

27th April 2004

Lloyds TSB - Group IT

Voice, Data and Distributed Services To Be Outsourced

The Bank has said that it is looking at how it sources its voice and data network services and distributed services. These services are currently provided by third-party suppliers and in-house staff and Group IT are looking to see if they can provide at least the same levels of service more flexibly elsewhere.

Voice and Data Network Restructure

According to Group IT the aim of this restructure is to replace the existing multiple voice and data network with a single, transformed voice and data network infrastructure. Two suppliers - IBM and BT - are currently involved in the negotiations and due diligence phase before one supplier is identified. Group IT has said that it believes there are currently 120 staff who have some involvement in supporting the existing voice and data networks. However, a number of those 120 staff spend less than half of their time doing voice and data network work and they will not be subject to a transfer under the TUPE Regulations.

Distributed Services Restructuring

This restructuring covers support for Head Office Desktop and Branch equipment support including PC's, laptops, printers and scanner maintenance. A formal tendering process will start shortly and a "beauty parade" of potential vendors will begin. Once a vendor has been chosen then discussions will begin with LTU about how and when the staff affected will be transferred to the new supplier. Group IT has said that its aim is to get this restructuring completed by the end of 2004.

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, 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 recent transfer of Desk Top Services staff - based at sites around the country - to IBM.**

The Transfer Terms negotiated by LTU included increases in Basic Salaries to compensate for the loss of a number of 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 Employment 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?

Once the suppliers have been identified then LTU will begin detailed discussions with the Bank on the outsourcing arrangements and transfer terms. Only once the Bank and the new suppliers have shared details of 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 number 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.

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