



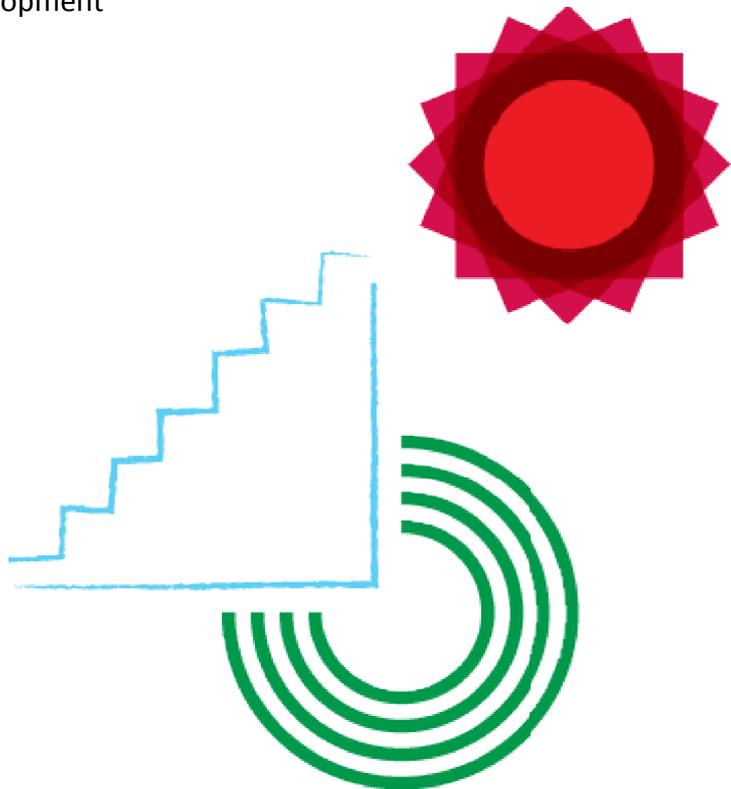
ENGAGE
FOR
SUCCESS

Employee Engagement at Sunderland City Council

Case Study

Dave Rippon
Head of Organisational Development
Sunderland City Council

1st November, 2012



SUMMARY

Sunderland City Council was faced with the challenge of saving £100m, improving customer outcomes and protecting its workforce. Through a combination of open and honest communications, authentic leadership and an individual approach to talent management, the council has downsized its workforce by 25% without redundancies, achieved the £100m savings and protected front-line services. At the same time, it has achieved employee engagement levels, which defy the downward trend seen elsewhere in the public sector.



CONTEXT

Sunderland, located on the north east coast of England with a population of 280,000, developed around an industrial history of shipbuilding and coal mining. These have been replaced by the automotive industry, contact centres and hi-tech software companies. The legacy of closure of its traditional industry includes significant levels of economic and health deprivation.

The City Council is recognized as a high-performing council, being one of only twelve in England to have been continually recognized as “excellent” under central government’s “comprehensive performance assessment”. It currently employs around 10,900 people, 4,600 of these within schools.

The worldwide recession and UK public sector austerity measures were turning our world upside down. Employees were hearing, reading, seeing reports from other public sector organisations, which had the potential to create fear and disengagement. For the sake of the people of Sunderland, we needed to ensure the whole organisation responded positively without panic and without any sense of self-pity.

Our Challenge was to spend 30% less, improve outcomes and avoid redundancy (over 70% of the workforce lives in the city and mass redundancies would have an impact not only on employee engagement but also our citizens). Our local government world had changed and we needed a new mindset. We call this the “Sunderland Way of Working”, underpinned by our values: Proud, Decent and Together.

To get the right people in the right jobs with the right motivation, our approach, based on the often ignored principle that we employ individual human beings, looks to liberate hidden talents, for performance advantage.

Our overall aims:

- Save money (£100m)
- Improve outcomes for customers
- Develop a customer-focused, innovative culture

- Create a more unified organisational identity
- Avoid redundancies
- Identify hidden talent
- Get “round pegs” into “round holes”
- Implement a new operating model
- Support temporary projects

And, while doing all of this, build engagement and trust.

Approach

Building engagement had two main strands. One centred on leadership and communication, so that the workforce understood what we were trying to do, and why. The second focused on engaging the individual, through their talents or personal strengths.

Leadership and Communication

We needed to be very clear what it was that we wanted employees to engage with. Our history is one of high levels of individual service performance but “silo” based mentality. Employees identified with their service or team, rather than the council.

Recognising the changing nature of public service, we developed a core purpose “To ensure Sunderland is a place where people can fulfil their ambitions and potential” – focused on what we achieve not what we do and reminding us why we exist.

We explored “who we are”. This exercise involved focus groups from across the council, people from all services and at all levels. Three values of “proud, decent and together” emerged. When tested with employees it was clear these were real and strongly and widely held. This feels very different from an approach where someone at the top “imposes” a set of values.

These values provided a framework to guide us. When asked in a managers conference “Can you foresee a situation when things are so tough that we have to put our values to one side?” the Deputy Chief Executive responded, “The tougher it gets, the more we will stick to our values”.

The following and continuing activity was focused on engaging the workforce with our change journey driven by more visible, authentic and collaborative leadership.

The complexity of our challenge was difficult to grasp, so to help simplify the message, we told our story (our “strategic narrative” if you prefer the jargon), describing where we’d come from, where we are now and where we are going. Although we couldn’t complete the “happy ever after”, our values provided guidance for our future. This was shared face-to-face with the whole organisation.

Direct communication was needed to ensure a consistent message, while enhancing manager/employee relationships. Key steps on our journey are shared face-to-face with Heads of Service (2nd tier) and our Strategic Management Team (3rd tier). All managers receive fortnightly emailed briefings, to cascade to their teams. Heads of Service work in Action Learning Sets to share challenges and collectively identify solutions.

The Chief Executive meets groups of employees from across the council, to hear their views and his weekly blog creates two-way discussion. With other members of Executive Management Team, he goes “back to the floor”, to better understand employees’ reality. The monthly “Workwise” employee magazine provides updates for everyone.

Leadership needed to be authentic, distributed, empowering and collaborative. Our leadership programme focuses on self-awareness and organisational awareness, with over 700 people completing the programme and opportunity to then enrol with the Sunderland Leadership Alumni.

Trade union membership across the council is over 50% and it’s clear that even the non-members listen to the trade union statements. Working with union officials we developed an openness about our reality and agreed to work hand in hand on the challenge. We developed a relationship in which we might disagree but we won’t fall out. The trades unions have been a key part of the engagement journey, helping employees to understand our approach, reinforcing and giving additional authenticity to our messages and, perhaps most importantly, helping us to hear the “word on the street”.



Liberating Talent

In simplest terms, our strategic goal was to achieve more with less – to focus on the difference we made, not simply what we did. We knew we would need to transform the organisation and think and work very differently. The scale of the challenge meant that we needed the whole workforce to help us meet it.

The recession had led to low turnover, so we needed to minimise external recruitment during this period, if we were to avoid mass redundancies – we saw this as crucial to maintaining trust and engagement. This meant looking for the talent we needed from within our existing workforce.

We faced a number of challenges. The first of these was how to identify hidden talent. We knew we would not always find “proven experience” for every job vacancy, so instead we looked for potential, in the form of ‘personal strengths’. Working with an occupational assessment company, we developed an on-line strengths assessment, which measures aspects of personality and cognitive ability.

Alongside this we developed an 'employee portal' where individuals can upload details of experience and qualifications. Collectively, this gives us a detailed picture of an individual's strengths and therefore their potential to thrive in any given role.

Our next challenge was to find an effective and efficient way to match people to jobs. We developed on-line guidance which helps managers describe a job in strengths terms, providing a profile a profile to compare to our employee database. The comparison process utilises our 'Match Jobs' software, developed with a digital solutions company. This gives us the ability to prioritise different groups, adapt matching criteria and change tolerance levels according to the job. This approach to recruitment became our "Internal Jobs Market".

The organisation's 'immune system' reacted to this new approach and we felt the resistance. Our approach was three-fold:

- Firstly, to listen and understand the resistance, to explain the approach but also to adapt it where appropriate – i.e. learn from the feedback
- Secondly, to identify "champions" (managers, employees and particularly the trades unions).
- Thirdly to hold our nerve, long enough for people to start to see the benefits.

One of the biggest engagement challenges we faced emerged through our restructures. As we moved towards our new "one-council" operating model and introduced new, more efficient ways of working, we needed to restructure services and teams. In all cases, this meant downsizing the number of employees. The selection process to populate the new service, included our strengths assessment, and those who were unsuccessful were displaced. As we were determined to avoid redundancy and we couldn't afford to have people sitting at home doing nothing (for their sake and ours), we needed a solution to usefully employ these individuals.

Part of our efficiency drive was to avoid recruiting temporary or agency staff. At the same time, we knew we would have significant numbers of displaced employees and significant demand for temporary resource, from projects supporting our change programme, and to cover for maternity and sickness absence. We developed our SWITCH team which acts as an internal agency to resource this demand. All displaced employees are transferred into the SWITCH team (staff working in transition and change) and are deployed into temporary roles.

Having been through the negative experience of being displaced, we knew we owed our SWITCH people additional support, if we were to maintain and build their engagement. By providing one-to-one support, coaching and access to a range of development

opportunities, we were able to turn up the volume on the individual's talents and strengths with a hugely positive response. Anonymous surveys of managers recruiting through our Internal Jobs Market showed very positive results, however, these were eclipsed by the results of the same surveys for SWITCH people (particularly pleasing, given these people were "displaced"):

Internal Jobs Market

Rating	Excellent	Good	Satisfactory	Poor
Job Fit	14%	48%	35%	3%
Competence	17%	55%	28%	0%
Attitude	20%	53%	27%	0%
Team Impact	14%	62%	24%	0%

SWITCH

Rating	Excellent	Good	Satisfactory	Poor
Job Fit	63%	25%	13%	0%
Competence	60%	30%	10%	0%
Attitude	74%	14%	12%	0%
Team Impact	60%	27%	12%	1%

Understanding and acceptance have greatly increased, with trades unions, in particular, now being very supportive. To ensure compliance, our 'backstop' was an external recruitment ban, supported by the Chief Executive - blunt, but effective. This control has gradually become less visible, as managers have seen the benefits of the approach.

Results

Measurement was at three levels:

- Employees' view of the organisation and its aims
- Employee performance
- Organisational performance

Employees' View (from anonymous survey):

- 98% believe it's important to improve services to customers (this was important given the history of being an "excellent council". We needed to overcome the "why should we change, we're excellent as we are")
- 99% believe everyone has to play their part to help save money
- 75% believe the council has high integrity - 14% neutral
- 72% trust senior managers - 13% neutral (CIPD research: 35% average - lower in public sector)

Employee performance:

- Anonymous manager survey of people recruited through our approach to find hidden talent: 71% excellent/good and 28% satisfactory.
- Anonymous manager survey of people recruited through our talent match approach into temporary roles: 88% excellent/good and 12% satisfactory

Organisational performance:

- Workforce downsized: 8,400 to 6,300
- No redundancies
- Savings: £58m year 1, £24m year 2, £18m year 3
- Increased customer satisfaction
- Protected front-line (only council retaining support for high, moderate and low social care needs). Of first £58m savings, £42m from back office: employees thriving in new roles, e.g. from admin to front-line social care

Conclusion

Delivering efficiencies was critical; however, if this was all we achieved, we'd have seen it as a failure. We wanted to turn the "crisis" into an "opportunity" to transform the organisation and its impact on Sunderland.

Our approach was based on openness and authenticity and rooted in our values: "Proud, Decent and Together". Managers, HR and Trades Unions working hand-in-hand to resolve problems and employees whose levels of trust and motivation have increased during the most difficult times and while experiencing a 3 year wage freeze.

It's not been a utopian journey. Some employees just want things to go back to the way they were but our achievements demonstrate that most have engaged and delivered. Ours is a story of keeping it real, sharing the serious challenge we face and pulling together. In our world of public sector downsizing, it is easy to see our employees simply as a cost to be driven down; however, our experience reflects the truth in a quote from David McLeod, Chair of the Employee Engagement Taskforce:

"Employees are not your problem, they're your solution"

Over the coming years we've a further £106m of efficiencies to find. We will continue to up our game and seek out more innovative solutions; however, the journey so far has given us the confidence to take this on.

