

# Informing & Consulting your Workforce: Peabody Trust

## Summary

The Peabody Trust is a London-based housing association, working to provide affordable housing and encourage community regeneration. The Trust is a non-for-profit organisation regulated by the Housing Corporation and an interesting example of a medium-sized, multi-site organisation that has developed a new model for representative information and consultation.

The case study explores how a combination of the need to improve internal communications within this diffuse organisation led the Trust to establish an all-employee Staff Council.

In 2000 there was an approach by Amicus (MSF), seeking recognition and the case study explains the development of a new framework for representative information and consultation.

There are many organisations like Peabody that have a complex mix of unionised and non-unionised staff across different locations. The case study sets out to show how this organisation has balanced formal recognition with a commitment to all-staff representative consultation.

## Peabody Trust – Until 1999

The Trust was founded in 1862 by George Peabody an American banker and philanthropist and is a registered housing association, providing over 19,500 homes to around 50,000 people across the capital. Unusually, Peabody has its own Act of Parliament, stipulating the Trust's objective to work solely within the London region for the relief of poverty.

The Trust employs over 700 paid staff, split between head office and dispersed estates and projects around London. Head office, in Southwark, is home to most of the main business functions and accommodates about a third of the workforce. The rest of the staff are spread out across the capital; working within the Trust's housing estates and community facilities with tenants, community groups and the local authorities.

Trade unions have always been free to represent their members at disciplinary hearings, although Peabody did not formally recognise any until November 2001. Amicus-MSF is the largest trade union presence in Peabody, although pockets of other unions occasionally arise through public sector stock transfers.

## Operational Background

There are over 2,000 housing associations in England, currently managing around 1.45 million homes. Most housing associations are small, owning fewer than 250 homes. Significant growth in the sector occurred during the 1990s, following the transfer of local authority housing into the private sector, however Peabody is one of the oldest and largest housing associations. As well as being a major provider of high quality social housing, the Trust is also increasingly involved in facilitating community regeneration through a variety of activities, including the development of local action groups and the provision of vocational skills training in some of the most disadvantaged areas of London.

The Trust is regulated by the Housing Corporation, a non-departmental public body; sponsored by the Department of Transport, Local Government and the Regions. The Housing Corporation provides investment for the building and renovation of homes, through public funding and increasingly through private finance.

The Housing Corporation aims to ensure that housing associations deliver high-quality and value-for-money services through continuous improvement and the statutory duty to deliver "best value" services is at the heart of this agenda.

"Best value" replaced compulsory competitive tendering (CCT) in England and Wales on 2 January 2000. Part of the Government's strategy for managing high performance across the public

services, as set out in its "Modernising Government" White Paper, launched in April 1999.

Like CCT the new policy states that Local Authorities should not deliver services in-house if other more efficient and effective means are available. Unlike CCT, best value gives priority to the delivery of services based on quality and not just the lowest cost. In 1999 the Housing Corporation extended best value to housing associations.

In order to demonstrate best value to the Housing Corporation and local authorities, Peabody now has to review its performance according to the "four Cs".

Best value and increasing competition have had a major impact upon the housing sector and require that housing associations like Peabody continuously monitor and improve the cost and quality of the services they provide.

### Best Value: The four Cs

- **Challenge** – why and how a service is being provided
- **Compare** – with the performance of others
- **Consult** – tenants, partners and the workforce
- **Compete** – consider fair competition as a means of securing efficient and effective services

### Early consultation arrangements

The Trust realised that it needed to involve its estate workers, including its managers, community workers and caretakers more closely in meeting these challenges in order to enhance its existing services and develop new projects.

However, during the 1990s, internal sources revealed a broad dissatisfaction from among the estate workers, as the front line service providers, with the apparent privileges of head office. This spilled out in the form of an unofficial "estate managers group" and widespread cynicism of the estate workers towards the efforts of head office to improve internal communications.

These findings underlined the need for some important structural and cultural changes to the organisation. The appointment of a new Director of Human Resources and Chief Executive were a significant impetus for change and the response from the HR department was to highlight the need for better internal communications.

As the Director of HR explained, "although there were some well-organised resources" including team briefings and an internal newsletter, the Grapevine, "the flow of information was patchy and predominantly one-way".

Before 1999 the only staff "consultative" forum was the Personnel and Training Steering Group (PTSG), established by the predecessor to the new Director

of Human Resources. The Director of Human Resources chaired the PTSG and management from each of the main departments appointed its members.

The role of the PTSG was "to provide a corporate approach towards planning and development, and to provide a means of consultation and communication among employees of the Peabody Trust on personnel and training matters".

Although the PTSG was not a representative forum it was an essential first stage in addressing the need for a staff council. The group handled a steady procession of staff concerns and increasingly the Trust recognised that some sort of forum was required for the "safe" airing of issues.

The Chief Executive was convinced that a staff council was not only right for the organisation, but given the publication of the government's White Paper, "Fairness at Work" it was also right for the times.

The IPA was invited to organise a workshop for the Trust Directors in order to discuss incoming legislation and explore a range of consultative options available to the Trust. Although opinion was divided on the scope of consultation, the workshop was significant as it revealed a broad consensus that if new consultative arrangements were indeed necessary, then they should represent the views of all the staff.

The Trust mailed every employee, inviting responses to a draft constitution for the proposed consultative staff council and received a high level of response. Although broadly positive, some managers were concerned that the new consultative arrangements might compromise their right to manage, and across the Trust there was scepticism that the proposed staff council would represent their interests or benefit them directly.

Following consultation the Human Resources team considered all the responses, some changes were made to the constitution and the workforce was informed of the outcome. More importantly

though, the consultation process was significant as a first step in developing a "consultation culture" and in overcoming staff and management cynicism.

### The Peabody Trust Staff Council

The Trust employed the services of the IPA in developing the constitution for the proposed staff council. Drawing from its experience of working with a wide variety of unionised and non-unionised organisations, the IPA was able to help the Trust outline the scope for information sharing and consultation, identifying constituencies, seeking nominations for election and undertaking a ballot.

## Peabody Trust Staff Council Constitution

**Purpose:** The Trust recognises the essential contribution made by its staff and managers to the success of its purpose to alleviate poverty in London, and to be an outstanding social landlord. The trust values the opportunity to seek representative views from staff on issues which concern them, and to develop its channels of communication with staff in a formal setting.

The Peabody Trust Staff Council exists both to facilitate the informed representative participation of staff in the successful development of the Trust, and for consultation and debate on issues which affect staff.

### Elections

In spring 2000, the Trust invited nominations and held elections for 12 employee representatives to represent the staff in 11 constituencies. Controversially, these also included three elected representatives from third-tier (i.e. senior) management.

This was done in order to appease their concerns and ensure that they were not excluded from the new consultative arrangements. Additional members were the Director of Human Resources and the Chief Executive.

The inaugural meeting of the Peabody Trust Staff Council took place on 4 July 2000 and the Council now meets six times a year and at an additional Annual Review Meeting, where any structural or procedural changes may be discussed.

The election process is regularly reviewed in order to highlight under-represented groups and ensure that the composition of the representative body reflects the structure of employment within the Trust.

Several changes occurred at the first annual review meeting. For example there are now 14 staff representatives elected from 13 constituencies. In addition the number of seats available to third-tier managers has been reduced from three to two; a reflection of the growing confidence in the work of the council.

Members are elected for a period of two years and a Chair and Vice-chair are elected annually from within the Council. The election process is staggered in two stages and

election occurs annually in half the seats, which as the Director of Human Resources explained, was in order to ensure continuity of membership, support the ongoing development of trust and improvement in the quality of consultation.

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### **Role of the staff representative**

As the Chair of the Staff Council stated, the role of the representative is very broad and "involves more than attending meetings". As he explained, it was very important, right from the beginning, that the Staff Council should be "more than just a talking shop".

The Council members are officially responsible for the development of formal communication channels, seeking the views of staff on all aspects of the Trust's work, and when necessary participating in statutory consultation.

They have also becoming an increasingly important source of individual support and advice for their constituents. In the long-term the Trust hopes that union representatives will take on this role and Amicus are currently training new representatives to deal with grievance and disciplinary cases, leaving the Staff Council members to follow a more specific business focused agenda.

Regular Council meetings ensure that representatives are kept well informed and involved in the ongoing work of the Trust and as such the work of the Council is extremely varied. In

preparation for meetings, the Chair must agree the agenda items with the Director of Human Resources and the Chief Executive.

Not all information is open for full consultation, although individual Council members are welcome to present views on the development of the Trust and its strategic plans. Nevertheless, as the Director of Human Resources explained, the Council is now an accepted part of the Trust's decision-making process, and is consulted on most issues.

The original constitution also included consultation on salary management. This provision has since been removed following recognition of Amicus and the Trust is clear that the Staff Council is not a forum for collective bargaining or the discussion of personal matters relating to individual members of staff or management.

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### **Voluntary recognition of Amicus**

The Trust has always maintained good informal relations with Amicus and in late 2000 was approached with a request to seek recognition under the term of the Employment Relations Act 1999.

When the approach was made, Amicus membership was around 30 per cent of the entire workforce and although the Trust believed that it had a strong mandate for representing employee voice, union density was highest on the estates, where Amicus might have been able to secure statutory recognition in a number of smaller bargaining units.

The Trust was already committed to an all-employee representative approach to employment relations, through the Staff Council. However it took the view that voluntary recognition of Amicus, established by mutual consent, would be far less damaging to the Staff Council and the principle of all-employee representation than piecemeal statutory recognition.

Peabody agreed to ballot the workforce on recognition and the Union was given access to campaign. Importantly, the Chief Executive was also seen to endorse the ballot and sent a letter to each employee detailing that, "each individual has the right to choose to join or not to join a Trade Union, and cannot be compelled to do either".

The IPA was appointed to run the ballot, which received a turnout of 46.5 per cent. Of this, 84 percent indicated support for recognition of Amicus, which equated to 39 per cent of the entire workforce. Although this was insufficient to secure statutory recognition, the Trust agreed that it was sufficient mandate from the workforce to propose voluntary recognition.

As the Trust later commented, "*with 39% of the workforce in favour of recognition, we [the Management Committee] believe that the Trust should now work towards a positive response to the Union's approach*"



JNC, however they conceded this in exchange for the Union's commitment to respect the Trust's responsibility to consult "appropriate" employee representatives via the Staff Council.

An important concession on both sides, the Panel is the principle

forum for statutory consultation on redundancy and the transfer of undertakings. Panel membership may vary according to the specific issue, and those constituencies affected by it.

At Panel meetings the Director of Human Resources or the Chief Executive represent the

Trust; Staff Council representatives represent affected staff and Amicus are represented by their officials.

The Chief Executive and the Director of HR are responsible for consulting with the Panel members at the earliest opportunity.

### EU EMPLOYEE CONSULTATION DIRECTIVE

The EU Directive on Information and Consultation, which is widely known as the National Works Council Directive was published in the Official Journal of the European Communities on 23 March 2002.

Following publication, UK employers have three years to "adopt the laws, regulations and administrative provisions necessary to comply with this Directive".

The final text of the Directive was ratified by the European Parliament and Council of Ministers at a joint conciliation committee meeting held on 17 December 2001 and received their final agreement during February 2002.

The Directive creates a general framework for all employees to be informed on "the recent and probable development of the undertaking's or establishment's activities and economic situation" and informed and consulted on the situation, structure and probable development of employment; measures potentially threatening employment; and decisions likely to lead to substantial changes in work organisation or contractual relations.

The case for greater information and consultation at work has both a moral dimension and given the recent Directive, an increasingly important legal dimension. However, there is also an important business case for supporting such arrangements.

Good practice in employment relations and human resources, including effective consultation have a direct impact in promoting employee commitment and satisfaction; reduced staff absence and turnover; and the free and open exchange of ideas and opinions.

The IPA believes that effective information and consultation offers management an extremely valuable discipline. Encouraging employers to debate and reason their ideas, dissuading them from leaving decision-making to the last minute and contribute towards producing better quality decisions.

The IPA has produced a publication *Sharing the Challenge Ahead: informing and consulting with your workforce*, which offers guidance on how to put an effective consultation process in place, that not only complies with legislation, but brings real business benefits. The report also provides an information and consultation "audit tool" and suggests how issues such as confidentiality, business focus, training and culture can be addressed.

#### Impact and benefits

In the last three years the Trust has made a significant effort to improve internal communications. New consultative arrangements including the Staff Council and the formal recognition of Amicus are an important part of this strategy. Although the JNC and

Panel have now both met; it is still far too early to comment on their success.

The Staff Council is now nearly two years old. During this time the representatives have been particularly active in developing formal communications with their constituents.

For some constituencies, especially those where the majority of the constituents are located in head office, this has been quite simple, as representatives are able to arrange formal meetings, provide face-to-face contact or use alternative media quite easily and as appropriate to the situation.

Other constituencies have proved more difficult to service and where the constituents are more diffuse, as on the estates, the representatives have needed to rely more heavily on arms-length communications, including e-mail and newsletters.

Representatives are offered up to six working days a year to undertake representative duties. However, the inevitable consequence is that the most diffused staff, notably those on the estates, for whom more formal and direct consultation are potentially most beneficial, remain the least well served.

One way, in which the Staff Council has tried to overcome the problem of distance, has been through developing a site on the Peabody intranet. As well as posting advice and the minutes of Council meetings, the intranet is used to hold an open forum with the workforce. Employees are welcomed to post anonymous questions on the forum and the Chair of the Staff Council, where able, will provide a response.

According to the Chair, this has worked well. As he explained, the advantage of this forum is that individuals are obliged to consider their questions carefully and not just rant. The consequence of this has been that the Council continues to be challenged in a mature way by its constituents.

For the majority of workers who have regular access to a computer terminal, the intranet has become a permanent point of contact. Yet the minority of workers, notably those working

on the estates, without regular or direct access to a computer, the problem of how to engage the most disenfranchised staff remains to be solved.

One solution that has come from the Staff Council has been to install computer terminals in the reception area of all Peabody premises and this is something that the Trust is seriously considering.

The first all-staff conference held in April 2002, is another way in which the Staff Council has tried engage the entire workforce. In previous years, estate workers were not invited to these events. Following a suggestion raised at the Staff Council, this year's event was open to all staff and Amicus organisers were invited by the Trust to the event, which was held in Congress House.

The day included a number of guest speakers and a "question and answer" session hosted by the Chair of the Staff Council. As he explained, this was an important opportunity to demonstrate that the Staff Council was not afraid to ask difficult questions. Overall, the conference was significant for the Staff Council, as an opportunity to raise staff awareness of the consultative process.

The progress of the Staff Council has been slow and the agenda of the early meetings was more akin to information sharing than real consultation. The Staff Council is now regularly consulted on domestic issues and is increasingly being consulted on more strategic issues.

For instance the Council successfully campaigned for greater openness and transparency from the Trust in relation to the introduction new job families, performance related pay, team training and team briefings. It is also working with Amicus to review the Trust's commitment to the work/life balance.

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### Sustainability

The sustainability of the Staff Council, the Panel and the JNC is an ongoing concern and like the Peabody Staff Council Constitution, the Recognition Agreement is subject to regular review.

The Director of Human Resources commented that the quality of consultation has continued to improve over the last two years and Council members will also continue to receive training on a range of subjects from business skills to Trust-specific topics.

Both the Chair of the Staff Council and the Director of Human Resources believe that despite some ongoing cynicism, respect for the role of the Staff Council has increased considerably. According to the Chair, this has been reflected in the growing number of invitations he and other staff representatives have received to speak to constituents or offer individual support or advice. He also indicated surprise at the number of positive remarks he received from staff at the conference.

The new framework is gradually being incorporated into the culture of the organisation. All new staff are now offered a

presentation from a representative of the Staff Council and an opportunity to join Amicus as part of their induction.

From the perspective of Amicus, the Staff Council is "a fact of life". As the full time regional officer explained, although a number of the Staff Council representatives are union members, Amicus maintains an "arms-length relationship with the Staff Council".

When asked whether the role of the Staff Council interfered with that of the Union, the full time regional officer responded by saying that although "it is early days", Amicus has "a good relationship the Trust" and respects the role of the Staff Council.

However, he commented that the role of Amicus was altogether different from that of the Staff Council, and that the union's principle concern was to demonstrate the advantages of membership by working directly with the Trust, through negotiations, to grow membership and train new union representatives.

The Chair of the Staff Council echoed this view. He suggested that the framework model was clear and that on collective issues the majority of staff understood that the "Staff Council was for consultation, the JNC for negotiation and the Panel for resolving problems".

As has already been discussed, in the future, the role of the Staff Council will adopt a much more specific business focus in order to meet the information sharing and consultative rights of employees, whilst statutory negotiation and increasingly the individual representation of employees will take place with Amicus.

Understandably the main support for the Staff Council comes from the Trust itself; and at least while union density remains low, the Staff Council has an important place in the ongoing information and consultation of the workforce and a clear responsibility for representing the workforce.

There is also good reason to have faith in the sustainability of the new framework. Firstly, the Staff Council is a long-term consultative forum, with annual elections for half the representatives, which ensures continuity in the consultation process.

The IPA has argued for a long time that ad hoc or short-term consultative committees alone are incompatible with developing a shared understanding of the issues facing an organisation or establishing meaningful consultation. Additional training provided by Peabody also ensures that the representatives acquire the necessary skills to represent their constituents at Council meetings and if necessary at Panel meetings.

Secondly, the new framework is likely to be more than sufficient to fulfil the requirements of the EU Employee Consultation Directive and provides an important example of how a mixed unionised workplace has dealt with the provision of representative consultation for all employees.

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## Conclusion

Overall, both the Trust and Amicus believe that the new framework is a strong mandate to work together. A lot of enthusiasm, commitment and "good will" have been extended from all quarters in order to make it a reality. It is too early to say how the Staff Council, JNC and Panel framework might progress and clearly there is still a lot of work to be done to build trust and improve internal communications between head office and the estates.

Yet they have a robust model and the Director of Human Resources believes that, through the continued investment of time and training, they will continue to promote internal communications, stimulate creative thinking in all aspects of the Trust's work and improvement in the provision of social housing and community regeneration in some of the most disadvantaged areas of London.

The views in this case study are those of the participants and may not reflect those of the IPA.



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