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# Staff Engagement in Achieving the WHQS

## This guidance is intended for use by:

- local authorities planning to ballot their tenants on stock transfer
- local authorities who are still working on their options for reaching the WHQS
- transfer associations and retaining authorities who may also need to make organisational changes to achieve the WHQS and other strategic aims

### The context in Wales

**The overall purpose of the WHQS is service improvement. It is not just about 'bricks and mortar' but also about building sustainable communities and regenerating deprived areas.** To achieve continued and sustained service improvement may require significant cultural and organisational change. Part of the wider change management process is about the developing nature of staff engagement with tenants and communities; staff need to begin to think differently about how they deliver services and get involved with tenants in actively improving service quality and design.

The Essex review and subsequent implementation work has set a new and challenging policy context for the development of affordable housing in Wales. This impacts on local authorities whether they are still managing their own stock or not, and on the housing association sector, and strengthens the expectations of partnership working across sector and organisational boundaries.

**Change is therefore inevitable whether transferring stock to a new housing organisation, going to ballot, still working on options or planning to retain.** Where the transfer option is chosen, a local authority faces change at the corporate level in order to fulfil its strategic and continuing housing responsibilities. With transfer it is not just the housing service that is affected, there are consequences for Finance, IT, Legal and Human Resources, as well as other services that are delivered jointly or on behalf of the authority as a whole such as maintenance. Successful change depends on the degree to which all key stakeholders are supportive and committed. This includes members, senior officers and - most importantly for this discussion - staff.

### Staff engagement - the statutory and regulatory framework

There are both legal and best practice imperatives for staff engagement in change. The Information and Consultation of Employees Regulations 2004, the Transfer of Undertakings (Protection of Employment) Regulations 2006 and the Statement of Practice for Staff Transfers in the Public Sector set the statutory framework. There are also Welsh Assembly Government Guidelines and best practice in change management to be considered.

The Information and Consultation Regulations requires all employers of more than 50 people to make arrangements to inform and consult with staff about the employer's activities and economic situation and any potential changes in the work situation.

The Welsh Assembly Government's Housing Transfer Guidelines<sup>1</sup> provide advice on the process to be followed by local authorities considering transfer in relation to staff engagement. The WAG:

- Expects local authority staff to be involved as early as possible in the process
- Wants to see evidence of staff involvement in options appraisal
- Believes it is essential that staff are briefed early: "the better staff understand the proposals, the more they will be able to contribute and the easier it will be to provide reassurance and clarification."
- Expects all staff affected by proposals to be involved.

### The business case for staff engagement

In recent research on engagement in the public sector<sup>2</sup> 84% of 'highly engaged' employees believed they could have an impact on the quality of their organisation's work – three times more than 'disengaged' public sector workers. Other research<sup>3</sup> shows that engaged employees are up to 43% more productive and significantly more satisfied and happy in their work. Many large-scale studies demonstrate the financial impact of employee engagement in the private sector, though more limited, research in the public services<sup>4</sup> does show **a strong link between engagement, customer service and trust and public confidence.** Staff involvement is a first essential step in engaging people – and essential for effective change management.

The benefits of staff engagement include:

- Better use of skills and higher productivity
- Employees feel more valued and confident to contribute
- Increased co-operation and reduced conflict
- Improved job satisfaction
- Skills development
- Commitment to the organisation
- Positive reputation built on success leading to improved job security and easier recruitment.

The majority of staff are already committed to improving services for tenants; active involvement in a positive change process gives them the experience and confidence to turn this into real outcomes for tenants and communities by contributing to developing the organisation and its services. The gulf between staff who

## Staff Engagement in Achieving the WHQS

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are actively engaged and those who are not in terms of what they feel they can achieve is dramatic.

Alongside existing consultation and negotiation arrangements, modern organisations that actively engage with staff and promote the 'employee voice' are able to harness their concern for employee rights with performance improvement. These organisations believe that employees want to contribute to organisational success; they recognise that much of the information needed to improve services is in employees' heads. Like tenants, staff have the local knowledge of where current services work well, service gaps, where resources are wasted and ideas for improvements. Like tenants, they have a significant investment in future success, particularly the opportunities for community development and regeneration afforded by WHQS.

### Organisational capacity to deliver effective staff engagement

For any organisational change to be successful, a formal and clear strategy or plan is essential. If change is to "stick" staff need to be actively involved, prepared, and motivated to bring about and sustain the future. The change management strategy needs to create and maintain staff involvement and commitment right through the process and beyond; it must support and develop individual and organisational skills and build internal capacity.

Most important is the line manager's role as communicator and enabler. While most managers will agree that staff should be involved and consulted, existing organisational arrangements may not be adequate for a period of major change.

Managers may also lack skills, knowledge, experience and capacity to manage change; the day job will not go away and services standards cannot fall.

The **critical success factors** for successful management of major change include:

- **Leadership:** active commitment from the top and managers leading by example
- **Training:** two way communication skills for managers and employee and staff representatives
- **Trust and openness:** effective communications depend on honesty, even when the message is unpalatable.

If managers have the capacity (skills, knowledge and time) to manage service delivery **AND** support their staff during change the focus needs to be on maintaining and

supporting management. If they do not, consider some additional support to ensure staff are active in the change process and the organisation reaps the benefits of effective staff engagement.

### Staff Engagement in Transfer

In practice, local authorities already have consultative arrangements in place above and beyond legal requirements. Staff should be informed as soon as the process to consider options starts. This may be 18 months to a year before a decision to ballot or the outcome of a ballot is known.

The fact that options to deliver WHQS are being considered must be addressed at an early stage as part of normal communication and consultation processes, both for the authority as a whole and for the services most directly affected. Unions may not be fully representative of all staff and consultation with non-union members may need to be considered.

The value of good quality independent advice to staff is well understood when facing radical and potentially large-scale change. While each locality and situation is different there are lessons to be learned and pitfalls to be avoided. The WAG suggests local authorities may wish to consider making an independent appointment to advise staff affected either directly or indirectly<sup>1</sup>. Some authorities have appointed an Independent Staff Advisor (ISA) to do this or have had a similar role led internally in the first instance.

While Trades Unions should be the first port of call in supporting staff they are often constrained by national policy which takes a stand against transfer. All unions would prefer the so called third option (referred to as the 'fourth option' by Trades Unions and politicians in England) of public funding to retain stock. This context can make it difficult for union representatives to work with staff pre ballot on the issue of transfer. In addition, the process of TUPE outside housing, e.g. in health, refuse collection, cleaning and leisure services has not always been positive. Unions are understandably concerned that the process will result in staff being worse off should transfer occur, though it should be noted that this has not been the case in Wales, England or Scotland<sup>5</sup>. Once the vote has occurred then these difficulties will reduce; however, this is too late from the point of view of staff.

#### How can an Independent Staff Advisor (ISA) help?

The value of independent, impartial advice should not be underestimated. Staff facing the possibility or prospect of transfer in particular will be concerned about job security, salaries, pensions and terms and conditions, opportunities

## Staff Engagement in Achieving the WHQS

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for training and personal/career development. They have anxieties about future expectations and may be angry or frustrated with the situation they and their employers face. Early staff engagement can reduce fears and develop individual skills and personal empowerment. It also helps to reassure staff that the processes adopted in the future (for e.g. selection) will be fair. However, that advice and support goes well beyond the technicalities of TUPE.

In practical terms determining the employee position and the functions to transfer is by no means straightforward, particularly in smaller authorities. Some of the continuing housing functions may not have an easily identifiable 'full time equivalent' person; some of the corporate functions may be exposed to unanticipated knock on effects. To achieve workable solutions for both the potential new landlord and the transferring authority requires co-operation at all levels and a positive problem solving approach. This is difficult to achieve if individuals feel their personal position is threatened or they are competing with each other for a perceived more secure or advantageous situation. An independent person acting impartially in the interests of all staff can help people recognise and come to terms with the fact that they may be affected at an early stage. This will enable them to get through the change curve quicker and work through the danger points at a less critical stage for the process, creating a stronger sense of control and being able to cope.

The role of an **Independent Staff Adviser** can include:

- Establishing effective communication, consultation, involvement and support structures for staff during the options appraisal, approval process for transfer and the ballot, and – whatever the outcome - during the post ballot period
- Providing technical advice and support concerning the transfer options and their implications for staff
- Assessing proposals from the perspective of staff and providing independent advice
- Providing technical advice to employee representatives
- Providing regular staff newsletters, and confidential advice and support to individuals
- Providing HR advice and support concerning TUPE, terms and conditions of employment, policies and procedures including pension arrangements
- Supporting staff, senior management, and the shadow board in its future role as an employer
- Training and development for managers and staff to build confidence and competence in managing change and building for the future, whatever the outcome.

## The experience of transfer so far - what works?

The starting point is **communication, communication, and communication!** Tell people when nothing is happening. Tell them when you don't know. Keep the channels open even when there is nothing to tell. Good communication is the first step to involving staff and getting their "buy in" to the future.

For **communication to be effective** ensure that you:

- **Inform staff first** – Don't let them find out from tenants – or the local media.
- **Align messages** with those to tenants and other key stakeholders.
- **Reach everyone** by sending written information to home addresses. Don't rely on email messages or people handing out information as things get lost and staff who are absent get missed out.
- **Establish a staff advisory panel** to hear and address staff issues and concerns; use a range of mechanisms to enable staff to raise concerns using question boxes, anonymous 'ask Annie' emails and a staff helpline to the ISA if you have one. Use the **staff panel** to build capacity and engage all staff groups affected. Make sure managers are represented as well as non managerial staff, retained function staff and representatives of relevant corporate functions. This is not a substitute for formal trade union consultation and negotiation but works alongside more formal mechanisms.
- **Review current communications processes** with staff and trades unions and develop a communications strategy and action plan so that all know what is likely to happen when. Review this strategy at each key stage.
- **Support staff understanding** that decisions and timetables may change for good reason and there is no hidden agenda. Change will not happen overnight and circumstances alter in ways that cannot be predicted. If things change then say why and explain what is going to happen now.
- Provide easy access to information, advice and support - a database of easily accessed **frequently asked questions**, walkabouts and visits, regular contact from an ISA if you have one. **Increase understanding and reassure** by linking with those who have already trodden the path of options appraisal and balloting tenants on a transfer proposal.
- **Provide answers early** where possible, this may only be in principle or it may be about the process. One of the biggest fears for staff is the loss of their pension rights. The early agreement in principle of Admitted Body

## Staff Engagement in Achieving the WHQS

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Status in the Local Government Pension Scheme should transfer occur will do much to allay fears.

- **Tackle issues up front** and don't withhold information unless absolutely necessary for reasons of strict confidentiality or commercial sensitivity.
- **Provide support to managers** to answer questions and to deal with staff concerns – it is not just the responsibility of those in the immediate 'options team' to do this. Share the load but remember they are staff too.
- Provide **staff briefings at key stages** to all staff directly, providing the same information to everyone at the same time. This will build understanding of the process and timescales. A staff **questionnaire** is also valuable in engaging everyone and identifying individual issues and concerns.
- **Support key staff** (e.g. trade union reps, panel members, managers, and change champions) by providing them with technical knowledge about the transfer process, change management and issues such as TUPE so that they can help others through the journey.
- **Ensure trades union representatives are informed about what is proposed**, include them in staff briefings and ensure engagement through formal consultation, negotiation and liaison arrangements, including involving relevant regional and local officials.

### The experience of transfer so far - lessons learned

#### Staff Offer

Many authorities and prospective new organisations now develop a formal 'Staff Offer' or 'Staff Pledge' to provide some in principle assurances to staff at an early stage. The 'Staff Offer' should explain the options and the implications of transfer should it occur. It should also cover issues around how the change process will be managed as well as a statement of intent from the potential future employer.

The Staff Offer is most effective where: -

- The local authority and the prospective new housing organisation agree to work in partnership to protect and reassure staff
- The document is used as a vehicle to introduce the Shadow Board of the prospective new housing organisation; who they are, what they stand for and most importantly how they intend to treat their staff and protect their rights

- Staff are consulted and engaged in developing the content, as well as ensuring the Staff Offer addresses real issues of concern. This also has the advantage of engaging staff in thinking positively about the future they want to see
- It addresses the position of staff who are likely to transfer and those working in the retained function or elsewhere in the authority
- The process is facilitated to ensure expectations are managed and both the local authority and the new organisation is protected
- It is published at the same time as the Offer document to tenants, and reflects the key messages that are given to tenants
- It makes firm commitments where possible. At this stage much is unknown and many decisions cannot be made. Where decisions can be made at least in principle they should be. Where they cannot a timeline is valuable.

**The TUPE protocol** usually accompanies a Staff Offer. It should explain in practical terms how decisions will be made about which posts will transfer, and how the position of support staff will be determined. Flow charts can help to make the process clearer.

**Provide early answers where possible.** People cope better with change if they have 'stability zones': some certainties make uncertainty easier to live with. Some answers need to be provided early – particularly around pensions, job evaluation-related agreements and protections (if likely to be an outstanding issue at the point of ballot or especially transfer), **and plan B in the event of a no vote.**

The local authority should make a clear statement at an early stage in the form of a staff offer or pledge or a restatement of existing management of change protocols. This should cover:

- How staff rights will be protected if there is a 'yes' vote
- What the Authority will require of the new organisation in this respect
- What it will agree with the new organisation in terms of sustainable jobs and long term partnership.

#### The transfer list

Staff want to know early on who will transfer but they need to understand that the final transfer list will not be developed until after the ballot and that may take time. However it is helpful to make clear as part of general communication which sections are likely to transfer and

## Staff Engagement in Achieving the WHQS

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which will more likely stay with the authority. For example the majority of the repairs team will transfer but the homeless team will probably stay.

The identification of a provisional transfer list early on is helpful for both the authority and the new organisation but it should be managed in confidence. The trades unions should be consulted and informed. It will not be possible to confirm exactly who will transfer until the outcome of the ballot is known, the new organisational structure developed and the full impact on the retained service and the authority as a whole is finally assessed.

It is **best practice** to produce a provisional transfer list and staffing structures for the new organisation and for the retained housing function at the same time, preferably within 3 months of ballot so that people know what job they will be doing and the position of support staff can be resolved early. For example, where volunteers are requested staff know what they will be volunteering for. This may be both more critical and more feasible in a smaller authority; where there are fewer full time equivalents and people's jobs cover a wider range of roles and functions it is often less clear who will transfer.

### **The role of the staff panel and trade union consultation and negotiation**

While authorities set up a staff panel to support the change process the panel is not a substitute for trade union consultation and negotiation. The staff panel supports wider staff engagement. Successful panels are those that ensure representation from housing staff that may transfer, those who will be retained and staff from elsewhere in the authority who may be affected. It should be noted that in some smaller authorities whole staff meetings and conferences have been used as the primary consultative mechanism. It is therefore important to maintain a clear distinction between communication and formal consultation and negotiation.

The staff panel creates a sense of a possible future, of 'how things can be' with wider staff involvement. It ensures that functions or individuals who do not feel well represented by traditional mechanisms have a say. Post ballot the panel can also provide an opportunity for capacity building if key people in the trade unions do not transfer. Crucially, it requires partnership working between the local authority and the shadow board with respect to staff – both those who may transfer and those who may remain with the local authority.

### **The role of other consultants in supporting staff engagement**

Staff engagement is more effective where the staff involvement strategy and ISA role is understood by the

whole consultant team. A shared understanding of the contribution staff involvement can make to a successful process and outcome in the short and long term means the whole consultant team will be pulling in the same direction. For example the Shadow Board may wish to involve staff in the recruitment of the senior team for the new organisation; this is to be welcomed. Staff engagement in this can add real value if the ISA or equivalent is engaged in preparing all parties to take a genuine account of staff views while making the right decision for the business and tenants.

### **The retained function**

Pre ballot the retained function staff should have an equal place around the table. Post ballot a separate group may be required. The ISA's role is to provide advice and support to all staff who may be affected, and that goes well beyond those who may transfer. There is a risk that staff in the strategic housing function and others who are unlikely to transfer feel they are not going to be affected – until it is too late. A key role of the ISA is to make sure they understand the implications for them. At the organisational level this highlights the importance of a whole authority strategy whatever the outcome of the vote – WHQS (and stock transfer if that is the preferred option) is a corporate issue.

### **Ensuring effective engagement within the authority**

Corporate engagement at officer and member levels is a critical success factor. In practical terms an early review of the retained housing structure, so that staff know their future in advance of any transfer, demonstrates corporate commitment and reassures employees. It is a practical way to secure the future of the housing service and function – regardless of who manages the landlord service.

In addition there needs to be an assessment of the impact of the transfer on Finance, IT, HR and on the authority as a whole. While final details cannot be resolved until post ballot it is important that the Senior Management Team considers the impact that the transfer may have on the authority as a whole and how it links with any other major projects or corporate objectives. The involvement of corporate HR at an early stage is vital; they are particularly important (along with Finance) in obtaining answers to pension questions at an early stage.

## **The experience of transfer - danger points**

There are points during the process that present particular risks. Key issues are:

- Gaps in communications – especially in the post ballot, pre transfer phase when management and board

## Staff Engagement in Achieving the WHQS

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attention is necessarily elsewhere in agreeing the business plan, securing finances and appointing the management team. Much staff goodwill and commitment can be lost if not built upon at this stage.

- Ensuring that resources are made available in the business plan for organisational development, capacity building, training and development to equip staff to meet the challenges of the future. At the point of developing the business plan the amount of data about what is required may be limited. Nevertheless, staff see access to training as one of the key benefits of transfer and it is essential adequate resources are allocated to meet this expectation.
- Commitments made by Shadow Board may not be understood in the same way by a new senior management team. The Staff Offer document and involvement of staff and the ISA in the recruitment process can manage this risk, but it is inevitable that a new Chief Executive will want to bring their own perspective and approach to the role.
- A gap emerging before the new Chief Executive takes up post. It is important for the new appointee to have a visible presence in the organisation once appointed to maintain momentum, capture the goodwill and begin to direct the commitment to change towards the future they envisage.
- Post ballot the lead officer (e.g. Director/Head of Housing) may be transferring or may otherwise obtain a post in the new organisation. This can split loyalties and challenge impartiality, with practical consequences for the ability of e.g. an ISA to provide ongoing advice to both transferring and retained staff. Equally, once a new chief executive is in post and directing the work of the ISA there needs to be a clear and separate lead officer for the retained staff engagement work.

- Failing to plan for or have in place sufficient staffing and consultancy resources to take the transfer forward as soon as the ballot result is known. Immediate action is needed to secure the future of the new organisation and manage the impact for the authority or to put Plan B into place. Delivering the transfer requires skills, knowledge and experience that may not exist within the authority. The day job needs to continue and at the same time the transfer must be delivered to a tight timescale. The agenda is highly challenging. The ballot is only the beginning.

### Who can help

For advice and support on staff engagement and independent staff advice please contact us on 0121 643 4745 / 3747 or email [info@centralconsultancy.co.uk](mailto:info@centralconsultancy.co.uk)

### References

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