



General Purposes Committee
27 October 2005

Report from the Director of Human Resources & Diversity

For Action

Wards Affected:
ALL

Report Title: Managing Organisational Change

Forward Plan Ref:

1.0 Summary

- 1.1 This report sets out the reasons for developing the new Managing Organisational Change policy and procedure and gives an overview of its contents. This report also seeks endorsement of the General Purposes Committee of the new procedures as set out in the recommendations..

2.0 Recommendations

The General Purposes Committee is recommended to agree:

- 2.1 the content of the new Managing Organisational Change policy and procedure and to its implementation with effect from 4th January 2006
- 2.2 that the new policy and procedure will apply to reorganisations that are ongoing as at 4th January 2006 as well as to those that start on or after that date
- 2.3 that the Director of Human Resources & Diversity, in consultation with the Borough Solicitor, be given delegated authority to develop and adopt Managing Organisational Change policies and procedures in respect of staff not covered by the new policy and procedure.

3.0 Detail

- 3.1 The Council's existing guidance to managers on handling reorganisations and redundancies has been in place since 1994 and was last updated in 1998. This procedure requires a review to respond

to organisational needs and to take account of changing legal requirements and recognised best practice.

- 3.2 A revised policy and procedure for Managing Organisational Change is attached. This has been developed in conjunction with Legal Services and Payroll and Pensions.
- 3.3 The revised policy and procedure applies to all permanent employees covered by Green Book conditions, including support staff in schools and staff covered by NJC conditions for Chief Officers. The policy will also cover temporary employees covered by those conditions of service who have 12 months continuous employment with the Council by the date of implementation of the organisational change.
- 3.4 The policy does not cover teachers or temporary employees who have taken less than 12 months continuous employment with the Council by the date of implementation of the organisational change.
- 3.5 The overall intentions of the policy and procedure is to provide managers with a structured framework that will enable them to manage the process of change in a way which minimises disruption to services, ensures equality and fairness of the process and that the Council meets minimum statutory requirements and recognised good practice.
- 3.6 The draft policy covers, amongst other things:
 - The planning stage
 - Definition of redundancy
 - The consultation process with employees and trade unions
 - Choosing employees for jobs in the new structure
 - The appeal stage and
 - Alternative employment.
- 3.7 The Managing Organisational Change policy and procedure (which is mandatory) is accompanied by management guidance to give more detailed advice to managers.

Implementation

- 3.8 It is proposed that the new procedure becomes effective from 4 January 2006 and that it will apply to reorganisations that are ongoing as at 4th January 2006 as well as those that start on or after that date

Consultation with trade unions

- 3.9 Consultation has been carried out with the Council's recognised trade unions. The attached Managing Organisational Change policy and procedure now incorporates the amendments agreed with the unions. It also contains minor amendments that have been made on legal advice subsequent to the discussions with the trade unions. These amendments have been drawn to the unions' attention. If the unions' have any comments on these

amendments officers will advise Members of these at the meeting considering this report.

4.0 Financial Implications

- 4.1 The proposed changes set out in the Managing Organisational Change policy and procedure should have minimal financial impact, as it is primarily about providing a standard framework, rather than changing existing policies. It will be managed by service units within their existing resources.
- 4.2 Any additional corporate costs arising from the dissemination of the new procedure to managers will be met from within the corporate Human Resources & Diversity budget.

5.0 Legal Implications

- 5.1 The Employment Act 2002 contains statutory dismissal procedures. These procedures came into effect on 1st October 2004. Currently the position under the statute is that where an employee is dismissed without the applicable statutory dismissal procedure having been followed, then if this failure was wholly or mainly the fault of the employer the employee will be treated as being unfairly dismissed ,provided the employee had one year's continuous employment with the employer. The Act also provided that where an employee has successfully brought an Employment Tribunal claim of a type defined in the Act (such as a claim for unlawful race, sex, disability , religious or sexual orientation discrimination) concerning a matter to which one of the statutory procedures applies, and the relevant procedure was not completed before the case started wholly or mainly as a result of the fault of the employer, then the Tribunal must, save in exceptional circumstances, increase any award of compensation by 10% and may increase the award by up to a further 40%
- 5.2 Employees dismissed on the grounds of redundancy or reorganisation are entitled to bring to an Employment Tribunal a claim of unfair dismissal against the Council if they have the necessary continuous employment of one year.
- 5.3 The attached new Managing Organisational Change policy and procedure complies with the statutory dismissal procedures in respect of those matters and the employees covered by the policy and procedure. It also meets the procedural requirements developed in case law that have to be met for a dismissal on the grounds of redundancy or reorganisation to be considered fair by an Employment Tribunal. When considering whether to dismiss under the policy and procedure managers should consider with their advisers the likelihood of a successful unfair dismissal claim being brought should a decision to dismiss be made.

6.0 Diversity Implications

6.1 To demonstrate the Council's intent to ensure its policies and procedures do not impact unfairly on employees with regard to equality and diversity, the new Managing Organisational Change policy and procedure contains a specific section on considering any adverse impact. The procedure directs managers to ensure that their application of the procedures does not have an adverse impact.

7.0 Staffing

7.1 The new Managing Organisational Change policy and procedure demonstrates a commitment to fair and consistent treatment of employees in accordance with the latest legal requirements and best practice in employment. They set out the responsibilities of management in managing organisational change.

Background Papers

Managers' Guide to Handling Reorganisations and Redundancies
ACAS Advisory Handbook – Discipline & Grievances at Work
The Employment Act 2002 (Statutory Dismissal and Disciplinary procedure)

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