Kingdom basis, or represents other groups of employers e.g. Police Authorities, Sixth Form Colleges

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- PENSIONS AND HEALTH AND SAFETY
- FIRE EXAMINATIONS (until the service ceases in July 2006)
- The EXECUTIVE OFFICE OF CORPORATE DEVELOPMENT
- The CONSULTANCY UNIT (currently part of ON-SITE SUPPORT)
- CEEP for European issues.

Other functions

29. There remain important existing functions which could provide a more comprehensive resource across the local government family, or reflect areas of work already carried out within LGA and IDeA. Therefore, specific further work should be carried out in conjunction with the Collaboration Project on

- RESEARCH AND INTELLIGENCE, with the exception of pay research and futures mentioned elsewhere, to be retained and considered in relation to the longer term arrangements for the overall research needs of the local government family, which were already down for review
- COMMUNICATIONS, which should be considered as part of the Collaboration project reviews of Conference and Events, Information Services and of Media and Public Affairs
- EDUCATION PSYCHOLOGISTS, this is a specific service to support an occupational group. The service will undergo a review and whilst this work is carried out, this function should form part of Local Authority Employers
- BUSINESS MANAGERS will be allocated to IDeA and Local Authority Employers in proportion to identified workloads.

30. The future physical location of these services will depend on work being progressed within the Collaboration project to accommodate all LGA and central bodies staff in LGA House and Layden House during 2006.

Regional arrangements

31. During this review we have been very conscious of the importance of the Regional Employers' Organisations and we have received an initial submission on their behalf. Their work is valued by many local councils, and responsibilities, structures and services vary according to local needs, previous decisions and local configurations. The majority are now aligned to regional associations of local authorities.
32. Given the purpose of this review, it is inappropriate to consider current EO arrangements in isolation. The existing IDeA organisational structure emphasises its regional presence and the LGA is currently undertaking a comprehensive reassessment of regional arrangements.
33. It is proposed that there should be a comprehensive review of the relationship between Central Bodies and regional local government bodies, including Regional Employers' Organisations, covering effective relationships, financial arrangements, mutual support and impact. The review would proceed in parallel with the EO Review and would report initial findings by the end of 2005.

Wales, Scotland and Northern Ireland

34. Devolved responsibilities in Wales, Scotland and Northern Ireland are an essential part of the governance of the United Kingdom. New arrangements must reflect and promote this, especially when Local Authority Employers would operate on a UK basis, particularly in Fire and Police Services.
35. There are no plans to change the constitutional arrangements for member representation and involvement from these countries on appropriate bodies. Indeed, it is proposed that, just as policy and strategic issues are being brought closer to the LGA, this should also be reflected in our relationships with UK bodies. This would set a more effective strategic framework for joint interests. A similar approach should be adopted in those cases where the employers' side is constituted outside local government, e.g. the APA for Police Authorities and Sixth Form Colleges Forum in England. LA Employers would want to confirm or develop service level agreements for these services.
36. It is recommended that the LGA Human Resources Panel and those negotiating bodies which operate on a UK basis meet leading members of WLGA and

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COSLA on a six monthly basis to set a strategic framework. Appropriate arrangements should also be developed in Northern Ireland, as major services are delivered through Boards and Statutory Authorities.

Section 5: Implementation

Management of change

37. Staff will be understandably concerned to know how they will be dealt with on an individual basis and what rights they will have during the process of reorganisation and any transfer to a new organisation.
38. It is intended to follow a process that reflects best practice which involves working very closely with the recognised staff trade union, UNISON. As stated earlier in this document, it is proposed that staff transferring to the IDeA will do so under TUPE. This means that they will have the right to transfer on their existing terms and conditions. The formal date of transfer would be 1 April 2006. For those staff not transferring to the IDEA, the proposal to retain the existing company means that there would be no change of employment.
39. The overhaul of the LAE organisation is likely to involve changes to staffing structures and working arrangements. Since there is no agreed management of change policy for the EO it is proposed that the collaboration project management of change policy will be used as the basis for the changes of the LAE.
40. The consultation process will allow individuals, teams and UNISON to explore and discuss options about future working arrangements. Following the consultation period, the point will be reached where firm decisions will be made about future employment arrangements. At that point, all staff will be formally notified on an individual basis about their own position.

Core communications plan

41. The EO Review steering groups are committed to ensuring the widest possible consultation with the EO's employees, stakeholders, individual councils, partners and other organisations. We also need to communicate with the employees and stakeholders of the LGA, IDeA and other Central Bodies. To this end we will use

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a variety of communications routes to support effective dialogue throughout the review process.

42. Communications mechanisms which will be used include:

- face to face meetings with staff
- intranets in central bodies
- emails and letters to staff
- face to face meetings with partners and stakeholders
- letter/email communication to stakeholders, partners, individual councils and other organisations
- websites
- press releases

43. Varying communications mechanisms will be used as the review progresses through the stages of consultation, reflection, decision making, re-organisation, transfer of staff and functions and establishment of LAE. The constant factor will be our determination to ensure that there are open and two-way communications channels and all employees, stakeholders, individual councils, partners and other organisations are kept fully informed of developments as soon as possible.

44. See **Appendix C** for a list of key consultees.

Section 6: Formal Consultation and Decision Making

Process for discussion and support during consultation

45. These proposals are provided as a formal consultation document for staff and stakeholders of the EO. The review leaders will be available throughout the consultation period, and a meeting for EO staff will be held on 17 August. They are also keen to meet colleagues in groups or individually as they desire and discuss the proposals with them. A formal consultation process will be instituted with the staff trade union. Some individuals may request support around the implications of these proposals for their personal or professional issues. Wherever possible this should be shared with line managers, but, specific requests for personal support should be shared with the Human Resources Unit, who will respond sympathetically to any requests made to them. Staff should contact Michael Pinnock from the Human Resources team.

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Details and deadline for submitting responses

46. Written responses are welcome at any time, with a final deadline of Friday 30 September 2005. All submissions should be emailed to Vivienne Pratt at the Employers' Organisation: Vivienne.Pratt@lg-employers.gov.uk
47. Please include all supporting documentation with your email.

Decision-making process

48. Review leaders will consider carefully all issues raised from the consultation process and prepare recommendations for decisions to be taken in October 2005. Appendix B outlines the timeline and issues associated with the review that need to be considered in more detail and will require the involvement and co-operation of all those affected across the central bodies.
49. Responses, both written and oral, are welcome on the whole document and the proposals made. Respondents may wish to frame their comments in response to the following questions
- Recognising that there is no perfect organisational structure, is the split of functions suggested here about right? If you have alternative suggestions please state the reasons for them
 - What do you feel would be the most appropriate name for the restyled employers unit and why?
 - Are there any other issues that might need to be considered as part of the review to ensure local authorities and stakeholders receive a better service?

Section 7: Timetable for Consultation and Implementation

50. Attached to this consultation document are appendices that outline the timetable for consultation and implementation, and the necessary organisation arrangements associated with the review.

Appendix A: Role, Purpose and Membership of Steering Group

Appendix B: Project Plan for further work on detailed arrangements

Appendix C: List of Key Consultees

Appendix A: Role, Purpose and Membership of Steering Group

A review steering group has been established and meets weekly. The core membership is John Ransford Chair, Lucy de Groot, Joan Munro and Mike Walker. John Rees, Ben Clayden or Martin Horton and Jane Hoskins attend depending on agenda items and other officers will participate as necessary.

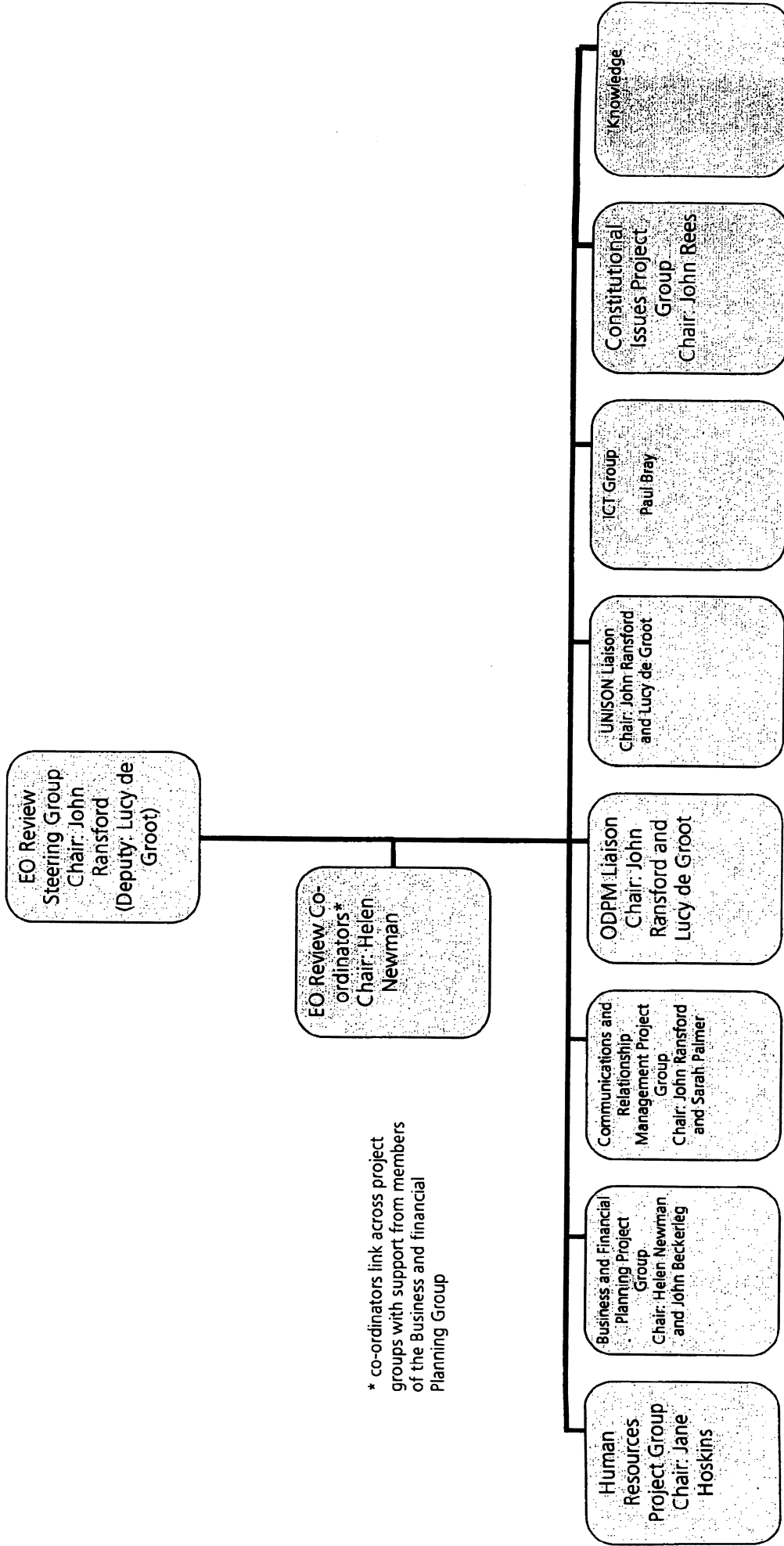
Helen Newman EO attends steering group meetings as head of the **Support Secretariat**. The Head of Secretariat can call on resources from right across the three organisations by arrangements with the review leaders. Core support is provided by the EO Business Development Group, John Beckerleg of IDEA, Iain Twine of LGA together with dedicated Human Resources and Finance Officers.

The purpose of the steering group is to

- Review all submissions made by staff, stakeholders and customers
- Oversee the work of the project groups
- Take decisions required to ensure a smooth transition to the new arrangements
- Engage with senior members and management from across the organisations

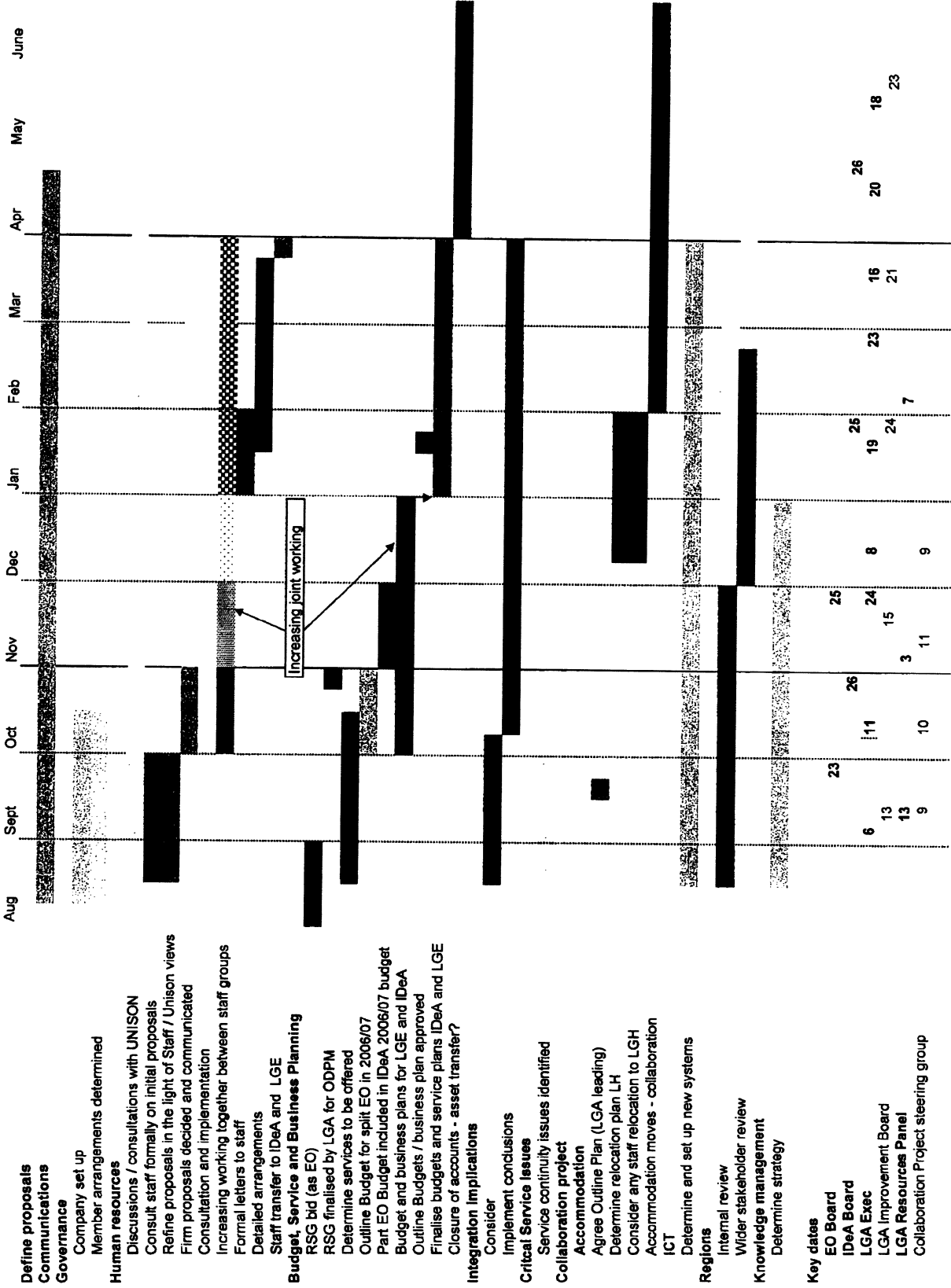
Project groups are commissioned as necessary and report to the steering group. Their work will be supported through the secretariat. The various project groups and chairs are outlined below. Staff from affected organisations will be invited to join the project groups by the Chair of each group. The project groups will commence their first round of meetings in the week commencing Monday 15 August 2005.

Steering Arrangements for the EO Review



* co-ordinators link across project groups with support from members of the Business and financial Planning Group

Appendix B: Project plan for further work on detailed arrangements



Appendix C: List of Key Consultees

AMICUS
Arbitration, Conciliation and Advisory Service
Asset Skills (Sector Skills Council for property services, housing, cleaning services and facilities)
Association of Chief Executives of Voluntary Organisations
Association of Chief Police Officers
Association of Chief Police Officers in Scotland
Association of Colleges
Association of County Secretaries
Association of Directors of Education and Children's Services
Association of Directors of Social Services
Association of Education Psychologists
Association of Local Authority Chief Executives
Association of London Government
Association of North East Councils
Association of Police Authorities
Association of Principal Fire Officers
Association of Teachers and Lecturers
Association of Trading Standards Officers
Audit Commission
British Association of Social Workers
Cabinet Office
Catholic Education Services
Central Scotland Police Headquarters
Chartered Institute for Environmental Health
Chartered Institute of Housing
Chartered Institute of Public Finance and Accountancy
Chief Fire Officers' Association
Children's Workforce Development Council
Children's Workforce Network
Church of England Board of Education
Commission for Racial Equality
Community and Youth Workers Union
Community of the Regions
Confederation of Education and Children's Services Managers
Consortium of Local Authorities in Wales
Convention for Scottish Local Authorities
County Councils Network
Democratic Services Implementation Group
Department for Education and Skills
Department of Trade and Industry
Department of Work and Pensions
Dept for Food and Rural Affairs
East Midlands Regional LGA
East of England Regional Assembly
Emergency Fire Services Vocational Standards Group
Employers Forum on Age
Equal Opportunities Commission

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Fire Authority for Northern Ireland
Fire Brigades Union
Fire Officers Association
Fire Service College
Foundation and Voluntary Aided Schools National Association
GMB
Greater Manchester Police
Home Office
Improvement and Development Agency
Incomes Data Services
Institute for Employment Studies
Institute of Leadership and Management
Institute of Local Government Studies
Institute of Personnel and Development
Institute of Public Policy Research
Institute of Value Management
Investors in People UK
Jobs go public
LACORS
Leadership Centre for Local Government
Learning and Skills Council
Lifelong Learning UK
Local Government Association
Local Government Information Unit
Local Government International Bureau
Local Government Management Board for Yorkshire and Humberside
Local Government Pensions Committee
Local Land Charges Institute
Metropolitan Police Authority
MORI
National Association of Educational Inspectors, Advisors and Consultants
National Association of Head Teachers
National Association of Local Councils
National Association of Pension Funds
National Association of Probation Officers
National Association of School Masters/Union of Women Teachers
National Association of Youth and Community Education Officers
National Children's Bureau
National Union of Teachers
North East Regional Employers' Organisation
North Western Local Authorities' Employers' Organisation
Northern Ireland Local Gov Officers' Superannuation Committee
Northern Ireland Local Government Association
Northern Ireland Office
Police Reforms Division
Northern Ireland Policing Board
Office for National Statistics
Office for Public Sector Reform
Office of Public Management
Office of the Deputy Prime Minister

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Police Human Resources Unit
Professional Association of Teachers
Qualifications and Curriculum Authority
Retained Firefighters Union
Scottish Executive (Police)
Scottish Improvement Programme
Scottish Qualifications Authority
Secondary Heads Association
Sector Skills Development Agency
Sixth Form Colleges' Forum
Skills for Care (previously TOPPS)
Society of Chief Trading Standards Officers
Society of Local Authority Chief Executives and Executive Officers
Society of Personnel Officers in Government Services
South East Employers
South East of England Development Agency
South West Regional Assembly
Teacher Training Agency
The Local Government Staff Commission for Northern Ireland
The Tavistock Institute
The Work Foundation
Trades Unions Congress
Trading Standards Institute
Transport & General Workers Union
Union of Construction and Allied Technical Trades
UNISON
Universities and Colleges Employers' Association
Virtual Staff College
Warwick Institute of Governance and Public Management
Welsh Local Government Association
West Midlands Local Government Association
Workshops for the Blind