

## Informing and Consulting Employees: The VIVO Staff Association

### Summary

*This case study reviews the establishment and operation of the VIVO staff association within the insurance group, Standard Life. VIVO constitutes a mechanism for informing and consulting employees that was developed out of the amendment of the long-standing staff association in 2008. The revised arrangements included greater autonomy of VIVO, right of input to the annual review of salary and benefits and inclusion of a new process for dispute resolution.*

### Standard Life

Established in 1825, Standard Life provides life assurance and pensions, investment management and healthcare insurance products to over 6.5 million customers worldwide. The Group has around 10,000 employees across the UK, Canada, Ireland, Germany, Austria, India, USA, Hong Kong and mainland China. It operated as a mutual company until 2006 when it demutualised and Standard Life plc was listed on the London Stock Exchange. In the UK, the company is one of the largest life and pensions businesses with more than four million customers and around 8,000 employees out of whom 1,400 work in the Edinburgh head office.

### The evolution of VIVO

**W**ith the exception of a recently acquired healthcare business, Standard Life did not traditionally recognise a trade union. But the group regards a framework for effective, transparent and meaningful staff representation that ensures that staff has a forum through which their views are heard and acted upon management as indispensable for the development of employee engagement. Five long-established staff associations operated in the past which covered all of the group's main businesses and each had a wide network of national and area representatives. Management acknowledged that those associations had worked well and that the 'participatory partnership' model was an 'excellent cultural fit for the company'. But the staff association had sometimes felt that the relationship with the company was one-sided and that they were not always empowered to achieve their goals.

These challenges became most obvious in 2004 when Standard Life went through a dramatic transformation. Stuart Inness, VIVO's principal officer, explains that 'the changeover from being a mutual to being a plc was not something that the company welcomed with open arms and there was some corporate trauma around the whole process'. Of significance to the staff were the collective redundancies and the changes in the pension scheme that took place ahead and after the

demutualisation of the company respectively. Concerning especially the latter, staff representatives had an unprecedented amount of feedback from employees about representation. Management also admitted that they had failed in their communication. Simultaneously, requests were received from Unite, the trade union, for recognition in a specific area of the group. Stuart Inness notes that these pressures helped 'focus the company' to reach a joint decision with the staff association to amend the then existing arrangements for employee consultation.

The amendment of the I&C arrangements was the main task of the project entitled 'A new framework for staff representation' that was undertaken in full partnership with management. A steering group was established in April 2007, which was made up of HR management, senior people within the staff association and the Managing Director, with the Group Chief Executive being the sponsor of the project. Guided by the need to identify the representational needs of the workforce, staff representatives organised face-to-face meetings and conducted an employee survey. When developing the amended I&C agreement, the staff representatives also carried out extensive research including receiving expert advice by the IPA, benchmarking with other staff representative bodies in the sector, organising 'temperature checks' and formal staff sessions.

Having 'distilled' the key messages and learning from these activities, staff representatives drafted the partnership and constitution agreements that were then submitted to employees for feedback. The next stage involved the negotiation between staff representatives and management for the finalisation of the context of the I&C arrangements. As soon as an agreement was reached, the proposals were put on vote for ratification by the employees. An electronic survey was conducted and the new arrangements were approved by 92% vote of the employees that voted (55% of the workforce). The rate of approval 'felt like an important measure' for the staff representatives, as it confirmed that the establishment of VIVO was 'the right thing to achieve'.

## VIVO's consultation approach

### Structural framework

The partnership agreement provides the framework and sets out the principles for how employee participation will work in practice. The constitution formally sets out what VIVO is, how it is made up, how it operates and governs itself. The main objectives of the association are: to be the principal UK staff representative body recognised by the company; to be the official medium for collective consultation and individual representation; to accurately and reasonably represent the views of employees; to establish and maintain a long-term constructive and mutually beneficial working partnership with the company, and; to promote equality and fairness for all (see Box 1 for the key issues dealt by VIVO).

## Scope of VIVO

- Topics covered by the association include:
- Development and growth of the business
- Employment prospects
- Decisions likely to lead to substantial changes in work organisation or contractual relations including redundancies and transfers
- Health, safety and wellbeing
- Pension arrangements
- Development of terms and conditions of employment (including salary structures, pay and benefits and employment policies and procedures)
- Policy formulation (including disciplinary, grievance and unfair discrimination and harassment policies and severance package).

The arrangements operate at three levels; these are strategic, operational and local. At strategic level, VIVO, represented by the office bearers, meets the company, represented by the group executive or their nominated team, on a regular basis to be briefed on strategic plans and business progress (see Box 2 for the structure of VIVO). At operational level, a formal monthly meeting between the group HR director and his/her team and the office bearers and nominated executive representatives takes place. The purpose of this meeting is to discuss company-wide initiatives, developments and issues such as organisational change. At local level, regular meetings are held between area representatives and local managers. The frequency of those is determined at this level as appropriate.

For instance, Garry Morrison, head of Customer Services, noted that, in addition to the formal monthly meetings, weekly ones are often held.

The partnership agreement provides that in the event of a failure to reach agreement, a four-stage process for the resolution of the dispute is available with a focus on achieving resolution internally. In contrast to a large number of I&C arrangements that constitute pre-existing agreements under the I&C Regulations, this process details an option to seek external conciliation by the Advisory, Conciliation and Arbitration Service (ACAS) or a mutually acceptable party as a last resort, should it not be possible to reach agreement.

## Structure of VIVO

'Area representatives' are elected representatives that represent employees in a specified functional and/or geographical area. 'Executive representatives' are elected representatives that represent a number of areas. 'Office bearers' are VIVO officers whose responsibility is the day-to-day operational decisions required for the efficient operation of VIVO. 'Appointed individuals' are those in non-elected specialist roles such as the communication, training and administration whose sole responsibility is to support the office bearers.

There are five office bearers and no more than 25 executive representatives. Area representatives are appointed on the basis of a target ratio of 1:50 employees. Tenure is four years, after which re-election is possible. The office bearers and executive representatives meet together as the executive council. The executive council decides the overall policy of the staff association and supports the work of the office bearers.

Stuart notes: 'For us, it was more flexible to have an overarching view because that way it doesn't matter how the company flexes and changes below that level, we still had a structure that can cope with that'.

### Consultation in practice

As well as having formal discussions with HR managers, VIVO acts as a task-group on a range of issues at any one time and deals directly with the departments concerned. When management start elaborating ideas concerning certain organisational changes, they approach an HR consultant that advises them on whether and, if yes, how management should engage with VIVO. David Gardner, VIVO executive representative, stressed that their ability to influence management decisions is a question of how early in the process they get involved. An example of successful

consultation concerns the changes that took place concerning role profiling in the IT department. The exercise involved the establishment of new roles for the purpose of defining the expectations for each role and the different levels of seniority within the division, explained Keith Young, the head of the IT department. Management set up a steering committee and invited VIVO to sit on it from the start of the discussions. Staff representatives were thus able to receive information early and in advance, and engage in successful consultation both with management and their constituents. The IPA has developed a list of 14 questions that VIVO representatives use when preparing for consultation with management (see Box 3).

### IPA's list of questions for employee representatives

- What is the business objective?
- How did you come to the business objective or need for change?
- Can we have a copy of the business plan?
- When did you first identify the business objective?
- Who was involved in producing the business case/decision-making?
- What other options did you consider in coming to this decision?
- Why did those options not meet the business objective?
- Have you identified and taken into account all possible knock-on effects to other areas of the business?
- What risks are involved?
- How are we going to measure the success of the change process?
- What is the timeline for the completion of the change process?
- Over what period of time will we measure that success?
- What is your plan B if this doesn't work?
- How are we going to communicate this consistently and factually?
- What is your strategy to engage with affected/upset/resentful staff?

One of the most important changes concerned the request for negotiating rights by the workforce; this was met by an agreement between management and VIVO on a process of 'joint review of salary and benefits'. Nicolle Hamilton, HR business partner, stresses that 'in the past, HR would come to representatives and say "that's the salary increase, I am going to announce it tomorrow". So they had no time to challenge it or debate it'. The process now includes involvement at the earliest stage of the salary and benefits review, with access to benchmarking information provided externally to the company. All representatives receive full Income and Data Services training and certification to enable them to represent effectively employees in this process. Stuart Inness describes the process: 'We share all the elements that will go into making a decision as to what a pay award will be, this is discussed openly with that team, and that team then makes a recommendation to the Executive as to what the award should be'.

In the event of restructuring, the first stage of the process is to have an informal pre-consultation discussion with VIVO. There is no strict timetable for when these meetings should take place, although they are expected to occur before any decisions have been taken to give staff representatives an opportunity to discuss different approaches for dealing with

the situation. Information is also provided to the potentially affected business units or sites so as to secure an understanding of the need and nature of changes by the workforce. Following that, an option-based consultation process, based on the IPA model, takes place. The existence of a robust redeployment process also facilitates the development of an overall organisational approach to staffing arrangements for the purposes of avoiding job losses, notes Nicolle Hamilton.

### Operational issues

#### a) Role of VIVO representatives

Staff representatives cover all direct Standard Life employees and are split into various decision-making and governing bodies which oversee the operation of VIVO. These bodies are: the executive council, the office bearers, executive area teams, and; the standards committee. The staff association is led by the principal officer who is also responsible for the administration of its affairs. According to the partnership agreement, the five office bearers are full-time positions and are fully supported by the company in terms of salary and benefits (see Box 4 for the matters reserved for office bearers). The benefits of having full-time posts include the full commitment of the staff representatives, increased flexibility,

the possibility for additional research, training, relationship building and earlier consultation in management decision-making. Time-off for part-time staff representatives is provided to fulfil their roles: at present, the guidelines specify two days per week for executive representatives and a half day per week for area representatives.

Staff representatives seek to consolidate the autonomy of VIVO and build a sustained capacity to engage successfully in consultation with management. In this context, crucial to VIVO's effectiveness is the development of an increased understanding of business issues. To that end, staff representatives need to 'keep quite close to the business and

listen to the people who make the decisions as well as see the link between local vision and corporate strategy', notes Stuart. VIVO, as part of the 'Alliance of Finance' group, has access to industry level developments through contact with government departments and the Financial Services Authority.

Infrastructural means of communication such as telephone and email are also available and used extensively outside of the formal meetings for the maintenance of communication and the development of cohesion within the association. An association conference is held annually and covers, amongst other things: strategy, review of progress and motions.

### Matters reserved for office bearers include:

- Determination of own proceedings
- Seeking independent professional advice as deemed appropriate by the office bearers or the executive council
- Determination of VIVO's position on all matters which are subject to confidential consultation with the company, e.g. matters which are potentially price sensitive or commercially confident
- Directing or authorising the calling, organising or procuring or taking of action of any kind whatsoever, subject to the policies and decisions of the executive council
- Preparation of the annual report
- Appointment of appointed individuals
- Referral of any dispute with the company to external conciliation (principal officer only).

### b) The VIVO budget and training

Standard Life recognises the right of VIVO to regulate its own affairs. As a result, it provides appropriate financial and organisational support to the staff association to allow for its effective operation. The sum of the budget was agreed between management and the principal officer when the agreement was finalised and is reviewed annually. The budget allows for the employment of the office bearers and appointed individuals, training and development of all levels of staff representatives, the provision of external independent support and research to allow VIVO to carry out its role and, other general expenses required in the proper completion of its rights, roles and responsibilities. Emphasis is also given by VIVO representatives to the importance of developing and maintaining links with other organizations where consultative forums exist as well as developing their own independent research.

In addition, VIVO has committed to developing a structured training programme for all representatives, with specialist external support. As part of this, all new representatives attend a two and a half day course which includes topics such as how to communicate effectively with the workforce and the role of staff representatives as health and safety representatives. VIVO has been working also with IPA to develop a comprehensive and detailed training programme for staff representatives. Finally, a three-level National Vocational Qualification programme in employee representation is being developed to match the types of issues that staff representatives at different levels are likely to deal with. According to staff representatives, the management of the budget and training help them acquire

a level of autonomy from management that is appreciated by both the company and the workforce.

### c) Interaction with individual employees

Informed understanding of the significance of VIVO does not emerge spontaneously among employees. Instead, it is dependent not only on the facilities available for interaction with the workforce but also on the staff representatives generating interest in their work amongst employees. While it is still early to provide an assessment on how successful VIVO has been at raising awareness of their role, there is evidence that an adequate level of facilities is provided and that this is used extensively by staff representatives. First, VIVO has dedicated office space in the headquarters of Standard Life, which have proven very useful for meetings between the representatives, and with individual employees. In addition, the forum's identity is promoted by the use of VIVO's letter-headings and the establishment of VIVO's intranet, which covers developments at executive level.

Staff representatives can canvass employee opinion on any issue identified by the Executive Council. This is done by using face-to-face sessions, online opinion polls, email surveys and employee forums. The availability of representatives at different organisational levels secures access to a cross-section of employee opinions in good time. Recently, a decision was reached to install mail boxes in some departments so as to encourage employees to voice work-related issues. This has proven beneficial for employees by helping to reduce employee apathy in some areas of the business. It is also valuable for staff representatives as they are able to monitor

and have oversight of the nature and extent of the issues raised by the workforce. While staff representatives acknowledge that the profile of the forum is not significantly raised by the function of individual representation of employees in disciplinary and grievance procedures, the contribution of the association in 'securing the opportunity for employees to put their best case forward and to feel that their issues are dealt with in an appropriate environment' is considered paramount to VIVO's representation role (Stuart Inness). Moreover, VIVO representatives try to ensure that information concerning any developments on consultation issues with management is fed back to individual employees in a timely and appropriate manner. This takes place via a number of means such as face-to-face meetings and a dedicated section in the staff newsletter. Two important aspects of this process are first to ensure that all communication from the representatives' team is recognised by all as being independent and second to avoid undercutting existing management communication channels.

### Impact of the changes

Since the amendment of the arrangements in 2008, VIVO, with the crucial support of the senior management and the development of a partnership relationship with the advice of the IPA, has developed its strategic influence over individual and collective workplace issues. Management representatives believe that the new arrangements are already producing better results than the old staff associations. In contrast to the 'tea and toilet' issues, which dominated the agendas of the previous arrangements, the discussions between management and VIVO are now mostly concerned with ways of making the business more successful, notes Garry Morrison.

The greater capacity of the association to influence management decisions is also acknowledged. 'Because we have VIVO we are more conscious of the need to consult staff generally. And it does have some influence on the scope that we believe we have to make management decisions', stresses Keith Young. Under the new arrangements, professionalism and flexibility define the relationship between staff representatives and management at different levels. Management points to the contribution of VIVO to the development of effective means of communicating organisational decisions to the workforce and the operation of the association as a 'temperature check' concerning issues raised by the workforce.

As VIVO is still in its early days, there is more to be done in persuading employees to provide feedback and avoiding the resulting complacency on the part of management. Staff representatives are currently working on the development of VIVO's independent research activity concerning, among others, the situation and prospects in the financial and insurance sector, the position of the company and any developments in staff consultation policy and practice. This will grant the association a greater level of autonomy and enhance its value in its relationship with individual employees and management alike.

### 6. Assessment and future prospects

Staff associations have been a feature of industrial relations in the banking and insurance sector in the UK for a long time. While in the past they operated in a vacuum of statutory requirements for employee information and consultation, this is no longer the case with the introduction of the I&C Regulations. The I&C arrangements at Standard Life can be legally defined as a 'pre-existing agreement' but they go beyond the minimalist provisions of the I&C Regulations in many respects as they, for instance, provide the association with increased consultation rights and include dispute resolution procedures. This was intentional as both management and the staff representatives believed that the arrangements should not be subject to the limitations of the legislation with respect to 'pre-existing agreements'.

The establishment of VIVO was intended to give more structure and scope to Standard Life's I&C arrangements, and ensure its group-wide coverage and relevance through a well-defined consultation approach. Based on the enabling framework of the partnership agreements, VIVO has now the freedom to operate with much greater autonomy. While still a new process, staff representatives have established distinct channels for participating in management decision-making at an early stage. On the workforce side, staff representatives strive to give all employees, including managers, a voice in the business over individual and collective issues, whilst making no claim to any decision-making responsibility.

In light of its still developing role, a key question for VIVO is how to develop a presence and credibility with staff and management. This may become more pertinent as Standard Life settles into a new corporate structure and leadership. In this context, the operation of the association can provide an enabling framework for the development of a more stable environment for employee relations. Keith Young notes that 'if you are continually engaged all the way through the consultation process then a conflict situation is less likely to happen'.

Taking the opportunity to stay in touch with the internal, i.e. within Standard Life, and external, i.e. economic and social, environment will give a strong message to both management and the workforce that VIVO has a crucial role to play in the ongoing business developments. Developing the key elements in the relationship between the representatives and management, flexibility and professionalism, will enable staff representatives to further their competences. Since the association is the outcome of a partnership approach, as the parties claim, the continued support of management in the process of embedding the new consultation approach in the different parts of the business is indispensable.

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





