

Will All LTSB Facilities Be Outsourced?

Key Staff Issues
During
Outsourcings

Time To Join LTU

The Bank has announced that it will shortly conclude a review which could result in a major transformation of its entire Facilities Management operations.

The Bank is giving serious consideration to entering a partnership with an external organisation.

The Bank has undertaken a significant number of outsourcings over recent years in which work has been transferred to external organisations. Though Facilities Management has itself successfully carried out such outsourcings without forcing staff to transfer to the new organisation, this is untypical of most outsourcings by the Bank. Staff are normally forced to transfer their employment to the new employer.

The scale of Facilities Management's plans almost certainly means that any transfer of staff would be on a 'compulsory transfer' basis.

Whenever staff are transferred to a different employer - including where the new organisation is formed by a partnership between the Bank and another company - there are many potentially serious consequences for staff.

Key issues include:

- Long term protection of all Pay and Benefits since

legislation only guarantees arrangements for a year.

- Protection of the value of non-contractual elements of the LTSB Employment Package such as Sharesave, Profit Sharing/Flavours, Annual Bonuses, etc. None of these arrangements are legally protected.
- Future Pension Arrangements, which again are not legally protected. This is particularly important since many other employers are now closing Final Salary Schemes and cutting their Pensions Contributions.
- Job Security Arrangements and Redundancy Terms.

Whenever staff are transferred, it is essential that LTU negotiates the best possible protection and compensation for staff. LTU has an excellent track-record of achieving this.

The scale of the challenge largely depends upon how the new organisation's employment package compares with the Bank's!

The Bank has already begun discussions with LTU on its plans and expects to announce its final decision by the end of March.

Key Staff Issues During Outsourcings

Whenever staff are affected by an outsourcing then LTU's key objective is always to ensure that staff are left no worse off as a consequence of having their employment contracts compulsorily transferred between companies.

This involves protecting the entire LTSB Employment Package, and wherever any elements cannot be protected or replicated then ensuring staff receive proper compensation.

Though employment legislation provides some limited protection for staff, this is wholly inadequate and staff are therefore more dependant upon what arrangements LTU is able to negotiate on their behalf.

Legal Protection : TUPE

The Transfer of Undertakings (Protection of Employment) Regulations, more commonly known as TUPE, were introduced in 1981 to help protect the rights of employees where there is a change in their employer.

The main objectives of the law are to:

- ensure that the recognised unions of staff to be transferred (i.e. LTU) are informed and consulted on the proposed transfer and its impact on staff.
- ensure that the contracts of employment of staff are transferred automatically between employers and their terms and conditions protected.

The TUPE Regulations provide the following protection for employees transferred between employers:

- Existing contracts of employment transfer to the new employer.

- The period of employment with the Bank is treated as continuous service once staff transfer from the Bank to the new employer. Rights and benefits relating to the period of continuous employment remain; such as for redundancy, unfair dismissal, etc.
- Any employees who are dismissed for a reason connected with the transfer can claim unfair dismissal.
- Where worse terms and conditions are offered by the new employer at the time of transfer then staff may resign and claim constructive dismissal.
- If the new employer attempts to impose new terms and conditions by dismissing employees and re-employing them on new terms then the dismissal will be unfair.

It is particularly important staff understand that the Bank has previously argued that, in terms of remuneration, only Basic Salary is legally protected upon transfer to the new employer. The Bank may seek to argue that staff are not entitled to an amount equal to Profit Sharing / Flavours, Bonuses or participation in the Sharesave Scheme.

In other words, staff transferred from Lloyds TSB could, unless LTU successfully negotiated proper compensation, suffer cuts in their spendable income.

Pensions are also not legally protected.

It is also important to stress that the protection provided by the legislation typically only lasts 12 months. After a year, employers have successfully forced changes in terms and conditions by arguing that these changes are unconnected with the transfer.

It is therefore essential that LTU negotiates robust and effective protection for staff.

Negotiations Key

The Bank has a legal obligation to genuinely negotiate with LTU on the transfer terms "with a view to reaching an agreement".

The Bank has already indicated that as soon as a decision is reached on the future of Facilities Management then detailed negotiations will begin with LTU.

When these negotiations do begin, LTU will be counting upon its previous experience and successes, focussing in particular on:

- **The need to protect the value of Basic Pay and other Contractual Terms well beyond the first 12 months following transfer.**
- **The need for proper Job Security guarantees and**

Time To Join LTU

Whenever the Bank plans to outsource staff then it is essential that the maximum possible number of affected staff are members of LTU.

Only with the fullest possible support of staff can LTU achieve the maximum possible protection and compensation for staff.

LTU has an unrivalled track record for negotiating and campaigning effectively on behalf of staff:

- **Only LTU has the resources and commitment to ensure that every effort is made to win staff the best possible deal during negotiations.**
- **Only LTU has the knowledge and experience to understand and represent the best interests of staff.**
- **Only LTU provides staff with in-depth, reliable information they need and can count on. For example, during the Bank's last major outsourcing**

long-term protection of Redundancy Terms.

- **The need to either replicate the full value of the LTSB Employment Package, or else fully compensate staff for the loss of any arrangements which cannot be replicated (i.e. Profit Sharing/Flavours, Sharesave, etc.).**
- **The need to provide staff with matching Pensions Arrangements.**
- **The need for future Union Representation rights.**

If the Bank does, as expected, decide to establish a new company in partnership with an external organisation, then LTU will also need to be involved in negotiating the core terms, conditions and arrangements of the new company.

- the transfer of Cash Centres Staff to Securicor - LTU issued 25 detailed Newsletters.

- **Only LTU is able to provide staff with professional face-to-face advice and support.**
- **Only LTU has showed a willingness - where absolutely necessary - to ballot staff on taking industrial action.**

In fact, so successful has been the support LTU is able to provide that in almost all cases where staff have been outsourced LTU has ended up being effectively the only union representing staff.

Most importantly at this stage, it is important that all Facilities Management Staff understand that not all unions provide the same quality of service when staff are in need of support during outsourcings.

All Facilities Management Staff are strongly recommended to join LTU straightaway.

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