

24 August 2007

To all LGE Stakeholders, Leaders, Chief Executives and Heads of HR

Dear Colleague,

Feedback on Consultation on LGE document: *Delivering a Rewarding Future*

I wrote to you some weeks ago, asking for your views on proposals set out in the LGE document *Delivering a Rewarding Future*. The aim was to encourage thinking throughout Local Government on the direction of travel and scope of major reform of the national pay framework. I have written to you separately with feedback on the joint IDeA/LGE/LGA consultation document: *Delivering through people*, that considers the wider workforce challenges. I am now delighted to be able to provide you with some general feedback on the consultation exercise and to let you know something about the next steps.

I would like to start by offering my personal thanks to all those who took the time to provide responses to the consultation. I know that I speak for all members and officers involved at LGE and LGA in saying that your views are extremely valuable and have helped to shape our approach to moving forward on this agenda.

So far, we have received replies from seventy-eight councils and twenty other organisations and individual respondents. We think that this is a response that is broad enough to provide a healthy cross section of views - especially given the fact that many replies are extremely detailed and thoughtful. We have responses from a good spread of types and sizes of council, as well as by region and political control.

I do not intend to set out a crude count of councils opting for particular options in response to the consultation questions. The questions were designed to promote thinking and to help respondents to structure their detailed views and not to act as some kind of referendum. I think respondents recognised fully that what we are doing is developing a programme to take into negotiations with the Trade Unions in which the outcomes will be based on give and take. The vital thing is

that we now have a clear sense of priorities for councils that we can reflect during negotiations.

This is part of a process that will involve further more detailed consultation in the future. We remain, at all times, open to the views of councils and other stakeholders and we would welcome ongoing feedback and comment throughout the process.

General direction of travel

Overall, your replies gave strong backing to the basic proposition that it is necessary and timely to review the national agreements and negotiating mechanisms to make sure that they fit with how the Local Government workforce looks today, rather than ten years ago. Many of you affirmed the need for the LGE to provide clear leadership to the sector in moving forward. We recognise though that everything we do has to be truly owned by the local government family and that the potential for radical change is contingent upon the amount of funding that will be available.

At a very general level, respondents are in favour of simplicity and flexibility in national pay agreements. Councils are fast changing organisations and they need to be able to manage staff responsively, to deliver services in new ways - especially in partnership. To help them do this, most respondents would like to see a single national pay agreement, slimmed down and simplified to facilitate local action.

However, there were some quite distinct views about the balance between core minimum terms and conditions in a national agreement and local ability to renegotiate those terms. Some favour maximum local discretion, whilst others are keen to see a number of core national conditions maintained to avoid unnecessary effort locally and ease portability between organisations in the light of new models for service delivery.

Core principles

Our paper set out a list of core principles to help develop a new framework that can enjoy maximum support from members, managers and staff. For example, a belief in collective bargaining and the vital role of members in negotiations. Respondents gave broad backing to the principles though some were concerned that there might be some potential contradictions between statements about the importance of collective bargaining and others that talk about making decisions about rewards as close to the individual as possible.

LGE's view is that these are not contradictions but demonstrate the complex tensions involved in getting an issue as vital as pay and rewards right.

Some interesting detailed observations were made about the core principles and we will review them to ensure that they serve a clear purpose.

Short, medium and long term objectives

The paper set out a number of short, medium and long term objectives. One important point made by a number of respondents is that the reform programme needs to be quite rapid in order to be of assistance to local authorities on the ground. With that in mind, some were uncertain as to why some issues, such as developing a total reward approach were described as medium or long-term objectives. I think I should make clear that we were not suggesting that these ideas would be left aside until some time in the future. On the contrary, we will begin discussions and planning on all key issues almost immediately. However some developments will take longer to fully implement than others. Relatively minor matters such as improving the flow of data to help reward management can be got underway reasonably quickly because they do not require much detailed negotiation.

As I have already mentioned, the general sense from respondents is that we should move towards unifying national agreements where possible. There was also strong support for developing a Total Rewards framework. Many respondents believe that steps should be taken to integrate pension issues into mainstream rewards to help develop a Total Rewards framework and we will begin to look at this important issue with the Government as well as the Trade Unions.

Negotiating mechanisms

In the paper, we set out the contention that reform of pay frameworks may be achieved more quickly if the negotiating machinery is streamlined and made fit for purpose. Most respondents agreed with the general proposals set out in the paper and commented that it is largely up to LGA and LGE to use experience and judgment to get this right. We were advised however, to ensure that the vital democratic role of members is optimized, which we fully support.

Next steps

The focus of this consultation exercise has been on pay and rewards for the local government workforce although we recognise that some of the ideas we have raised may have implications for other public sector workers covered by negotiating bodies that fall within LGE's remit e.g. school improvement professionals, youth workers and firefighters. As our thinking develops we will consider the impact on other employees and keep stakeholders and unions updated as appropriate.

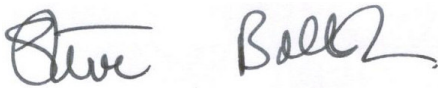
We intend to proceed with work on the new framework immediately. We will meet informally with the Trade Unions in August to have an early exchange of views. Following that meeting, we will prepare a recommended negotiating strategy for endorsement by the Employers' Side of the NJC. The recommendations will be reviewed also by the new LGE Sounding Board of senior officers from local authorities. As more detailed proposals emerge we will ensure that we fully

consult with councils and other stakeholders because we recognise the importance of making the process as transparent and inclusive as possible.

We will keep you informed of progress in various ways, including LGE Focus newsletter and regional visits. We will also be delighted to take up the many offers of detailed discussions with individual authorities with particular experiences to share.

We are entering an exciting period for pay and rewards in Local Government and I would like to thank you once again for your help in getting this journey started.

Yours sincerely

A handwritten signature in black ink, appearing to read "Steve Bullock". The signature is written in a cursive style with a large initial "S" and a long, sweeping underline.

Sir Steve Bullock
Chair, LGA HR Panel