

## **UNISON RESPONSE TO DRAFT BUSINESS CASE OF REVENUES & BENEFITS** **SHARED SERVICE**

UNISON is grateful for the opportunity to respond to the above, despite the struggle to consult with staff and complete the report, within the one week timescale.

UNISON has consistently stated that they support shared service partnerships between councils, where a business case identifies financial benefits and where service delivery is maintained or improved. This is a viable and preferential alternative to privatisation and a positive way of finding efficiency savings. It can, when successful be a way of safeguarding both jobs and public service delivery.

The business case for the proposed Revenues and Benefits shared service is well presented and comprehensive and it is clear that a lot of time and hard work has gone into this draft.

UNISON's main concerns about any shared partnership arrangement will largely be staff related but the viability and sustainability of the partnership is crucial and the union would also be looking for evidence of benefits to users of the service and to improvements in service delivery. Despite the economies of scale argument 'bigger' is not necessarily 'better' as demonstrated by the banking industry which closed branches down in order to centralise and set up call centres. Most people will have experienced on-going frustrations in trying to get a banking query resolved quickly and efficiently. Watford and Three Rivers shared service arrangement has also proved to be unsuccessful in respect of Revenues and Benefits, with a publicly reported deterioration in standard of service.

UNISON will respond to the points in the draft business case report in the same order as they are raised and would point out that the comments incorporate the feedback received from staff in Revenues and Benefits.

### **5. Current Position**

UNISON welcomes Stevenage as a Revenues and Benefits partner and is pleased that party politics are playing no part in the choice of partner. As outlined in appendix 1, there are many similarities as well as differences between the two councils and from the staff perspective a greater diversity in groups of council tax payers and benefits claimants will add to the variety of daily contact and experience and help both sets of staff to acquire additional skills and knowledge.

Staff will of course require training in order to become familiar with two sets of policy rules and procedures.

### **6. Accommodation and Facilities Management**

UNISON does have some concerns about the feasibility of fitting all staff into Wallfields since despite the statement in 6.4.4, the accommodation was not originally designed to fit in additional Stevenage employees. No one knows at this stage how many Stevenage employees are likely to opt for home working and without home working, there simply will not be enough space. On the other hand, it does provide staff with the opportunity for more flexible working arrangements and staff at East Herts who have opted for home working on the whole thoroughly enjoy the experience. One of the main concerns however is the lack of IT resources to support and maintain home and remote workers. The reference in 2.1 to the investment of £215,000 in additional Capita software in Revenues and Benefits has unfortunately not yet been successfully implemented and therefore has

not yet achieved savings or benefits of any significance. Moreover, the Council is intending to delete posts in IT and reduce resources. Home and remote working requires support and maintenance on an on-going basis and a reduction in IT resources could have disastrous consequences.

The above could also negate the benefits of managing a shared service from a single location listed in 6.4.2, since it would be difficult to create a more efficient IT solution. The reference to teams becoming more cohesive and effective is also open to debate, since teams will in future be divided between Bishop's Stortford, Hertford and home. Managers will tell you how the simple task of communication to staff becomes extremely challenging in these circumstances and how the team spirit and shared knowledge and experience can evaporate over time.

## **6.5 Technology**

As mentioned above, getting to grips with the technology is one of the greatest concerns of UNISON. This section gives only a very superficial account of the complexities of the IT implications and requirements to support the service. There is nothing about design of the server/database/citrix architecture required to serve both authorities. The economy of scales is not clear especially if there are two databases. Suppliers gear prices to size of application like population/claimants/virtual databases/council budgets. A shared service will increase the population and other measurable factors. The position of EDM documents and the linkage to account transactions appears to be glossed over but failure to provide a similar service to that used by East Herts would have significant customer service dis-benefits.

## **6.6 Change Management/TUPE**

UNISON has always been of the view that TUPE should apply in shared services where employees transfer from one employer to another. Inevitably the impact of the changes will be far greater for Stevenage employees, since they will not only be changing their employer, they will be changing location, changing their working practices and potentially changing their terms and conditions. For them it will be like changing to a new job. For East Herts employees, there will be less dramatic changes but many employees will be changing roles and of course most will be relocating to Hertford shortly. For many this will lengthen their working day and increase their daily commute. For all employees, there is the threat of redundancy hanging over them. It is not going to be an easy time for anyone and the anxiety and uncertainty of their future job prospects should not be underestimated.

In relation to TUPE it must be emphasised that the purpose of the regulations are there to protect employees and therefore the aim to harmonise terms and conditions must not override TUPE principles. It is accepted in law that TUPE is a valid defence for justifying why employees are on different terms and conditions. In the Employers Organisation guide to the TUPE regulations 2006, it states:

*“The revised Regulations make it clear that a transferee must never vary the contract of employment where the sole or principal reason is either the transfer itself or for a reason that is connected to the transfer that is not an economical, technical or organisational (ETO) reason entailing changes in the workforce.*

*Any attempt to vary a contract of employment in these circumstances will be rendered void by the Regulations.”*

*“The DTI guidance emphasises that the courts have interpreted that a proposal to vary terms and conditions to achieve harmonisation will be*

*seen as being by reason of the transfer itself. Therefore, an employer cannot rely on an ETO reason that would potentially validate the variation.”*

There is however nothing to stop an employer from offering new terms and conditions to transferred employees if these are more attractive. For this particular proposed shared service this may well be the case but for other future shared service proposals, this may not apply and it is important that East Herts as an employer does not lose sight of the above principle.

It does not appear that any thought has been given to the TUPE implications for services that support Revenues and Benefits in Stevenage. It stands to reason that if they are losing a whole service area with in their case 37 full time equivalent (FTE) posts, that this may have a knock on effect on support services such as HR, ICT, Customer Services and Accountancy and that there may be other staff which should be included on the TUPE transfer list.

Finally, an employer has to be careful when making redundancies at a time of a TUPE transfer. The above guide states:

*“Although the revised Regulations do not introduce any significant changes on transfer-related dismissals it does provide some much needed clarity of the effect of the Regulations in these areas.*

*Where, either before or after a transfer, an employee of the transferor or transferee is dismissed, the dismissal is automatically unfair if*

- the reason is the transfer itself or*
- the reason is connected with the transfer that is not an ETO reason entailing changes in the workforce.*

*Where there is an ETO reason entailing changes in the workforce, then the dismissal is not automatically unfair but is subject to the normal requirements on unfair dismissal.”*

The question is therefore whether or not the reason for the redundancies is the transfer itself or an ETO reason connected with the transfer and UNISON will be seeking legal advice on this point.

## **6.7 Structure and Jobs**

UNISON agrees that for a proposed partnership arrangement such as this a single structure is preferable. There are a number of structures which could be considered and UNISON would like to propose a slightly different one, for the following reason.

The proposed structure does not appear to have the balance between Revenues and Benefits quite right. Compared with the existing structure, Revenues will be **losing** 6.64 FTE staff and Benefits will be **gaining** 3.75 FTE staff. The third section in the new structure is split between Revenues and Benefits, however, the fourth section in the new structure headed Control and Fraud is almost exclusively Benefits and all the related job descriptions refer to Benefits tasks.

This seems a strange proposal in light of the Government’s intention to create a universal credit in 2012 which will put at risk many Benefits jobs. It also means that Revenues staff will be struggling to cope with their workload. Despite the generic nature of the job descriptions, in reality it does not mean that Benefits staff will have the knowledge and experience to undertake Revenues work and vice versa. Of the proposed sections, one

and a half are Revenues and two and a half Benefits and this places a disproportionate risk of redundancy on Revenues staff. It will also not help in improving collection rates for both councils at a time when the government is cutting funds and both councils will need to maximise their income.

An alternative to this would be to have three sections and split the fourth section between the other three. This would not only create a better balance between Revenues and Benefits but would create more resilience in terms of enabling some Benefits staff to gain more experience in Revenues work, ready for the Government changes. This would be similar to the current structure but with additional jobs to cope with the extra workload. It would also mean that any redundancies that ensue will not be Revenues staff exclusively.

### **6.7.7 Job Descriptions**

UNISON is in favour of generic job descriptions where jobs are identical. However, in the proposed new structure, jobs have been evaluated and allocated grades on the basis of a generic job description where jobs are in some cases quite unique. The Job Evaluation panel would have had no option but to give every job with the same job description the same grade but UNISON believes this will have distorted the results.

A good example of this is the Assistant Manager post in the Systems and Support Section. This post has responsibility for two employees and the main part of the job description applying to the post is headed 'Systems and Support'. On the other hand the Assistant Manager for Benefits has responsibility for 8 employees and the main part of the job description applying to the posts is headed 'Benefits'. In other words the two posts are entirely different and UNISON believes they should have had separate job descriptions and been evaluated separately. This principle applies to the many other posts.

A knock on effect of the distortion of the job evaluation results is that far from improving the career prospects of employees, it provides limited opportunities, particularly for Revenues staff, since there is a large void between the grade 5 Revenues/Assessment Officers and the grade 9 Assistant Managers. There are a limited number of grade 7 posts for Benefits staff but none for Revenues Officers. Many employees have raised concerns along these lines.

## **7. Anticipated Benefits**

All the benefits listed under this section are those everyone would hope would be achieved but do not appear to be backed up with any hard evidence. UNISON would disagree with the statement 'The financial information **clearly** sets out immediate savings of £132,860 in the first year' in 7.2. The information is far from clear.

## **8. Finance**

Despite the explanations in paragraphs 8.3.1 to 8.3.5, it is not clear what all the savings represent and whether they are one-off or annual and which are attributable to the full shared service package or consequent on the current very limited mutual arrangements.

The draft appendix 4 detailing the analysis has already changed once since it was sent to staff. The salary figure has reduced by £120,637, the Supplies and Services figure has reduced by £24,950 but the Recharges figure has increased by £145,579. Hence the overall figure has scarcely changed. It is not clear whether this was just an error previously or whether the method of calculation for each figure has changed. The figures are largely meaningless to a lay person and require an explanation of how they are arrived at,

particularly the recharge figures. Why is it that East Herts recharge figures are twenty times higher than Stevenage recharge figures? Logic would tell you that the recharge figures would increase for East Herts as they take over Stevenage costs and that the majority of Stevenage recharge costs would disappear. How are the recharge figure made up and will there be a genuine saving to Stevenage or will their recharge costs simply be redistributed to other service areas? Should not the Stevenage diminishing overheads be listed separately from their retained costs?

There are many other points which arise, such as the 50:50 split which is advantageous to East Herts for costs but not for savings. Savings will be the difficult issue whereas costs become obvious as the implementation goes on. Many savings only materialize after 3 years. There is also uncertainty from national initiatives that could have an impact on the economics of the shared service.

Other questions are:

- Is the contingency fund of £25,000 sufficient? This is a low figure for unanticipated costs.
- The pension back funding needs further explanation, especially in terms of any financial impact outside shared service budgets.
- What is the on-going partnership specific expenditure of £91,600 and does this not reduce the saving of £132,860 to £81,200 split between the two authorities?
- Is it not purely speculative to say that future savings may be released from the service once processes and procedures have been reviewed and redesigned? Why not start by reviewing these before incurring the costs of reorganisation and thereby gain early access to savings?

## **10. Equalities**

UNISON is disappointed not to have seen a completed Equalities Impact Assessments before responding to the draft business case. There will clearly be many equality issues arising from the proposed shared service arrangement for employees currently based in Stevenage and an action plan needs to be drawn up addressing any inequalities. Child care issues are likely to be a problem both for staff currently based in Bishop's Stortford and for those in Stevenage. Home working is not always a viable alternative.

## **11. Risks**

None of the risks identified are adequately mitigated. For example just defining responsibility for resources does not assure they will be provided. Staff morale is not dealt with just by communication – listening and flexibility is as important. Why not have a survey to measure staff perceptions of the shared service prospects?

With reference to 11.3, before an IT contingency plan is developed, a comprehensive IT development and implementation plan is needed. Talk of redundancies in IT is simply bizarre and will be counter productive. Retention of IT staff should be a priority.

## **12. Consultation**

The consultation process is fine as long as it is genuine. This means listening and responding to the feedback from the consultation exercise.

### **13. Implementation**

UNISON looks forward to seeing the more detailed implementation plan and comprehensive stakeholder plan referred to in 13.4. It would also be useful to know who is leading the project both from the IT and telephony side and who will be the dedicated overall project manager. It would be hoped that this role will be advertised at least internally.

#### **Conclusions and recommendations by UNISON**

UNISON would like to recommend that an independent review of the financial case is carried out before a final decision to proceed with the shared service arrangement is made. It is not clear from the information provided that there will be any large saving and there is a possibility that the set up costs could exceed the savings at least in the short term.

There are clearly benefits from shared service arrangements and UNISON would want to ensure that these are not only financial but also lead to an improved service to users, a reduction in the time taken to process benefit claims and to improved collection rates for council tax and business rates.

UNISON wants no compulsory redundancies and hopes that as with the impending Senior Management Review, this will be avoided if necessary by the full use of voluntary redundancies. Legal advice should be sought with regard to TUPE issues and redundancies.

UNISON would like further discussions about the structure and job descriptions with a view to improving career paths and to ensuring a fairer allocation of staff between Revenues and Benefits

Managing change well is essential in order to retain a skilled and experienced Revenues and Benefits workforce. This means listening to staff as well as imparting information to them.

Finally, the retention of specialist IT skills is crucial if this project is going to succeed and UNISON hopes that the Council will reconsider the decision to axe jobs in an area where employees are struggling to meet current demands and do not have any spare capacity to devote to this or any other project. The use of Stevenage IT specialists will help during the implementation phase but this will not be sufficient for on-going support and maintenance.

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