

193 Jobs At Risk As Property Admin To Transfer To Group Operations

General Insurance Senior Management's announcement that Property Administration is to transfer to Group Operations puts at risk the jobs of 193 staff working in Newport and Bournemouth.

The Group Operations business unit has a reputation for making jobs redundant shortly after staff are transferred under its control ... often through a process known as 'Offshoring By Proxy'.

LTU has real concerns that this will be the same for Property Administration, since:

- **Just last month Group Operations - which plans to slash its costs by £121 million a year by 2010 - announced almost a thousand job reductions in the UK alone this year.**
- **Group Operations has made no secret of the fact that a key feature of its strategy is to operate from fewer sites. Its announcement last month alone involved 9 site exits and closures.**
- **Commitments that Property Administration would remain operating in Newport and Bournemouth to at least the end of this year are provide little reassurance. Some of the site exits and**

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closures announced by Group Operations last month don't, in any case, take place until next March!

- **Group Operations is at the forefront of the Bank's drive to slash costs through transferring work to India.**

Earlier Experience

Job reductions amongst staff transferred into the Group Operations business unit isn't new.

During May 2005, Group Operations announced 6 site closures with the loss of 450 jobs.

Senior Management also confirmed that staff transferred into Group Operations from 5 Wholesale Banking Operations (WBO) sites - on a similar basis to Property Administration - would also have their work transferred elsewhere.

Group Operations' Strategy: Get Leaner, Cut Sites and Offshore To India

Just last month, Group Operations' Senior Management announced a major programme of cost cutting, which LTU fears could eventually result in the loss of around a third of all jobs within the business unit.

Group Operations is aiming to slash operating costs by £121 million per annum by 2010, with plans for this year likely to result in up to one thousand job losses.

The announcement meant that, from within Group Operations this year:

- **OFFSHORING.** During this year 450 roles will be offshored to India; 223 having been announced in March and the others previously. Jobs are to be offshored from Andover, Newton Aycliffe, Sheldon and Brighton.
- **RATIONALISATION.** 462 further jobs will be lost through rationalisation, as senior management pursues its concept of 'Lean Manufacturing'.
- **CLOSURES.** 214 staff work at sites - in Chorley, Newton Aycliffe and Glasgow - that are going to close; and a further 355 - in Tonbridge and London - will lose their jobs when their work is transferred elsewhere in the UK.
- **RE-LOCATION.** 389 staff will have to relocate to new offices: from Colmore Row in Birmingham, Castlemead in Bristol, Cambridge House in Brighton and Brown Street in Glasgow.

In other words, during the remainder of this year many Group Operations staff face the

prospect of losing their jobs and many others can expect to move offices or change roles.

And, of course, this is just one step towards Group Operations making £121 million of savings each year; of which staff costs account for 80% of total operating costs!

Offshoring

Group Operations' Senior Management has indicated that Offshoring to India and Outsourcing to other companies will feature heavily in its plans over the coming years. So far 9 processes have been identified for offshoring, with the Bank saying it is conducting feasibility studies on a further 11 processes that could also be offshored.

Site Exits

Group Operations has made no secret of the fact that it intends to reduce further the number of sites it operates from; with many more site closures between now and the end of the decade being inevitable.

In fact, last May Senior Management indicated that its longer-term plans would be to operate from just 5 or 6 Group Operations sites across the UK. These would be sites where it could base many hundreds of staff; such as Birmingham, Brighton and Andover.

LTU believes the prospect of Group Operations retaining a presence in Newport and Bournemouth - where it would have relatively few staff - is very slim indeed. In fact, the Union would anticipate the business unit transferring work out of both sites and into its 'strategic locations' by the end of next year.

Key Challenges For Staff

This announcement concerning the reorganisation of General Insurance activities is likely to have a significant impact upon staff: both those in Property Administration due to transfer to Group Operations and those due to remain working directly for General Insurance.

Property Administration Staff

For those staff working in Property Administration - who will be transferring to Group Operations - the key challenges are likely to be:

- **Imposition of the 'Lean Manufacturing' concept over the coming twelve months. This involves attempts to squeeze more and more work out of fewer and fewer staff.**

This could be the forerunner to 'packaging' work for transfer to other Group Operations sites in the UK or else Offshoring to India.

- **Job Losses. With the requirement for less staff, LTU believes it is inevitable that many jobs will be made redundant.**

Where this happens, LTU will be focussing its efforts to ensure that all staff reductions are achieved through Voluntary Severance and Early Retirement (VS/VER) and 'voluntary redeployment' into alternative jobs that staff consider suitable.

LTU would vigorously oppose any attempts to make staff compulsorily redundant.

- **Compulsory Redeployment.** Some job losses - particularly once Group Operations eventually decides whether or not to transfer its activities out of Newport and Bournemouth - will no doubt be handled through Voluntary Redundancy.

However, there is a real danger that other staff might be forced into accepting roles that they consider unsuitable.

This is often a major concern for staff during reorganisations; particularly in those circumstances where the interpretation of what exactly constitutes suitable alternative roles differ between management and staff.

In these circumstances, LTU has considerable experience of professionally advising and representing staff. Where necessary, this includes supporting staff in pursuing 'Job Security Appeals'.

Other General Insurance Staff

There are two key issues for those General Insurance Staff who are at the present time unaffected by this announcement:

- **Firstly, whether further General Insurance jobs might eventually be also transferred to Group Operations or any other business unit.**
- **Secondly, the impact of offshoring further activities to India.**

In its 'Q&A' communication to staff, Senior Management acknowledges that it intends to "transfer further back office work to our Mumbai site".

That means that it may not be long before even more General Insurance staff face the prospect of either their jobs being made redundant or else having to transfer into different roles.

Ongoing Offshoring Threat

Senior Management has made it clear that it expects more activities to be transferred to India.

Group Operations has certainly taken a leading role in the Bank's overall Offshoring Strategy and by the end of this year will be responsible for around 1,000 of the 3,500 jobs that will have been transferred to India

Meaningless 'Offshoring Agreement'

The 'Offshoring Agreement' reached between the Bank and Unifi Amicus must take a lot of responsibility for the drive to transfer even more work to India.

Whilst this so-called 'Agreement' offers no more protection than staff already receive under the Bank's Job Security Policy, it has enabled the Bank to excuse the offshoring of jobs to the media and customers by claiming it has the support of staff

representatives (despite Amicus only representing 3% of the total workforce). This has effectively given senior management the 'green light' to transfer even more jobs abroad.

The Bank has even been able to side-step the 'Agreement' through what is known as 'Offshoring By Proxy'. This arises where work is not transferred direct to India, but rather to another site in the UK whose work instead has transferred to India.

In other words, if Group Operations was to transfer Property Administration work to another UK site (e.g. Andover) - where spare capacity had been created through offshoring other activities to India - it could argue that job losses in Newport and Bournemouth are not **directly** connected with Offshoring.

Previously, in these circumstances Senior Management has argued that the Offshoring Agreement does not apply.

LTU Support For Staff

LTU will be taking all reasonable steps to ensure that General Insurance staff are treated fairly; whether they be Property Administration Staff transferring to Group Operations or work for another part of General Insurance affected by Offshoring and reorganisation.

In the case of Property Administration Staff, once Group Operations starts transferring work elsewhere LTU will be pressing the Bank to:

- **Take all reasonable steps to minimise Compulsory Redundancies, including the promotion of a Voluntary Severance Register across General Insurance to facilitate the process known as 'bumping'.**

- **Refrain from forcing staff to accept alternative jobs which they may not find suitable.**
- **Pay the Training Bond of up to £2,000 to staff losing their jobs, irrespective of whether they lose their jobs as a direct or indirect consequence of work being offshored to India.**

LTU will also be issuing regular Newsletters on staff rights and entitlements, conducting regular visits to Newport and Bournemouth and providing professional support through our 24 Hour Advice Line Service on 01234 262868.

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