

LONDON BOROUGH OF HARROW

Agenda Item: **12**

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Meeting:	Employees' Consultative Forum
Date:	Tuesday, 8 th July 2003
Subject:	New Harrow Project – Protocol for Managing Organisational Change
Key decision:	No
Responsible Chief Officer:	Executive Director Organisational Development
Relevant Portfolio Holders:	Portfolio Holder For Finance And Human Resources
Status:	Part 1
Ward:	N/A
Enclosures:	Appendix 1 - Protocol for Managing Organisational Change (Appendix IV - Displaced Employees)

Summary

1.1 This report details the progress of consultation with the Trade Unions on implementing the Protocol for Managing Organisational Change and seeks the Forum's agreement to the recommendations set out below.

2. Recommendations (For Decision by the Forum)

- 2.1 That consultation with the Trade Union continues with a view to reaching agreement on the Protocol on Managing Organisational Change by 31 August 2003.
- 2.2 In the event that it is not possible to reach agreement by 31 August 2003 a report be prepared for Cabinet recommending that the Protocol be implemented without further consultation.

Reason: To comply with Priority 2 of the Council's Working Draft Improvement Plan in response to the Comprehensive Performance Assessment and IDeA Peer Review as approved by Cabinet in December 2002, which requires that the Council 'Put in place an organisational change agreement with Unison and the teacher trade unions' and set a target date of the end on May 2003.

3. Consultation with Ward Councillors

3.1 N/A

4. Policy Context (Including Relevant Previous Decisions)

4.1 The ECF in July 2002 requested that the Chief Personnel Officer look into the issues involved in managing change on the scale of that proposed in the New Harrow Project (NHP).

4.2 The ECF in September 2002 received a report recommending the adoption of the Protocol for Managing Organisational Change and agreed that further reports be submitted to the Forum detailing progress of consultation with the Trade Unions.

4.3 Cabinet, in December 2002, agreed the 'Working Draft Improvement Plan in response to the CPA and IDeA Peer Review', Priority 2 of which requires that the Council 'Put in place an organisational change agreement with Unison and the teacher trade unions' and set a target date of the end of May 2003.

5. Relevance to Corporate Priorities

5.1 The New Harrow Project seeks to enhance the environment, improve the quality of life and develop a prosperous and sustainable economy in Harrow. The Protocol for Managing Organisational Change sets out the principles, the key processes and procedures, which will underpin the change management process and facilitate implementation of the New Harrow Project.

5.2 Priority 2 of the Council's draft CPA and IDeA Improvement Plan requires that the Council put in place an organisational change agreement with Unison and the teacher trade unions and sets a target date of the end on May 2003

6. Background Information

6.1 At the meeting of the ECF in July 2002, the Chief Executive outlined the New Harrow Project and the resulting changed organisational structure for the authority. The ECF recognised that change of this magnitude will involve fundamental change for staff within Harrow and that the processes of managing this transition would require careful consideration. The Chief Personnel Officer was requested to look into managing change on this scale.

6.2 As a result, the Chief Personnel Officer commenced discussions with the Trade Unions and in September 2002 the ECF received a report recommending the adoption of the Protocol for Managing Organisational Change.

6.3 The Protocol sets out the main principles which will be observed in the management of change process and is supported by appendices setting out the details of the key processes and procedures as follows:-

- Appendix I Employee & Trade Union Consultation
- Appendix II Implementation of Organisational Change – Application & Selection Procedures

- Appendix III Support for Employees
- Appendix IV Displaced Employees

6.4 The ECF decided:

- That the Protocol on Managing Organisational Change be agreed, subject to further consultation with representatives from Harrow Teachers Consultative Committee (HTCC).
- That the Implementation of Organisational Change – Application and Selection Procedures be agreed – subject to consultation with HTCC.
- That the remainder of the document is noted, and it should be the subject of further consultation with the Trade Unions.
- That further reports be submitted to the Forum detailing progress of consultation with the Trades Unions.

6.4 A report on progress was made to ECF in January 2003. The report identified that although early progress on consultation on implementing the Protocol of Managing Organisational Change was good, more recent progress had been delayed owing to problems in arranging discussions with HTCC and further delays were likely owing to the lack of support from Unison Regional Officers.

6.5 Table 1.0 below sets out the position on consultation with Unison and HTCC as reported to the ECF in January 2003.

Table 1.0

	Consultation with Unison	Consultation with Teacher Unions	Consultation at ECF
Protocol for Managing Organisational Change – Introduction and Principles	Agreed - 3/9/02	Agreed by NUT – still need to meet with other Teacher Unions	Reported and agreed - 12/9/02
Appendix I – Employee & Trade Union Consultation	Agreed - 12/9/02	Agreed by NUT – still need to meet with other Teachers Unions	
Appendix II – Implementation of Organisational Change – Application & Selection Procedures	Agreed – 3/9/02	Agreed by NUT – still need to meet with other Teacher Unions	Reported and agreed - 12/9/02
Appendix III - Support for Employees	Agreed in principle (subject to further detail) – 11/11/02	Agreed by NUT – still need to meet with other Teacher Unions	
Appendix IV – Displaced Employees	Consultation commenced 21/11/02, a further meeting	Agreed by NUT – still need to meet with other Teacher Unions	

	was held on 6/12/02; the next meeting is arranged for 16/1/03.		
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7. Progress of Consultation on Protocol for Managing Organisational Change since the Report to ECF in January.

- 7.1 Further consultation meetings were held with Unison during January, February, March and May and most recently on 11 June 2003. As a result of these meetings agreement has been reached on the substance of the Protocol with the exception of one key area of Appendix 4 relating to protection of pay for employees who are displaced and are redeployed to lower graded posts.
- 7.2 Consultation with the remaining teachers unions continues to be hampered by problems in arranging discussions with HTCC. However, the Interim Head of Personnel has a meeting arranged with the acting Chair of HTCC on 26 June 2003.

8 Protection of Pay 'red circling' Issue

- 8.1 The re-structuring associated with the implementation of the New Harrow Project will inevitably result in employees being displaced, some of whom may be redeployed into jobs on lower pay and be entitled to protection of pay.
- 8.2 As at May 2003 there were 52 employees receiving personal protection at a projected annual cost of £113,220 (excluding employers' on costs). 35 of these are Contract Services employees whose pay has been protected following the implementation of the 'single status' job evaluated re-grading carried out last year. Contract Services is currently engaged in negotiations to reduce the standard working week and it is anticipated that this reduction and the associated increases in pay will eliminate the majority of personal protection payments.
- 8.3 The practice of protecting the pay of employees affected by restructuring or re-grading of their posts is known as 'red-circling'. The Equal Opportunities Commission (EOC) has stated *'If red-circling results in men receiving a higher rate than women doing the same or broadly similar work this may give rise to an equal pay claim'*.
- 8.4 UNISON in their briefing paper on equal pay 'Getting Equal' identifies *'protection arrangements and red circling' as 'key elements of pay which the law applies to'*.
- 8.5 The EOC Code of Practice on Equal Pay advises that employers should *'Ensure the difference in pay is phased out as soon as possible so that unequal pay is not unnecessarily perpetuated'*. The EOC Report 'Just Pay' by the Equal Pay Task Force stated *'The use of red circling which maintains a difference in pay between men and women over more than a phase-in period of time will be difficult to justify.'*
- 8.6 Employees redeployed as a result of redundancy currently receive protection of their pay plus the next annual pay award and, if applicable, annual incremental progression. Their pay is then 'frozen' until such time as the pay for the new post overtakes their protected pay.

8.7 This is a difficult issue for UNISON locally to negotiate and at the time of writing, both sides are still exploring options to achieve a compromise. However, UNISON has advised that they would need to ballot their members in order to reach a formal agreement on this issue.

9. Consultation

9.1 The consultation arrangements are the subject of this report.

10. Finance Observation

9.1 There may be costs associated with the New Harrow Project, including redundancies and redeployment. Any costs would need to be considered within the existing or any revised Medium Term Budget Strategy.

11. Legal Observations

11.1 None

12. Conclusion

12.1 In order to move forward with implementation of the organisational re-structure associated with the NHP, the Council needs to implement the Protocol for Managing Organisational Change. The timetable for implementation set out in the CPA/IDeA action plan is May 2003.

12.2 Consultation with Unison has been ongoing since September 02 and although agreement has been reached on the majority of the draft Protocol the key issue of protection of pay remains unresolved.

12.3 The Council's arrangements for protection of pay need to be changed as the current arrangements are not in accordance with EOC recommendations and potentially leave the Council vulnerable to equal value claims.

12.4 Whilst it is anticipated that agreement can be reached with UNISON on proposals to change the current protection arrangements, Unison will ballot their members on those proposals and therefore final agreement is by no means certain.

12.5 In view of the timescales set for implementation of the Protocol, ECF need to consider what further action is necessary to enable implementation, including, in the event that agreement cannot be reached by 31 August, a referral to Cabinet based on the recommendation in 2.3 above.

13. Background Information

Reports to ECF on Protocol for Managing Organisational Change – 12/07/02 and 28/1/03

Report to Cabinet on the Working Draft CPA and IDeA Improvement Plan – December 2002

14. Author

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