

Future Ways of Working between Trade Unions and Companies - A case study at East Midlands Electricity

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Introduction

Over the years the environment in which companies and trade unions have worked has altered considerably. The global and UK business scene has changed and industry sectors such as electricity supply have seen major revisions in their structures as privatisation, competition and aggressive regulation have levered change. This environment has meant that companies like East Midlands Electricity (EME) and the unions representing their staff such as the EMA, Unison, AEEU, GMB and T&G have had to manage constant and large scale change over the last 10 years. Trade unions have responded to the challenges and changed the way they work with businesses on behalf of their members.

This paper outlines some of the reasons why change has been grasped collaboratively by the unions and East Midlands Electricity to provide mutually agreed solutions to modern demands and opportunities. It shows the way in which the principal partners in these changes have worked together, in order to respond to the real challenges to the Company and its staff by looking for realistic, well-controlled and sound practices that will ensure the partnership is fruitful and continues to improve. It also provides some guidance as to the way unions and companies might be working in the future.

The UK business climate

Market globalisation and multi-national presence in all sectors of UK business have meant that new views on life and working are being introduced into Britain. The growth of e-commerce has upped the pace of working life, the privatisation of utilities has increased the power regulators have to restrict prices and push for improved service. Advances in technology have meant that opportunities are there for companies and individuals to exploit the technology, in order to increase business pace and provide flexible ways of working for staff.

In parallel, there are worldwide initiatives that are making UK businesses respond to environmental pressures. For example, customers expect to be given a product which is environmentally friendly throughout the whole of its supply lifecycle. A poor environmental record can threaten the image of a company, and its profitability. Staff and management become more and more discerning about the contribution they are making to a good environment in the area they live.

Throughout UK industry the traditional ways of increasing sales and reducing costs are being complemented by initiatives to:

- ❖ maximise profitable use of e-commerce
- ❖ use technology for staff to be effective, get information or do their work without unnecessary travelling
- ❖ show that health, safety and the environment are essential to the success of a successful business and all its stakeholders.

The trade union approach

Generally, older more traditional approaches to win/lose negotiations over basic needs like wage levels and achieving satisfactory safety and welfare rights have been supported by increasing social legislation in recent years. In addition, enlightened companies and trade unions such as those representing the staff in East Midlands Electricity, have over the years worked together through regular employee relations negotiating and consultative machinery to ensure that well planned and sensible change has been implemented in the Company.

However, trade unions in the electricity supply sector have seen the pressures to improve service and reduce cost impacting on their staff. There have been large staff reductions, further use of contractors to carry out work and a perception that the stress of daily work is greater than it was in the past.

As various companies have changed hands, trade unions have seen different management styles and approaches to the management of the companies in the sector. They have also seen tremendous rates of change including, in some cases, poorly controlled and unsatisfactory use of IT equipment without companies considering the full impacts on the employees. As a result, trade unions and companies working in partnership have seen that it is important to work together so both parties gain. The unions and East Midlands Electricity have continuously retained employee relations' machinery for negotiating and consulting throughout all the major changes of the 1990s. This has meant that proposals have been put forward by both the Company and the trade unions in order to move the business forward, recognising that the Company has to be successful for the employees to be successful. In particular trade unions have considered the implications of new ways of working using new technology on their members. They have ensured that employers have made progress, but also considered fairness, health and safety aspects and management guidance.

Today many companies and trade unions feel that dialogue on a continual basis is essential for creating a more productive environment that is supported by the staff. This mature collaborative working is seen to be a way of making sure that companies can respond to the demands of speedy change within the economy, whilst still looking after the rights of the employees.

Electricity supply sector - history

In the early 1990s a wholly integrated industry was privatised and early forms of regulation exposed it to downward price pressures whilst improving service levels. Regular regulatory reviews have resulted in large price reductions. As a result, all parts of the sector have been looking for ways to reduce costs without affecting service and profitability. This has meant major changes in the way the industry has been run. The ways in which those costs have been reduced have been by better planning and purchasing, standardisation and more effective working overall.

East Midlands Electricity is a regional monopoly that has some competitive services where it competes with other firms, but mainly provides for the distribution of electricity from the National Grid to 2.3 million homes in the East Midlands. In particular, savings in the sector have come from better planning of new connections to and replacement of the network, standardisation of the equipment on the network and reduction of labour costs by focussing on effectiveness in the way work is carried out around the system. Information systems have been a key lever to improved effectiveness and cost reduction. They have helped in the change whilst maintaining and improving levels of service when connecting new customers to the network, providing a continuous electricity supply and recovering from any temporary losses of electricity supply.

In addition to the normal business aim of distribution companies to become more effective, the Regulator has introduced proposals, which have resulted in further separation of the old pre-privatised businesses. As a result, sale of electricity to end users has been separated from distribution businesses because it is seen that the distribution business might be able to aid their own supply business in what is a highly competitive market. Similarly, the generating operations in a company are also restricted from perceived unfair and uncompetitive activities with the distribution part of the company. This has meant that many shared services have had to be strictly separated to ensure that we meet the Regulator's requirements.

Finally, the electricity supply industry has seen major changes in organisational structures. The old all encompassing regional electricity company has been replaced by multi-national new entrants into supply and generation, mergers with other utilities, take-overs by international companies and the opening up of energy markets world-wide. The need to provide shareholder value, the impact of new entrants with new cultures and approaches to managing the electricity sector, plus the continual review of electricity activities by the Regulator has driven the changes that the companies have seen over the last 10 years. This has been a major challenge both for the companies and for the trade unions.

Recent change in East Midlands Electricity

Until a year ago, East Midlands Electricity was managed in a devolved manner from each of the six major county centres around the East Midlands. This meant that managers were close to the customers, but that standardisation and a comprehensive and realistic picture of the operation of the distribution systems all around East Midlands Electricity were hard to achieve. The distribution network covers the whole of the East Midlands and this means that there are extensive overhead line networks in say, Lincolnshire and complex underground networks in major cities such as Nottingham. It was recognised that through the introduction of IT systems, centralised management decision making and direction could be achieved and performance would be enhanced.

Much of the work carried out on the network has to be done by local staff. Again, IT can help to lever more efficient ways of working for those out on the network. Lap top computers and other IT equipment, complemented by good communications networks, means that staff can work direct to site from their own home and not necessarily come into the offices on a daily basis.

As a result, the Company proposed that they centralise their management operations at one site, Pegasus Business Park, which has good communications around East Midlands Electricity's area. It was also recognised that we would need four regional centres to cover the North, East, South and West of the region. In January 1999 a plan was proposed in its infancy to staff and the trade unions whereby EME would go from 25 large offices/depots and a head office at Bilborough to one central office and 4 regional centres. In addition, the aim was to reduce directly employed staff from 2,000 to 1,000 over a period of 2 years. Some of the work done by those staff leaving the Company would still be done by sub contractors. The trade unions and the Company worked together to provide attractive support packages which, in some cases, allowed staff to be recruited by the contractors or even start their own company. In effect all members of staff were asked to state their preference to stay with the Company or seek other opportunities, such as to seek work with one of the sub contractors, take a change in career or personal development direction or, for some of the older members, to retire early.

Following individual counselling interviews staff who wanted jobs in East Midlands Electricity were given them and all people who took the severance package did so voluntarily. At the end of the process there were vacancies in the Company and the many leavers were supported by training, recruitment and out placement professionals to prepare them for whatever they wanted to do next.

This was a very successful process, which was jointly agreed and developed by the unions and East Midlands Electricity. It meant that EME moved to centralised operations and management, sub contracted important parts of the work out on the distribution network to reduce costs and improve service levels.

As a result of the consultations, changes were made from the original organisation and staff numbers. Proposals were all then presented jointly by the trade unions and the Company to the staff.

However it was necessary to implement a major initiative to support mobile working for many project managers, who would be out on the network and directing contract staff. In addition, no partner wanted staff to be spending many hours travelling in either Company's or their own time to the new working locations. They wanted to encourage appropriate tele-working (working at home or from other sites around the region). So it was decided that the best way for a gain/gain on the Company and staff's part was to jointly look at new ways of working so that travel was minimised and effectiveness maximised for the good of staff and the Company. This would have a good environmental effect, reduce employee stress and time in getting to and from work, optimise office utilisation and ensure work out on the network could be completed as quickly as possible for the good of the customer across the whole region.

This support of the mobile staff meant that one other change from the original proposal was introduced - the concept of 'reporting centres'. They are a place where staff can go close to their work to park cars, have meetings and use IT equipment outside of the 5

main offices. There are 12 of these across the region, usually a Portakabin with appropriate alarms and IT equipment so staff can drop in and out and generate job instructions or de-programme work.

So by January 2000 the key area that needed more work between the Company and the trade unions was the introduction and support of very new ways of working. Thus a special consultative group continued to work together to look at ways of implementing improved ways of working for our staff. Some employees wanted to change their work regimes to say 4 days a week or to work at home on an occasional day in order to cut down travelling, reduce stress of travelling and to ensure that they could be more concentrated, focused and effective. Some managers wanted it because it meant that they knew that with the right amount of trust and encouragement, employees would be more productive and would spend less time marching and more time fighting. Together, the partners looked at benefits and issues both for the staff and management. It was realised that they were moving forward with a major environmental initiative, which had to be of benefit to the region, the Company and to staff. The small working group was able to produce a collective framework to help a step change forward whilst still protecting the employee. The framework was agreed formally in the appropriate negotiation forum in the Company.

Clearly, every employee has different wants and needs in terms of how they would like to change their ways of working. In addition, many managers have different requirements for staff. Some have a group of professionals who could often work from home very productively whilst others have to provide telephone bureaux and estimating services and therefore need cover in the office at all times.

The working group took the Department for Education and Employment's Work Life Balance initiative seriously. (see appendix A). Basically there has to be a collective framework agreement to ensure that everyone is aware of the ground rules. However, an individual agreement between an employee and their direct manager in an open and trusting relationship is the key, ensuring that practical policies work to meet the employer's and employees' needs. Management must understand how they can use the new ways of working to meet their business needs and provide the team environment and controls needed to operate at high levels of effectiveness. Staff must consider their home situation, what work regime they would prefer and what equipment they would need within the home. Within the constraints of the collective framework, the managers and their staff come to individual agreements as to how they will move forward with the new 'green ways of working'.

The joint aim is to get all staff to commit to 2 'green days' per week. A green day is a day that petrol savings have been made. Each individual agreement is then tested on an individual basis and reviewed regularly by the manager and employee who have entered into the agreement. From those reviews we may find that we have to change the collective framework (again, a collaborative activity between the Company and the trade unions) or, drawing up individual agreements to make sure they meet the manager's business needs and the employees' home needs.

The framework agreement

It is the joint objective of the Company and trade unions to support sensible environmental initiatives, create a good work/life balance for staff and improve the effectiveness of the whole team. Joint initiatives to improve working methods, reduce unnecessary travel, and to reduce the use of cars are essential and the joint framework agreement is based on best practice (see references in Appendix C). It is endorsed by the Company and trade unions to help deliver increased productivity and enhanced working arrangements. A survey was conducted of staff and the main findings were:

- ❖ 75% would consider car sharing
- ❖ 89% would like the option of working from home regularly

This survey enabled the partners to consider personal and work restrictions that cause anxiety and difficulty when looking at alternative travel and work arrangements, and showed that people see benefits in changing their work habits and regime if the right proposals are in place.

The framework agreement puts into place the process shown schematically in Appendix B. It is recognised that circumstances will change for the manager and/or the employee, therefore trial arrangements are often sensible. Arrangements may have to be modified by mutual agreement as time goes by. It is important that both individuals and the Company commit to:

- ❖ reducing our environmental pollution impact
- ❖ rewarding and not penalising reduced car use
- ❖ helping staff to save money, avoid car use, find the best way of working, and reduce stress

Tele-working has benefits for both the individual and the Company, but also brings issues forward which could disadvantage both of them. However the decision as to which roles are suitable for tele-working rests with the business managers and their management teams, depending on the type of work being carried out. For example, there are benefits to the employee in:

- ❖ reduced travel, time, cost and stress
- ❖ better work/life balance
- ❖ flexible hours

However, not everyone will find the required self discipline easily, and they may not be as productive. This could, potentially, be a source of stress. People may become isolated and miss the interaction of the office and without regular contact with their manager, people might go in the wrong direction without appropriate support or direction. Consequently, managers must provide the opportunity for regular team interaction and meetings with employees to support them.

There are benefits to the Company from tele-working in terms of increased productivity, improved motivation, organisational flexibility and cost savings on premises and office overheads. There are also management concerns in that managers may find it more difficult to manage staff, given that they cannot visually see progress and effectiveness and managers need opportunities to create teams. It may be that good team working is not facilitated by tele-working. As a result, managers must encourage employees to value planned meetings and make sure that mutually agreed controls are in place to ensure performance monitoring occurs whilst tele-working. This may come from good overall performance management processes, project deadlines and deliverables being agreed or units of work being produced.

People must understand the potential problems so that they are aware of what they and their manager need to do to ensure successful new ways of working. To support the agreement the Company provide:

- ❖ tele-working, revised working days and direct to site opportunities to avoid car travel
- ❖ flexible working arrangements to avoid driving at peak times
- ❖ the benefits of a managed car share scheme without losing the convenience of car travel
- ❖ preferential parking for cars of multi-occupancy
- ❖ a taxi home for anyone sharing but stranded due to problems with drivers being unavailable
- ❖ a commitment to improve access to public transport and cycling by making it safer, cheaper, easier and accessible to more people
- ❖ a recognition package which reflects the commitment to the employee and supports a change in behaviour and attitude

A plan for each person is agreed in consultation with their manager in line with the framework agreement. This covers travel arrangements, working hours, and how people will work differently, possibly tele-working in the future. A number of incentives are in place to encourage people to support the plan. Included in this is the 'Green Incentive', where staff who commit to two green days per week have payments under the Company's Compulsory Transfer provisions paid even for days of the week where the employee does not travel to work alone in their own car and/or works from home.

The green day is a day where people go to the office by public transport, cycle, motor cycle, car share or don't go into the office by tele-working or revised working days within a week. Recognition is given to contributors through travel savings and a monthly

recognition scheme for all such contributors along with a reward to the 'Greenest Employee'.

People who do not have to be at their office every day will be encouraged to work from sites around the East Midlands, and from home. Many people can gain in terms of productivity by working occasional days from home. Laptop computers, modems, telephone lines, office equipment, furniture, mobile telephones and printers are provided as appropriate. New working arrangements were agreed in 1997 and flexible-working arrangements, mean that some people already worked staggered hours, 4-day weeks, 9-day fortnights etc. Additionally, many people work direct to site. This agreement is being used more broadly to improve employee effectiveness and work life balance.

Individuals who do not have access to a car, or who are unable to drive, are supported under the following initiatives.

- ❖ The Company is working with local transport companies to discuss amendments to the timetables and stops to ensure that more people are able to use this option. Details of all public transport timetables are provided to all people working at Pegasus.
- ❖ Park and Ride facilities available throughout the region. Local councils are keen to support efforts to reduce travel and have in the main, given permission to use these sites. Once vehicles have been parked, the Company provides return bus travel from these proposed sites to Pegasus. Where the local authority applies parking charges they negotiate reduced charges for employees.
- ❖ Routes are in place for cycles to access the central site. Cycle parks/storage and showers are available to encourage everyone to participate. Incentives are to be offered to include discount schemes with local suppliers for the purchase of new cycle and safety equipment. Lockable cycle bins are available on site for anyone wishing to use them.

There are several different definitions of tele-working, but the common thread through all of them is remote working (i.e. away from the office) using computers and telecommunications over a short or long time span in their own home, or from another place as agreed on in each specific case. Tele-working at home is a voluntary undertaking for the employee, and must be beneficial to both the employee and the employer.

There are a number of rules and guidelines given to employees so Health and Safety and all financial implications are properly managed and implemented:

- ❖ before anyone starts tele-working an assessment is carried out of the proposed workspace and working environment at home.
- ❖ the equipment required by people working at home is determined by their job role. A guideline is provided to help managers and employees assess what equipment is appropriate for tele-working staff.
- ❖ equipment and furniture provided to teleworkers remains the property of the Company at all times. The Company must carry out the installation of any equipment, and managers must keep an inventory of equipment held by their people.
- ❖ testing of portable electrical equipment (PAT testing) is according to Company rules. The Company arranges, and pays for, all testing and inspection of Company equipment.
- ❖ only Company approved software is used on its equipment.
- ❖ the Company's Intranet/Internet policy applies equally when working at home or at the office.
- ❖ a risk assessment is conducted of the workspace once the equipment has been installed, in order to comply with the Health and Safety at Work etc. Act 1974, and other relevant legislation.
- ❖ a self-assessment is carried out by the employee and will include areas covered under the Display Screen Equipment regulations. The assessment will subsequently be checked by a qualified Company VDU assessor.
- ❖ where it is determined that a dedicated business line, an answering service or an answer phone are needed, mobile telephones are installed at home solely for work purposes, the Company will pay the installation costs, and all rental and call charges, based on an itemised bill.
- ❖ a working protocol is agreed between the employee and his/her manager. This covers:
 - how to plan for the work that they are going to undertake at home;
 - how long people should work at the PC before needing a break;

- how to handle interruptions from within the home and outside the home.
- how to keep focussed in the flexible working environment, when there are opportunities to break the day with leisure time.
- availability of the teleworker to respond to phone calls, and e-mails, promptly.
- guidelines for effective working from home
- the procedure to be followed if an accident occurs or the teleworker becomes ill.
- the procedure to be followed if a problem occurs with the hardware or software.
- staff must ensure they are free to carry out their work at home unhindered by any inadequate or potentially dangerous domestic arrangements. Employees are encouraged to keep any childcare provisions in place.
- advice and sample letters are provided, which employees can use, when writing to household insurers re building and contents insurance, public liability insurance, personal accident insurance, employer's liability insurance, taxation, council tax, mortgage condition and tenancy agreements
- tele-working issues and progress are a standing item on the Distribution Businesses Health, Safety, Welfare and Environment Forum (one of the industrial relations consultative groups).
- to protect the health and safety of staff, managers and safety representatives are available to provide advice. Managers and safety representatives visit from time to time, with reasonable notice being given beforehand, to ensure that a safe working environment is being maintained.
- it is recognised that the representation of tele-workers demands more use of IT media and possible home visits to maintain contact with the workforce and vice versa. Staff representatives and safety representatives are given access to internet, intranet, their Company mobile phones and e-mail in accordance with Company rules and controls in order to maintain appropriate contact with their membership and their own offices.

Conclusions

The Trade unions and East Midlands Electricity are convinced that they are moving forward together in an appropriate way. Words like mutuality, collaboration and gain/gain are the drivers of the attitudes and behaviours being taken. EME and the Unions have made gigantic strides in developing through their normal industrial relations procedures, an agreement which is path finding, state of the art and good for the employees, the Company and the region. However, it has to be recognised that these are early days; they believe they have a high quality agreement, but a high quality agreement only contributes 20% towards its eventual success. Management, trust, common sense, good implementation by each manager with each individual and good administrative support to the whole initiative is essential. Eighty percent of the success and its sustainability will come from Trade Unions and the Company supporting each other with both showing flexibility and respect for each other's needs.

This initiative is in its early days and the Trade Unions and management representatives are continuing with the working group in order to ensure that the collective framework is modified to be even more supportive of the Company and the staff. Regular reviews by the Distribution Business Forum will also be essential to make sure that the messages from the working group are getting round and are being seen as consistent and common-sense when put into play with all other working practices and values. It is interesting to see how appropriate the Company values are to this initiative:

- ❖ **An uncompromising approach to safety, health and environment** – clearly the framework agreement and administrative procedures that support them will ensure that this is the case.
- ❖ **Delivering promises by working together as one team** – management have got to deliver the equipment and the support to staff, so in turn staff are able to achieve and perform using work regimes which they enjoy.
- ❖ **Consistency and fairness in everything** – the same framework agreement and opportunity has got to be given to all employees to try new ways of working. In turn management must expect a fair day's work when staff are away from the office.
- ❖ **Open and honest participation** – this has been essential in the consultation stages between the Company and the Trade Unions but will be even more critical in terms of the individual agreements between managers and staff.

- ❖ **Innovative and positive contributions from everybody** – not all the IT changes are in place at present and some staff are showing amazing levels of innovation in order to have work rounds and make sure that they can utilise the new ways of working.
- ❖ **Enjoying and taking pride in our work** –by getting the right work life balance staff can enjoy and take pride in their work, so that the Company and its staff are more successful, there is less stress and the future is good.

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Appendix A: An employer committed to Work-Life Balance

- ❖ Recognises that effective practices to promote work-life balance will benefit the organisation and its people.
- ❖ Acknowledges that people at all stages of their lives work best when they are able to achieve an appropriate balance between work and all other aspects of their lives.
- ❖ Highlights the employer’s and the employee’s joint responsibility to discuss workable solutions and encourages a partnership between individuals and their line managers.
- ❖ Develops appropriate policies and practical responses that meet the specific needs of the organisation and its employees, having regard to:
 - ❖ fairness and consistency
 - ❖ valuing employees for their contribution to the business not their working pattern.
 - ❖ monitoring and evaluation
- ❖ Communicates its commitment to work-life strategies to its employees.
- ❖ Demonstrates leadership from the top of the organisation and encourages managers to lead by example.

Appendix B

