

More Than 150 HR Job Losses As Work Offshored To India

The Bank has announced plans to offshore the work of more than 150 Human Resources Staff to India.

Following completion of the feasibility study it announced earlier this year, Senior Management have confirmed that it will be linking up with the offshoring specialist company Xansa, to progressively transfer the work of the following HR functions in two phases over the next 13 months:

Phase 1: October 2006 - April 2007

- HR Technology - Operations & Projects
- HR Contact Centre - HRIS Updates
- HR Contact Centre - Training Administration
- Staff Information Services
- HR Resourcing- Redeployment & Exit Admin

Phase 2: January - June 2007

- HR Resourcing - Other
- HR Call Centre

The Bank has indicated that it believes some work is already in a position to be offshored to India, whilst other work must first go through a process of 'Lean Manufacturing'; that is squeezing more work out of fewer staff.

LTU has told the Bank it objects to this decision to offshore HR work to India for two fundamental reasons:

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1. **Because it is unethical to ditch existing UK based staff merely because the Bank can replace them with lower paid staff in India.**
2. **Because it is unacceptable that staff should be forced to endure the same deterioration in service that has already been forced upon customers over the last two years.**

LTU doesn't accept that the motivation behind this decision to offshore work to India is for any other reason but to slash costs.

Experience of offshoring elsewhere in the Bank has shown considerable service quality issues. This has in particular been the consequence of language and comprehension difficulties, cultural differences and the disruptive effect of very high staff turnover.

De-Professionalisation of HR?

In its communication to staff earlier this year, the Bank suggested that one of the reasons for considering the offshoring of Human Resources work was to *"ensure HR makes the maximum possible contribution to Lloyds TSB truly becoming a high performance organisation"*.

However, experience of the offshoring that has already taken place within Lloyds TSB shows that offshoring has little to do with improving service - whether to internal or external customers - and everything to do with cutting costs.

Front-line staff dealing 'day in and day out' with customer complaints concerning the India operation can see straight through Senior Management's spin. It is no coincidence that the part of the Lloyds TSB Group most involved in Offshoring - Retail Banking - has haemorrhaged customer accounts and confirmed a drop in profit last year - as customers switch their business to those banks committed to operating from the UK (in particular, RBS and HBOS).

LTU is concerned that this latest announcement is therefore part of the process of 'de-professionalisation' of the HR function within Lloyds TSB.

Despite all the warm words, the facts are that:

- **Staff in India are paid significantly lower salaries in India than the UK and the Bank has itself acknowledged its intention to cut its HR costs.**
- **It is inconceivable that Xansa can in India match the technical knowledge and experience of the staff in the UK it is replacing.**
- **Staff turnover in India will inevitably be very high; experience has shown this is typically around 45% and it is unlikely high calibre staff could be retained to work until as late as 12.30 a.m. each evening!**

So the Bank should drop any pretence that this decision is motivated by any desire to improve service delivery. Instead, the opportunity to slash costs - through ditching existing loyal and committed staff in the UK and replacing them with low-paid workers in India who are paid a mere fraction of the salary - appears to be simply too seductive for the Bank's top management to pass by.

Of course, it is also an indication of a total lack of Corporate Social Responsibility.

Don't Be Fooled By So-Called 'Offshoring Agreement'

No staff should be misled into believing that the so-called 'Offshoring Agreement' struck between the Bank and Amicus offers any real protection.

In fact, LTU - which has consistently opposed this 'agreement' - believes that, rather than protecting jobs, it has provided senior management with the 'green light' to offshore even more jobs to India.

It serves the needs of the Bank, through providing the impression to the media and staff that it is

protecting jobs affected by offshoring. It also serves Amicus which, with less than 3,000 paying members in Lloyds TSB, needed an excuse to avoid having to campaign meaningfully against offshoring.

However, it does very little indeed for staff, offering 'false hopes' but very little of any value to staff. Of the agreement's key features, for staff affected by offshoring:

- **The apparent guarantee of an alternative**

job is an empty promise, offering little more than the Bank's legal obligation and those requirements of its own Job Security Policy. These oblige the Bank to make every reasonable effort to find 'suitable alternative employment' for staff in redundancy situations.

The 'Offshoring Agreement' merely commits the Bank to OFFER an alternative job to staff whose jobs are lost as a consequence of work being transferred to India. However, the job being offered need neither be suitable nor even in the same part of the country!

For example, following the closure because of offshoring of the Bank's Newcastle Call Centre, an article in the Times Newspaper referred to a 58 year old member of staff who believed that the alternative job offered to her - in Glasgow (154 miles away) - was little more than insulting.

- **The Training Bond - of up to £2,000 - that is also part of the 'Offshoring Agreement' has strings attached, which have meant that many staff have been ineligible to receive payment during previous office closures resulting from offshoring.**

In fact, the attitude of the Bank to previous job losses resulting from offshoring has led to many staff even losing out on Redundancy Payments. That is because

the Bank has on previous occasions insisted staff must remain employed by the Bank right up to the date of closure if they are to receive Redundancy Payments.

This has been a step back from previous typical practice when the Bank had shown more flexibility in allowing staff to leave early whilst also receiving Redundancy Terms. It has also left staff who have been told they are no longer wanted by the Bank with the unenviable choice of having to:

- Either accept alternative job offers but miss out on Redundancy Payments;
- Or accept Redundancy Payments but then keep their fingers crossed that they can find alternative work without too great a delay.

In other words, despite all the spin by the Bank and Amicus, their so-called 'Offshoring Agreement' provides no real benefit for staff.

In fact, because of its obsession with justifying this discredited 'Agreement', Amicus appears to be blinded by the fact that offshoring is leading to the loss of many Lloyds TSB jobs. In its Newsletter '*HR Ops Review - Global Agreement intact*' (28/2/06) Amicus couldn't even bring itself to acknowledge that this "low level review" could lead to job losses; preferring to refer to jobs being "globalised" rather than "lost" and emphasising the good relationship it has with Xansa!

Key Staff Issues

With the jobs of more than 150 Human Resources staff being made redundant because of offshoring, what is really needed is robust measures to protect them rather than the empty promises of the Bank-Amicus Offshoring Agreement.

Avoiding Compulsory Redundancies

If the Bank was genuinely concerned about the welfare of staff, it would provide a guarantee of no compulsory redundancies.

One way of facilitating this would be to open a Voluntary Severance Register. This would allow staff

wishing to remain working for the Bank with the opportunity to swap places with staff working in other areas who would be interested in leaving the Bank if they were to receive the Bank's Severance Terms.

The Bank has said that at this stage it will not consider opening an HR-wide Severance Register, though it may consider in a month or so having established the preferences of staff.

Avoiding 'Forced Redeployment'

Another issue for staff whose jobs disappear concerns whether they are forced to accept alternative jobs that

the Bank considers suitable even though they might prefer to leave on Voluntary Severance instead.

In certain circumstances, staff can even be forced to accept jobs at a lower grade.

This is often a major concern for staff. LTU has told the Bank that it would expect HR Staff affected by this offshoring announcement to be treated fairly and that where staff do not believe an alternative job is suitable, they should be offered Voluntary Severance Terms rather than be forced to accept such positions.

Management Integrity

The Union has also told the Bank it would be unacceptable for HR to follow the lead of other business units that have offshored work to India in an effort to cut costs.

During the closure of the Newcastle Contact Centre, some staff resigned without even a Severance Payment having been told that they would only receive one if they remained with the Bank up to the final closure date. For many that meant turning down alternative job offers; which was a risk they couldn't afford to take. So the Bank was able to rid itself of many staff on the cheap.

LTU has told Senior Management it would find any repetition of this approach unacceptable. It has pressed the Bank for a commitment that wherever it is reasonable to do so, staff without jobs should be allowed to leave early on the Bank's full Severance Terms.

Clock Ticking On Severance Terms

Another key issue for HR Staff affected by this announcement is the fact that those who joined the Bank before 1997 face the prospect of their Severance Terms being slashed if they leave after 31st December of this year.

This could have significant financial consequences for staff.

Given the special circumstances of this announcement - when some staff will lose their jobs this year but others not until next year following the change in Severance Terms - LTU will be pressing the Bank to treat this as a special situation, where staff should be guaranteed to receive their current Severance Terms entitlement.

LTU Campaign To Save UK Jobs

LTU has been alone in vigorously campaigning against the offshoring of Lloyds TSB jobs to India.

Details of the Union's campaign can be found on our website at www.saveukjobs.co.uk.

Over the coming weeks, LTU will be closely monitoring the progress of the Bank's offshoring plans and will welcome the fullest possible feedback from members in HR affected by this project.

The Union will also be applying the maximum possible pressure upon top management to drop its short-sighted Offshoring Policy and not only stop transferring work abroad but repatriating jobs already in India back to the UK.

This is the only way Lloyds TSB can genuinely become a high performance - rather than low cost, low quality - organisation that top management says the Bank aspires to be.

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