

**Public/
Key Decision - No**

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Establishment of Employment Company

Meeting/Date: Employment Committee – 4th September 2019

Executive Portfolio: Councillor Darren Tysoe, Executive Councillor for Digital and Customer

Report by: Oliver Morley – Corporate Director (Services)

Ward(s) affected: N/A

Executive Summary:

The Council established a holding company in 2017 known as HDC Ventures Ltd (HDCVL). HDCVL now intends to establish an employment company to assist the Council achieve its corporate objectives. This is because it will enable the Council to attract and employ individuals with the skills and aptitudes that are required in an increasingly competitive employment market. It is considered important to inform the Employment Committee where Council employment matters are concerned.

Specialist Legal advice has been commissioned. More detailed information will be provided at the meeting. It is the principle of the arrangement that Member endorsement is sought.

RECOMMENDED

Members are asked to take account of advice presented and endorse the continued establishment of an employment company.

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to acquaint the Committee with proposals to establish an employment company to enable the Council to attract and employ individuals with the skills and aptitudes required to achieve its future strategic objectives.

2. WHY IS THIS REPORT NECESSARY/BACKGROUND

- 2.1 The Employment Committee's function is to discharge a strategic overview of the people management and workforce decisions and issues within the Council. It is necessary, therefore, to provide information to Members of the Committee on matters that have employment implications.

3. ANALYSIS

- 3.1 In an increasingly competitive employment market, the Council needs to be able to offer packages and incentives that enable it to attract people with specific skills and aptitudes. Three areas where the Council has established needs are:

- roles where there is a direct private sector benchmark for the role,
- where the labour force generally seeks higher take home pay, rather than a more generous pension entitlement, and
- specialist technical roles that can be short term, and where the alternative is the interim and contractor market.

- 3.2 The Council increasingly believes there will be circumstances where there will be close alignment between employment and the Council's trading activities.

- 3.3 There are detailed matters that will need careful consideration, such as:

- Equal pay implications,
- TUPE, and
- transfer of staff pension rights.

These and other matters are the subject of Legal advice, which has been commissioned by the Council. Further information will be provided to Members at the meeting.

4. KEY IMPACTS / RISKS

- 4.1 Legal advice has been sought on the impacts and risks associated with establishing and operating an employment company. This advice will be closely adhered to.

5. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION

- 5.1 A Plan leading to the incorporation and subsequent operation of the company will be produced in light of Legal advice.

6. LINK TO THE CORPORATE PLAN, STRATEGIC PRIORITIES AND/OR CORPORATE OBJECTIVES

- 6.1 Develop a flexible and skilled workforce.
- 6.2 Continuing to reshape the way the Council works to realise our savings target and improve performance

7. CONSULTATION

- 7.1 Consultation is vital when establishing a Local Authority Trading Company. It is all the more important where employment matters are concerned. The Council has sought specialist Legal advice, which has confirmed that the courts have consistently stated that where local authorities are considering 'high-level choices about how, as a matter of principle and approach, an authority goes about performing its functions' a consultation under s3 of the Local Government Act 1999 (LGA 1999) must be conducted with employees who may be impacted. There have been recent high profile cases about council failures to consult. The Council will ensure it obtains and complies with sound Legal advice in this respect.

8. LEGAL IMPLICATIONS

- 8.1 As stated above, the Council has obtained detailed Legal advice on establishing the new company. Further advice will be needed during the incorporation process and leading into the operational state.

9. RESOURCE IMPLICATIONS

- 9.1 There are no additional resource implications.

10. REASONS FOR THE RECOMMENDED DECISIONS

- 10.1 The Council currently sees the advantage in having an employment company that enables it to consider a greater range of options it when developing new working arrangements. It is important to state that this will not be suitable in many situations.
- 10.2 The Council is now in a position where it is desirable to proceed with establishing the company.
- 10.3 Members are asked to take account of advice presented and endorse the continued establishment of an employment company.

11. BACKGROUND PAPERS

None.

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