

PRESS RELEASE

Bedford Industrial Tribunal has recently heard the claims brought against Letchworth Town Council by its 6 former employees. The claims brought by the former staff were for a further 9 months pay.

The Tribunal heard that following a decision of the old Town Council Supporter Councillors, in March 2009, only 3 months before the elections, the contracts of the staff were changed. Prior to the change, the staff were entitled to statutory redundancy pay, with notice periods typically of 3 months. The change made prior to the elections quadrupled the notice period so that staff would be entitled to 12 months notice of redundancy (or pay in lieu), as well as providing for the staff to receive a minimum of 20 weeks severance pay if made redundant prior to 31 December 2010.

The Tribunal heard evidence from current Vice-Chairman Councillor George Ritchie that even before the unusually generous 12 months notice period (or pay in lieu of notice), the severance pay provision cost the council in total 10 times more than would have been paid by any other Town Council in Hertfordshire or Bedfordshire¹ and 15 times the statutory redundancy pay that would be paid by private employers. The evidence from the staff was that they had expressed concerns to the former Chairman of the Council's Policy and Resources Committee about their futures, in particular if the HELP councillors were elected, and that as a result they were offered these terms which provided them with job security as a retention policy.

Chairman of the Council, Frank Lovett, explains what happened:

“Because of the unusual way in which the contracts of the staff were changed shortly before the election, and because of the considerable sums of money involved – money which had been paid to the Council by Letchworth rate-payers – we took legal advice soon after we had assumed office. We were advised that the decision to change the contracts had been unlawful, and so we explained this to the staff and negotiated

¹ All Town Councils in Hertfordshire and Bedfordshire were surveyed by way of Freedom of Information Act requests. The only Town Council that did not reply (and is not included in the statistics above) is Stotfold Town Council.

what we considered to be a very fair and generous settlement with them. Although we believed we had reached a compromise with them, two days before their contracts ended, the staff rejected our offer and told us that they would be going to the Tribunal to claim for the full 12 months notice pay.”

[The case put to the Tribunal on behalf of the Council was that whilst private employers can be as generous as they like with their own money, public employers have a duty to strike a balance between the interests of those who work for them and those who fund them. We believe that not only was the old council’s decision so generous as to be unlawful but also it was an irrational thing to do. For example, imagine a private landscaping company has a contract to provide gardening services to a council. Shortly prior to an election, the party in opposition announces that if elected it will make cuts by doing away with all gardening services. The Council believes that no rational employer in such circumstances would decide to give its staff what amounts, in effect, to nearly an 18 month fixed term contract.]

If the former councillors had not changed the contracts in this way just before the elections, the cost to the rate-payers of Letchworth would only have been around £40,000. If the Tribunal rules that the changes made to the contracts just before the election were lawful, the full cost of the redundancy payments to the staff will be in excess of £200,000. This is notwithstanding the fact that two of the six members of staff had less than two years service with Letchworth Town Council, and the longest had only a little over 3 years service.

A decision of the Tribunal is expected in the second half of September.

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