

City HR Summer Party

A good contingent of City HR members enjoyed a Spanish themed summer party at Ortega Tapas Bar in Leadenhall Market on the 8th July, kindly sponsored by JJ Associates. The wine and sangria flowed and those feeling competitive took part in our Spanish themed quiz.

The triumphant winning team was 'Sheena's team' comprising Sheena Gibson and Meera Mistry from Hermes Fund Managers Limited and Paul Fontes and Philip Davies from Eversheds LLP (photo top right). Julie Skinner, MD, JJ Associates presented the winners with their prize and is seen toasting the group's success and with Jerry Trevers (JJ Associates), and David Whincup (photo 2nd right). The tapas was delicious – in fact it was so delicious that Sam took two doggy bags home. Thanks again to JJ Associates for sponsoring the event!



City HR Academy

There has been an excellent uptake for our inaugural programme, which commences on 15th September 2009.

Although the closing date was 26th August, enquiries are still welcome.

Working through Cancer - Macmillan Cancer Support

Employee well-being has been a key objective this year for City HR. Hilary Wright (former Head of HR at Bank One) has been volunteering at Macmillan to produce a range of support materials to help affected individuals, carers and their employers.

Please visit www.macmillan.org.uk/work to download these essential guides.

New Experience - Webinars

Earlier this summer City HR was invited to participate in a Webinar run by new members, Angela Mortimer Plc. We were impressed. The topic was interesting: Have Corporate Recruiters Got It Wrong? Chaired by John Mortimer, Chairman. Equally the technology was awesome demonstrating the ability to listen to a lively debate, view slides and visuals whilst based at your own desk. An enjoyable way to participate in a seminar and definitely something to consider for the future.

New Members

City HR is delighted to welcome the following new members who have joined since our last newsletter:

FBN Bank (UK) PLC

Threadneedle Investments

Punter Southall Group Limited

Sompo Japan Insurance Co Europe Ltd

Davies Arnold Cooper LLP

Eversheds LLP

Shepherd and Wedderburn LLP

Angela Mortimer Plc

Upcoming events

TBA	Compensation Forum £125 + VAT
22 September	Member Forum Mock Tribunal Free to members
12 October	Annual Conference: Re-building the City: HR's role in organisational revival £285 + VAT (Members) £365 + VAT (Non Mbrs)
3 December	Member Forum Free to members

New Committee Members

We are delighted to announce that the following individuals have joined the City HR committee:-

- **Nigel Holmes**, Head of HR, Societe General Corporate and Investment Banking
- **Andrew Pullman**, Managing Director, People Risk Solutions



Update

The newsletter of the City HR Association

August 2009

THE ISSUES FACING HR IN THE CITY – ONE YEAR ON

Last summer witnessed the most turbulent times ever experienced in the financial services sector. The fallout from the credit crunch and the subsequent economic downturn led to bankruptcies, restructurings and acquisitions as well as the media spotlight on the HR activities of most organisations.

Fast forward one year on and it would be fair to say that HR has never been so busy. Depending on the size, domicile and business activity of the employer, many HR practitioners have been engaged in redundancies, integrations and reward management against a backdrop of lower profit margins, losses or restricted budgets.

Just as the HR horizon was becoming clearer, a new set of HR challenges have emerged in light of the recent financial services fallout. These include:-

- The FSA's Remuneration Code of Practice, as published in August 2009, along with associated Handbook changes. Whilst the scope is initially limited to around 26 banks, building societies and broker dealers, it is possible that the code will be extended to more firms and further guidelines may be available in October 2009. The general requirement is unchanged. "A firm must establish, implement and maintain remuneration policies, procedures and practices that are consistent with effective

risk management." Eight key principles have been established (down from 10 in the draft code) with dates for compliance and the underlying evidential provisions.

Whilst it is understood that only a small proportion of City HR members are currently covered by the code, many FSA regulated organisations may find that these principles are used as a benchmark by the FSA when carrying out ARROW visits.

Full details are available from the FSA website or members can contact the City HR office for a synopsis which has been prepared by PricewaterhouseCoopers for their Client Reward Bulletin, 12th August 2009.

- The UK Budget 2009 in which income tax will increase to 50% for employees earning over £150,000 pa from 2010/2011 and personal allowances will be reduced for those earning over £100,000 pa. There is also a tax relief reduction for individuals earning over £150,000 effective April 2011 and a 'special pension allowance charge' for 2009/10 onwards for those earning over £150,000 and on contributions over £20,000. Remuneration experts will be thinking about strategies to minimise the impact on high earning employees.

- The Equality Bill which is expected to come into force in August 2010. Two proposals have attracted considerable attention. One is the power to require employers with 250 more employers to report on the gender pay gap, whilst the other is the ban on secrecy clauses relating to earnings. The current government is not set to enforce these issues until 2013. Members of City HR will shortly be canvassed on the impact that such a bill may have on their organisation – look out for further details.

In the meantime, City HR has a best practice guide for organisations who wish to review their Diversity Agenda.

- The FSA's Retail Distribution Review (RDR) which will require individuals who are providing financial advice or services direct to the public to take a new qualification. City HR has built a good relationship with the Securities and Investment Institute in this respect and an overview of RDR with frequently asked questions is given on page 2

of this newsletter.

This is further compounded by the unexpected arrival of swine flu. City HR has been working with market experts on all of these issues and a summary of the tools available at City HR is contained in Table 1.

In the meantime, it is hoped that most City HR members are now out of the woods and into the trees and concentrating on preparing for the upturn.

Indeed, a key focus for the City HR conference in October is 'Re-building the City: HR's role in organisational revival.' Professor Lynda Gratton from the London Business School will be outlining strategies for organisational regeneration, whilst various discussions panels will help delegates to understand the steps being taken by their counterparts and how these may translate into their own environment. The speaker line-up is contained in Table 2.

On a more uplifting note, in recognition of the role that HR plays in City business, our conference is being opened by The Rt Hon The Lord Mayor, Ian Luder. The conference programme has been structured to be highly informative, interactive and incisive, by looking at many of the issues faced by HR (as outlined above) and putting these in context with a strategy for revival. It is hoped that the key outcome of the conference will be an HR framework for re-building City organisations and creating a successful future. Roll on 2010.

* See www.CityHR.co.uk for conference programme and bookings

TABLE 1: TOOLS AVAILABLE FROM CITY HR

Managing the Restructuring Process – a checklist (May 2008)* - Denton Wild Sapte and Fairplace

FSA publishes final remuneration code of practice. Financial services compensation. (August 2009). Client bulletin courtesy of PricewaterhouseCoopers

Making sense of the Budget 2009 - handout courtesy of PricewaterhouseCoopers

Swine Flu Guidance - Simmons & Simmons (August 2009)

Diversity – A best practice guide for City Firms (October 2008)*

Retail Distribution Review – visit www.sii.org.uk/rdr

City HR Conference – 12th October 2009*

*Available as a download on www.cityhr.co.uk

TABLE 2: CONFERENCE SPEAKER LINE-UP RE-BUILDING THE CITY: HR'S ROLE IN ORGANISATIONAL REVIVAL

- **The Lord Mayor**
- **Professor Lynda Gratton**, London Business School
- **Paul Scarborough**, PwC
- **John Benson**, eFinancialCareers.com
- **Jane Mann**, Fox Williams
- **Stephen Sidebottom**, Nomura
- **David Clifford**, Swiss Re

Kindly sponsored by:



BOOKING NOW: www.Cityhr.co.uk/events



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City HR professionals

Committee Members

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Robert Potter, *Group Head of HR, Jardine Lloyd Thompson* · Andrew Pullman, *People Risk Solutions*

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Inside this issue

- Retail Distribution Review
- L+D out of Recession
- International Restructuring
- City HR News

Retail Distribution Review (RDR) - What is it and who is affected?

What is the Retail Distribution Review (RDR)?

The FSA wants to make a step change in the professional standards of most retail financial advisers to increase investor trust and confidence. It covers adviser remuneration by the investor, clear description of status (independence) of advisers, and new professional standards – upon which these questions focus.

Who do the Professionalism proposals affect?

Individuals who advise retail clients. (There is still some discussion between FSA and the Trade bodies about Scope).

What are the Professionalism proposals?

The four elements of these proposals are the increase in minimum qualification standards, mandatory Continuing Professional Development (CPD), a Code of Ethics and a Professional Standards Board to look after all of these.

What are the new Qualifications under these proposals?

The minimum level will be raised from level 3 to level 4. New standards are being developed by the Financial Services Skills Council, in consultation with the Industry. The new standards will be subject to approval through the

FSA advisory group for professionalism on which the Securities & Investment Institute (SII) is represented.

Once approved the Awarding Bodies, such as the SII, will develop qualifications.

What do existing practitioners need to do?

The FSA has decided not to 'grandfather' or exempt existing practitioners from the new qualifications. Some will already have level 4 or higher qualifications (if in doubt contact the SII Helpline at RDR@sii.org.uk) and need to take no further action: those who do not will need to pass an examination at level 4. In Wealth Management/Private Client this means the SII's Private Client and Investment Advise Management examination or the Masters in Wealth Management (<http://www.siservices.co.uk/brochures>, click on 'UK' then 'Qualifications'). Under the FSA's 'no regrets' policy, anyone passing these examinations now will not be required to take another examination – any top up needed under the new standards can be met with appropriate CPD. It is also proposed that there should be an oral option to written examinations which will be externally assessed under a robust process using current level 4 examination standards. (This is subject to further development).

When do the new Professionalism proposals start, and what is the overall timetable?

The FSA plans the RDR to be fully launched by the end of 2012. The new qualifications should be ready during 2010, assuming timely decisions on the standards. Existing practitioners have until the end of 2012 to pass the transitional qualifications. Many firms are recommending their employees to do so now, and the FSA is strongly encouraging this.

Where can HR find more information?

SII has a dedicated webpage available to all (www.sii.org.uk/rdr) which contains a lot of information including a much more detailed FAQ and a useful RDR Booklet. There are also details on it about the events from September onwards that the SII is organizing. These include events for SII members (and through reciprocal agreement to members of CityHR) and regional events across the UK.

By

Ruth Martin,
Managing Director,
and

Christopher Bond,
Senior Adviser,

at the Securities and Investment Institute.

International Restructuring - HR Issues

An international restructuring project can be a daunting experience. Quite apart from the implementation, even the most experienced international HR manager will find the logistics of obtaining and co-ordinating the legal advice on strategy, risks and implementation across multiple jurisdictions on a challenging timeline, a nerve-wracking experience.

However, there are a number of things you can do to ease the process:

Knowing your business is the starting point.

You need to know the precise legal structure of the group, the location and staffing of every entity, who is in charge locally and who can (legally) drive any local restructuring process including unions, employee representative bodies and relevant state authorities. This is essential information that employment lawyers will need with organisational charts invaluable for quick appreciation of the current structure of the business.

Have a centralised HR data base.

Comprehensive data will be needed for all employees including number in each country and at each site, date of birth, commencement date, applicable collective bargaining agreements and details of any works councils or recognised trade unions at any affected site. Such information needs to be readily available and maintained to avoid any last minute time-consuming searches. Requesting the relevant information from the local entity will act as a 'tip off' before plans have been finalised. This will prompt speculation, suspicions and, as no-one likes to be bypassed, hostility.

Ensure you are already a familiar face. The inevitable language barrier means you must rely on local management to communicate with the relevant staff and to relay information particularly if there is no English translation of key documents. It is only natural that an outsider arriving to implement changes will be greeted with resistance - the typical retort being "who do you think you are?" However, if you have already built up a relationship with the local entity then it is much more likely that you will find co-operation rather than confrontation. This will particularly be the case if the HR manager has, and can continue to demonstrate an understanding and appreciation of the locality both in terms of the law, culture and attitudes.

Have a basic understanding of the key employment law concepts in the jurisdictions for which you are responsible.

Use general introductory courses (providers include JSB, Hawksmere, Butterworths and Eversheds). IDS offers a useful series of practical employment law guides to numerous overseas jurisdictions (www.incomesdata.co.uk). For an overview of the EU member states, Norway and Switzerland consider *Employment Law in Europe* (Bloomsbury Professional, 2009). For a wider geographical spread consider subscribing to the 2 volume loose-leaf *EU & International Employment Law* (also available on line www.jordans.co.uk). Useful websites include the International Labour Organisation which has helpful labour law profiles (<http://www.ilo.org/public/english/dialogue/ifpdial/info/national/index.htm>) and the

Federation of European Employers (<http://www.fedee.com>).

Managing expectations internally will be key. Generally, the decision to restructure is made by the operational side of the business. However, the timing of a multi-jurisdiction project is unavoidably dictated by the HR process – the information gathering stage as well as the legally-defined minimum consultation periods. It is essential that the HR manager ensures that, from the outset, senior management of the parent company fully understands the various steps involved including the timings which cannot be compromised. It is also essential that the HR manager keeps a tight rein on the parent company. There is nothing like a press announcement from the parent company before local entities have been informed to destroy good-will and co-operation.

The more information you give to local lawyers, the more focused and practical their advice will be, reducing the need for further queries (which will put a strain on the budget). You also need to weigh up the cost and risk benefits of instructing local lawyers directly or using a UK law firm with an international reach to project manage and ensure that consistent advice is delivered on time and within budget. This may depend on whether you have existing relationships with lawyers abroad, the scale of the project and the time you have available to manage the project.

Project management 'must-haves'

- Do not underestimate the time required both for project managing the process as well as the substantive steps
- Devise a general plan and gather information
- Obtain legal advice to gain understanding of specific legal and practical issues
- Reassess general plan in light of legal advice
- Develop a detailed operational plan per country
- Prepare model documents for each country
- Conduct information and consultation
- Review operational plans and costs for each country – these will probably be impacted by consultation
- Prepare specific documents for each country
- Implementation
- Always budget for litigation/settlements

Edzard Clifton-Dey and Lizzie Irving
Employment Law Specialists, Eversheds LLP and General Editors of *Employment Law in Europe* (Bloomsbury Professional, 2009)
www.eversheds.com

Learn and Develop Out Of Recession

All companies are being affected negatively by the business downturn – even law firms and accountants, traditional safer havens, have been laying people off. However, as the stock markets start to rise again and confidence is beginning to return to the City this is an ideal opportunity to look at ways to best position for the upturn – one of the key tools is learning and development.

The cause of most anxiety for staff has been uncertainty. So if you can start to make some positive efforts by investing in some learning and development initiatives it will go a long way to restore employee engagement and help improve performance. This does not have to incur a huge direct cost because most firms have a lot of internal resource to leverage, and can use the opportunity for individual development. Some obvious examples are as follows:

- Recruitment Skills – most hiring managers and staff will be rusty on their recruitment skills due to the lack of hiring in recent months and so now is a great opportunity to run some cost-effective workshops. This will also demonstrate that there is likely to be some recruitment activity which in itself is a positive. It is also a great way for HR to engage in a positive way.
- Product Knowledge – all firms have experts in their products and services. Now is a good time to ask key people to run short seminars to staff to educate them and provide them with the information they need to help cross sell products. The benefits of this type of learning are that it is not costly, can add significant benefit to the business and also provides an individual development

opportunity for the product experts.

- Corporate and Social Responsibility (CSR) – CSR is increasingly on the agenda for many companies, but not everyone is engaged and during the downturn people have naturally focussed on self preservation rather than thinking of others. Now is a good time to restart the education process internally as well as start to look at ways to actively promote CSR. Not only will this bring people together internally, but it will also demonstrate the soundness of your business to the outside world.
- Management Skills – most managers have been tested during the negative months and so now is a good time to glean some lessons. Set up some workshops with the aim of developing lessons learnt from the managers

across the business that can be used to help the business in the future. Most issues are likely to centre on communication – in my experience 90% of problems at work are due to a lack of communication at the right time. Now is a good time to iron out those issues.

- Team Work – there have doubtless been changes to the dynamics of most work teams, either as a result of redundancy or reorganisation. Even when just one person leaves or joins a team the whole dynamic changes. Now is an ideal time to encourage teams to get to know each other and bond. HR can offer to run short exercises in-house to bring teams together – these exercises do not have to be complicated and can be project related. An obvious way would be to use one of the many psychometric tools

(Belbin, Myers Briggs etc.) to map out the team and get them to understand the skills that they have available.

Budget will always be a constraint on how much learning and development activity firms can undertake. However, as I have shown, there are always self help ways to carry out learning without having to resort to expensive external courses or resources. I have no doubt that the companies that invest in learning and development now will reap the rewards once business starts to seriously pick up later in the year.

Andrew Pullman,

Managing Director of People Risk Solutions, and head of learning at 'Here is the City' the online news service.