

Libra: Horoscope for Life

It would be hard to overestimate the scale of the cost challenge faced by AXA Life. As detailed in the Company announcement to Life employees of 12th July 2006, there has been regular consultation with Amicus over the numerous initiatives that come under the banner of Project Libra.

The primary concern of **Amicus** remains that the number of any compulsory redundancies is kept to the absolute minimum. We are pleased that through a combination of the voluntary redundancy scheme put forward by **Amicus**, as well as redeployment and natural attrition, this has so far been achieved.

However, it would be wrong to give the impression that we are free of any apprehension about the impact of these *Libra* initiatives. Cost savings may appear attractive in the short term, but for us to be left with a viable business they must also be sustainable. We have raised particular concerns over some departments, including one where staff that had been redeployed were subsequently recalled to "fight fires".

The Company has stated that employees have only been recalled in business critical situations and on a temporary basis. The problems have been caused by factors beyond *Libra*, such as an unforeseen increased customer enquiries post A Day. Immediate action is being taken to resolve these resource issues, including seeking to externally recruit some Level 8 employees in Bristol. **Amicus** have robustly challenged this, particularly as Life is still looking to reduce headcount under *Libra*.

AXA have given assurances that they have exhausted other options (such as redeployment and promotion) and that this recruitment will not lead to any existing Level 8 employees being placed at risk of redundancy. Indeed, it is now extremely unlikely that any Level 8 Customer Service employees in Bristol will be placed at risk of redundancy for the rest of 2006.

In addition to cost cutting, Life still needs to do more to generate the extra revenue required to meet the targets set by *Ambition 2012*. It is therefore encouraging that there are now also proposals under discussion that should grow the business. However, **Amicus** remain cautious that cost cutting should not go so far as to leave Life in a situation where it cannot take advantage of such new opportunities.

Scorpio sting in Insurance

Whilst the targeted cost and headcount reduction in Insurance under *Project Scorpio* is not as large as that in Life with *Libra*, its impact has certainly been swifter and more dramatic with up to 200 staff in Commercial Distribution being made redundant by the end of September.

Amicus have been involved in detailed consultation with the operation for a number of months and have rigorously challenged the business case and the assumptions behind it, especially in relation to the numbers of staff the business states that it requires to expand the operation in line with its 2012 objectives.

We have voiced our concerns on a regular basis, as well as escalated the level consultation when we felt it was necessary.

Whilst **Amicus** accept that given the changes in the Intermediary market over the last five years that changes were required in Commercial Distribution, we still have concerns over the speed of the implementation of the plan, the staffing levels at the branches remaining open and the support and contingency for the ABS work.

Management have responded to the issues we have raised but we still are not wholly satisfied with some of the detail. However, the management team in Commercial Distribution are, and whilst we have managed to get them to revise some of the staffing impact and have influenced some of the process detail, they now intend to move forward with their plans.

If you work in Commercial Distribution, please ensure you keep your local union rep aware of any issues within your location so we can feed this into the decision making level of management.