

# THREE RIVERS & WATFORD SHARED SERVICES JOINT COMMITTEE

Date of meeting: 19 July 2011

PART A

AGENDA ITEM

# 6

**Title:** Update on Harmonisation Proposals and the results of the UNISON ballot on Annual Leave

**Report of:** Head of Human Resources

---

## 1. SUMMARY

- 1.1 This report follows on from the update report submitted to the June meeting of the Shared Services Joint Committee. As a reminder, the Harmonisation (terms and conditions of employment) project was set up to deliver consistent terms and conditions of employment across Watford and Three Rivers on a cost neutral basis in order to be fair to all employees, remove inequalities and be better placed for the possible future expansion of the shared service approach.
- 1.2 A set of harmonisation proposals in line with the original project objectives and with a strong emphasis on fairness and equality among staff whilst being mindful of the current climate in terms of people, finance and public perception were reviewed by senior management teams in both Watford and Three Rivers. The proposals were agreed by in principle by the Committee and put to employees in both Councils during a consultation period from December 2010 to March 2011. The proposals were also discussed with representatives from UNISON in both Councils and with staff representatives in Three Rivers. Watford employees and UNISON representatives expressed disagreement with the original proposal to harmonise annual leave to the Three Rivers scheme (starting at 28 days leave, increasing to 30 days after 5 years local government service) and requested that Watford Borough Council senior management review this aspect of the proposal. As a result, Watford BC revised the proposal on annual leave to starting at 28 days and rising to 33 days after 5 years local government service. This was submitted to UNISON who then balloted staff on the proposal.
- 1.3 The purpose of this report is to inform the Shared Services Joint Committee of the outcome of the UNISON ballot on annual leave which was announced on 01 July 2011 and to inform them of the next stage in implementation of the changes.

## 2. RECOMMENDATIONS

- 2.1 That Joint Committee Members note that all changes under Harmonisation are effective from 1 April 2012 and approve the contents of this report.

**Contact Officer:**

For further information on this report please contact:

*Terry Baldwin – Head of Shared HR Service*

telephone number: 01923 278133

email: *terry.baldwin@watford.gov.uk*

**Report approved by:**

*Tricia Taylor – Executive Director Resources – Watford Borough Council*

*David Gardner – Director of Corporate Resources & Governance – Three Rivers DC*

### 3.0 DETAILED PROPOSAL

The proposed changes relate to the areas within the scope of the harmonisation project as follows :

- Annual leave
- Pay protection
- Paternity
- Bank holidays for part time employees
- Honoraria
- Overtime
- Compassionate / Bereavement / Dependency / Special leave
- Dress code
- Smoking
- Disability leave
- Flexi time / TOIL

3.0.1 Please note that Three Rivers employees whose terms and conditions of employment are protected by TUPE (Transfer of Undertakings Protection of Employment) regulations i.e. Refuse, Recycling, Grounds and Environmental Maintenance are not in-scope and are therefore unaffected by any of these proposals. As a separate strand to the project is a feasibility report into the cost of harmonising these work groups with the rest of Three Rivers. This aspect of the project is on-going and a report on the findings will be submitted to Three Rivers Management Board for consideration in due course. It is likely that the report will be submitted towards the end of the summer period.

#### 3.1 Annual leave

3.1.1 Full details of the annual leave arrangements in both Councils have been fully documented in previous reports and therefore are not repeated here. The revised proposal on annual leave for Watford employees was a starting point of 28 days rising to 33 days after 5 years service. This was presented to UNISON and who undertook a ballot of members. The results of the ballot are as follows:

Turn out 52% (139)

Agreeing to the proposed changes 88% (122)

Disagreeing to the proposed changes 12% (17)

The results of the ballot show strong support for the revised proposal and will allow Watford BC to sign a collective agreement with UNISON. The new leave arrangements will therefore be introduced with effect from 1 April 2012.

#### 3.1.2 Annual Leave and Shared Services

The leave scheme set out in this report will go some way to reducing the differential between Watford and Three Rivers maximum leave entitlements which will benefit current and future shared service teams. All Heads of Shared Services believe this difference in annual leave entitlement for employees is manageable.

3.1.3 Employees positively impacted: **170** WBC employees will be better off initially, with a split of 130 employees better off and 40 better off initially but no change in

the long term.

- 3.1.4 Employees for whom this represents no change: The new scheme represents no change for **162** WBC staff although of these 131 would be worse off in the long term. The extent of the impact on those 131 staff who would be worse off in the long term is as follows:  
3 Chief Officers worse off by 7 days  
128 staff worse off by 2 days
- 3.1.5 Employees adversely impacted: A total of **122** Watford employees will be adversely impacted. The extent of the impact on those 122 staff who are immediately worse off is as follows :  
4 Chief Officers worse off by 7 days  
2 Chief Officers worse off by 5 days  
116 staff worse off by 2 days
- 3.1.6 The implementation date for these changes is 1 April 2012 meaning that employees continue to benefit from the existing leave arrangements during 2011/12.
- 3.1.7 New recruits will be recruited onto current leave schemes and moved to the new scheme with effect from 1 April 2012.
- 3.1.8 There are proposed transition arrangements for employees in either Council whose leave would reduce. These are set out below :

Current entitlement	Leave entitlement year 2012/13	Leave entitlement year 2013/14
35 days	34	33
38 days	35	33
40 days	37	33

- 3.1.9 **Extra Statutory Days** - – these will be included in the new leave entitlements for Watford employees and are already part of the Three Rivers scheme. Watford BC currently closes over the Christmas period and therefore staff will need to use 3 days on their entitlement to cover this arrangement.

Some shared services remain open during the Christmas period and if Watford staff wish to come in, they have been allowed to do so, retaining the flexibility of when to take their leave entitlement.

### 3.3 **Bank holidays for part time employees**

- 3.3.1 The current Three Rivers approach causes inequalities among Three Rivers part timers.
- 3.3.2 It was proposed that Three Rivers adopt the Watford approach whereby part timers only receive pro-rata of their entitlement not more by virtue of their working pattern. There was no significant feedback against this proposal and therefore the new arrangements will be adopted from 1 April 2012. The new scheme will affect approximately 40 out of 57 Three Rivers part time employees but not significantly - only by a few hours leave at most (to which they are not strictly entitled anyway).
- 3.3.3 The new scheme will achieve harmonisation with Watford, remedy inequalities within shared services and among Three Rivers part time employees.

### 3.4 **No smoking**

3.4.1 This proposal dealt with the minor disparities between the two approaches as a shared service / work site issue. There were no disagreements to this proposal

3.4.2 Therefore the new scheme will be introduced from 1 April 2012 and means that Three Rivers shared service employees based at Watford (Human Resources / Revenues and Benefits) and Watford shared service employees based at Three Rivers House (ICT / Finance) will be made aware of the policies in place at both sites and the need to adhere to whichever one applies to them depending on where they work.

### 3.5 **Dress code**

3.5.1 Watford do not currently have a 'dress code'. Three Rivers has a dress code statement which is as follows :

"Unless a uniform or clothing is provided, we expect you to dress in line with Health and Safety requirements and an office environment or in an appropriate manner to the job you have to do and the environment in which you have to do it. Inappropriate items of clothing, would be for example, jeans, shorts, trainers or any item of clothing displaying a slogan."

3.5.2 This is not prescriptive enough to be potentially discriminatory and allows for services to retain separate 'uniform' arrangements i.e. CSC, Refuse and to retain other established norms in certain areas i.e. play workers. It also allows staff to dress appropriate to the task for example when needing to carry out dirty work or work in contaminated areas.

3.5.3 UNISON raised this proposal during consultation however, they did not provide any alternative proposal to consider. Therefore Watford will adopt the Three Rivers dress code 'statement' with effect from 1 April 2012 to achieve harmonisation and remedy inequalities within shared services.

### 3.6 **Pay protection**

3.6.1 The current Three Rivers pay protection policy (applicable to non shared service employees only) is :

"Salary (including any market factor) is frozen at the existing level, without the addition of National pay awards, annual increments or performance related pay uplift, until the pay level for the new post catches up with pay level for the employee's old post. Therefore the length of pay protection may vary from person to person depending on the difference between the old pay grade and the new and the level of any uplifts being applied to pay scales at that time."

3.6.2 There is a risk to Three Rivers of an equal pay challenge (since Shared Services) due to there now being different pay protection arrangements for shared and non shared service Three Rivers employees.

3.6.3 There was no adverse feedback from UNISON, staff representatives or employees to this proposal and therefore Three Rivers will adopt the Watford policy of 1 year pay protection only from 1 April 2012. There is no change for Watford employees.

3.6.4 This revised policy achieves harmonisation between Three Rivers and Watford whilst retaining some protection to staff in future pay reduction situations. It will also eliminate any risk of any equal pay challenge and reduce Three Rivers future costs.

### 3.7 **Paternity pay and leave**

3.7.1 Currently Three Rivers give one week paternity leave at full pay plus a further week at statutory paternity pay rates. Watford provides two weeks paternity leave at full pay.

3.7.2 To achieve harmonisation it was proposed that Three Rivers adopt the Watford paternity pay policy. No adverse feedback was received from UNISON, staff representatives or employees to this proposal. Therefore Three Rivers will adopt the Watford paternity pay policy with effect from 1 April 2012.

3.7.3 This policy will remove inequalities within shared services and impact positively (albeit on a very limited number) of Three Rivers employees. For example, in the last financial year only one Three Rivers and one Watford employee took paternity leave.

### 3.8 **Overtime**

3.8.1 Watford BC and Three Rivers DC have the same overtime arrangements for part time employees (not applicable until 37 hours worked) and employees on scp 28 and below (overtime rates of x 1.5 for Mon-Sat or x 2.0 for Sun based on hourly rate)

3.8.2 There are different arrangements in each council for staff paid scp 29 and above. Watford gives plain time at hourly rate. Three Rivers apply overtime rates i.e. 1.5 or 2.0 times but capped at scp 28.

3.8.3 There was no significant feedback raised during consultation and therefore the Watford overtime scheme will be adopted from 1 April 2012 to achieve harmonisation and remove inequalities within Shared Services. It should be noted however, that the decision by Watford to revise the annual leave arrangements has led to some adverse reaction from Three Rivers employees regarding the reduction in overtime payments. UNISON and staff representatives will make this point at the next Local Liaison meeting in Three Rivers (19 July).

3.8.4 The new policy has no impact on any Watford employee and no impact on any Three Rivers employee paid on scp 28 or below.

3.8.5 The new policy represents an estimated £5K annual reduction in Three Rivers overtime costs.

### 3.9 **Honoraria**

3.9.1 Both Watford and Three Rivers award honoraria payments from time to time although Watford do not have a policy or any written guidance in place. As there were no adverse comments received during the consultation period, a new policy which is a revision of the current Three Rivers policy, will be introduced across both Councils from 1 April 2012.

### 4.0 **Special leave**

- 4.0.1 Both Watford and Three Rivers already have policies in place which cover requests for time off due for compassionate, bereavement or emergency dependency situations.
- 4.0.2 As there were no adverse comments received during the consultation period, one new policy covering all such requests will be adopted across both Councils from 1 April 2012. Until then, existing arrangements will apply.

#### 4.1 **Flexible working**

- 4.1.1 Both Watford and Three Rivers already have flexible working policies in place and operate similar flexible working practices.
- 4.1.2 As there were no adverse comments received during the consultation period, one new policy covering all such requests will be adopted across both Councils from 1 April 2012. Until then, existing arrangements will apply.

#### 4.2 **Disability leave**

- 4.2.1 Currently Watford operate a disability leave scheme. Three Rivers do not have anything documented to capture the approach that may be taken in such circumstances.
- 4.2.2 As there were no adverse comments received during the consultation period, one new policy covering all such requests will be adopted across both Councils from 1 April 2012.

### 5. **IMPLICATIONS**

#### 5.1 **Policy**

- 5.1.1 The policy has been subject to consultation and any comments have been addressed. Implementation of these new policies, is in line with established policy and procedure in both Councils.

#### 5.2 **Financial implications for Three Rivers DC**

- 5.2.1 The new policy for overtime would represent savings of approximately £5000 per annum as from 2012/13 and the policy for pay protection would provide savings to Three Rivers in the long term as the new policy is more cost effective than the current.
- 5.2.2 There no further financial implications for Three Rivers arising from the proposals contained within this report.

#### 5.3 **Financial implications for Watford BC**

- 5.3.1 Financial costs are incurred in relation to annual leave only where backfilling or agency cover is required to cover the absence due to annual leave. This is the case for Watford Environmental Services Loaders and Drivers and Parks and Cemetery Operatives. The estimated additional agency spend to cover the additional levels of annual leave is £10k per annum. This will be built into the

budget process for 2012 onwards.

#### 5.4 **Legal Issues** (Monitoring Officer)

5.4.1 Both Councils are under a legal duty to promote equality.

5.4.2 For Three Rivers there is concern that the current pay protection arrangement (applicable to non shared service employees) carries the risk of an equal pay challenge.

5.4.3 An annual leave scheme which awards leave according to length of service (of more than 5 years) must be kept under constant review and may leave Watford (or Three Rivers in relation to the 1981 agreement) open to a potential risk of equal pay claims or claims of indirect sex or age discrimination under the Equality Act 2010.

5.4.4 In relation to some of the non-contractual policy areas contained within this report where changes are being recommended the consultation undertaken demonstrates good practice rather than a mandatory requirement.

5.4.5 In order to ensure that any contractual changes (arising post consultation) are legally compliant and implemented in accordance with good employment practice, it is planned to make changes by a variation to the employment contract, through collective agreement with Watford UNISON for Watford employees and Local Liaison Committee for Three Rivers employees.

#### 5.5 **Equalities**

5.5.1 Two of these new policies will have either a positive or negative effect on a particular group of staff i.e. the paternity proposal will impact positively on Three Rivers DC male employees and the bank holidays for part timers proposal will impact negatively on predominantly female Three Rivers DC employees.

5.5.2 However, all of the new policies are designed to address inequalities caused either through unfairly structured policies or through the joining of two sets of employees within shared services.

#### 5.6 **Risk Management**

5.6.1 A significant number of Watford BC employees will be adversely affected by the changes to the annual leave scheme. This may have a negative impact on employee morale, motivation and satisfaction levels and subsequently performance levels both now and in the future when the changes are implemented and as phased reductions occur.

#### 5.7 **Staffing implications**

5.7.1 Staff in both Watford and Three Rivers have been kept up to date regarding the progression of the Harmonisation project via intranet and staff publications.

5.7.2 Formal consultation consisted of group staff briefings in which over 200 employees attended the briefings, in addition to written information being provided on Watford and Three Rivers intranets. Collective consultation was also conducted with UNISON and staff representatives.

5.7.3 Staff one to one meetings to discuss individual issues with their manager and HR, accompanied if they wish by a staff representative (either union or Three Rivers



DC non union) or work colleague were agreed and carried out where requested.