raising performance
through workforce
engagement

Partnership at HBOS

Case study researched and written by
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with a foreword by Nita Clarke

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Foreword

The IPA is delighted to have been asked to produce this case study of the partnership agreement between the Accord and Unite trade unions and HBOS Group plc. We explore the origins of the agreement and the journey to full partnership between the unions and the company and make an in-depth assessment of the impact of the agreement on union, company and workforce.

The case study demonstrates just how significant an agreement this is. The considerable gains for the unions in terms of membership growth and strategic influence over the company were matched by the importance of the agreement for the company in managing unprecedented change while taking the workforce with them. The HBOS partnership approach both underpinned and made possible the company's successful employee engagement strategy which was a critical component in its retail strength.

Crucially, the partnership approach continued to benefit the workforce and HBOS as the financial crisis unfolded, sustaining staff confidence and morale and enabling workplaces to continue to function effectively as the company itself was taken over by Lloyds TSB and merged into the new Lloyds Banking Group (LBG).

This has been a successful partnership in which each of the parties has fulfilled many of their original objectives. The challenge now for Accord and Unite is to mainstream this approach, and deliver the many benefits it has brought staff, across Lloyds Banking Group. The challenge for LBG is to understand the major benefits partnership working brings, how it can enable the company to respond effectively to the new commercial landscape and to develop a company-wide employment relations approach based on these principles.

Nita Clarke
IPA Director

Executive Summary

This case study describes the unique partnership between Accord, Unite and HBOS.

The journey to partnership

- The partnership emerged following the merger of Halifax and Bank of Scotland as a means of building a productive relationship between Accord and Unite.
- The company pursued partnership as a means of streamlining the industrial relations processes, engaging the workforce, and managing change more effectively.

The partnership agreement

- The partnership agreement was signed in July 2007 by representatives from HBOS, Accord and Unite.
- The agreement recognised the legitimate but differing interests of the unions and the company but the commitment of all to work for the success of the company. The unions were recognised as partners in the process of change.
- A unique feature of the agreement is the commitment of all parties to raise union membership to 70 per cent. The company agreed to contribute to this effort through resources and advocacy.
- The agreement extended the scope and reach of consultation throughout the company.
- The two unions agreed on the balance of representation on sites where both had members, and for the purposes of consultation and negotiation, wherever possible, to speak with 'one voice'.
- The agreement placed emphasis on the responsibility of the unions to ensure that representatives were well trained and had sufficient knowledge of the business area to represent effectively.

Implementation

- The challenge for the unions and company was to extend the partnership throughout the organisation. This was principally achieved through an extensive training programme for representatives and their managers which began in 2008.
- The company fulfilled its obligation to support union membership by reimbursing the first six months' union subscription fees for new members who agreed to join one of the unions prior to the commencement of their employment. All new employees received membership application forms with their contract of employment.
- This enabled the unions to shift resources from the recruitment of new employees where turnover was high (e.g. call centres) into infill recruitment and servicing in other parts of the Group.

Impact and Benefits

- The process of signing and implementing a formal partnership agreement raised the profile of the unions and extended the reach of the partnership. Senior business leaders and line managers were engaged in the partnership.
- The partnership increased the access that the unions had to senior business leaders and the trust and relationships established through the partnership process gave the union regular opportunities to voice the concerns of their members.
- The strong support of the business leaders for union membership and partnership helped legitimise the role of the union, encouraging managers to engage with them. Membership also increased.
- The company gained a more efficient and less resource intensive approach to industrial relations, and the improved skills and status of representatives meant that more issues could be resolved at workplace level.
- The partnership increased the company's capacity to manage change. Early consultation helped ensure that problems were anticipated, increased staff buy-in and gave the unions opportunities to influence the outcome.
- The partnership was seen by the company as an important means of engaging the workforce, providing a way for employees to communicate with their managers and the company and reassuring employees that their efforts would be rewarded fairly.

Sustainability

- Since the partnership was signed HBOS has undergone significant change as a result of the financial crisis and the takeover by the Lloyds Banking Group. However, the partnership is still in place and in the brief period before the takeover much was done to embed the partnership. The ongoing training programme has helped expand the group of partnership stakeholders making it less dependent on a few individuals.
- The contrasting industrial relations culture in other parts of the Lloyds Banking Group and personnel who are unfamiliar with working in partnership could pose a challenge to partnership. The activities of another union outside the partnership could also diminish the value of the partnership to the company.

Conclusions

- This has been a successful partnership in which each of the parties has fulfilled many of their original objectives. The company was able to move quickly and deliver significant change while taking the workforce with them.
- The unions extended their access and influence and had the interests of their members considered at the highest levels of the company.

Introduction

This case study reviews the partnership agreement signed by HBOS, Unite and Accord in July 2007. It discusses the process leading up to partnership, the implementation of the agreement and the impact on the working relationship between HBOS and Accord and the HBOS employees. It also assesses the sustainability of the partnership through the financial crisis and the consequent takeover of HBOS by Lloyds Banking Group.

HBOS

Halifax began as a permanent building society and maintained that status from its foundation in 1852 until 1997 when it became a plc. During the 1990s Halifax expanded through a series of acquisitions and mergers, including the Leeds Permanent Building Society in 1995, Clerical Medical in 1996, Birmingham Midshires in 1999 and finally it merged with Bank of Scotland in 2001 to form HBOS.

At the point of signing the agreement, HBOS was a FTSE top 10 company, employing 65000 people in the UK. In 2007 they employed 8901 people in Corporate Banking; 6141 in Group; 5313 in Insurance and Investment; 44689 in Retail; 30 in Strategy and Operations; and 1117 in Treasury and Insight. It was one of the largest retail banks in the UK and the biggest mortgage lender.

The financial crisis of 2008 had a significant impact on HBOS, leading to its acquisition by Lloyds TSB Group plc to form the Lloyds Banking Group in January 2009. The brands remain distinct.

Accord

Accord began as the Halifax Building Society Staff Association. It gained its certificate of independence in 1978. The staff association then changed into the Independent Union of Halifax Staff in 1994 and affiliated to the TUC in 1996. Following the merger with the Leeds Building Society, and the acquisition of Clerical Medical, the Halifax union incorporated the two respective staff associations. The Independent Union of Halifax Staff was renamed Accord in 2002.

Until 2001 Accord was the only union recognised in the Halifax. However, UNIFI (Later Amicus and then Unite) was recognised in the Bank of Scotland, and maintained that recognition through the merger with Halifax.

Lloyds TSB also recognised Unite, but in addition, recognised a non-affiliated trade union, the Lloyds TSB Group Union (LTU). There are now four unions recognised in the Lloyds Banking Group; Accord, LTU and Unite and GMB.

At the time of the partnership agreement, Unite and Accord had approximately 50 per cent of HBOS employees in membership between them.

The Journey to Partnership

Unlike many other partnerships, the HBOS/Accord/Unite partnership was not born of a crisis. Industrial relations between the unions and the company were broadly positive and, particularly within the Halifax part of the HBOS Group, progressive and cooperative ways of working were already well established at a senior level. The partnership emerged initially as a means of finding an agreement between the two unions following the merger of the Halifax and the Bank of Scotland. A government agenda favourable to partnership, and a number of champions within the organisations, helped ensure that this became more than just a recruitment agreement between Accord and Unite.

Although the union to union relationship may have been the trigger for the journey towards partnership, as HBOS chief executive at the time of the partnership agreement, Andy Hornby, acknowledged, “there was a real business interest in developing this approach.” In common with many other partnerships, the company wanted greater flexibility and continuous improvement and acknowledged that achieving this would require cooperation between the company and the unions. In the dynamic financial services sector, being able to adapt quickly is crucial for success.

The company had already experienced dramatic change in the 1980s and 1990s as the regulatory environment in financial services changed, innovation increased and the company rapidly expanded. Indeed, it was this experience of Accord and Halifax working together through these difficult times that helped to forge the relationships and culture of working that would eventually lead to the partnership agreement, according to the Accord general secretary, Ged Nichols.

Accord had shown its ability to maintain confidentiality, understand the business environment and be part of the change process rather than an obstacle to it. They had built a good relationship with the chief executive during this period, James Crosby, who saw the union's potential as a strategic partner. At the Accord biennial delegate conference of 2006, Crosby publicly laid the ground for partnership by confirming the importance of the union as a partner in the success of the company and the need to alter the perception of representatives, so that becoming a representative would become part of the career development pathway.

From Accord's perspective, partnership was initially a way to create a more productive working relationship with Unite. The recognition agreements following the merger meant that each union was recognised across the whole of the business, opening up the possibility for competition to emerge between them. This situation had already created some tensions as each union sought to grow their membership through recruitment activities. Both Unite and Accord were aware that valuable resources were being spent competing over members, rather than increasing their overall influence in the company.

The newly merged company also had an interest in bringing together the unions in partnership. Consulting and negotiating with two unions required far more time and resources than dealing with one. Not only that, but the two heritage companies had very different company and industrial relations cultures. According to David Fisher, the group HR director, partnership was as much about creating a joint culture for the new organisation.

According to Unite, the move towards a single industrial relations culture brought important gains. The union had previously operated on less favourable terms within Bank of Scotland than Accord had within HBOS. Following the merger, Unite was able to push for a formal agreement with the company on representation, which until that point they had been without. According to Unite national officer Gwyn Bates, the merger and partnership development allowed Unite to achieve an equal footing within the new company. The decision to enter partnership was, for Unite, met with some resistance within the union, whose leadership was sceptical about this way of working. That said, Unite did have partnerships with other financial services companies, in particular Barclays Bank plc. For those Unite officials involved in HBOS, the case for partnership was sufficient for them to push for support within the union to proceed.

In July 2006 James Crosby was replaced by Andy Hornby. Hornby had until that point been chief executive of the HBOS retail operations, and then chief operating officer of the HBOS Group. The unions had already had a good deal of positive engagement with him and he continued to support the emerging partnership agenda as chief executive. Although informal partnership had worked well, there was some concern on the part of the unions that this way of working could be vulnerable to changes in personnel at either HBOS or the unions. The agreement was a way of embedding partnership, and widening the group of stakeholders and advocates.

To begin the process of moving towards partnership, the company funded a number of away days, facilitated by the Partnership Institute, in 2005. These brought together officers from Unite and Accord, and business and HR people from HBOS to explore what partnership might offer and begin to negotiate the terms of the agreement. All sides agreed that bringing in a third party in the form of the Partnership Institute was important in maintaining the commitment to the idea of partnership through difficult discussions.

In February 2007 representatives from all parties signed an addendum to the partnership agreement, which set out the actions that would be taken to move 'from recognition to partnership'. The unions were required to agree arrangements for the balance of representation for consultation and negotiation, agree processes for appointing representatives, identify representatives' learning and development needs and implement a membership recruitment campaign. In return, the company agreed to support training and recruitment activities, raise awareness of the partnership among management and roll out consistent consultation and negotiation machinery across the business.

Although the partnership aimed to improve industrial relations at the local level, there was also a process of extending the buy-in to the partnership among the senior leaders within the company. The general secretary of Accord met with members of the executive committee and board to discuss the partnership, what it would mean for the business and the impact of the business strategy on the workforce. The process was valuable in ensuring that workforce issues were firmly on the executive committee and board's agenda, as Nichols describes; "For many it would have been the first time they'd met a union leader in what could have been a thirty year career in banking. And to sit and actually engage with them on the business strategy and what the threats might be down the line, what the respective values were and so on, was important."

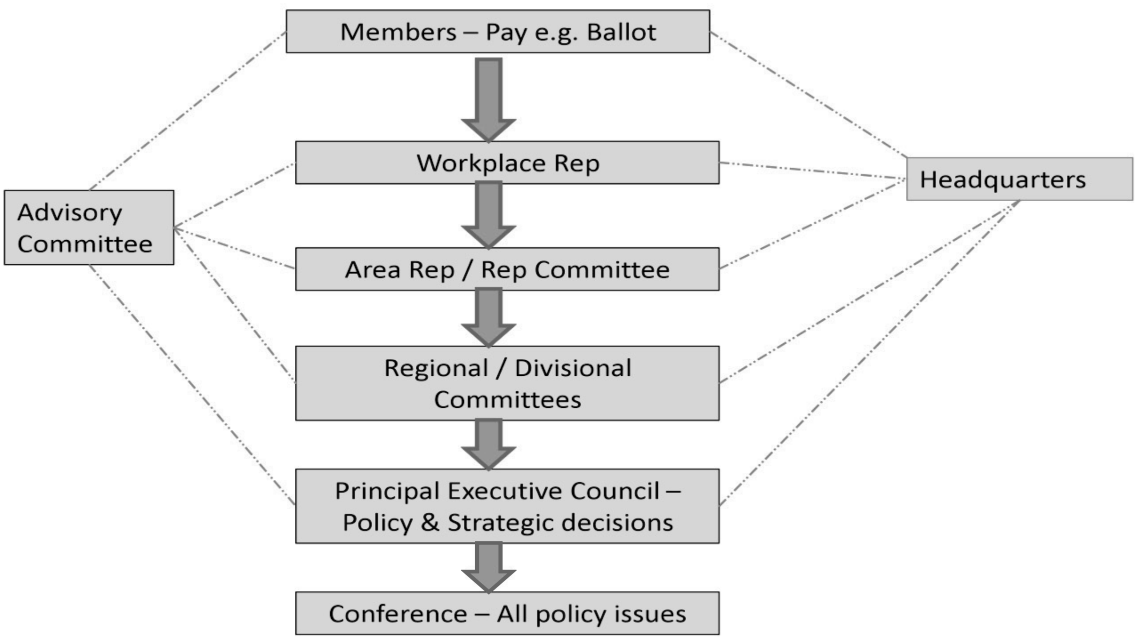

Fig. 1 Structure of Accord

The Partnership

The partnership agreement was principally focused on strengthening the role of the union within the organisation through structured consultation and increased membership, and recognition of the union's aims for employment security, fair rewards and dignity at work, in return for the union's constructive engagement in the success of the company and support in delivering change. The union was acknowledged as 'partners in the process of change'. The annexes to the agreement set out the scope of collective bargaining and time off and facilities for representatives.

The agreement is informed by a rich interpretation of partnership and a full understanding of the conditions required to make partnership meaningful. The agreement itself is not overly prescriptive but it is very detailed in setting out the meaning of partnership and the full obligations that places on each party in terms of the actions, attitudes and behaviours. Expectations that are often only implicit in partnership agreements, such as the aim of reaching 'win win' outcomes in negotiations, the union committing to the long-term success of the company and the differing but legitimate interests of the parties, are made explicit here. The agreement also goes further than might be expected in holding the company to a set of employment principles. Although it acknowledges a manager's right to manage, the employment principles address dignity at work and the quality of work and management which employees can expect.

A notable feature of the agreement is the company's commitment to help raise union membership. Increased union membership is listed under the 'common objectives' section of the agreement, and a specific target of 70 per cent of the eligible workforce is set. The company agrees to 'raising trade union awareness amongst managers and colleagues, and will encourage colleagues to join unions, play an active part in them, and emphasise the importance of TU representatives as a resource.' Higher membership, from the company's perspective, was helpful in ensuring that the unions could legitimately articulate the views of the entire workforce, not just the disaffected, and deliver on their responsibility to help bring all employees through organisational change.

The company was not just aiming for quantity of union members, but quality of representatives too. The competency of representatives was seen as directly relating to the extent to which their role was valued, and this in turn made partnership at the local level possible. The company set out its expectation that the union would provide suitably skilled and qualified representatives for meetings and in return, the company would support time off with pay for training and qualifications for representatives. The agreement restated that becoming a representative should be seen as a career development opportunity.

Union representative role profile

Job purpose:

To work with the support of HBOS to establish strong union membership, while seeking to represent member's views in a balanced and constructive manner through active and early dialogue with managers and HR colleagues. Able to influence management decision-making process, engaging in joint problem solving when appropriate.

Accountabilities:

- Always acting in accordance and in the spirit of your union's constitution
- Supporting members to the best of your ability, seeking an effective solution at a "local" level whenever possible
- Working on developing an understanding of HBOS policies and procedures
- Displaying a positive and enthusiastic image when representing your union
- Attending relevant meetings with your union and/or local management
- Promoting the benefits of union membership and making good use of the time you have for recruitment campaigns

Early involvement and consultation was recognised in the agreement as being of benefit to both parties, extending the opportunities for the unions to influence business change beyond terms and conditions. The agreement sets this out in the partnership principles but then also describes a framework for joint working and consultation that prescribes the form and number of meetings at strategic, operational and task level. Significantly, the joint working at strategic level anticipates that the unions will have annual meetings with executives and functional heads.

Reflecting the original objectives of the partnership, the agreement also helps to clarify the relationship between the two unions, and their relationship to HBOS. The unions were required to clarify their arrangements for a fair balance of representation, with the expectation that each workplace should only have one representative. At the same time, the two unions came to an agreement on their spheres of influence and avoiding poaching each other's members. In order to fulfil the company's objectives to streamline the industrial relations structure, the company asked that wherever possible, the unions spoke with 'one voice' during consultation and negotiations.

Implementation

The partnership was launched by a high level dinner attended, among others, by the chairman and chief executive of the company, the general secretary of the TUC, Brendan Barber, the general secretary of Accord and deputy general secretary and national officer of Unite. The dinner reflected the success on the part of the unions and those driving partnership within the business of ensuring that there was awareness and buy-in at the most senior level, including the board. Statements were published by the chief executive, Accord general secretary and the Unite national officer to welcome the partnership.

The challenge for both the company and the union was to move partnership from a high level agreement to something that impacted on the day-to-day working lives of workplace representatives and employees. A series of focus groups and interviews conducted in 2008 showed that at a strategic level, partners believed industrial relations to be healthy and productive. However, only 44 per cent of managers and 29 per cent of union representatives agreed. To that end, Accord and Unite applied for funding from the Union Modernisation Fund, run by the Department for Business, Enterprise and Regulatory Reform (now BIS) to run a extensive training programme. The training would both fulfil the union and company's long held ambitions to raise the skills, competencies and status of representatives, and disseminate and create buy-in to partnership working throughout the organisation.

While the funding application and approval process was taking place, Accord began to introduce the idea of partnership to the representatives and members. The half yearly round of meetings between the union leadership and representatives that took place in that year focused on partnership. Regional conferences and magazine space were used to communicate further and the regional and national executive committees went through partnership training.

At the biennial delegate conference in the spring of 2008 Andy Hornby announced the company's support for the union membership drive, which included union membership packs being sent out to all new employees with their contract of employment, and an offer that the company would reimburse the first six months' union subscription fees to those who joined one of the unions prior to their appointment.

In April 2008 the training programme was also announced and pilots began in May. The programme was designed and delivered by the Partnership Institute following a series of focus groups, questionnaires and interviews to determine training needs. A series of pilot training sessions were then delivered involving 37 representatives for the representative only course and 69 representatives and managers on the joint course. The aim was to develop training that could be rolled out across the company after the UMF funding had ended so a 'train the trainer' course was also piloted and delivered to 23 union trainers.

The result was a three day partnership training course for representatives that was rolled out from November 2008 and was structured as follows:

Day 1	Joint working in a partnership framework	Reps and managers
Day 2	Representing your members in a partnership framework; constructively challenging	Reps
Day 3	Business awareness	Reps

The HBOS employment relations team also developed an e-learning module to prepare those about to undertake the course, and the learning and development team were involved in the design of the 'train the trainers' module.

Since November 2008, 109 representatives and 96 managers have been through the partnership training delivered by union trainers.

Impacts and Benefits

The partnership agreement was signed in July 2007. By September 2008 Lloyds TSB had announced its proposed acquisition of HBOS. However, even within this relatively short amount of time, the partnership had had a considerable impact on the relationship between Accord and Unite, union membership and influence, the company's ability to deliver change effectively and the way in which employees were engaged.

The partnership established by the agreement built on a more informal partnership culture between Halifax and Accord. However, the process of signing the agreement and the events and actions that were triggered by that process undoubtedly raised the profile and enhanced the strength of the partnership. Partnership was placed on the agenda of the business leaders in HBOS and was discussed by the executive committee and board. The general secretary and senior officers in Accord and Unite were invited to participate in conferences and events run by the business where managers were able to see the organisation's leaders engaging with the unions, helping to build trust and confidence in the unions throughout the company.

The vocal support for union membership from the chief executive and leaders and the offer to reimburse membership subscriptions for the first six months of employment ensured that 80 per cent of new starters were joining one of the unions in 2008. This helped to contribute to the record rate of recruitment in that year, with 3,500 new members joining Accord between January and July 2008. As a result of the agreement between the two unions, new staff were allocated to one of the unions according to the site at which they were to be based.

The strong support for membership from the leadership of the company also helped legitimise the role of the unions for managers and employees who may have been less sure. Although many senior managers had had contact with the unions and the partnership development and had bought into the process, there were others, particularly in the first tier and middle management of the company, who had not. "The publicly positive attitude to membership killed any myths about unions and immediately impacted on local managers' attitudes", said Gwyn Bates.

The agreement between the two unions on their spheres of influence and not to poach each other's members meant that union membership rose as a whole, rather than in one union at the expense of the other. This principle ensured that the agreement fulfilled the ambition of all parties to first and foremost create a partnership between the two unions that would facilitate more streamlined employment relations and a more effective employee voice in the business. Although tensions could occasionally arise, normally at a local level, they were infrequent and quickly resolved.

For the company, the partnership was a way of managing employment relations more effectively. By increasing the number of representatives as well as their skills and competencies, more problems could be dealt with at a workplace level, rather than being escalated up through the organisation. According to the head of employment relations at the time, John Teasdale, this was achieved through partnership, bringing gains in terms of cost efficiency and freeing up managers' time to deal with other issues.

The training programme was a core part of the effort to devolve partnership in the organisation. Surveys were used to assess the impact of the partnership training on the perceptions and attitudes of managers and representatives that were likely to impact on partnership. Some significant changes were:

Question	2008 results	2009 results
Reps' perception of their contribution being valued and being respected by managers	42%	62%
Reps' trust in managers	18%	46%
Managers' trust in reps	50%	60%
[Reps] I can contribute to developments HBOS and have a say in how things are done	31%	64%
[Managers] Reps can contribute to developments in HBOS and have a say in how things are done	55%	75%
[Reps] I represent my union effectively at meetings	68%	80%
[Managers] Reps represent their union effectively at meetings	22%	60%
[Reps]The partnership training is improving the way reps and managers work together	-	78%
[Managers]The partnership training is improving the way reps and managers work together	-	64%

It would seem that the joint training between managers and representatives has been particularly effective. The representatives interviewed for this study all indicated that the enthusiasm and understanding of managers was crucial to making partnership work. The joint training encouraged a shared understanding of partnership and facilitated a critical discussion between participants on how they worked. Where partnership was working well, workplace representatives provided vital support to managers, which was particularly important in branches where they might not have immediate access to other managers. For example, in one branch, an experienced representative was able to work closely to advise a new manager. Describing the way in which the representative supported him, he said "There are certain issues that we have had and have ongoing in this branch where I really use the union a lot because I want to make sure I'm seen to be fair and I'm following the right guidelines." He particularly emphasised the importance of the union and his representative in managing change. This had been very noticeable in the preceding twelve months, since the takeover by Lloyds. He said;

"I see the union very much at the forefront for helping me to implement some very difficult changes that we're having. So, an example of that is when the announcement first came out that Lloyds was taking us over, … we had a huge queue of people out the door here …It was almost like a match made in heaven; I was dealing with the customers and their concerns, and she [the Accord representative] was dealing with the staff and their concerns." *Branch manager*

The impact of the partnership in helping to manage change was emphasised by managers throughout the organisation. The agreement encouraged the business to involve the union early in decision making at strategic, operational and task levels. For one senior operational leader, early involvement of the union had been critical to delivering change successfully in HBOS and getting staff buy-in. The contrast had been apparent since the company had been taken over and he had experienced trying to implement change in parts of the Lloyds heritage business. A lack of union involvement there had led to a confrontation with the union over new shift patterns, and a union encouraging employees not to sign up to the new rotas. He said; "I just know we wouldn't have had those problems with Accord, we would have just aired the issues earlier; we would have been talking about those issues at the top of the funnel, not when we were spitting the solutions out at the bottom."

For the HR and operational managers interviewed for this study, the unions were integral to the way they engaged their workforce. John Teasdale recognised that within a highly unionised organisation, engagement could not be achieved without recourse to the union. He said that, "Colleague engagement needed partnership – and partnership needed colleague engagement." The union provided a mechanism for employee voice, particularly after the partnership agreement when the consultation architecture was reinforced and extended. It also gave employees reassurance that they were being treated fairly, and that their efforts would be rewarded accordingly. Both these factors are important for employee engagement. The company did communicate directly with employees through line managers, team briefings, and online communications. But as a senior operational manager interviewed for this study recognised, different employees feel comfortable voicing their grievances and concerns in different ways and some would always feel safer communicating through an independent representative. As a manager, the important thing was for him to understand those concerns, particularly where they may impact on engagement and performance.

In many ways, the partnership agreement itself was fairly flexible. Other agreements such as the Job Security Agreement were similar to those found in other organisations. But the commitment of all parties to partnership, and the exceptional value placed on the unions by the company, ensured that the unions were able to exert considerable influence. An example of this is the way in which the unions and company managed the displacement of 4,800 jobs in 2008. At the end of 2007 HBOS began a process of reducing costs in response to the changing financial climate. The unions engaged with the company and ensured that the Job Security Agreement guided the process. Those that were displaced were placed on a central list and prioritised for new vacancies within the company and job search support was given by the company for all those leaving. The result of this process was out of

4,800 job displacements, only 63 employees were made redundant compulsorily, some of which were employees for whom voluntary redundancy was less financially advantageous than compulsory redundancy.

From the perspective of those within the business leading the redundancy process, the unions engaged early, tabled well informed challenges and suggested options that the company had not considered. The business acumen of the senior union officials meant that the unions were able to put forward a robust challenge which was valued by the business in confirming that they had considered every option. The consultation period was then used productively to find ways of minimising job displacement and ensuring that those leaving the company were well supported. For example, when one site in the south of England was closed and all the alternatives had been discussed by the partners, the union persuaded the company to support those leaving the company to find alternative employment by inviting other employers from the area onto the site to recruit.

None of those interviewed for this study believed that partnership had compromised the independence of the unions; a view echoed in the partnership evaluation survey. Line managers and senior managers argued that the business awareness of union officials meant that if anything, the challenge provided by Accord and Unite in negotiations and consultations was much stronger than that which they had experienced from other unions. However, the trust relationship between the unions and the company meant that once an agreement had been reached, the unions would honour it. This, according to the head of employment relations John Teasdale, was critical to partnership; "You can't have partnership without trust, without unions being informed and able to challenge management."

Partnership brought the union greater access to senior business leaders, which they believed enhanced their influence. As Ged Nichols summarised; "We certainly didn't get our own way all of the time and we weren't running the organisation. But if modern industrial relations is about influence rather than the formalities of what happens in the negotiating chamber, then I think we had real influence and I think we used it in a responsible way." Nichols and other senior union officials had strong informal relationships with senior business leaders but also more structured access opportunities. As the representative of the workforce, Nichols was invited, along with other stakeholders from the City and media, to give feedback on the company following the announcement of the annual results. The company's belief that the union was uniquely able to understand and represent the views of the workforce gave them a voice at the highest level in a company that saw its workforce as key to its success. This example also gives an interesting insight into how a representative structure leading to a single employee voice can make real the idea of employees as stakeholders.

Sustainability

The partnership was created at a time of considerable turmoil in the industry and was designed to help manage change. The financial crisis and the impact of this on the company did not, therefore, inherently threaten the sustainability of the partnership. However, the change of ownership, the presence of another union, and a very different business and industrial relations culture do pose challenges.

In spite of the relatively short time between the signing of the partnership agreement and the takeover of HBOS, considerable efforts were made to embed this way of working and increase the awareness of the partnership throughout the company. The partnership agreement itself was a means of embedding and extending a pre-existing partnership culture and therefore more progress was made towards building a sustainable partnership than might have been the case in an organisation unfamiliar with union involvement and cooperative working. The training programme was particularly important in raising the awareness of partnership and increasing the number of advocates. The continuation of the training through the change of ownership has been effective in continuing to embed partnership.

The training also helped to extend the partnership from a purely strategic agreement to something that would affect day to day operations making it less easy to sweep away with a change of leadership. However, partnership could only succeed in parts of the business where there were union members and representatives and where managers themselves were members or at least advocates of partnership. Therefore in the HBOS Retail Division, the partnership worked well but in certain areas such as corporate banking where union membership was low, the partnership has had a limited impact.

The partnership is strongly associated with the general secretary of Accord, the HR director, David Fisher, the head of employment relations, John Teasdale, and the chief executive, Andy Hornby. The agreement was intended to help protect partnership working against changes in personnel and differing management approaches. Although many of those interviewed did not agree that the partnership was dependent on these individuals, particularly since two have now left the company, they did think that partnership was dependent on a certain culture and leadership style which Nichols, Hornby, Fisher and Teasdale helped to foster. An open and consultative culture allowed the union to participate and influence effectively, reinforcing the value of partnership to the business and members.

Therefore it follows that the differing culture of Lloyds TSB could be a threat to the culture of HBOS which enabled partnership. The way in which change is managed, and the extent to which unions are involved early, and able to consult and respond to changes, will impact on the partnership. Local level partnership in particular is likely to be undermined if managers have less discretion and decision making powers, making representative and employee participation in consultation less important. The relationships between the Lloyds TSB Group Union (LTU), Unite and the Bank have historically been far less cooperative than Accord, Unite and HBOS and have been conducted in a more negative manner.

The presence of another union outside the partnership also poses a threat. Not bound by any agreement on recruiting members from other unions as it is not affiliated to the TUC, the LTU has attempted to recruit new members within HBOS and has been publicly critical of the partnership approach. Although this has had minimal success so far, the explicit attacks on the partnership have the potential to damage confidence in the approach. Moreover, the value to the business of the partnership in terms of reducing the time and resources spent managing industrial relations is diminished by some of the activities of LTU. From the point of view of the partnership unions, the value of behaving as a partner has also been questioned by some activists who believe that the apparent distrust between the Bank and LTU could set the tone for union-company relations.

Conclusions

By any standards, the partnership between Accord, Unite and HBOS was ambitious and has faced numerous challenges since its inception. But it was a partnership designed to manage change effectively and the strong trust relationship between the business and the unions enabled much of the change following the takeover by Lloyds TSB to be undertaken in partnership with the unions. The change of ownership and the introduction of managers and decision makers unfamiliar with partnership do threaten the HBOS/Accord/Unite way of working, but there are still many within the business who appreciate the value it brings and are prepared to defend it.

If the partnership for the unions was primarily about extending their influence in order to promote their members' interests, then the partnership must be seen as a success. HBOS had some of the best reward packages in the industry, job security was taken seriously by the business and workforce issues featured prominently on the board's agenda.[i] The unions had access to senior leaders and built the trust, business acumen and legitimacy to ensure that what they said was taken seriously.

The business achieved improved change management by consulting and involving the unions early, and a more cooperative relationship between the two unions made consultation and negotiation easier and less resource intensive. The unions were one of the company's main tools for engaging the workforce and the partnership helped to extend the reach of the unions through increased membership and more effective working at a local level, thereby enhancing engagement.

[i] See interview with chairman, Lord Stevenson; "I believe that the HBOS Board spends more time dealing with issues concerning people than most Boards of companies of our size.", *Accord Magazine,* Issue 52, (Autumn 2007), p. 15

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