

**London Borough of Lambeth  
Housing Restructure Assessment**

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### **1.0 Background**

1.1 The Trades Unions lodged a dispute about the process and outcome of the restructuring of the Council's Housing Division. In the light of the potential seriousness of the rationale for the dispute, the Council commissioned me to undertake a review.

### **2.0 Terms of Reference (TOR)**

- 2.1 To consider all relevant documents and identified issues related to the housing restructure.
- 2.2 To examine specifically and in detail the equalities and diversity issues at each stage of the restructuring process as it relates to gender and ethnicity
- 2.3 To consider in detail the Equality Impact Assessment (EIA) and the Trade Union initial response.
- 2.4 To examine specifically and in detail the fairness of the interview process
- 2.5 To consider any other workforce related issues
- 2.6 To highlight any related matters and concerns arising from the above and
- 2.7 To report on findings with options and make recommendations

### **3.0 Methodology**

- 3.1 In setting and agreeing the TOR, the Council also outlined the methodology as follows:
- Document and file review
  - Conducting face to face confidential interviews with staff
  - Ensure meetings are recorded and all recorded notes are kept secure and confidential.
  - Provide progress updates to Director of HR&OD
  - Produce draft and final written report on observations, findings, conclusions and recommendations

- 3.2 I was provided with, and have reviewed, a substantial volume of documents which include the original business case and EIA; the Equalities Board comments; Trade Unions original response to the proposals; revised business case following constructive dialogue; revised EIA; and notes of management/TU meetings and exchanges of correspondence. I have also been provided with anonymous demographic information of the staff in the division, including who applied for roles and the outcomes as at May 30 2013
- 3.3 I was also asked to conduct face to face interviews with individual staff. In terms of receiving the brief, the complexities in the volume of documents and the very tight initial deadline it was not possible to see staff individually. Two staff meetings were therefore held on 2 and 23 July where those staff in the Housing Division who chose to participate presented their views. The first meeting was supported by Unison and the latter by GMB.

#### **4.0 Summary of Findings**

- 4.1 The detail of my findings can be located in section 7 of this report where I expand on what is summarised in this section.
- 4.2 I am of the view that managers in the Housing Division followed the Council's Reorganisation, Redeployment and Redundancy policy (RRR Policy) in undertaking this reorganisation exercise.
- 4.3 Having said that, I recognise the challenges of managing a reorganisation of the size and complexity presented here. It is, in my experience, inevitable that there will be some disquiet amongst the workforce when there are redundancies. My assessment, however, is that the issues presented by the workforce exceeded what one would normally expect in a restructuring process of this nature.
- 4.4 There is no doubt in my mind that the staff who I met feel let down, disenfranchised and are concerned about their future prospects in a challenging economic climate.
- 4.5 My analysis of the demographic data gives me some cause for concern. I am aware of the fact that there have been a few more appointments that occurred after the date on which I was given the demographic data. Nonetheless, evidence shows that BME staff, and BME women in particular, are more likely to be unsuccessful in securing appointments.

- 4.6 It is my view that although the key elements of the policy have been followed, there is an absence of transparency that has contributed to the very real anxiety within the workforce about their future prospects and less trust in senior managers and HR.
- 4.7 It is my view that the further actions, other than those outlined in the EIA, could have been taken by management to mitigate the risk of redundancy. This is particularly pertinent where, by management's own admission, there are 14 staff at risk whilst there are 45 vacancies remaining in the new structure.

**5.0 Analysis of documents provided**

**Restructure Process**

- 5.1 As far as I can ascertain from the data and documents provided outlining the process leading up to the restructure proposals, the Housing division has taken the necessary steps to ensure equity and fairness. The consultation process and the way in which staff were informed of the restructure proposals are in line with good practice and the Council's overall approach to consultation with staff and the trade unions. Furthermore the assessment centre exercises were chosen from the Council's battery to provide additional objective information to selection panels. All the assessments have previously been assessed as suitable for the diverse workforce of Lambeth.
- 5.2 During October 2012 the Divisional Director, Housing (DDH) sent a letter to staff in the Housing Division informing them of the proposed restructure. This was accompanied by a letter from the Council's Chief Executive outlining the current social, political and economic issues facing Lambeth and informing them that the way services in Lambeth are provided has to change and outlined the strategic context for change.
- 5.3 Housing staff were informed of the consultation process and invited to a presentation by the DDH which took place on the 24<sup>th</sup> October 2012. The business case for the proposals was outlined, as well as the consultation process and the necessity to involve the trade unions as part of the process. Also outlined in the presentation, alongside timeframes for completing the restructure, were the contact

list for support available to staff. The support included opportunities to discuss the proposals in detail with senior managers, trades unions, the Change Team and HR staff.

Additional areas outlined were:

- How staff would be affected
- What is assimilation?
- Appeals against assimilation
- The ring fence process
- Redeployment
- Suitable alternative employment
- Premature retirement/redundancy severance (PRS)
- Assistance with preparation for interviews, assessment centres and CVs

5.4 In the light of the issues which gave rise to this assessment of the Housing restructure, it would have been advantageous to provide unequivocal written information about the assessments and interview process and how the different elements would be weighted by the appointments panels. This is not a standard item on the presentation at the start of consultation meeting and I would therefore suggest that HR revisits the consultation methodology and includes as much information as possible upfront.

5.5 During the consultation process there were a number of comments, queries and observations from staff and the trades unions. The Management Response was probably one of the most comprehensive I have seen and dealt appropriately with the feedback from the various individuals and groups.

### **Equalities Impact Assessment (EIA)**

5.6 My assessment of the EIA covers both the original document and the revision that was presented in the spring of 2013. Despite what I have said in the preceding paragraphs above, there is one document that was not provided at the start of

consultation meeting and I have discussed this further in the next paragraphs. At that stage in the proceedings, details of the impact of the proposals affecting staff in terms of gender, race, age and disability were not outlined to those present. My view is that this was probably because senior staff in HRE could neither predict, nor project the outcomes of the entire internal process. Additionally at that time they could not know how many staff would participate in the pre-interview preparation or indeed those who would volunteer for the forthcoming Council trawl for voluntary redundancy.

5.7 Nonetheless, an EIA should have been completed before the start of consultation and shared with staff on 24 October. Apart from satisfying the Equalities Duty, the EIA would have served to demonstrate greater empathy and fairness in what is a difficult and challenging undertaking. This omission, in my view, is a key contributory factor in the strongly held view of inherent unfairness and racial bias expressed by staff who spoke to me.

5.8 In accordance with the Council's policy and practice the EIA was signed off by the Executive Director of HRE on the 25<sup>th</sup> October 2012 (one day after the start of consultation). I note that there was a further EIA completed early in 2013 but my comments here refer to the original document. The full EIA template was completed and referenced the business case need for the division to make savings of £1.555m was identified in the covering report. In accordance with EIA policy the report identified that:-

Race impact was "High".

Gender impact was "medium"

Age impact was "medium"

5.9 Examination of the impact assessment data in Section 3 page 8 of the document recognises "***the impact on BME is high because of the already high percentage of BME staff which is considerably above both the Department and Council profile***" but "***it is not considered to be a risk of direct or indirect discrimination***"

- 5.10 In terms of gender, especially of those employees in the following grades, Scale 1-3, Scale4-6, Scale SO1-SO2 and PO1-PO4 and of those at risk, I would argue that it is difficult to support the contention in the EIA that the demographic data is "not statistically significant".
- 5.11 On the same page there appears to be a conclusion that upon completion of the generic reduction process "there will be a significant decrease in the impact on equalities groups". The facts do not give credence to this statement – see 5.20 onwards.
- 5.12 The comments of the Equalities Board on 5<sup>th</sup> November 2012 are pertinent, except in my opinion, they do not appear to take the potential impact on gender far enough. The specific issue is the relatively larger number of BME women on lower grades who could be adversely affected because of the reduction in roles at their level. I note that management responded to the Equalities Board comments but I have found no evidence in the documents provided to me that further work was undertaken to mitigate the specific risk to female BME staff over 40 years of age.
- 5.13 The purpose of the EIA is to address any adverse impacts; minimise any potential negative impact from this restructure and to ensure all the changes will be implemented fairly and consistently across the Division in accordance with policy, procedure, legislation, best practice and the Council's FRESH Values. The overriding aim is to ensure that Lambeth adheres to the Public Sector Equalities Duty (PSED) and does not discriminate against any group.
- 5.14 Further on in the assessment the comment is made:
- "We will continue to monitor against the Equality standards where we have information on gender, age, ethnicity, and disability. This is to ensure assimilation and redeployment do not introduce (additional) negative impacts."
- 5.15 My second analysis of the data and documents, following the staff meetings, shows that initial mitigating actions were put in place when consultation started again in 2013 but I have not been able to find information that supports the commitment to a continuous review as mentioned in the paragraphs above. I would add that the



2013 EIA was much better in identifying the potential impact and proposing workable mitigating actions. I would ask that management provide this information as part of their response to my report.

**Trade Union Comments**

- 5.16 I have read the trade unions proposals which are clear about reducing the number of newly created senior posts, redefining roles and grades for a number of posts so that staff at lower levels can either be assimilated or potentially be redeployed into posts. Their proposals enhance opportunities for middle to lower graded staff to obtain similar or higher positions in the Housing division. The workforce data shows that BME workers are overrepresented in the lower grades. Bearing in mind the demographics of the Lambeth workforce, this is an area that requires further investigation.
- 5.17 The challenge for managers in considering the counterproposals was not only about mitigating the risk of redundancy but also preserving the integrity of the new operating model for Housing Services. It is clear from the business case that greater efficiency of service delivery is as important as meeting the savings target. The trades unions however made a well-argued and robust case for re-examining the creation of more senior roles at the expense of lower graded posts which are predominantly occupied by female and BME workers.
- 5.18 I note, from reading the documents, that management agreed with, and implemented, some of the proposals put forward by the Trade Unions on behalf of their members. This is a positive step that builds on the constructive dialogue process earlier in the calendar year.
- 5.19 The Housing management team, recognising that there would be some of their staff who have either not participated in assessment centres or been interviewed in recent years, actively promoted the support available to staff going through a restructure. I was concerned to note the relatively low take up of this offer by BME staff at all levels and especially those over 50 years old. It is clear to me that the low take up may have contributed to the low appointment rates of BME staff. It is

however still notable that there remains a low success rate for those who participated in the support interventions. The data shows that most of the staff at risk of redundancy have got relatively long service with Lambeth – in excess of 15 years. My experience leads me to believe that the preparatory support was either insufficient or that there is a low investment in the training and development of staff. This is a matter that HRE management and HR will need to work through with the trades unions and staff.

### Appointments

5.20 The final area I want to comment on is the outcome at the end of the assessments and interviews. It is a fact that all those staff who are at risk of redundancy are BME – ten of these are female. I understand that Housing Management have been asked to defer issuing Notice of Redundancy letters pending the outcome of my review. As mentioned in section 5.15, I have not been provided with any further information that shows the further actions management have taken in this regard.

5.21 The key conclusions from undertaking the revised EIA in February show the following:

- *While the number of BME staff is higher in the at risk category than that of non-BME staff, the association between Ethnicity and risk is considered to be not statistically significant.*
- *There are more female staff than male staff in the at risk category; however the association between gender and risk is considered to be not statistically significant.*

*A further analysis shows no statistical significance across these protected characteristics, in the event that staff who expressed an interest in VPRS take up the council's offer.*

*Although there is an impact on all equality groups this is proportionate, especially once the overall profile of the Business Unit is considered. In light of this it is considered that the proposals for this restructure do not result in a risk of direct or indirect discrimination.*

5.22 As seen in the paragraph directly above (5.21), it is clear that these risks were highlighted in both the original and revised EIA documents. Although the process was largely adhered to, the fact that all the redundancies affect BME staff is a

significant concern especially as there are still vacancies in the structure. This is a matter that management need to address as a priority.

### 6.0 Summary from Staff Meetings

6.1 Following the analysis of the data and documents, I had the opportunity to conduct two meetings with groups of staff and trade union representatives.

6.2 The first meeting took place on 2 July 2013 in the Town Hall. At that meeting, members of staff requested that Sue Foster, Executive Director Housing & Regeneration Environment, Rachel Sharpe, Commissioning Director (formerly Assistant Director of Housing) and Tony Sweeting (Head of People Management) not be present. At the second meeting held on 23 July 2013 staff stated that they were prepared to allow Sue Foster and Tony Sweeting to remain so that they could hear the comments first-hand.

6.3 There were 13 members of staff and trade union representatives at the first meeting and eight members of staff at the second meeting. I appreciate that there were in excess of 180 staff who were part of this reorganisation and that the group whose views are presented here are a small minority. It is worth noting that most of the staff who participated are at risk of redundancy although this does not in any way lessen their views and opinions. The depth of feeling that the entire process was unfair cannot be underestimated. Staff were angry and distrustful of their senior managers. Staff volunteered their personal stories to illustrate their sense of injustice and a lack of empathy. The detail of the issues raised by staff is presented at Appendix 1. In summary, these can be grouped under seven headings.

- **Process** – including creation of jobs, job descriptions, job evaluations,
- **Communication and Information** - assessment centres and interviews
- **Role of HR** –responsiveness to requests,
- **Role of Senior Managers** – no empathy, no leadership
- **Disenfranchised** – not seen as people but rather as part of a process,
- **Impact** - on BME staff largely disregarded,

- **Mitigating actions** – lots of vacancies but mostly BME staff still at risk, use of agency workers in this climate, no opportunities given for redeployment
- 6.4 **Process** – there was significant disillusionment about how the jobs had been created. Staff believed that there had been an intentional attempt by senior managers to prevent them from securing roles in the new structure. This, they believed, had been achieved by managers exploiting some aspects of the RRR Policy e.g. recreating jobs at least two grades higher so that staff could not be assimilated. Staff gave further detail of the comparison between their current job descriptions and the newly created jobs and showed how similar these were. Their sense was that management had already made up their minds and were not prepared to either explain their position or consider evidence that was presented to them. Staff also felt that in some cases management had orchestrated to get jobs evaluated at the grade they wanted rather than ensuring transparency.
- 6.5 **Communication and Information** – The overwhelming view of all the staff who participated was that there was **insufficient, irrelevant or late information** and communication throughout the restructuring process. They cited examples of important information being placed on SharePoint and removed before colleagues had had the opportunity to read and digest the information. As regards **assessment centres** staff were unclear about whether any notice was taken of the outcome. Some had been told that there was a weighting system and others had been told that they needed to meet a minimum standard before they could be interviewed. There was no consensus amongst staff about the purpose of the assessments. Staff who had been **interviewed** more than once said that they had not been afforded the opportunity for **feedback after being unsuccessful**. This made it difficult for them to know what they needed to improve to secure an appointment.
- 6.6 **Role of HR** - A constant feature of both meetings was anger about the lack of **empathetic responses** from HR colleagues. HR appeared to be serving the interests of management and did not seek to assist or support staff when they sought clarification of some of the policy and procedural issues. It was the view of all participants that HR had forgotten that there were real people affected by the changes. **HR should have intervened appropriately** rather than appearing to do

management's bidding. They cited examples of emails not being responded to, incorrect and misleading information being provided and a general **lack of customer care**.

- 6.7 Role of Senior Managers** – As with HR, the key complaint was about no empathy, inconsistent feedback and communication on the process, intentional and deliberate “fixing” of job descriptions and evaluations and a sense that senior managers knew who they wanted to keep. Views were aired that pointed to a culture of inconsistent leadership. Staff remain convinced, that the restructure was akin to cleansing the Housing Division of BME staff. Staff believed that management, like HR, hid behind the policy and conducted a “tick-box” EIA. Some staff said that management made up policy on the fly instead of taking the time to find out the proper answers and informing staff accordingly.
- 6.8 Disenfranchised** – The view expressed by the majority of participants was that they were not seen as people but rather as part of a process. Those with longer service said that they had been given to understand that long service was synonymous with poor performance. Staff said that their senior management saw them as troublemakers and had not made any efforts to get to know or indeed help them understand the personal impact of the changes. The staff said they recognised and understood the rationale for change but the absence of relevant information that they could use to construct their counterproposals was just further evidence that management had no intention of listening to them e.g. detailed benchmarking information that was used by managers to design the service.
- 6.9 Impact** – staff felt that the impact on BME staff had largely been disregarded. Their view was that there was an inherent unfairness from the outset. In particular they referred to the absence on an EIA at the start of consultation; a PO6 officer who was not allowed to have a trial period at PO4 even though he had managed the team previously; more jobs created at higher grades and fewer jobs at lower grades. Staff believed that management are satisfied with the outcome and will continue to do what they want without sanction.
- 6.10 Mitigating Actions** – The area of biggest concern for the staff was that there are 15 staff at risk of redundancy whereas there are 45 posts still vacant. Their view is that as a reasonable employer, Lambeth should have taken appropriate actions to

mitigate the risk of redundancy. Although expressed robustly, there was a sense of “giving up” as the staff felt that no good could come of their rather vocal criticisms. Another challenge for staff to cope with is the assertion that whereas no opportunities for redeployment were being offered, management are bringing in agency workers to cover some of the roles. Their question – where is the fairness in this?

## **7.0 Conclusions**

- 7.1 One of the challenges of undertaking a review such as this one is the fact that scrutiny inevitably throws into sharp relief issues that did not seem as important during the restructuring process. I have borne this in mind as I have reviewed the various documents and the comments from staff. My approach has been to examine the evidence with a view to providing a pathway for managers and staff to address what is undoubtedly a contentious and emotive environment. There are lessons to be learnt and it is my hope that the recommendations implemented are not only in relation to the Housing Division but are used where necessary by HR and other managers in Lambeth to prevent similar issues arising in the future.
- 7.2 I would also add that I have not had the opportunity to explore in any detail the comments provided by the staff groups. I would ask that management, in reading appendix A, focus not just on the individual lines but rather to use this to glean some sense of the level of dissatisfaction amongst staff – albeit that this is a small sample of the workforce in Housing.
- 7.3 Leadership during periods of structural change is hard both in terms of managing the change and motivating staff to continue delivering a service to Lambeth’s citizens whilst the staff are in a period of uncertainty and profound anxiety. This applies equally to senior management and HR. I would have expected HR to act as the arbiter during the restructuring by alerting managers to issues and helping them to resolve these before any problems arose. It has been difficult through examining the documents to understand the role of HR. Why weren’t senior managers told earlier that the appointments appeared to be mostly non-BME? Why has the post-appointments EIA not been provided?

- 7.4 It is my view that the delay in providing the EIA at the start of the consultation is a significant contributory factor in the current situation where there is little trust of senior managers. It appears to me (although management may be in a position to provide documentary evidence) that there are long-standing issues of “them and us” within the Housing Division that predate this reorganisation. The delayed EIA therefore, was the proverbial straw that broke the camel’s back. It was not within my remit to examine the history but this is something that management need to understand otherwise some of the necessary interventions may not deliver an outcome where staff feel valued.
- 7.5 I have read at length the RRR Policy and examined each stage of the process that management followed and I am of the view that managers in the Housing Division followed the Council’s Reorganisation, Redeployment and Redundancy policy (RRR Policy) in undertaking this reorganisation exercise.
- 7.6 Having said that, I recognise the challenges of managing a reorganisation of the size and complexity presented here. It is, in my experience, inevitable that there will be some disquiet amongst the workforce when there are redundancies. My assessment, however, is that the issues presented by the workforce exceeded what one would normally expect in a restructuring process of this nature. The issue of an ethnicity bias is borne out by the fact that all the redundant staff are BME. There may be justifiable evidence that shows how this could have happened however management, in their response, need to demonstrate that they took every reasonable course of action to mitigate this known and documented risk.
- 7.7 There is no doubt in my mind that the staff who I met feel let down, disheartened and dubious about the actions management could reasonably take to address this matter. They are also, in my view, justifiably concerned about their future prospects in a challenging economic climate where there are very few jobs.
- 7.8 My analysis of the demographic data gives me some cause for concern. The evidence shows that BME staff, and BME women in particular, are more likely to be unsuccessful in securing appointments. In fact, ten of the fourteen staff who are at risk of redundancy are BME women. Most of these have worked in Lambeth for a couple of decades. Similar to the issue of BME staff at lower grades, the question

this raises in my mind is about how the Housing Division and Lambeth more generally has developed its staff over the years.

- 7.9 Furthermore, the demographic data shows that although the majority of staff in the Housing Division are BME, this is not reflected at senior levels. There may be historical reasons for this but my assessment is that the rest of the council shows a very different picture of better representation of BME at PO5 and above. Again, this is an area that management will need to explore to fully understand and rectify.
- 7.10 It is my view that although the key elements of the policy have been followed, there is an absence of transparency that has contributed to the very real anxiety within the workforce about their future prospects and less trust in senior managers and HR. Adherence to the stages in a policy or procedure does not necessarily mean that the implementation includes the human elements of compassion and understanding. Somehow or other, the senior management in Housing “lost” the confidence of a group of staff even before the outcome of the appointments was known. In my opinion, the fact that these staff are BME made the requirement for unequivocal leadership critical.
- 7.11 It is clear to me that the staff I spoke to felt alienated not just by the responses provided by HR , but also the perceived lack of interaction by the Housing division’s leadership to explain, respond and allay staff concerns as the outcomes of the appointments process became apparent.
- 7.12 It is my view that the further actions, other than those outlined in the EIA, could have been taken by management to mitigate the risk of redundancy. This is particularly pertinent where, by management’s own admission, there are 14 staff at risk whilst there are 45 vacancies remaining in the new structure. In my opinion, as many of the posts have already been filled, it would be a logistical and legal labyrinth to restart this process for all of the staff. The fact remains that the only staff who are redundant are BME and management need to take appropriate advice to deal with the issue. I am not sufficiently versed in employment law and the intricacies of Lambeth HR policy to make a specific recommendation on this point.



**8.0 Recommendations**

It is recommended that -

- 8.1 Lambeth should review the consultation methodology to ensure that all necessary documentation is subjected to vetting and challenge before the start of consultation. This should include the business case, EIA and information on assessments and interviews.
- 8.2 Lambeth should take a policy decision to delay the start of consultation where all the necessary documentation is not available.
- 8.3 Lambeth should take a sounding from staff who have participated in restructurings with a view to improving consultation and bringing greater transparency in future.
- 8.4 Lambeth should look at the demographic of the workforce and put in place appropriate and timely developmental initiatives to ensure that the workforce is representative at all levels.
- 8.5 Lambeth should ensure that there is clarity about the role of HR and senior management in restructuring processes.
- 8.6 Lambeth HR should reconsider the RRR Policy in the light of the recommendations made in this report.
- 8.6 The Housing Division should, as a priority, consider taking appropriate and fair actions to mitigate the risk of BME-only redundancies.

Dorian Leatham

August 2013