

Desk Top Services To Be Outsourced

INSIDE

- Legal Protection : TUPE
- Previous Outsourcings
- What Next?

The Bank has said that it wants to outsource the remainder of desktop services to IBM by the 1st February 2004. IBM is currently the main provider of desktop services support to the Bank's head office business units and they also support much of the base infrastructure. Members will recall that over 80 desktop services support staff based in Bristol and London were transferred to IBM a few years ago. Following lengthy negotiations, which included a large increase in basic salaries for staff to compensate for the loss of benefits the outsourcing was supported by both the staff and LTU.

Following a review of the existing services, Group IT has said that it believes there are currently 23 staff who spend more than half of their time doing DST work and they will be transferred to IBM. Each member of staff will have an opportunity to discuss with their line managers why they have been included in the outsourcing. The following business units which currently have onsite desktop services teams will be affected by the transfer of work:

- Card and Credit Operations Cardnet (Southend and Basildon)
- City Office Wholesale, Banking Operations (Gillingham)
- C&G (Scunthorpe)
- General Insurance (Bournemouth and Haywards Heath)
- Wealth Management (Haywards Heath and remote site)
- Stockbrokers (London)
- Call Centres

LTU has considerable experience of representing staff affected by outsourcings by Lloyds TSB and this Newsletter provides staff with details of their key rights and entitlements. Of course, any member needing more information should telephone LTU's Advice Line on 01234 262868.

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 (ie 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. Once the transfer is complete these can only be changed by mutual agreement.*
- *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 bear in mind that the Bank has previously argued that, in terms of remuneration, only basic salary is transferred to the new employer. The Bank may seek to argue that staff are not entitled to an amount equal to the new Flavours scheme or participation in the Sharesave Scheme.

In other words, staff transferred from Lloyds TSB to another employer could, unless LTU successfully negotiated proper compensation, suffer cuts in their spendable income. We hope, however, that it will be possible to avoid this during negotiations.

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

Negotiations on the transfer terms are due to commence shortly and LTU will be seeking full input from staff, and providing detailed feedback, throughout discussions.

Previous Outsourcings

LTU has considerable experience - built up over recent years - in representing staff affected by outsourcings. Outsourcings over the last couple of years have included:

- **The transfer of 33 Corporate IFA staff, based in Bristol, to Marsh & McLennan after many months of protracted negotiations on the Transfer Terms.**

LTU negotiated an attractive compensation package to offset reductions in spendable income.

- **The transfer of a total of over 80 Desk Top Services staff - based in Bristol and London - to IBM.**

The Transfer Terms negotiated by LTU included large increases in Basic Salaries to compensate for the loss of Profit Sharing, Sharesave scheme entitlement and other benefits.

- **The transfer of 83 Cardnet Staff, based in Southend, to FDRL. A dispute over the transfer arrangements resulted in LTU taking the Bank to Industrial Tribunal.**

Though staff received loyalty bonuses of between £5,000 and £9,000 (net of tax) to compensate for reductions in spendable income, staff were still left significantly worse off financially after the transfer. All the above outsourcings were on a 'compulsory' basis; so staff were given no alternative but to transfer.

What Next?

LTU will begin detailed discussions with the Bank and IBM on the outsourcing arrangements and transfer terms. Only once the Bank and IBM has shared details of its future plans for the transferred staff, will proper negotiations on the transfer terms commence.

Staff must remember that there is a legal obligation on the Bank to ensure LTU is provided with full details on future plans, details of the implications of the transfer for staff and, most importantly, it must consult fully with LTU on the transfer terms "with a view to reaching agreement".

To ensure staff are represented fully during negotiations, the Union will be seeking a couple of members to act as representatives on behalf of staff. This will ensure staff needs and concerns are properly represented. Members interested should contact Mark.Brown@ltu.co.uk.

Mark V Brown
Assistant General Secretary