

1ST MARCH 2005

ALL MEMBERS IN BUSINESS BANKING

Business Banking: Introduction of New Operating Model

Business Banking has announced major changes that signal the end of 'New World' and introduction instead of a new operating model.

For staff, the key features and effects of the new arrangements will be:

- **The once heralded 'Offers' are to be replaced by a single offer.**
- **Business Manager are to be allocated 'Customer Sets' that will be segmented according to customer turnover or value. Customers will be allocated to one of three categories; Low, Medium or High business turnover.**
- **Direct Business Managers will need to be retrained to deliver the new face-to-face customer offer. In doing so, there will inevitably be a greater focus on sales and pressure to persuade customers of the benefits of the new arrangements.**
- **Business Banking intends to cut the number of frontline staff by around 290 as it attempts to reduce costs significantly. It is also seeking further savings from the closure of BCSU's and the 'downsizing' of other central functions. Staff turnover alone will not match these staff reductions since**

Key issues For Business Banking staff

Job Security, Mobility, Downgradings & Performance

Support From LTU

the areas and roles where staff leave the Bank and those roles identified as surplus will often not coincide.

- **With yet more disruption to Business Banking's activities as it attempts to reinvent itself again, LTU fears there will be an impact upon career development. Once more many careers will have to be put on hold until the new arrangements have settled down.**
- **A Low Turnover Unit (LTU) is to be based at a single site. No decision has yet been reached on where this will be.**

Though the new arrangements will present Business Banking staff with many new challenges, LTU nevertheless believes most will be broadly welcomed by staff as a positive step forward.

Key Issues For Staff

The new Business Banking Operating Model will have a significant effect on staff working across the business unit.

Disruption To Business As Usual & Realistic Performance Management

Many members will recall the disruption just four years ago caused by the introduction of the now defunct 'New World' strategy.

Senior Management has confirmed that it accepts this will again be an issue and has agreed it must be taken into account when setting objectives and reviewing the performance of staff.

LTU has insisted that a realistic approach must be adopted in agreeing Personal Development Plan (PDP) objectives for staff. In particular:

- **Bottom-up targets should be agreed between job-holders and their line managers and reflect the 'opportunity' within their Customer Set. These must not be determined solely by National and Area benchmarks, but instead should also take into account specific issues relating to individual sets and managers.**
- **Sufficient time must be provided to 'bed-down' the new Operating Model. This must be taken into account when assessing - and rewarding - staff performance.**
- **Balanced Scorecards should take proper account of Customer & Service Quality, People Development and Risk; rather than being skewed excessively toward Income and Franchise Growth targets.**

Mobility

Over the coming months, one of the most important concerns for Business Banking staff will be the need for many to transfer to offices nearer their new customer base.

Guidelines on travel and mobility have been agreed between the Union and Bank to provide staff with important protection. These provisions are that:

- **The new journey should be no more than 25 miles or 75 minutes from home.**
- **Personal circumstances must be taken into account where these cause special problems in transferring to the new work location. These might include childcare responsibilities - such as dropping off and collecting a child from nursery - and any other complications arising from a move.**
- **Any additional costs that would be incurred from transferring work location must also be taken into account.**

Under no circumstances should any managers or staff be required to transfer to alternative offices where the journey would fall outside these guidelines.

LTU has told the Bank it would not accept any attempt to water down this protection and has insisted that Area Directors must not deviate from the policy. These guidelines must be treated as being at the 'top end' of what staff should be expected to accept.

Any staff believing they are not being treated fairly should contact LTU's Advice Team on 01234 262868.

Job Security

With Business Banking planning to cut the number of front-line staff by around 290 - and potentially many more staff being affected by downgradings or difficulties transferring between offices - concerns will inevitably arise over job security.

However, if managed sensibly and with full regard to the needs and concerns of staff, this should not be too much of a problem.

It is the Bank's primary responsibility to make every reasonable effort to find a suitable alternative role for those staff displaced by this reorganisation.

'Suitable alternative employment' would be a position:

- **at the same band or level of seniority**
(subject to considerations detailed in the later section '*Transfer To A Lower Grade*')
- **within the skills, competencies and experience of an individual, subject to adequate training**
- **which is a 'proper job' rather than one of only a short-term nature**
- **with the same working patterns**
- **within the recognised mobility parameters detailed earlier.**

If staff are offered alternative jobs that are not close matches to their current roles, they can insist on a Trial Period of between four and twelve weeks in which to decide whether or not the roles are acceptable to them.

Where the Bank cannot find staff positions meeting the criteria of 'suitable alternative employment', it has no option but to offer

Voluntary Severance or Voluntary Early Retirement (VS/VER).

In particular, all staff in Bands 5 and above are automatically entitled to opt for VS/VER as an alternative to downgrading. This is part of an agreement between the Union and Bank that provides protection to staff where a downgrade would result in crossing a 'status break'.

On the other hand, LTU believes that there can be no justification whatsoever for any Compulsory Redundancies arising from the introduction of Business Banking's new Operating Model. LTU would resist any attempts to make staff compulsorily redundant and would insist that measures - such as seeking volunteers for redundancy as an alternative to compulsion - must be exhausted before this be given any consideration.

Grade Drivers

The introduction several years ago of Grade Drivers within Business Banking was initially intended to enable staff to be promoted within their existing role, so long as they could demonstrate the required competencies.

It is unclear how roles within the new Operating Model will be graded. This is something that the Union will be pressing Senior Management on over the coming months.

Where members feel that the level of stretch - including the number and complexity of business customers, lending and lodgements - is not in line with their grade, they should contact LTU's Advice Team on 01234 262868 for guidance and support.

Transfer To A Lower Grade

Where members of staff are placed in lower graded roles - either as a consequence of being

displaced from previous roles or having their current roles downgraded - the following conditions will apply:

- **The new job must be no more than one Band lower than the individual's current job.**

However, where a downgrading means a member of staff will cross a 'status break' (i.e. for Bands 5 and above), the individual concerned must first be offered VS/VER as an alternative to downgrading.

- **Salary will be protected and managed within the new Band. This guarantees annual pay awards of no less than the median movement of their Market Indicator for the three Annual Pay Reviews following the downgrade, regardless of the individual's position against the Market Indicator or Pay Zone.**
- **if an individual's salary is above the**

Market Indicator for the new job after three years following downgrade, he or she will face the likelihood of no pay increase for some considerable time.

Members facing the prospect of being downgraded should discuss their circumstances with LTU's Advice Team.

Overtime Working

Often during reorganisations such as this, staff feel under pressure to work additional hours.

It is important members understand that they can only be expected to work additional hours in exceptional circumstances, and even then account must be taken of their personal circumstances.

Furthermore, where staff agree to work overtime, they are entitled to receive full Overtime Pay.

Managers too cannot be expected to routinely work considerable additional hours. Where this happens members should contact LTU's Advice Team.

Support From LTU

LTU represents over 80% of all Business Banking staff and over recent months has been involved in detailed discussions with senior management to ensure members are treated fairly during and after implementation of Business Banking's new strategy.

Though LTU is broadly supportive of the new arrangements, this is conditional on senior management continuing to give full consideration to the needs and concerns of staff across Business Banking.

The Union will therefore be monitoring developments very closely and will report to you regularly on the implementation of the new arrangements and our discussions with senior management.

LTU welcomes any feedback on developments from members to Steve.Tatlow@ltu.co.uk.

Members in need of individual advice or support should contact LTU's 24 Hour Advice Line Service on 01234 262868.

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