

UK Financial Investments Ltd

1 Horse Guards Road London SW1A 2HQ

UKFI

Staff Handbook

2008

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1. Introduction

About UKFI

UK Financial Investments Limited (UKFI) has been established to manage the Government's investments in financial institutions including Northern Rock, Bradford & Bingley, the Royal Bank of Scotland and any other institutions that subscribe to the Government's Recapitalisation Fund announced on 8 October 2008.

Wholly owned by the Government, UKFI will operate on an arm's-length and commercial basis. Its overarching objective will be to protect and create value for the taxpayer as shareholder with due regard to the maintenance of financial stability and to act in a way that promotes competition. UKFI's Chair is Sir Philip Hampton and its Chief Executive is John Kingman.

This manual details policies that have been drawn up to help Directors and employees meet the standards, obligations and expectations required of them. An employee in any doubt about the application of a particular policy should speak to Human Resources.

2. Code of Conduct

This Code of Conduct applies to all employees and forms part of your employment contract.

2.1 Standards of Behaviour

It is the responsibility for each and all employees to adhere to the following:

- To fulfil all their duties and obligations responsibly
- To challenge inappropriate conduct or impropriety and to follow procedures for raising concerns
- To act in a way that is professional and that deserves and retains the confidence of all those with whom they have dealings
- To make sure public money and other resources are used properly and efficiently
- To handle information as openly as possible within the legal framework
- To comply with the law and uphold the administration of justice
- To ensure that any information acquired in the course of your duties is not used to further your private interests or those of others
- Not to disclose information without authority.

2.2 IT and Security Policy

Employees are required to adhere to the UKFI's use of IT Policies including the IT Security Policy, Internet Policy, Email and General Security Policies.

2.3 Compliance Requirements

Employees are required to adhere to The Compliance Requirements contained in the Compliance Manual which can be found via the attached link

2.4 Outside Employment

Whilst at work we expect you to devote your attention to the affairs of UKFI. No employee should enter into any other form of employment whilst still an employee of UKFI without written permission from the CEO. Agreement will only be given in exceptional circumstances and where there is no actual or apparent risk of a conflict of interest arising.

3. Diversity

It is the company's intention that all employees should have the equal chance of advancement, access to opportunity and the training necessary irrespective of the employees.

- Sex
- Race, colour, nationality, ethnic origin.
- Sexual Orientation
- Religion
- Age

It is the company's policy to provide a suitable work environment for people with disabilities and all reasonable facilities will be provided with employees with disabilities to pursue their careers without difficulty or disadvantage.

It is the responsibility of every manager to ensure the terms of the policy are observed.

If you feel that the letter and general intent of the diversity policy has not been fully implemented then you should draw this to the attention of your line manager or your HR Manager.

4. Induction

Your induction programme will be led by your line manager. As a minimum you will meet your new colleagues and relevant stakeholders, you will also be given information on the company rules with regard to the standards of conduct, compliance and security. You will also be required to complete some mandatory training.

5. Pay and Benefits

Your salary will be paid at the end of the month directly into your bank or building society account. You should check your payslip each month to make sure you have received the correct amount of salary.

Logica CMG is the payroll provider and can be contacted at the following address:

Logica CMG
20 Kingston Road
Staines
Middlesex

TU18 4LG

Interest Free Season Ticket loans are also available and will be paid via payroll. Repayments will commence in the same month that the advance is given.

If you are overpaid you will be required to repay any excess in the next pay period or over an agreed repayment period.

5.1 Pensions

(To be announced)

6. Review of salary

Your salary will be reviewed annually and any increase will be decided by the remuneration committee and advised to you in due course. You are required to keep the details of your salary and benefits confidential.

7. Performance Bonus

UKFI operate a discretionary bonus scheme dependant on performance. Full details can be found in the UKFI Bonus Scheme rules.

8. Hours of Work

Your normal hours of work are those set out in your employment contract which gives your terms and conditions of employment.

You are considered part time if you work less than 36 net conditioned hours per week. Part time employees will receive the same terms and conditions of employment as their full time counterparts, but these will be prorated in accordance with hours worked.

9. Overtime

For those employees who qualify for overtime, you will be expected to co-operate with any reasonable request to work overtime. All overtime must be authorised in advance.

The overtime rates are.

Week day overtime will be paid at the rate of time and a half of Basic Overtime rate.

Weekend overtime and working on Bank Holidays will be paid at double time of Basic Overtime rate.

For **Full Time** Employees the basic Overtime rate is calculated as follows for:

- Monthly Paid employees

$$\frac{\text{Annual Salary}}{52 \text{ divided by net conditioned hours}} = \text{Basic Overtime rate}$$

For **Part Time** employees, overtime is not paid until the full net conditional hours have been exceeded. Hours worked beyond the normal Part time conditioned hours and up to net conditioned hours (36) are paid as Extra duty which is at plain time rate. This is calculated as follows:

Part time standard total pay _____ = Plain time rate
52.2 Divided by actual hours worked

Hours worked in excess of 36 hours are calculated as

Overtime assessable pay _____ = Basic Overtime rate
52/Full time net conditioned hours

Weekend overtime and working on Bank Holidays will be paid at double time of basic rate of overtime even if conditioned hours have not been met.

10. Appraisal

The appraisal year will run from 1st December to the 30th November each year. Your line manager will agree performance and development objectives with you at the start of the year. Your performance against these objectives will be discussed and reviewed regularly with you. An interim appraisal review will take place after six months and at the end of the year a formal appraisal report will be produced. You will have the opportunity at both these meetings to air your views, record any comments and discuss plans for your development.

11. Working Parents

UKFI is committed to with providing more opportunities for parents and carers to enable them to balance their work and child or dependant responsibilities.

11.1. Antenatal care

All pregnant employees are entitled to time off with pay to keep appointments for antenatal care. Antenatal care may included relaxation classes and parent craft classes made on the advice of a registered of a registered medical practitioner, midwife or health visitor. Except for the first appointment you must provide, if requested a certificate confirming the pregnancy together with an appointment card or some other document showing that an appointment has been made.

11.2. Maternity Leave

You will be entitled to 52 weeks maternity leave during which time you are entitled to benefit from your normal terms and conditions of employment except for remuneration. At the end of your maternity leave you have the right to return to your original role.

11.2.1 Maternity Pay

You will be entitled to maternity pay if you have been employed by UKFI for a continuous of at least 26 weeks ending with the 15th week before the expected week of childbirth and if your average weekly earnings are at least equal to the lower earnings limit for National Insurance contributions. Maternity pay can be paid for up to 39 weeks.

The standard rate for UKFI is:

- Six weeks at full pay; followed by
- Twelve weeks at the **greater** of: (i) 50% of full pay; or (ii) £275 per week (this can be taken as a lump sum)

For the next 21 weeks you will receive the **lower** of: (i) £117.18; or (ii) 90 percent of average weekly earnings.

Upon return to work, you will receive a lump sum payment which is the **greater** of: (i) 6 weeks pay; or (ii) £3,300.

11.3. Parental leave

If you have satisfactorily completed one year's service with UKFI you are entitled to 13 weeks unpaid parental leave for each child born or adopted. The leave can start once the child is born or placed with you or as soon as you have completed 12 months service whichever is the later. It can be taken at anytime up to the child's fifth birthday (or until five years after placement for adoption). Parents of disabled children can take 18 weeks up to the child's 18th birthday.

11.4. Paternity leave

Employees are entitled to paternity leave who:

- Have or expect to have responsibility for the child's upbringing
- Are the biological father of the child or the mother's husband or partner and
- Have worked continuously for UKFI for 26 weeks ending with the 15th week before the baby is due or the end of the week in which the baby's adopter is notified of being matched with the child.

You can choose to take either one week or two consecutive weeks paid paternity leave (not odd days)

Parental leave must be taken:

- Within 56 days of the actual date of birth of the child or
- If the child is born early within the period from the actual date of birth up to 56 days after the first day of the week in which the birth was expected.

You will have the right to return to the same job after paternity leave and you will be entitled to statutory paternity pay (SPP) from the company.

11.5. Adoption Leave and Pay

Adoption leave and pay are available to:

- Individuals who adopt
- One member of a couple where a couple adopt jointly (the couple must choose which partner takes adoption leave)

The partner of an individual who adopts, or the other member of a couple who are adopting jointly may be entitled to paternity leave and pay. Statutory adoption pay (SAP) is paid up for up to 39 weeks and is the same as the standard rate of statutory maternity pay.

To qualify for adoption leave an employee must:

- Be newly matched with a child for adoption by an adoption agency
- Have worked continuously for their employer for 26 weeks ending with the week in which they are notified of being matched with a child for adoption.

11.6. Flexible working

Parents of children under the age of six or disabled under the age of eighteen have the right to apply to UKFI to work more flexibly. The request can cover hours of work, times of work and place of work and may include requests for different patterns of work. Carers of adults also have the right to apply for flexible working.

UKFI supports flexible working and all members of staff are able to apply for flexible working arrangements.

All requests should be made in writing and will be considered seriously and only refused if there are clear business grounds for doing so.

11.7. Time off to deal with a family emergency.

If you need to deal with a family emergency involving a dependant for example due to an accident or illness or to attend funeral, you should talk to your line manager who can authorise up to a maximum of 10 days paid special leave per annum.

12. Working Time Regulations

Under the Working Time Regulations in general, workers aged 18 and over are entitled to:

- work no more than six days out of every seven, or 12 out of every 14
- take a 20-minute break if they work more than six hours
- work a maximum 48-hour average week over a 17 week period

You may be asked to opt out of the working time regulations – it is not compulsory to do so and you can opt back in by giving Three months notice.

Workers aged 16 and 17 should:

- take at least 30 minutes' break if they work more than four-and-a-half hours
- work no more than eight hours a day and 40 hours a week
- have 12 hours' rest between working days and two days off every week

13. Annual Leave

You will be entitled to 30 working days annual leave in addition to the following Public and Bank Holidays

New Year's Day
Good Friday
Easter Monday
May Day
Spring Bank Holiday
Late Summer Bank Holiday
Christmas Day
Boxing Day

Where possible all annual leave must be taken in the holiday year as specified in your contract of employment. You will be allowed to carry over up to a maximum 10 days into the next holiday year. You can also borrow up to 10 days from your next year's entitlement with the permission of your line manager.

If you terminate your employment you will be entitled to payment in lieu of leave which is untaken on the date which termination of employment takes effect. Overpayment of leave will be recouped from your final salary.

14. Training

UKFI aims to equip all employees with the skills and knowledge required to perform well in their roles. There will be some mandatory training which all employees are expected to undertake, details of this will be provided as and when required.

15. Promotion

All promotions are made solely on the basis of individual merit and all suitable candidates will be considered regardless of their sex, race, religion, disability, sexual orientation or age.

16. Communications

You will have informal face to face discussions about your role, benefits, and the company from your immediate line manager.

More formal communications will be sent via email from senior management.

17. Absence

UKFI appreciates that all staff are absent due to illness from time to time. This policy gives details of the sick allowance rates and identifies points when UKFI will take action if your sickness reaches unacceptable levels.

If you should fall ill you should notify your line manager by 10:00am of the first working day. If your illness lasts you should agree with your line manager the frequency of contact.

17.1. Sick Allowance

If you are absent due to illness, UKFI will pay a maximum of 6 months sick allowance in any rolling four year period at the rate of full pay for three months in any rolling 12 month period and half pay for a further 3 months in any rolling four year period.

17.2. Short Term Absence

Your manager will formally review your absence record if you have taken 10 days in any 6 month period or if there is an unacceptable pattern of absence, for example regular time off on Mondays and Fridays.

17.3. Long Term Absence

Long term Absence is a period of sickness which lasts longer than two calendar weeks.

UKFI takes a sympathetic view about genuine ill health problems and will provide supportive approach to all employees in such circumstances

Your line manager will monitor your absence and will counsel you through a period of sickness absence. If after discussion it appears that you are likely to be away from work for more than four weeks your manager will call you every fortnight and may visit you at home with your consent.

These arrangements may be varied by agreement. You may also be required to visit our occupational health specialists.

Ultimately if your absence does reach problematic levels then UKFI may have no choice to dismiss you. The point at which this action may be taken will depend on the nature of your work and the difficulty caused to UKFI by your continued absence. Dismissal will be regarded as a last resort and we will try and ensure the following criteria are fulfilled.

- Relevant medical information is sought and considered.
- Options for alternative duties or working arrangements are examined
- Your views are taken in to account

Before any dismissal UKFI will comply with any applicable statutory dismissal procedure.

17.4. Return to work discussion

When you return to work from any absence your line manager will have a discussion with you on the first day of your return to work or as soon as reasonable practical after that to discuss your fitness to return and keep you up to date with recent work events

18. Disciplinary Procedure

UKFI aim is to encourage improvement in individual conduct or performance. This procedure sets out the action which will be taken when rules are breached.

The procedure is designed to establish the facts quickly and to deal consistently with disciplinary issues. No disciplinary action will be taken until the matter has been fully investigated.

At every stage employees will have the opportunity to state their case and be represented or accompanied if they wish at the hearings by a trade union representative or a work colleague.

18.1 Informal Warning

If an employee fails to meet the standards required by the company they will initially be given an informal warning by their line manager. This will not be recorded on their personnel records.

18.2 First Written Warning

If the employees conduct or performance fails to improve they will attend a disciplinary hearing at which they may be accompanied or represented by a colleague or a trade union representative.

If the outcome of the meeting is a first written warning this will be kept on record for 12 months and disregarded for disciplinary purposes after that period.

18.3 Final Written Warning

If the employees offence is sufficiently serious, or there is a failure to improve within six months of the first written warning they will receive a final written warning.

The employee will attend a disciplinary hearing at which they may be accompanied or represented by a colleague or by a trade union official.

If the outcome of the meeting is a final written warning this will be kept on record for 12 months and disregarded for disciplinary purposes after that period.

18.4. Gross Misconduct

If an employee commits an extremely serious disciplinary offence UKFI may dismiss them without prior warnings and without notice.

Some examples of offences which constitute gross misconduct are:

- Dishonesty, theft or fraud
- Wilful or negligent breach of the Compliance Requirements
- Falsification of or unauthorised removal of company records or property
- Deliberately accessing internet sites containing pornographic, offensive or obscene material

- Unlawful discrimination, bullying, harassment or other forms of unacceptable behaviour
- Bringing the organisation into disrepute
- Serious breach of confidence
- Serious breaches of UKFI security procedures
- Fighting, assault on another person
- Serious incapacity through alcohol or illegal drugs
- Malicious damage
- Serious acts of insubordination
- Acceptance of bribes or abuse of official position

This list is not exhaustive.

If the employee is alleged to have carried out such an act of gross misconduct UKFI will suspend them on full pay whilst it carries out an investigation into the alleged offence.

At the disciplinary hearing the employee will be given the opportunity to state their case and be represented or accompanied by a colleague or by a trade union official.

If, after investigation, it is confirmed that an employee has committed an act of gross misconduct the normal consequence will be dismissal without notice or payment in lieu of notice.

18.5 Three step statutory discipline and dismissal procedure

If an employee faces dismissal or action short of dismissal such as loss of pay, demotion or suspension without pay, the three step statutory disciplinary and dismissal procedure will apply. This involves:

Step one: a written note to the employee setting out the allegation and the basis of it

Step two: a meeting to consider and discuss the allegation

Step three: a right of appeal including an appeal meeting

The employee will be reminded of their right to be accompanied

18.6 Appeals

An employee who wishes to appeal against any disciplinary decision must appeal to their line manager within five working days. A senior director will hear the appeal and decide the case as impartially as possible.

19. Grievance procedure

Stage 1

If you have a grievance about a matter concerned with your employment you should set out your grievance in writing and send the statement or a copy of it to your line manager.

Stage 2

Your manager will invite you to a meeting to discuss the grievance.

You have the right to be accompanied at this meeting by a colleague or by a trade union official.

After the meeting your manager will inform you of UKFI's response to your grievance.

Stage 3

If you wish to appeal against the UKFI's response to your grievance you should contact you line manager.

You have the right to be accompanied at this meeting by a colleague or by a trade union official.

Where reasonably practical the appeal will be dealt with by a more senior manager than the one who attended the first meeting.

Employees who raise a grievance will not suffer any detriment for exercising their right to do so unless it comes to light that the grievance was made maliciously.

20. Health & Safety

We firmly believe that adequate provisions for health and safety are essential to working life. The maintenance of health and safe working conditions and the prevention of injuries and losses are not only of vital importance to UKFI's efficiency and success, but also in the best interests of all our employees.

We therefore aim to ensure that all our employees are fully aware of their responsibilities for safety and provide up to date information about health and safety issues at work.

20.1 Reporting Accidents

You should report any accident, however minor to your line manager who will ensure that the accident is recorded

More information regarding the building's Health and Safety, fire evacuation procedures and first aiders can be found at: <http://gnweb/WebSite/H&S/H&SLinks.htm>

21. Leaving the company

21.1 Resignation

If you wish to resign you must give to your line manager, the required written notice in writing as specified in your contract of employment.

21.2 Redundancy

In the event that UKFI need to make redundancies, we will consult with individual employees as soon as practical and as fully as possible. UKFI will seek to reduce the effect of any redundancy situation wherever possible.

21.2.1 Selection for Redundancy

If UKFI efforts fail to prevent a redundancy situation the company will advise the selection criteria to be used to determine which employees will be made redundant, these may include the following:

- Skills or experience
- Standard of work performance
- Adaptability

21.2.2 Statutory Redundancy Payments

In the event that UKFI make redundancies employees will be entitled to Statutory Redundancy Payments (SRP) provided they have at least two years' continuous service. Employees will receive a written statement setting out the amount of any redundancy payment and how it has been worked out.

An SRP is based on:

- the employee's age
- the employee's amount of continuous service - up to a maximum of 20 years
- the employee's weekly pay - up to a limit of £330 where the employee's employment ends on or after 1 February 2008

Currently, the maximum SRP payable is £9,900.

If employees are not required to work their notice period, payment may be made in lieu, together with any untaken annual leave.

The statutory dismissal process will apply to all redundancies.

21.3 Retirement

UKFI currently has a retirement age of 65. If you wish to work beyond 65, please write to your line manager.

22. Changes

Any changes to this Manual will be advised in writing to all employees.