

GENERAL PURPOSES COMMITTEE

Thursday, 12 October 2017 at 7.00 p.m.

C1, 1st Floor, Town Hall, Mulberry Place, 5 Clove Crescent, London,
E14 2BG

SUPPLEMENTAL AGENDA

This meeting is open to the public to attend.

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For further information including the Membership of this body and public information, see the main agenda.

4 .4 HR Policies and Procedures - diagnostic

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Alternate Appendix 2, which is a *summary* of the IES report, 'London Borough of Tower Hamlets: Review of Industrial Relations' the full version of which was included in the earlier unrestricted supplement pack.



London Borough of Tower Hamlets: Review of Industrial Relations

Report summary

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Institute for Employment Studies

IES is an independent, apolitical, international centre of research and consultancy in HR issues. It works closely with employers in all sectors, government departments, agencies, professional bodies and associations. IES is a focus of knowledge and practical experience in employment and training policy, the operation of labour markets, and HR planning and development. IES is a not-for-profit organisation.

The IES HR Network

This report is the product of a study supported by the IES HR Network, through which members finance, and often participate in, applied research on employment issues. Full information on Network membership is available from IES on request, or at www.employment-studies.co.uk/network.

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1 Introduction

This report summarises the findings from a review of the current industrial relations (IR) situation in the London Borough of Tower Hamlets, which the Institute of Employment Studies (IES) has been commissioned to undertake by Tower Hamlets Council.

The **aims** of the project have been to:

- Review the current IR structures, processes and culture in the Council;
- Recommend any changes and improvements that could contribute to a more productive, collaborative and effective industrial relations framework and culture within the Council.

In terms of **scope** of the Review:

- On staffing, the project has focused on arrangements for non-schools staff;
- On content, the focus has been on formal IR structures and agreements, but also the 'softer' processes of behaviour and communications and involvement that underpin the IR culture in the Council.

The **methodology** for the review has involved an analysis of the current situation from three main perspectives:

- An external perspective in terms of gathering and presenting academic research and information on external trends and examples to highlight best practice and changes in IR in relevant employers;
- An assessment of the level of alignment and reinforcement which the current IR situation provides for the delivery of the Council's vision, strategy and values;
- And the extent to which the current situation meets the needs and motivations of employees and their representatives.

The **work stages** involved in the Review have been as follows:

1. Initial planning of the project with a joint management and trade union steering group, which has subsequently met a number of times during the course of the project to review and facilitate progress.
2. Key stakeholder interviews. IES staff carried out 16 individual interviews with the Mayor, Chief Executive, corporate directors, trade union branch secretaries and HR staff. We also held a meeting with the CLC and with seven senior managers/service heads in small groups and a focus group of 18 HR business partners. The findings from this stage are summarised in Section 2 of this report.
3. Staff focus groups. IES ran six focus groups involving 23 staff from across the Council in order to discuss their perceptions of IR in the Council at present, the main strengths and weaknesses and what changes and improvements might be desirable and feasible. These findings are presented in Section 3.
4. Review of external research, trends and practices. IR practices and trends and changes in them in relevant organisations externally have been assembled by IES, as well as relevant research on what makes for successful and collaborative IR arrangements. The findings are presented in Section 4
5. Review and analysis of internal documentation relevant to the current IR situation. In Section 5 a more detailed analysis and comparison of IR structures and policies and their application in Tower Hamlets is summarised.
6. Development of change options and recommendations, in conjunction with the project steering group. The final section of the reports summarises the key issues raised by the findings shown previously, and presents feasible options and recommended actions to address and improve IR arrangements in the Council

2 Stakeholder interview findings

The stakeholder discussions raised many interesting points. It is clear that people appreciate working for the Council and view it as a good employer. There is awareness of a need to save money in the current climate and people are generally aware that there will be change.

There is a strong commitment to working with trade unions and acknowledgement of the role of trade unions in the Council. Industrial relations is viewed as quite traditional in the Council, and something that varies in quality and strength across the organisation. Industrial relations here is characterised by procedures and the relatively strong position of the trade unions, which registers many FTAs. There are also issues around the boundaries between information, consultation and bargaining.

Almost all interviewees agreed that aspects of the current IR structure need changing/improving/updating: the key questions this Review needs to answer are which ones and how far/how fast/how is this change to be effected.

There was a view that there needs to be a stronger lead from senior management and that many middle managers are unsure, risk-averse and over-reliant on procedures. In terms of policies and procedures, there was a view that they are not bad in themselves, but that they need to be implemented more consistently and flexibly. In particular, managers need to be given the confidence to tailor to individual cases and circumstances. HR needs to support managers to do this. There seems to be an issue with the policies in that they are drafted by HR and so not owned by managers.

2.1.1 The Way Forward

The most commonly mentioned changes and features of good IR in the future were as follows:

- The Council needs a clear organisational strategy that people can understand and relate to, a common collective vision and set of values that staff can buy into and support.

- There needs to be more accountability for everyone, staff, unions, managers and HR. This could be achieved by a charter setting out expectations and behaviour for everyone.
- The Council needs its leadership to inject 'pace and energy and meaning' – to 'set the example from the top' on change.
- There needs to be less 'silo' working and more cross-organisational team-working.
- Managers need to be skilled and supported and trained to manage well and consistently across the Council.
- Interviewees felt we should all be working to avoid disputes as far as possible and if they arise, ensuring they are resolved as fairly and swiftly as possible.
- HR/IR Procedures should be simplified and clarified, but generally interviewees felt, as one put it, that this 'won't achieve anything on its own'.
- There needs to be an effectively operating Staff Side.
- There needs to be effective discussion and involvement of unions and staff on the best ways of addressing the major challenges facing the Council.
- The relationship between management and unions needs to be open, effective and 'balanced'.
- HR needs to be, and is being, strengthened, in order to give proper, effective and consistent advice and support to managers and employees.
- People also felt that wider internal staff communications and involvement needs to be improved.

3 Focus group findings

There was general agreement among the groups that the Council was a good place to work. There is a sense of a committed workforce but one that feels under-informed, involved and resourced, increasingly suffering the effects of restructuring and change on their workloads and effectiveness. Interestingly, this was not seen to have resulted in a big increase in disputes and disagreements, but perhaps more of a sense of withdrawal by managers and staff, supporting an over-reliance on policies and procedures and a lack of initiative and decision making. Even the trade unions were seen generally as more of a reassuring presence than an effective alternative 'voice', but like senior management, often caught up in the Council's processes and procedures.

There are key issues identified around **lack of visible and strategic leadership** and management and communications, with staff feeling isolated and not involved.

Solutions were seen to lie in more open leadership, better management development, improved and more consistent line management, more open communications and much earlier and higher levels of staff involvement in changes affecting them. There also needs to be more of a clear vision and direction, simpler procedures, managers trained and held accountable, and better staff communications and involvement.

When asked what they would like to see changed, the following issues were mentioned:

- 'A stronger vision from senior management'
- Improved internal communications
- 'Management training is definitely needed'
- Linking up the development and delivery of services: less silo working
- More flexibility to reward and recognise high contributors
- Induction around core values so that people can act professionally and challenge things in a progressive way.
- More working time flexibility and clearer and more consistent policy on working from home

- Revised hotdesk policy
- Flexibility in taking annual leave.

4 External market situation

Since the late 1970's structural changes in the UK labour market have helped to produce a significant decline in trade union membership and influence, although the majority of employees in the public sector remain unionised.

Employers have responded by replacing IR-focused approaches with a wider range of mechanisms and channels of individual and collective communications and consultation. There has also been a switch both in the ways that employees express their disagreement with changes and the procedures and mechanisms used to address them, with a significant growth in mediation, line manager training and HR trouble-shooting activity.

Research suggests that employee involvement is an important underpin of successful performance in organisations, as part of a basket of so-called High Performance Working Practices. However research also suggests that these practices need to be tailored and adapted in each organisation and that their implementation is the key to a successful positive influence on employee relations, engagement and performance.

Research on restructuring and change in local authorities also indicates that the 'softer' and more informal processes of stakeholder and employee communications and involvement seem to be key, although IR structures and HR policies and procedures are also being streamlined in the process. Stakeholder involvement seems to correlate with successful change implementation and there is very little evidence of big-bang dismiss-and-re-engage type approaches to change in the sector.

5 Internal situation at Tower Hamlets

We reviewed trade union arrangements and disciplinary and grievance procedures at Tower Hamlets Council. Overall, trade union membership, at around 34 per cent, is relatively low, although the influence of trade unions in the Council is relatively strong.

Recognition and facilities agreements in terms of content seem broadly in line with other councils, but they could perhaps be integrated and simplified. A broader employee relations context in terms of the relationship between bargaining, consultation and communications would also be beneficial. A clearer and more consistent model of trade union and employee involvement such as monthly forums needs to be applied in all directorates of the Council, not just some of them. The processes in situations of restructuring and change also need to be much more clearly specified.

The number of disciplinary cases taken through procedures seems to be in accordance with the average at other Councils. However, the length of time they take to complete is above average. It may be worth considering the use of alternative, more informal, dispute resolution mechanisms in order to reduce the number of cases entering and amount of time spent on investigations. Mediation may also be an option to reduce the time taken to resolve issues and cases and improved line manager competence and HR trouble-shooting skills might also be of benefit, initiatives which have been popular recently in other UK councils and employers more widely.

6 Ways Forward and Recommendations

6.1 Issues

A summary of the key issues raised by the earlier findings is as follows:

1. There is an over-reliance on formal IR procedures and processes and lack of engagement through these with the Council strategy and major changes/restructurings required.
2. There are failings in the operation and implementation of some of these procedures, for example staffside model, which does not operate in practice.
3. A failure to evolve to what we call a broader 'ER approach' in the Council, which is more typical of employee relations in public sector bodies today, with more fully developed consultation and communications channels to complement formal relationships and negotiations with trade unions.
4. This appears to leave many staff feeling uncertain about the future, under-involved and – informed and the lack of any strong sense of the Council's strategy and identity. It also means the potential of staff to be involved in and deliver the Council's strategic aims is being restricted at present.
5. An apparent lack quite widely across the Council of management confidence and skills to fully engage their staff, effectively manage IR and dispute procedures, communicate openly and early, deal with any disputes and issues locally and informally, leading to: inconsistencies in employee relations practices and quality in different parts of the Council ('it depends on your manager'); and wider examples of poor interpersonal skills and undesirable behaviours being displayed.

6.2 Changes and Recommendations

In moving towards a more forward-looking and positive employee relations climate therefore, we believe that changes should be considered in four main areas:

- **Strategy.** This would involve the development of, and agreement on, a clearer, defined employee relations strategy and set of principles, such as:

- Development and dissemination of a concise set of values that relate to employment relations. There should be clear linkages to the wider HR strategy and relationship to the Council's values;
 - Linked to this, a clear definition of the positive employee relations climate that the Council seeks in order to deliver its strategy;
 - Definition of the channels for achieving a positive employee relations climate. This centres on clear definition of which issues fall under negotiation, consultation and communication, and the various mechanisms to involve people available under each area;
 - Recognition of the importance of the formal representation role and partnership with trade unions;
 - Involvement of line managers, staff and trade unions in developing the Council's employee relations strategy to ensure understanding and support;
 - Ensuring councillors and all key stakeholders are engaged with and buy into the shift in IR approach.
- **Industrial relations procedures.** Industrial relations procedures could be streamlined and made more transparent. Changes to industrial relations procedures might include options such as:
- Integrating the CHAD and the wider grievance and disciplinary process;
 - Replacing JCAG and Failure to Agree with a feedback process to the Council HR Committee, with clear milestones and timescales for issues to be addressed. The Mayor and councillors are obviously critical to reforms in this area;
 - And/or considering the use of external/independent mediation in that process in order to ensure fair and timely outcomes;
 - Making the staffside structure work in practice as a single table in which all recognised trade unions participate;
 - A general 'tidying up'/updating/simplifying/shortening of procedures – we understand that work has already started on this and support the involvement of line managers themselves in this process;
 - A review of the implementation of procedures, including sickness absence, in order to ensure that they have enough built-in flexibility in order to permit managers to adapt them appropriately to individual cases.

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- **Consultation and communications.** Wider and informal consultation and communications processes with all staff should be developed in order to develop their understanding of and contribution to the Council's strategic agenda and engage all staff, not just trade union members. This should be integrated into the wider employee relations strategy, which might cover:
 - Internal communications strategy and delivery, including nature, frequency and contents of communications;
 - Improved team briefing, quality circles and similar processes;
 - Extending senior management communications with staff, including for example more frequent senior management updates, blogs, question times, brownbag lunches, etc.;
 - Introducing some form of dedicated exchange process whereby employees could be informed of latest organisational developments, including possible upcoming restructurings, and have an opportunity to express their views
 - A standard service review process model for managers to follow, incorporating early involvement employee.
 - Staff recognition programmes, designed to reinforce employee involvement and contribution.

 - **Management development.** Development of management skills and competence in staff communications and dispute resolution and wider development and promulgation of positive behaviours. This might include:
 - First line manager training and teambuilding activity;
 - Dedicated manager training in working effectively with trade unions;
 - Training to support line managers when implementing policies, including sickness absence, in order to increase a more confident, flexible approach;
 - Development of a sample of line manager champions, given additional training in mediation processes to support colleagues;
 - Developing HR ER-trouble-shooting capabilities.

In sum, the Council has formal IR arrangements and procedures which need to be updated and made to work as intended, focusing on the key strategic issues for the Council and union members, But with a major change programme now required, there is also a need for a far more broadly-based and extensive communications and engagement strategy to ensure that all staff understand and engage with these changes and are

involved directly in the specific changes affecting their area of work. Where disagreements occur, these need to be addressed fairly and as quickly and effectively as possible. Managers need to have the skills and confidence to manage these changes, engage their staff behind them, work with trade unions locally and handle any potential disagreements consistently but also with sense and sensitivity.

6.3 Implementation

- We would envisage outlining these proposals in draft, then working with you to detail and finalise them and plan their implementation, to include in the final report and recommendations.
- We need to agree the final process and timings for completing this work with you.