

# Group Operations' 2007 Plans: Offshoring, Outsourcing, Site Closures & Yet More Staff Reductions

**G**roup Operations Senior Management has announced further major staff reductions during 2007 as it presses ahead to achieve cost savings of £121 million a year by 2010.

**Over 1,250 Group Operations staff are expected to be directly affected by staff cutting measures during this year, with overall staff numbers being slashed by over 750.**

The Bank has said it plans to press ahead with the following measures during 2007:

- **Over 400 jobs are expected to be offshored to India.** Though 15 of these were announced today in Property Administration (Newport), the Bank has confirmed that announcements should be expected later this year concerning a further 292 roles over 10 processes.
- **Almost 500 jobs will be affected by site closures and staff relocations. This includes an announcement today that the Bank intends to close its Service Centre at Thorpe Wood, Peterborough with the loss of all 245 jobs.**
- **More than 400 further jobs are also expected to disappear as a result of 'Lean Manufacturing'.** This is both as a consequence of Effectiveness and Efficiency savings and Process Re-engineering involving IT modifications.
- **Plans are still being developed to outsource the work of Trade Services staff - who are based both in Brindley Place**

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**and Monument - to another company.** LTU understands that a final decision will be taken at the end of March on whether this outsourcing will go ahead and that, if it does, we suspect that processing work may be transferred to a different country.

- **A Process Automation Pilot is also being developed that could affect the job security of many more staff.**

**It is clear that 2007 will be another difficult year for the job security of staff working in Group Operations, as many face the prospect of their jobs being offshored, outsourced, transferred to another part of the country or else eliminated altogether because of 'lean manufacturing'.**

The Bank has said it expects to make a further announcement concerning the details of its offshoring plans in Group Operations by the end of April.

# Offshoring Threat To Hundreds More Group Operations Staff

The leading role that Group Operations management is playing in the offshoring of work to India is at the root of the job reductions and job security concerns of staff.

In fact, it is highly unlikely that Peterborough Service Centre would close this year - with the loss of all 245 jobs - if it wasn't that over 400 Group Operations jobs are to transfer to India. This is because though Senior Management insists the Peterborough jobs are not transferring direct to India, the work will be transferred to other sites where surplus capacity is being created through offshoring.

**This is a process known as 'Offshoring By Proxy'.**

## 'Offshoring Agreement' Exposed Yet Again

The Peterborough closure announcement shows once again just how meaningless the so-called 'Offshoring Agreement' reached between the Bank and Amicus really is.

**Because the Bank has argued that jobs are not transferring direct to India, it has been able to side-step its agreement with Amicus.**

Of course, this smokescreen will fool none of the many hundreds of Group Operations staff who will be losing their jobs this year either directly or indirectly as a consequence of offshoring.

Rather than protecting jobs, the so-called Offshoring Agreement has given the Bank the excuse to transfer even more jobs to India by claiming it has union support ... eventhough this is just from Amicus which represents under 3,500 staff in Lloyds TSB.

## Who's Next?

Today's announcement by the Bank merely concerned 15 staff - from the HUON Property Administration Team in Newport - being transferred to India.

**Yet the Bank has admitted that it has plans under consideration to offshore a further 10 processes later this year, which would lead to almost 300 more jobs being transferred direct to India.**

This is in addition to a further 100 roles whose offshoring this year has already previously been announced.

As a consequence, hundreds more staff will have to wait until probably April to find out if they too will lose their jobs for no other reason than they can be replaced with lower paid staff based in India.

**This situation is completely unacceptable to LTU and the Union will be further stepping up its campaign opposing the offshoring of jobs to India.**

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# More Site Closures Inevitable

Group Operations' announcement today involves the business unit closing or 'exiting' from the following sites:

- **Peterborough Service Centre is to close between July and December 2007 with the loss of all 245 jobs.**
- **Staff based in Moore House Brighton and**

**Mountbatten House Chatham are to relocate to larger Group Operations sites.**

This follows on from the site reductions that Group Operations announced last year, when it said it was closing offices and pulling staff out of premises at all the following locations: Chorley, Newton Aycliffe and Brown Street Glasgow (all closures); Hays Lane and Goldings (site exits); and Cambridge House Brighton,

Castlemead Bristol and Colmore Row Birmingham (all staff relocations).

## Fewer, Larger Sites

To its credit, Group Operations Senior Management has been quite open in stating that it intends to progressively operate from fewer and fewer premises.

Most obvious areas in which the business unit could be expected to remain operating over the longer-term are:

- **Birmingham**
- **Andover**
- **Brighton**
- **Manchester**
- **Bangalore**

Tonbridge has also recently received a reprieve; with staff who had originally been advised they were losing their jobs subsequently being told they were still required. In some cases, this had meant that staff who had originally been told they could leave on Voluntary Severance Terms, having this 'opportunity' rescinded.

## Who's Next?

An obvious consequence of Group Operations' premises strategy - and its focus on operating from fewer, larger sites - is that there are **many more smaller operations scattered across the UK that face closure over the coming few years.**

**Based on previous experience, LTU would expect these smaller operations to progressively close, with work either transferring direct to India or - as in the case of the Peterborough closure - transferring to other sites, where surplus capacity has been created both through 'lean manufacturing' and other work being transferred to India.**

**Like Peterborough, many of the remaining 'at risk' sites are not close to other concentrations of Lloyds TSB staff, so there is a real likelihood of large-scale compulsory redundancies.**

Whichever is the case, the Bank's strategy of Offshoring work to India is more often than not pivotal to enabling Group Operations to close sites and make significant cost savings ... even if many staff claim this at the expense of declining standards of work!

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# Outsourcing - Trade Services

Senior Management has said that a final decision on whether it will outsource its Trade Service function will be delayed until the end of April 2007.

**This could affect the job security of up to 150 staff across two Group Operations sites; Brindley Place and Monument Building.**

The Bank has said it now has just one remaining preferred supplier. LTU understands that this operates from abroad.

Should the outsourcing go ahead as expected, the key issue for staff would be whether:

- **The jobs of many - if not all - staff are made compulsorily redundant;**
- **All staff are forced to transfer to the new company under what is known as a 'TUPE**

**transfer';**

- **Some staff are forced to transfer into roles that the Bank considers to be suitable alternatives.**

Of the three, LTU considers the TUPE transfer as being the most unlikely option, since the remaining preferred supplier is based abroad; though this cannot be totally ruled out.

**Given Group Operations' strategy of operating from fewer, larger sites - and the fact that Brindley Place certainly does feature in the Bank's plans but operating from London does not - LTU would anticipate that if the outsourcing does go ahead, surplus staff in Birmingham would be expected to redeploy into alternative roles and Monument staff would be more likely to be made compulsory redundant.**

# Lower Severance Terms

In October 2006, the Bank introduced a single set of Severance Terms that now apply to all staff working for the Bank; irrespective of when they joined Lloyds TSB, or which of the Banks they worked for before Lloyds and TSB merged.

**Though the Bank had to make some changes to the Severance Terms in order to comply with Age Discrimination legislation, it has also admitted that it exploited the opportunity to slash up to £125 million from its costs.**

## Training Bond

**LTU is to press Group Operations to grant Training Bonds of up to £2,000 to all staff affected by its plans to slash costs by £121 million a year by 2010.**

This entitlement was introduced by the Bank for staff who lose their jobs as a direct consequence

of offshoring. Yet many Group Operations staff are losing their jobs by 'Offshoring By Proxy'; that is, their work is transferred to other sites where surplus capacity has been created by offshoring.

**In many cases, the sites facing future closure as part of Group Operations' premises strategy are typically not in close proximity to other Bank operations; so there will often be large numbers of staff being made redundant over a relatively short period of time, with nominal redeployment opportunities.**

There is therefore a far greater need for staff to retrain in order to find alternative work outside of the Bank.

**Together, these factors combine to make a compelling case for Group Operations to provide all staff affected by site closures with an entitlement to Training Bonds of up to £2,000.**

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# LTU Support For Group Operations Staff

LTU will be taking all conceivable steps to ensure that Group Operations staff are treated fairly as the business unit closes sites, offshores jobs and drives down staff numbers.

LTU will be pressing the Bank to:

- **Take all reasonable steps to minimise Compulsory Redundancies, including the promotion of a Voluntary Severance Register in other business units 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 offshoring.**

LTU will also be issuing regular Newsletters on staff rights and entitlements, holding regular surgeries at affected sites and providing support through our 24 Hour Advice Line Service on 01234 262868.

**What is absolutely clear is that no-one is better equipped or more able to represent Group Operations staff than LTU. With so much more change imminent, it is essential that any remaining staff who are not already members join LTU straightaway.**

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