

TRANSPORT FOR LONDON

RAIL AND UNDERGROUND PANEL

**SUBJECT: LONDON UNDERGROUND EMPLOYEE ENGAGEMENT SURVEY
'SPEAK UP 2009' RESULTS**

DATE: 9 FEBRUARY 2009

1 PURPOSE AND DECISION REQUIRED

- 1.1 The purpose of this paper is to summarise the results from London Underground's annual employee engagement survey (Speak Up). The results provide an overview of the present status of employee engagement and satisfaction across London Underground (LU).
- 1.2 The Rail and Underground Panel is asked to note this paper.

2 BACKGROUND TO THE SURVEY

- 2.1 Speak Up is LU's annual employee engagement survey. It has been running in its present format since 2003. The purpose of Speak Up is to provide LU management with feedback on employee satisfaction and engagement.
- 2.2 The survey, which is anonymous and voluntary, takes the form of a self completion questionnaire. The survey is managed externally by GfK NOP, an independent research agency. This agency adheres to the Market Research Society Code of Conduct and ensures that the survey is conducted in an entirely confidential manner.
- 2.3 The questionnaire is distributed to every LU employee during the first week in September every year (7 September to 16 October in 2009). Employees have a six week period in which to complete and return the booklet in a free post envelope to GfK NOP.
- 2.4 The majority of the questions on Speak Up are answered using a four point agreement scale. Unless otherwise specified, all results referred to in this paper are the proportion of employees who strongly agreed or agreed with each statement on the survey.
- 2.5 The response rate achieved this year was 65 per cent in total 12,837 employees took part. This is lower than the response of 79 per cent achieved last year; however because LU's employee population has increased there were actually 1,543 more responses collected this year. It would be expected that lower returns are received from employees who are new to the survey, and responses from the former Metronet parts of LU are similar to the response rates achieved in the early years of Speak Up. Nonetheless, the results from Speak Up 2009 provide a robust picture of employee views across LU with a confidence interval of +/-0.5 per cent (thus we can be 95 per cent confident that the actual result is within a range of one percentage point).

- 2.6 Results are weighted in line with team headcounts, ensuring that the results reflect real proportions of different types of employees irrespective of different levels of response.
- 2.7 Reports are produced for managers across LU so that they can create local action plans in response to their employees' opinions. To protect respondent anonymity, results are never reported by GfK NOP to LU based on fewer than ten respondents. Results are also used at an LU wide strategic level to inform and monitor the success of people strategies.

3 THE IMPORTANCE OF EMPLOYEE ENGAGEMENT

- 3.1 Employee engagement is central to LU's Transformation Plan. Engagement equates to improved employee performance at work; a large number of external studies show that improvements in employee satisfaction and motivation feed through into improved customer satisfaction and ultimately to financial performance. Good Speak Up scores correlate with good performance at manager level. Without focusing on people and their performance the extra capacity required to deliver the LU's Transformation Plan will be put at risk.

4 PLACING THIS YEAR'S FINDINGS IN CONTEXT

- 4.1 2009 was a year of change for London Underground. Significant organisational change occurred within LU after Speak Up 2008 due to the integration of approximately 6,000 former Metronet (FMR) staff and the ensuing Organisational Change Process (OCP). Caution should be taken when interpreting year on year trends as the populations being compared have changed markedly.
- 4.2 When Speak Up 2009 was conducted the new organisational structure had been implemented, but a number of employees were still uncertain of their position or were in temporary roles. The effects of organisational change can be clearly seen in this year's results; however the overall impact is not as negative as it could potentially have been.
- 4.3 The tight business planning round had led to the cancellation of a number of projects, and messages about efficiencies and budget constraints had been delivered to all employees. A general awareness was building within the business (heightened by the obvious external changes to Britain's economy) that further efficiencies were going to be likely in the coming months. This undoubtedly created some uncertainty within the LU workforce.
- 4.4 There had been no announcement about the Managing Director succession and other leadership changes were starting to happen at director level and within the senior management in Operations.

4.5 In addition, at the time of Speak Up 2009, the pay deal had not yet been finalised, there had not been any confirmation of changes to the bonus scheme for former Metronet employees and overtime was under tighter scrutiny in Operations. Senior management pay had also been frozen.

5 MAIN FINDINGS FROM SPEAK UP 2009

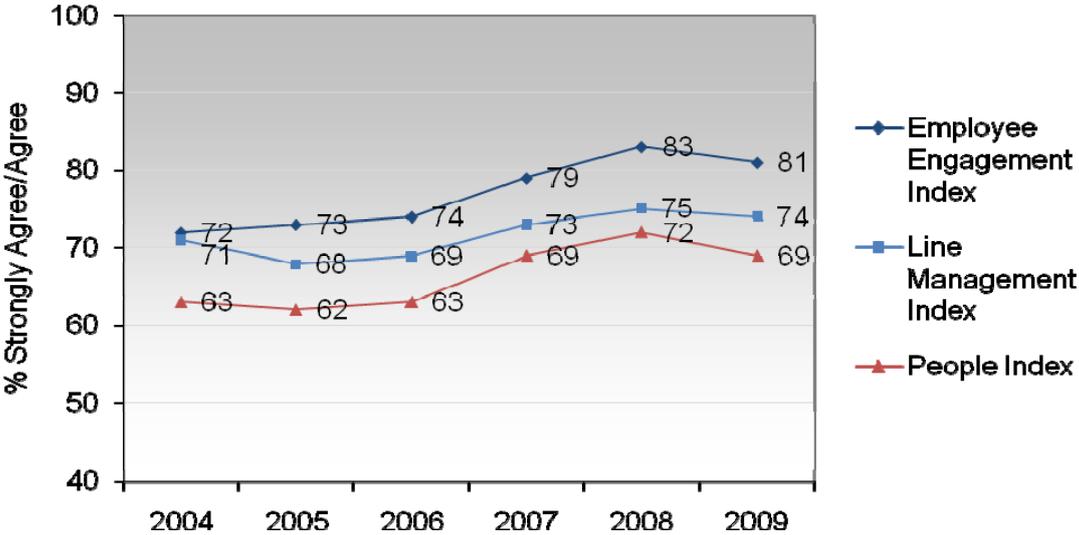
Trends in employee engagement and satisfaction

5.1 Speak Up uses three indices to summarise the high level changes in engagement and satisfaction. Each index is a simple average of a selection of measures from the survey (the indices are defined in Appendix 1):

- (a) the Employee Engagement Index reflects how willing employees are to “go the extra mile” for the organisation, its customers and their colleagues;
- (b) the Line Management Index reflects employee perceptions of their immediate manager; and
- (c) the People Index reflects employees’ immediate job experience and motivation.

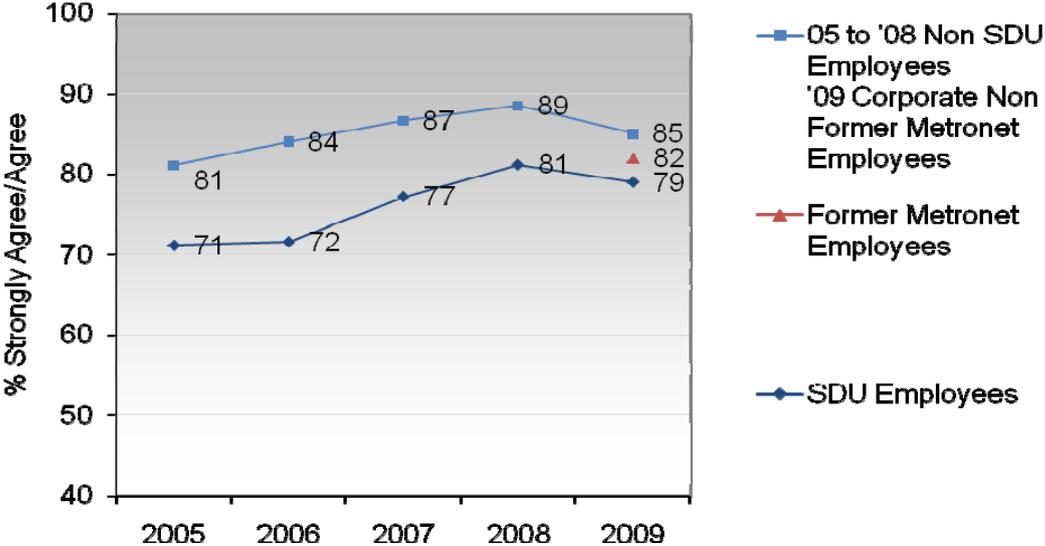
5.2 After three consecutive years of improvement, all the indices have fallen slightly this year, but are still on par or above scores achieved in 2007. Given the amount of organisational change the business has been through in the past year, this is encouraging (figure 1).

Figure 1: Trends in Speak Up index scores



5.3 Figure 2 shows that it was not just the transfer of FMR employees to LU which caused the drop in this year’s results; there have been slight falls in satisfaction and engagement across the whole workforce. FMR scores were not substantially lower than others across LU. There have been decreases in engagement and satisfaction levels amongst corporate employees affected by the OCP and amongst Service Delivery Unit (SDU) employees.

Figure 2: Employee Engagement Index trends across different employee groups



FMR employees are a combination of operational maintenance employees and corporate employees.
 SDU employees are mainly frontline employees working on stations, trains, service control and revenue control.
 Non-SDU employees are corporate employees outside of the SDUs. The figure for 2009 for this group comprises corporate employees who did not work for Metronet last year in order to provide the closest possible comparison.

- 5.4 The pattern of high scoring and low scoring measures is similar to that seen in previous years and is very similar across FMR and other LU employees.
- 5.5 There were only a few improvements in scores this year at an LU wide level. Improvements are not as great as they have been in previous years and many have been influenced by the changes to the employee population.

Leadership and direction

5.6 The majority of employees continue to support LU’s “world class” vision (89 per cent). Support is already high amongst “new” employees joining LU from Metronet (92 per cent of FMR employees support the vision). A large proportion of employees continue to agree that they feel able to directly contribute towards the vision in their job role (80 per cent).

- 5.7 There is less confidence about the leadership and direction of LU this year than there has been over the past few years. There have been large reductions in the proportions satisfied with the leadership of LU (down 9 points to 63 per cent) and that agree there is clear direction for the organisation in the future (down 12 points to 61 per cent). Perceptions of leadership and direction have fallen across all types of employees, not just those affected by the OCP. This suggests that it is also changes to the leadership team and the funding cuts impacting on employees during the past year that are making them less clear about LU's future.

Customer focus

- 5.8 Agreement amongst employees that LU puts the customer first (82 per cent) is high and stable – employees' agreement on this aspect has not fallen during the past year. However, results do indicate that the FMR employees joining LU have less of an appreciation for how their roles impact on the customer (69 per cent of FMR employees feel able to put the customer first in their job compared to 79 per cent of other LU employees). LU's challenge is to ensure a customer focused culture is adopted across the organisation, and that all employees appreciate how their roles impact directly on LU's customers.

Immediate management

- 5.9 Perceptions of immediate line managers have remained relatively stable this year with only a one point dip in the Line Management Index (see figure 1). There has been stability in employees' perceptions that immediate managers tell employees why decisions have been made (73 per cent) and keep them well informed about decisions which affect them (73 per cent) – this is especially encouraging given the amount of change and information immediate managers have been tasked with delivering to their teams during the OCP.
- 5.10 Only two fifths of employees agree that there is a good level of trust between senior managers and employees and senior managers communicate openly and honestly with employees. Agreement with these statements is historically low but has fallen this year (down 6 points). With a heavily unionised workforce, it is unsurprising that these scores remain low, however the OCP and changes to senior leadership teams must also have had an impact this year. It is important that LU retains the positive impressions employees have of their immediate managers and that leaders are seen to communicate clearly and honestly throughout any further period of change.

Company culture

- 5.11 LU continues to achieve low scores for some cultural issues. Just over two fifths of employees feel that people get things done quickly and efficiently (44 per cent). Around half agree that there is effective sharing of information (50 per cent) and that people take personal responsibility for making things happen at LU (53 per cent) or that if something goes wrong, people concentrate on getting it right rather than blaming others (50 per cent). These are aspects which relate to LU's company culture (how things get done at LU and how employees communicate with and treat one another).

Career development

- 5.12 Just under half of LU employees feel that the job selection process is fair (only 44 per cent agree). This is a historically low score, partly because of LU's pyramidal structure which means more people want promotion than there are jobs available. There is a strong culture within LU of employees progressing within the organisation, and the vast majority are interested in developing their careers at LU (84 per cent).
- 5.13 There has been a drop in the proportion who are satisfied with the career development opportunities available to them (down 6 points to 58 per cent this year, the second year in a row it has fallen). Internal vacancies and promotional prospects have been limited over the past year because of lower staff turnover and a freeze on vacancies being filled; employees, especially those working in stations on the lower rungs of the LU promotional ladder, feel they are being delayed in progressing their careers.

Pay and benefits

- 5.14 Satisfaction with pay and benefits has fallen by 10 points to 71 per cent. This reflects both the failure to finalise the current pay deal and some disgruntlement amongst FMR employees about changes to their reward and recognition packages. Disregarding the drop, the majority of LU employees still remain satisfied with their pay and benefits.

Job security

- 5.15 Agreement that LU offers good job security has fallen by 8 points this year, but is still high in comparison to other public sector organisations at 83 per cent. The decrease at LU this year has mainly been driven by a large fall amongst corporate employees affected by the OCP, where agreement is lower than in other parts of the business (72 per cent).

6 LU RESPONSE

- 6.1 During January and February 2010, local managers will be receiving their own results reports and developing local action plans. Around 300 reports are delivered to senior managers across LU. An LU wide action plan is also being developed in response to Speak Up to help to drive employee engagement across the business.
- 6.2 Company direction and leadership are important areas for LU to focus on. LU needs to communicate its strategy to employees clearly in times of economic difficulty and provide direction for the company post OCP. This direction should focus on our strengths – our clarity of vision and our focus on our customers. This process has already started with the new "Our Story" booklets, the CMO Valuing Time events and Valuing Time Local across all lines in Operations.

- 6.3 Cultural issues remain challenges for LU, perceptions about communication, efficiency, the way things are done at LU and of the relationships between LU employees and their partners. These weaknesses support our continued focus on embedding the LU Behaviours across the company.
- 6.4 LU is refreshing its people strategy, including integrating FMR employees into the company. As part of this ongoing work, LU will be continuing to build leadership and management capability across the organisation and working to build capability around performance management and development.
- 6.5 Ensuring that FMR employees feel fully integrated into LU is also a priority. Engagement scores are relatively strong amongst FMR employees, therefore LU should not overlook any best practices which could be learnt from the way things were done at Metronet. The focus on customer service across the organisation could also be a unifying theme for the operational and maintenance functions.
- 6.6 Employees' feedback about the way the OCP was managed indicates that LU should review organisational change policy for process improvements.

7 EQUALITY AND INCLUSION IMPLICATIONS

- 7.1 Agreement amongst employees that LU actively supports equal opportunities has increased by 2 points this year to 76 per cent, so perceptions have held up well. Speak Up results are available split by demographic groupings across LU. These results are thoroughly reviewed and presented to TfL Equality and Inclusion (E&I) and help to inform the E&I strategy and measure the success of E&I policies at LU.

8 CROSS MODAL

- 8.1 Speak Up's sister survey "yoursay" gathers the opinions of employees across other parts of TfL. LU works with TfL to identify common themes from the two surveys and ensure they are addressed at a TfL level where appropriate.

9 RECOMMENDATION

- 9.1 The Rail and Underground Panel is asked to note the report and that LU has sustained high Speak Up scores in a period of change.

10 CONTACT

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Speak Up Index Scores

Index scores are simple averages of the proportion of employees that strongly agreed or agreed with each of the following statements

Engagement Index statements

I am satisfied with my job
I feel motivated in my job
I am satisfied with LU as an employer
I am proud and passionate about LU
I feel a sense of commitment to LU
I support LU's vision

Line Manager Index statements

My manager actively discourages prejudice
My manager treats me fairly
I have confidence in my manager's skills and abilities
Where appropriate, my manager involves me in decisions which affect me
I get help and support from my manager when I need it
My manager keeps me well informed about issues which affect me
My manager is personally involved in improving the quality of my work
There is a good sense of teamwork in my team
I discuss with my manager whether my training meets my needs
I am satisfied with the amount of recognition I receive from my manager

People Index statements

I am satisfied with my job
My work enables me to use my skills and abilities
I am given the freedom to make decisions in my job
I am proud and passionate about LU
I am satisfied with the way I am managed
Overall, I am satisfied with my working environment
I am satisfied with the support I receive on my personal development
The way people are selected for jobs in LU is fair
Overall, I am satisfied with my pay and benefits, given the job I do
I am satisfied with the leadership of the company