

# Trade Finance Outsourcing Moves Step Closer

The long-anticipated outsourcing of parts of Trade Finance has moved a step closer after Senior Management confirmed that it expects to reach final agreement with a third party in 2/3 months time.

**Senior Management has confirmed that it has signed a preferred supplier agreement with the fourth largest bank in the United States, Wachovia Bank.** Negotiations are now entering their final stages, with a contract concluding arrangements expected to be signed around late-June / early-July.

Should arrangements be finalised as expected with Wachovia Bank, LTU expects the consequences for Trade Services Staff being as follows:

## ● **Monument.**

**Most staff are expected to be made redundant over a period of 12/18 months, as operations are transfer on a phased basis to Wachovia.**

There are unlikely to be many redeployment opportunities within Group Operations for those staff who would prefer to remain working for Lloyds TSB. However, where staff do not want to be made redundant, LTU will be pressing for alternative roles to be found in other business units.

The Bank would retain a team of just 3 staff in London, supporting large Corporate customers.

## **INSIDE**

**Monument Staff Issues**

**Brindley Place Issues**

**LTU's Professional Support**

## ● **Brindley Place.**

**The Bank expects to retain around three-fifths of existing staff (up to 55), in order to provide all customer-facing activities.**

Based on previous experience, we would expect most (if not all) remaining staff - around 40 - to be obliged to redeploy into alternative roles elsewhere in the Bank rather than receive Redundancy Terms. If they refuse, they may be denied redundancy payments.

The process to be used for selecting the staff to be retained in Trade Finance - and those to be transferred into other areas - will become clearer nearer the time. It is possible that staff would be forced to reapply for their own jobs.

**What is clear, however, is that staff will be facing considerable uncertainty over the coming months; with the likelihood of 'forced redeployment' or redundancy, depending upon where staff are based.**

# Monument Staff

It now seems likely that the overwhelming majority of staff based in Monument now face the prospect of compulsory redundancy over an extended period of 12-18 months.

## Key Staff Issues

This would present several key issues for staff:

- **Once a final decision is taken on going ahead with the outsourcing to Wachovia Bank, LTU expects staff to be asked to participate in a *Preference Exercise*.**

This would provide staff with the opportunity to indicate whether their preference is to accept Redundancy Pay - and if so, at what phase of the closure programme - or to be redeployed into an alternative role in the Bank.

A guide to calculating Redundancy Pay entitlement is below.

### **NEW LLOYDS TSB SEVERANCE TERMS**

**2 weeks' pay for every year of service under age 22**

**4 weeks' pay for every year of service aged 22 to 40**

**6 weeks' pay for every year of service aged 41 and over**

*Only the last 20 years' service applies.*

*Capped at maximum of 104 weeks.*

*First £30,000 tax-free*

- **Will there be any alternative to compulsory redundancy for those staff who would prefer to remain working for the Bank?**

Certainly the prospects for continuing to work in the Trade Finance area are very limited, since the Bank says only 3 roles are likely to remain in London to service large Corporate customers. Though it is pure speculation, LTU would anticipate this small operation being located at Chiswell Street, where most remaining Group Operations staff in London are now based.

However, where staff do want to avoid compulsory redundancy, LTU would insist that every possible measure was used to find alternative roles in other business units; including using a process known as 'bumping' where people from other areas who do want to leave replace people who don't.

- **With the Monument operation due to close over a protracted period in excess of 12 months - and work transferred to Wachovia Bank on a phased basis - there may be a conflict between when staff would like to leave the Bank and when the Bank would be willing to allow them to do so on Severance Terms.**

It could be the case that staff find new jobs outside of the Bank, only to be told that the Bank wants to hold on to them longer. They would then be left with the dilemma of whether to accept the new job but lose out on Redundancy Pay; or hold on for Redundancy Pay and hope they find another suitable job at a time that suits the Bank!

LTU will insist that the Bank acts as flexibly as possible, making every reasonable effort to accommodate the wishes of staff.

## LTU Support

LTU has considerable experience dealing with all these possible scenarios and will therefore be ensuring all our members are

fully protected.

This includes professional advice, information and representation by fully trained and experienced Union Officials.

In circumstances where staff are told they are being made compulsorily redundant, there may be a need for representation under the Job Security Procedure. This would involve an Appeals Panel consisting of an equal number of senior Bank and Union Officials to ensure every reasonable effort is made to find suitable alternative redeployment opportunities.

# Brindley Place

Though it is much less likely that staff at Brindley Place will be made redundant, it could well be that the issues they face will be every bit as challenging as those facing Monument staff.

**This is because Redundancy Pay may not be an option at all and they may find themselves obliged to transfer into alternative roles that they do not consider suitable.**

Senior Management has certainly made no secret of the fact that if the outsourcing to Wachovia Bank proceeds, it plans to redeploy staff.

## Key Staff Issues

There are likely to be several important issues facing staff based at Brindley Place:

- **First and foremost, which staff will be retained in the smaller Trade Finance operation and which will be declared surplus; either being made redundant or, more likely, obliged to transfer into alternative roles?**

Once a final decision is taken, Senior Management will be required to discuss its Selection Process with LTU. This is important since the Bank expects to retain around 50-55 staff in the slimmed down operation, with approximately 40-45 staff being declared surplus.

- **Next will be whether staff could choose to leave on Voluntary Severance Terms?**

Senior Management has indicated this is unlikely.

- **If staff are expected to be redeployed, what and where will these alternative roles be?**

For the Bank to force staff to redeploy into alternative roles rather than offer them

Severance Terms, it must find them roles that fulfil the criteria of 'suitable alternative employment'.

A 'suitable alternative role' must be:

- \* At the same Band or level of seniority
- \* Within the skills, competencies and experiences of an individual, given adequate training.
- \* A 'proper job' rather than one of only a short-term nature.
- \* Within the same working patterns.
- \* Within recognised mobility parameters, i.e. 25 miles or 1 hour 15 minutes from home (whichever is the lesser). Depending upon where staff live, this could include Group Operations' Service Centre at Sheldon.

If a job does meet these criteria, but is deemed to have been 'unreasonably' declined by a member of staff, entitlement to Redundancy Pay would be forfeited.

## LTU Support

It's usually the case that more members need detailed advice and representation in circumstances like these - where there is the prospect of 'compulsory redeployment' - than where there is compulsory redundancy.

And once again, no one has more experience in tackling these types of problems than LTU's highly experienced full-time officials.

Where members feel they have been treated unsatisfactorily - perhaps being forced into an alternative role that they consider unsuitable - LTU will represent them using the Bank's Job Security Appeals Procedure.

**Any members needing support or advice should telephone LTU's Advice Team on 01234 262868.**

**STEVE TATLOW  
Assistant General Secretary**