

Informing and consulting your workforce: union-based arrangements at Abbey

Within the Abbey financial services company, consultation with employee representatives takes place at company and business area level, based on a long-standing recognition/partnership agreement with the Abbey National Group Union (ANGU). The agreement was updated in 2003 and the negotiation and consultation machinery adjusted to reflect changes to Abbey's organisational structure. Consultation over the impact of restructuring – a central requirement of the EU employee information and consultation Directive – has dominated Abbey's employment relations agenda over the past two years. The UK's implementation of the Directive raises the question of whether Abbey's

consultation arrangements may need to be adapted to embrace universal elections for employee representatives – participation in the existing machinery is restricted to ANGU representatives. However, both management and the union want to avoid disruption to the current procedures, which they regard as highly effective.

Employment relations background

The Abbey National Group Union (ANGU) is the only UK trade union recognised by the company. The union (see box 2) represents and negotiates the terms and conditions of all UK-based Abbey employees excluding the "director

group" – the company's 60 most senior executives.

The basis of the relationship between the company and the union is a formal "partnership" agreement which has been in place for a number of years and which was updated in July 2003 (see box 3). Both parties see their partnership as the natural development of a positive employment relations climate which dates back 25 years to the initial recognition agreement and which has "delivered results" in terms of a progressive package of employee benefits. This includes a £5.50 per hour minimum wage, agreed in 2002, full parental leave rights for adoptive parents, various family-friendly and work-life balance policies including paid paternity leave, a job security agreement, a basic 35-hour week and, most recently, an equal pay audit. The partnership also generates a range of joint statements and agreed policies. While both parties are committed to working together to resolve disagreements wherever possible, disputes do occur and the union will, for example, actively support individuals in cases against the company at employment tribunals. However, the union has never undertaken a strike or other industrial action.

The July 2003 version of the partnership agreement made no changes in the underlying principles of the relationship but included new material spelling out the objectives of the agreement (see box 3), updated its terminology (e.g. in relation to time off and facilities for ANGU representatives), and codified agreed practice that had evolved,

Box 1 – Company profile

Abbey is one of the UK's leading personal financial services (PFS) companies with more than 18 million customers. It offers a wide range of services, both directly and via intermediaries, including mortgages and savings, bank accounts, loans and credit cards, long-term investments, including pensions and unit trusts, and insurance cover.

Abbey's roots date back to 1849, with the establishment of the National Freehold Land and Building Society. In 1944, it merged with the Abbey Road Building Society to form Abbey National. In 1989, it was the first building society to convert to plc status and to be floated on the London Stock Exchange. Subsequent acquisitions included the National & Provincial Building Society, Scottish Mutual and Scottish Provident.

In 2003, following the announcement of substantial losses, the company relaunched its business and brand. It shortened its name to Abbey and re-focused its strategy on its core UK PFS business. All other Abbey businesses and assets were placed in a portfolio business unit (PBU) and earmarked for sale or closure by the end of 2005. To the end of 2003, the company had disposed of over £48 billion of assets from the PBU, including First National Bank and several businesses in continental Europe.

At the end of 2003, Abbey employed around 26,000 employees (full time equivalent).

Box 2 – The Abbey National Group Union

The Abbey National Group Union (ANGU) started life in 1977 as the Abbey National Staff Association. It obtained a certificate of independence in February 1978. It affiliated to the TUC in 1998, and adopted its present name in 2001. It is a member of the Alliance for Finance, the umbrella group of finance sector unions.

At the end of 2003, ANGU had some 8,970 members (three-quarters of them women), almost all of whom are employees of the Abbey National Group. In recent years ANGU's membership among Abbey staff (excluding executive management) has been around 30% but this density has increased towards 35% as a result of restructuring. The union's top four full-time officials – the general secretary and three assistant general secretaries – are secondees from the company. There are around 60 ANGU lay representatives, including the union's chair and vice-chair, who work for Abbey and undertake union duties in addition to their jobs.

ANGU's single-employer character has been affected to some extent by the transfer or outsourcing of Abbey staff to other companies and the sale of PBU businesses. The union does not always actively seek to retain such staff as members. Thus, while some ANGU members currently work for BT, ANGU would be content for them to join the established telecommunications sector unions. By contrast, ANGU has been derecognised by General Electric following the latter's recent acquisition from Abbey of First National Bank. Abbey's mortgage operations are undertaken as a joint venture with information technology services company EDS, but as this is majority-owned by Abbey, ANGU's position is the same as elsewhere within Abbey.

Box 3 – Key provisions of the partnership agreement

The partnership agreement between Abbey and ANGU was revised in July 2003.

The "shared values and mutual objectives" of the two parties set out in the agreement are:

- "to ensure the efficient and effective operation of Abbey which is in the best interests of employees, customers and shareholders
- to seek jointly ways that maximise Abbey's ability to manage change within the highly competitive environment of the financial services sector and, during a period of rapid technological change, remain a progressive and successful organisation
- to maintain and develop a strong partnership which fosters an environment within which sound employee relations may flourish
- to provide a framework for information sharing and consultation with employees".

The specific goals of the partnership identified in the agreement include "business success", employment security (see box 4), corporate social responsibility, the creation of an "open and honest working environment", and enabling Abbey to "adjust its business at a speed that maintains or improves competitive advantage".

Abbey recognises ANGU as the sole trade union for employees below director group level for the purposes of:

- individual representation (regarding disciplinary matters, managing employee concerns at work, employment continuity/job security and other work related matters)
- consultation with management
- collective bargaining.

The agreement provides that the company "will meet all reasonable requests from the union for disclosure of relevant information for the purpose of effective consultation and for the conduct of collective bargaining except where such disclosure would be detrimental to the commercial interests of Abbey or the individual interests of employees. Abbey will meet its legal obligations to inform and consult with the union in such areas as:

- health and safety
- recent and probable development of activities and Abbey's economic situation
- situation, structure and probable development of employment and threat to employment
- decisions likely to lead to substantial changes to work organisation, employment policies or in contractual relations".

The agreement sets out the consultation and negotiation machinery that operates within the company (see box 5) and includes provisions on mediation and arbitration following a failure to agree, facilities and time off for union representatives and "check-off" (deduction of union subscriptions from members' salaries).

notably in the area of employment security (see box 4).

The company's relationship with ANGU is managed by a partnership coordinator located in the HR department, currently Paul Day. The formal framework for the relationship – a group-level Joint Consultative and Negotiating Committee (JCNC) and several sub-committees – is outlined in the following section and includes a regular “partnership meeting” in the form of the “policies and procedures” sub-committee of the JCNC, which is used to discuss the logistics of the relationship and to provide a forum for updates on HR matters. Senior ANGU representatives are normally briefed by Abbey's chief executive following the announcement of the company's results, and ANGU and management representatives also take part in a range of other meetings and working groups to discuss particular projects, policies and other developments. Paul Day estimates that, on average, ANGU officials probably attend at least one meeting with management four days out of five.

In 1996, the company established a voluntary European Works Council-type consultation body, the European Communications Forum. However, this body has not met for a number of years and, according to management representatives interviewed, the logic for having a European-level body has largely disappeared as a result of recent divestments in Europe.

The consultation and negotiation framework

The unified framework for both consultation and negotiation within Abbey is the Joint Consultative and Negotiating Committee (JCNC) and its sub-committees (see box 5).

The peak, group-level JCNC usually meets at least four times a year. There are also a number of sub-committees of the JCNC that deal with key issues such as

Box 4 – Employment security

A key goal specified in the partnership agreement is “to maintain employment opportunities for existing employees by providing a lifetime of jobs”. There is also a detailed employment security agreement between the company and the union, most recently updated in August 2003.

The job security sub-committee of the JCNC provides the forum for “communication, consultation and discussion between the company and ANGU on all matters concerning redundancy”, including the statutory redundancy consultation procedures. Monthly meetings of the sub-committee discuss all potential redundancies, TUPE transfers and other major reorganisations of work across the business. The meetings are chaired by group employee relations staff and business managers present their proposals to ANGU. Proposals will often come to the sub-committee several times over a period of months as they develop. During consultation over redundancies and redeployment, ANGU officials seek to ensure that the business rationale for the proposed job cuts is sound and the selection criteria are appropriate and fairly applied. Once proposals are set to be implemented, ANGU ensures that officials are present at staff announcements to support their members.

The job security agreement outlines how staff will be treated if their jobs come to an end (or move to a different location beyond reasonable traveling distance from home). Although continued employment is not guaranteed, the emphasis of the agreement is on redeployment within the company where possible. Affected employees are considered for other suitable jobs within Abbey ahead of other internal and external applicants and financial support is provided with relocation or travel costs. The company seeks to match the skills of employees at risk of redundancy to any vacancies that are available. If staff are appointed to a new job which is not equivalent to their old one it will be offered on a trial basis. If the new position proves unsuitable, and Abbey still does not have an equivalent role to offer the staff concerned, they are entitled to leave with a redundancy payment. Where no suitable job is available, staff receive twice the statutory notice period, 3.25 weeks' severance pay for each year of service up to a maximum of 104 weeks, and outplacement support.

Specific problems with the application of the job security procedures may result in formal appeals. The agreement provides that these are heard by a panel of three senior managers, including one from the HR division who chairs the meeting. Employees may be represented by an ANGU official or may be accompanied by another Abbey employee or a representative of another trade union.

health and safety, job security and pay and conditions, as well as divisional or “business area” sub-committees reflecting the business structure of the company. A crucial feature of the existing JCNC framework is that the employee participants are solely ANGU representatives. The union side of the JCNC is made up of the national officers plus representatives from the ANGU national executive committee. On the business area sub-committees,

representation comprises one national officer along with employee representatives from the business area concerned, elected by ANGU members.

In some larger business areas there are additional, lower levels at which regular consultation takes place. Within customer sales, for example, there are specific consultation meetings for the branch network and beneath that for each sales region. In the joint venture with EDS there is one

committee for each of the three major sites.

The JCNC itself deals with group-wide issues and the annual pay review, as well as reviewing unresolved items from sub-committee meetings. Key union concerns are also raised here, i.e. at the highest level within the organisation.

Outside the union-based consultation and negotiation structures, there are a number of company-wide communications initiatives that involve all employees in the business (see box 6 for details).

Negotiation and consultation in practice

Broadly speaking, negotiation takes place within the JCNC and its policy sub-committees, while business area sub-committees are essentially a forum for consultation.

The bargaining agenda

Agreements reached at the group JCNC are jointly communicated to all staff by the company and the union. During 2001-2003, examples of topics on which agreements were reached included:

- annual pay reviews
- leave entitlement
- car mileage rates
- meal, out of pocket, call out and branch key-holder allowances
- the policy implications of a pilot on franchising branches
- maternity returners' bonus (paid for two years to those returning from maternity or adoption leave)
- company policy on pension provision following the closure of Abbey's final salary pension scheme to new entrants

Box 5 – The Joint Consultative and Negotiating Committee structure

The company-wide Joint Consultative and Negotiating Committee (JCNC) consists of up to five members representing management and up to five members from ANGU. Additional attendees are permissible by agreement between management and the union. The chair and secretary of the JCNC are appointed by management. Meetings are usually held at least four times per year. Additional meetings can be called by either side giving two weeks' notice.

Sub-committees of the JCNC undertake more detailed discussion of specific matters and/or matters affecting specific business areas. The scope of each sub-committee is agreed between the company and the union. There is a company-wide health and safety sub-committee, a job security sub-committee, where any potential redundancies or TUPE transfers are discussed, and a pay and conditions sub-committee where most pay negotiations and activity on equal pay is undertaken. A policies and procedures sub-committee has the remit of keeping the overall partnership between the company and the union under review.

There are also a number of divisional or "business area" sub-committees corresponding to Abbey's business structure in which union representatives and senior management discuss matters affecting those businesses. The number and scope of the business area committees can and do change as a result of restructuring. However, between them they cover the company's entire UK-based operations. The current business area sub-committees, following reorganisation in mid 2003, cover:

- customer sales (branches, telephone and internet banking)
- customer propositions (marketing)
- customer operations
- the IT division
- central division, HR division and secretariat
- the portfolio business unit.

The agreement includes a template for the constitution of the sub-committees. Meetings are attended by up to five union representatives (national officers and representatives from the relevant business area) and up to five management representatives (normally including the director of the business area or a nominated representative and a group HR representative). The sub-committee chair and secretary are appointed by management. Meetings will generally be held four times a year, but their frequency depends on the matters to be discussed. Minutes of meetings are agreed by management and the union and are reported to the following JCNC meeting.

The template states that matters for discussion at JCNC sub-committees "may include business performance, plans and strategy, change management plans and progress, managing diversity [and] employee analysis (e.g. staff turnover levels)".

With the agreement of both parties, matters discussed at the business area level can be referred to the JCNC. The JCNC and relevant sub-committees are the forum for both consultation and collective bargaining, but the agreement does not differentiate between the two processes. Beyond referring to "issues concerning employees", the agreement does not identify the subject matter for collective bargaining, nor does it identify topics appropriate for consultation.

Box 6 – Wider employee involvement practices

Abbey operates a range of direct communications and employee involvement initiatives. Among other things:

- team meetings occur regularly for two-way communication between managers and their team members
 - the company's intranet system contains a wide range of information ranging from corporate announcements to departmental news. On occasions when there have been rumours or media speculation about takeovers, the company has used its intranet to explain as much as it is able to about what is happening
 - a majority of employees own shares in the business and/or save for share options, and therefore receive shareholder information about company performance
 - bonus payments are made to employees if the business performs at or above its targets, so information on performance is regularly provided
 - a staff TV channel includes programming, updated weekly, that advises employees in the branch network and other retail sites on issues affecting the business
 - a bi-monthly magazine is sent to all employees
 - significant announcements are cascaded to employees through the management hierarchy
 - evening "Talk" sessions are held where executives answer staff questions
 - Abbey undertakes and publishes annual employee opinion surveys.
- a charter on call centre standards, developed by a joint working group of union and company representatives
 - lifelong learning provision
 - late retirement
 - employees' right to request flexible working patterns.

According to management and union representatives interviewed, annual pay reviews usually start in an informal and open way but are concluded by formal negotiations. The company compares salary ranges and anchor points within them with pay levels within the financial services sector more generally to ensure they are aligned with the market. ANGU general secretary Linda Rolph believes that the union needs to be more rigorous in checking Abbey's market comparisons. The annual pay agreement is not put to a ballot of ANGU members for endorsement. The "failure to agree" procedure – referral to mediation or arbitration – has not been used for some 15 years.

Handling restructuring and redundancies

For the past two years, employee relations within Abbey have been dominated by the impact of extensive restructuring. While Abbey's UK PFS business remains profitable, losses on the sale and wind-down of businesses outside UK PFS led to total group losses

of £984 million in 2002 and £686 million in 2003.

Since the second half of 2001, most members of the Abbey board, including the chairman, chief executive and finance director, have left; only two of the previous executive directors remain. The next level of management – the director group, the only employees that ANGU does not represent – has also undergone significant change. Following a review of the director group undertaken in the second half of 2003 a significant number of roles were removed or changed and, as a result, some executives left the company and others were brought in. In the second half of 2002, as the scale of the financial problems facing the company became apparent, Abbey initiated a cost reduction programme under which each of the company's businesses was required to come up with significant cost cutting plans. These entailed substantial redundancies or redeployments, affecting over 760 staff according to union calculations at the end of January 2003. ANGU saw the redundancies as "paying the price for the downturn in Abbey's profits, brought about by the wrong decisions being made at the top". It sought to ensure that any management proposal for restructuring was "robust" and had a "clear business rationale". Contested redundancies were

dealt with under the job security agreement and the union reported a number of successes at job security appeals. Overall, ANGU leaders felt that their input had contributed to keeping job losses to a minimum.

Abbey's new strategy, announced in February 2003, has involved more substantial restructuring, including the disposal of non-core businesses to focus on mortgages, savings and investments, and the rationalisation or outsourcing of other operations.

The disposal of assets has included the sale of First National Bank to the consumer credit business of General Electric, Abbey National Bank Italy to Unicredito, and Royal Saint George Banque in France, also to General Electric. Dublin-based Scottish Mutual International and Scottish Provident Ireland were closed to new business in April 2003. In May 2003, Abbey announced that First National Motor Finance was to close to new business and would be wound down over the following two to three years with the loss of 650 jobs. In July 2003, the company announced the closure of the call centre and back office operation in Romford which services its private banking arm, Cater Allen, and the transfer of its work to offices in Sheffield and Bradford, affecting some 230 staff.

In May 2003, the company

initiated a major restructuring of its branch network, involving a reduction in the number of management roles, the return of the role of branch manager, which it did away with four years previously, an increase of 600 customer-facing staff and about 250 net job losses. The changes required more than 2000 employees to re-apply for the available jobs.

All the domestic changes outlined above were discussed with ANGU in line with established procedures, with regular meetings taking place on job security/organisational change. Through highly critical of past management strategies that had resulted in the restructuring plans, ANGU's approach to their detailed application was pragmatic. Linda Rolph points out that Abbey staff and the union have been used to an almost constant process of organisational change over many years, though the pace and scale of recent upheavals have been unprecedented. In respect of the branch network reorganisation, ANGU was heavily involved in discussion of the processes of re-applying for jobs/selection for redundancy. According to Linda Rolph, ANGU "achieved significant changes in management's approach" in intensive talks involving weekly meetings with management, initially held outside the job security committee. How to ensure appropriate job matches for affected staff was reportedly the key issue.

However, the most contentious of Abbey's restructuring proposals has been the initial outcome of the company's "sourcing review", announced in January 2004. This reflected both the scale of the job losses involved (a total of 1000-1400) and the sensitivity of the issue of "offshoring" for ANGU.

On 14 January 2004, Abbey announced that in future its customer operations business would be based around five core locations in the UK: Belfast, Bradford, Glasgow, Milton Keynes and Sheffield. The company argued that fewer, larger sites would release financial resources, allowing it to invest £25 million in the core locations over the next three years, and was part of its

strategy to improve service quality and cost effectiveness.

With Glasgow identified as one of Abbey's core locations, the company announced it would be consolidating its long term savings and protection work there and that its offices in Edinburgh would close by the end of 2004. The move will affect 900 staff, including some 730 who work for Scottish Provident, taken over by Abbey in 2001. Telephone banking operations are also being transferred to the core locations and, following the completion of a pilot scheme in India, some telephone banking work is transferring to India on a phased basis. As a result, Abbey's Derby and Warrington sites will close by the end of October 2004, and the telephone banking work currently carried out by customer operations staff in Bradford will also cease.

During the preceding discussions with management, ANGU maintained its view that the transfer of jobs abroad would be "wrong for employees, customers and the UK". It issued a press statement expressing "disappointment" at Abbey's decision to proceed with plans to offshore work to India. The union said it welcomed the company's investment plans and its commitment to jobs in Belfast, Bradford, Glasgow, Milton Keynes and Sheffield but "we are against any work being offshored". However, as the company had insisted on proceeding with this initiative, the union had negotiated a range of measures to minimise the impact on its members and maximise their opportunity for redeployment within the company. ANGU similarly expressed "disappointment" at the announcement of the closure of Abbey's operations in Edinburgh: "ANGU are committed to supporting all of our members affected by this decision and in doing so we have negotiated enhanced support for redeployment within the company, which goes beyond our job security agreement with Abbey."

According to Abbey management, discussions with ANGU on offshoring began after the February 2003 results were announced and involved an "open and honest

assessment of the available options". In the autumn, Abbey began a pilot programme involving the outsourcing of back office work to India in association with US-based company MsourceE. In December, prior to the public announcement of the move, ANGU and the company issued a joint statement containing commitments by the company that:

- employees affected by offshoring or the "co-location" of UK sites would have at least six months' notice if their job was to end
- redundancies would be reduced by means of a recruitment freeze and the release of agency employees
- Abbey would "make every effort to make another job available" to those affected and provide help with relocation.

Coinciding with the public confirmation of the move, Abbey and ANGU announced that, following consultation, they had agreed enhanced measures to support individuals directly affected by the sourcing review, going beyond the standard arrangements contained in the job security agreement. Among other things, the company agreed that:

- a full relocation package will be available to those with redundancy payments of more than £10,000, and relocation costs of between £8,000 and £10,000 in other cases
- additional travelling costs will be reimbursed over three years at 100% for years 1 and 2 and 50% for year 3
- flexible working arrangements will be applied "imaginatively and sympathetically". Where business needs permit, staff will be allowed to work compressed hours (e.g. working their contractual hours over four days rather than five days per week or nine days over two weeks)
- company-provided transport to another site will be considered as an option where feasible.

The company also met informally with officials of the trade union Amicus to brief them on the background to the closure of its Scottish Provident offices in

Edinburgh. Amicus had been recognised for some employees by Scottish Provident, but had been derecognised by Abbey following acquisition, though Abbey management had agreed to continue an informal dialogue with the union in respect of former Scottish Provident employees. (Amicus, then known as MSF, had also been derecognised by Abbey when it acquired Scottish Mutual in 1992.) Partial information about the sourcing announcement had leaked to the Scottish media a few weeks before the meeting with Amicus and as a result the union had initiated a high-profile media campaign against the move. According to Abbey management, talks with Amicus ended prematurely and Amicus declined the company's offer to be present at the announcement to Edinburgh staff.

Key operational issues

Training

ANGU representatives who are non-secondees are usually sent on TUC courses for employee representatives. The company and ANGU are also attempting to identify company training that will develop the competencies that union representatives need.

Abbey's HR department recognises the need to raise managers' awareness of the types of issue requiring information and consultation and improve their skills in respect of undertaking consultation, but Abbey's management development programme is not specifically tailored to handling consultation and negotiation.

However, some joint training has taken place for managers and ANGU representatives on partnership and consultation issues to encourage best practice. Paul Day comments that the joint nature of such training – "getting union reps and managers in the same room" – is important in reinforcing the partnership basis of the relationship.

Facilities and time off for employee representatives

ANGU's lay representatives have access to company facilities, such as rooms for meetings and the use of information and communications systems, and are entitled to

reasonable paid time off, subject to agreement from their line manager, to enable them to carry out their duties.

Problems are sometimes reported by local managers whose staff become ANGU representatives. Time off and reduced performance targets for the representative are not reflected in the targets for the business unit and the manager concerned, which can sometimes lead managers to resent the presence of an ANGU representative on their team. Moreover, the representatives' duties may sometimes focus on higher-level developments so the reasons for their absence from the office may not always be apparent locally.

Agenda-setting

As noted, the partnership agreement does not identify "no-go areas" for the JCNC and its sub-committees. According to HR managers, the nature of the relationship is such that the company is prepared to talk about "more or less anything" except individual issues at formal meetings. Agenda items are identified both by management and by union representatives.

Confidentiality

Neither HR management nor union representatives interviewed considered confidentiality to be a major problem. Paul Day notes that confidentiality is a worry for some line managers but no problems had been traceable to breaches of confidence on the part of union representatives. Significantly, ANGU had not been blamed for the leak to the Scottish media of a company document on the closure of the Edinburgh offices ahead of the planned official announcement. Informing staff about acquisitions and disposals is potentially the biggest problem area, given the price-sensitive nature of the information involved. But, in general, the single-company nature of ANGU means that Abbey management is more willing than other similar companies to share information with union officials.

Feedback from consultation meetings

Reporting back to Abbey staff usually takes the form of company

announcements to employees (discussed with ANGU) or the publication of joint statements on agreements reached via the JCNC. The outcomes of the negotiation and consultation processes are given prominent and extensive coverage in ANGU News, the union's bi-monthly magazine. Although only a minority of Abbey staff are members of ANGU, many non-union members reportedly rely on the union for information. However, ANGU cannot provide a formal conduit for information to all staff.

Consultation at workplace level

Local consultation is often informal in nature and depends on the level of activity of local union representatives and local management approaches. The business area sub-committees of the JCNC are organised along business-stream lines and do not relate to single geographical sites. The union's national leadership is directly involved in almost all consultation within Abbey. Where there is business/geographical alignment, e.g. the mortgage centre in Southampton, local consultation is reportedly most likely to be effective and formal consultation meetings occur.

Assessment and future prospects

Abbey's longstanding, union-based negotiation and consultation arrangements have evolved over time and are reported by both management and union representatives to work highly effectively. The current partnership framework was comprehensively updated in 2003 and the coverage of the JCNC business area sub-committees was adjusted to match changes in Abbey's corporate structures. The monthly meetings of the policies and procedures sub-committee provide an important forum for the overall co-ordination of the company-union relationship. According to Paul Day, discussion within this meeting can cover any aspect of employment relations within the company, enabling both sides to "fly kites" and engage in informal consultation.

The scale of recent and continuing restructuring within the company has provided a stern test of the partnership arrangements, but management representatives stress that Abbey has maintained its commitment to proceeding by consultation and has engaged in “a very open dialogue” with ANGU about the pros and cons of the available options. Though highly critical of certain company strategies, the union too is largely satisfied by the way in which the negotiation and consultation machinery has operated. Although Linda Rolph comments that “Abbey is no different to any other company in trying to do things without discussion if it can”, the union points to the value in current circumstances of its job security agreement with the company and to the additional safeguards it has secured in negotiations with the company for staff affected by Abbey’s offshoring and co-location plans during 2004.

The strong commitment to partnership and consultation at group level is not necessarily replicated at branch office level. Both head office management and ANGU have some concerns that centrally-agreed policies may not always be effectively implemented at lower levels. Moreover, Abbey’s December 2003 employee opinion survey, taken at a time of considerable uncertainty, suggests a generally unenthusiastic assessment on the part of employees. A majority of respondents agreed that the company kept them informed about its corporate strategy (61%, 11% more than the December 2002 figure) and was committed to improving communication with its employees (55%, up 3%). However, fewer than half of the respondents expressed satisfaction with their involvement in decisions affecting their work (47%, down 6% on the previous year), and only 36% (down 3%) thought the company was genuinely interested in involving employees in the process of change. In terms of staff perceptions of ANGU, Linda Rolph comments

that while the old staff association used to be seen as a company “puppet”, ANGU is perceived as a more independent, effective body as a result of its TUC affiliation and its willingness to be critical of company plans. Abbey HR managers also believe that the union is “respected by Abbey staff and acts effectively on their behalf”. Nevertheless, maintaining full coverage by ANGU’s network of lay representatives is problematic, especially in newer establishments, and ANGU has little by way of full-time officer resources to plug gaps. Abbey management has also tried to encourage staff to stand as union representatives but it has sometimes proved difficult to find volunteers. During the present restructuring, the union has been critical of the scale of the job losses but not entirely unhappy about the company’s new strategy which prioritises the core parts of the business, which also tend to be the union’s “heartlands”. This will enable the union to focus on its own core areas of the business as well – and the level of ANGU membership as a proportion of all Abbey staff, traditionally only around 30%, has been increasing as a result of changes.

A key issue for the future concerns the implications of the UK’s Information and Consultation of Employees (ICE) Regulations for union-based consultation arrangements such as those at Abbey. Management initially felt that the EU information and consultation Directive might call into question Abbey’s reliance on union-based procedures, and that the company was likely to have to establish arrangements to gauge the views of the 65-70% of employees who are not ANGU members. But following assessment of the draft Regulations, and in the light of the major restructuring currently underway, Abbey favours retaining the existing arrangements. While the existing consultative structures are comprehensive, covering all employees but the most senior management, and could be readily

adapted by moving to universal elections for employee representatives, there have reportedly been very few complaints about the current arrangements. Senior Abbey HR manager Alison Rumsey suggests that this may reflect a recognition that ANGU provides “skilled negotiators” and a “quality service”.

For its part, ANGU is firmly opposed to the participation of non-members in Abbey’s consultative structures. Linda Rolph argues that the union-based system ensures that Abbey staff are effectively represented. Her worries about the prospect of non-union representatives include their performance, independence and the danger that they will pursue “personal issues” rather than speaking on behalf of their constituents. While ANGU should be well placed to maintain a leading role if universal information and consultation arrangements were to be introduced within Abbey, both management and ANGU are aware that opening up Abbey’s consultative structures to non-ANGU representatives could provide an organisational foothold within the company for rival unions recruiting in the financial services sector, despite Abbey’s sole recognition of ANGU.

Both parties take the view that it is unlikely that at least 10% of Abbey’s UK workforce would seek to trigger negotiations on new information and consultation arrangements under the ICE Regulations. Abbey’s response to the introduction of the Regulations in March 2005 is therefore likely to be to stick with current arrangements in the belief that they have a proven track record and the broad support of Abbey staff.

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



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ISBN 1-902922-11-5