

Bank To Export Another 450 IT Jobs To India ... & Many More May Follow

The Bank has today announced plans to offshore upto another 450 Information Technology jobs to India by early 2009 ... with the prospect of many more following once this phase of its 'Sourcing Project' is complete.

This is the latest phase of Lloyds TSB's policy of slashing costs at the expense of UK jobs and the UK economy, despite the fact that last month the Bank reported huge profits of £4 billion. It is the last thing the UK economy needs at a time of economic instability; and is amazing at a time when the financial sector has been going 'cap in hand' to the government seeking political and financial support.

All the jobs being lost in this new phase of the Sourcing Project will come from the Technical Delivery function of Group IT and will be split as follows:

- **Up to 250 job losses from permanent Lloyds TSB Staff. This is a 69% reduction in TD Staff in the affected platforms;**
- **Up to 200 job losses - an 87% reduction - from amongst UK-based Contract Staff.**

Once complete, the Bank will have over-achieved its original planned model of having a 30% 'retained layer' (i.e Lloyds TSB staff), with 70% of staff based in India. Instead, only around 18% of TD Staff in the affected platforms will be based in the UK, a further 3% will be Contractors and the remaining 81%

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based in India. Staff retained in the UK will mainly be Subject Experts.

The Bank has also said that not only could an ongoing review of the Programme Management Office (PMO) - currently employing 75 staff - also follow the same 'sourcing model', but that it may well extend its offshoring strategy to all other parts of Group IT.

**OFFSHORING IMPACT - TECHNICAL DELIVERY
AFFECTED PLATFORMS ***

Staff Category	Now	Future	%age	Change
LTSB Permanent	400	150	18%	-250
Contractors	225	25	3%	-200
Offshore Staff	250	655	79%	+405
Total	875	830	100%	-45

* NB - Excludes PMO function

Group IT's Plans Explained

Under Phase 1 of its Sourcing Project, Group IT has completed the transfer of three platforms to India - Insurance, Sales & Service and Telephony - and expects to complete the CBS platform by the end of July.

These transfers have already resulted in around 250 jobs being transferred, with the new phase announced today expected to raise this to 655.

But whilst the job reductions during Phase 1 of the Sourcing Project may have been achieved relatively easily - because of the fewer numbers involved and high number of volunteers for redundancy - this could become a far more serious problem during Phase 2 as TD Staff numbers at many sites are effectively 'cut to the bone'; with fewer redeployment opportunities as a consequence.

Timescales

The Bank has said that in June it intends to begin the process of transferring to India the six platforms affected (see table), with this phase of offshoring completing in early 2009.

This means that most roles are likely to be made redundant over a six month period from August of this year.

This phase will be implemented over two stages; the Cards/ATM, Internet, Testing and Workflow Platforms transferring first, followed by the Warehouse and Customer Platforms.

Compulsory Redundancies?

Whilst the Bank has said that wherever possible it would like to manage its reduction in jobs through a combination of Voluntary Redundancies and Redeployment, it has admitted that it cannot guarantee there will be no compulsory redundancies.

And despite Amicus-Unite no doubt claiming once again that its so-called Offshoring Agreement with the Bank will protect jobs - eventhough in reality it has given that union's 'green light' to offshoring - the evidence has time and time again been that this has been a completely meaningless agreement.

There are several key reasons why staff who would prefer to remain working for the Bank may struggle to find redeployment opportunities as an alternative to compulsory redundancy:

- **Almost two-thirds of permanent roles in the in-scope TD platforms are being slashed.**
- **Unlike the previous phase, the sharp cuts in Contractor staff numbers - to as few as 25 - means there will be less opportunity for Lloyds TSB staff to be retained in roles that have been performed by Contractors.**
- **With the reduction in staff numbers spread over 11 separate locations, there is the**

likelihood of there being a dislocation between where staff would like redeployment and where future roles will be based.

Who's Next?

Obviously PMO is the next area likely to announce its plans concerning the transfer of work to India.

But LTU certainly doesn't expect the process of slashing UK-based IT jobs to stop

there and - to its credit - the Bank has also admitted that *"We will continue to look at the possibility of offshoring roles more widely within Group IT"*.

So the outlook for Lloyds TSB's Information Technology presence in the UK could eventually look little more than a 'shell' of UK-based staff providing a liaison role between the growing India-based operation and individual business units.

PHASE 2 - TD PLATFORMS BEING OFFSHORED

Platform	Preferred Vendor
Cards / ATM	Wipro
Internet	Tata Consulting Svcs
Testing	Cognizant
Workflow	Wipro
Warehouse	Wipro
Customer	Wipro

Redundancies & Redeployment

LTU will be focussing its effort over the coming months toward achieving the following objectives:

- **Opposing Compulsory Redundancies.** First and foremost, opposing the possibility of any compulsory redundancies by ensuring that where staff would prefer to remain working for the Bank, every possible opportunity is explored to find them suitable alternative employment.
- **Resisting 'Forced Redeployment'.** Insisting that where staff would like Voluntary Severance or Early Retirement (VS/VER), the Bank wherever possible permits them to leave on this basis rather than forcing them to redeploy into the diminishing number of remaining roles.

Often in the past, it has been the prospect of 'forced redeployment' into roles that staff do not want or believe are suitable that has created the most difficulties. The rights of staff finding themselves in this situation are detailed on pages 6 and 7.

Should staff eventually find themselves in either of these two situations - despite LTU's best efforts - the Union is committed to representing staff using the Job Security Appeals Procedure.

Preference Exercise

In making the considerable reductions in staff numbers that Senior Management is seeking - whilst also seeking to meet LTU's objectives - the Bank will shortly be commencing a Preference Exercise to establish:

- **Which staff would like to leave the Bank on Voluntary Severance / Early Retirement Terms.**

- **Which staff would like to remain working for Group IT within the TD function, and;**
- **Which staff would prefer to remain working for the Bank in a different function or business unit; and whether they might consider relocation to another site.**

To begin with, this exercise will be confined to the affected TD population in order to determine whether or not there will be a problem with avoiding any staff being made compulsorily redundant.

However, if there are insufficient volunteers for Voluntary Severance / Early Retirement in the affected sites, the Bank has agreed to open up opportunities to staff working in other parts of Group IT to also apply for Voluntary Severance.

Selection Process

Once the Bank knows the future preferences of all staff on the affected platforms, it will be reviewing the situation with LTU to establish where problems may arise and how best to deal with these.

The Bank has said that once the selection process begins, line managers - who are expected to have regular one-to-one meetings with their staff - will be expected to have far greater capability for the selection process and decision-making.

LTU will be monitoring the whole process very carefully to ensure that staff are treated fairly throughout.

In fact, one of LTU's priorities will be to ensure that - wherever possible - Senior Management is flexible on when staff can leave the Bank with Severance Terms should they find alternative jobs either inside or outside of the Bank.

Calculating Your Redundancy Pay Entitlement

Under a breakthrough agreement reached last August between the Bank and LTU, until the end of 2008 anyone leaving the Bank by either Compulsory or Voluntary Redundancy will have a choice between two different sets of Redundancy Terms.

This will apply not only to staff who leave before the end of the year, but also anyone who has agreed terms on or before 31st December 2008 that involve leaving early in the new year.

This should therefore apply to all staff affected by Phase 2 of the Sourcing Project; though it is unlikely that staff affected by future phases will have the same choice of terms.

For staff, the choice this year is between:

- **The 1997 Redundancy Terms. For staff leaving at age 50 or over, this includes entitlement to an immediate non-actuarially reduced pension; or**
- **The 2006 Redundancy Terms, with those staff leaving at age 50 or over entitled only to an actuarially reduced pension.**

The actuarial reduction relates to whether Final Salary Pensions are reduced to take account of the fact that they will be paid over a longer period of time than they would have been had staff not collected their pension at their normal retirement age.

Your Relevant Earnings

Whichever of the Redundancy Terms that IT Staff select, the first stage of calculating entitlement involves working out an individual's weekly earnings upon which Redundancy Payments will be based.

Weekly Pay will include:

- **Basic Salary**
- **London Allowance**

- **Car Allowance Limit**
- **Shift Allowance**
- **Contractual Overtime (regular, rostered, predetermined).**

The total pay figure is then divided by 52 to arrive at a weekly figure.

The Two Sets Of Terms

There are two formulae for calculating the Redundancy Terms that IT Staff will be able to choose between if made either compulsorily or voluntarily Redundant.

In both cases, service used for the calculation of redundancy payments is based upon actual service with the Bank at the date of termination rounded up to the next whole number of years, and age as at last birthday.

The date of termination for calculating age and service is based on the date of redundancy; not the end of each individual's Notice Period.

In addition to their Redundancy Pay, staff will be entitled to be paid for any of the Notice Period they are not required to work - which will be between a minimum of four weeks and a maximum of twelve. They will also receive payment for any Holidays they have accrued during 2008 but been unable to take before redundancy.

1997 REDUNDANCY TERMS

4 weeks' pay for every year of service

Additional 2 weeks' pay for every year of service over age 40

Extra 3 weeks' pay for every year of service over age 50

Capped at maximum of 16 weeks' pay

2006 REDUNDANCY TERMS

2 weeks' pay for every year of service

4 weeks' pay for every year of service over age 40

6 weeks' pay for every year of service over age 50

Only the last 20 years of service

Capped at maximum of 16 weeks' pay

1997 Redundancy Terms

The number of weeks Redundancy Pay entitlement is determined by the age of each individual:

- **Under age 40. Four weeks' pay for every year of service.**
- **Age 40 to 49. Four weeks' pay per year of service, plus an additional two weeks' pay for each year of service between ages 40 and 49 inclusive.**
- **Age 50 plus. Three weeks' pay per year of service (maximum 104 weeks), reduced by 10% for each year of service over 50.**

The maximum entitlement is 104 weeks pay and the first £30,000 of any payment is free of tax.

Staff aged 50 and over can also immediately take their full Final Salary Pension entitlement, without incurring any actuarial reduction for collecting it early.

of 104 weeks' pay.

The first £30,000 of any Redundancy Payment remains tax-free.

Severance payments apply to all staff aged between 16 and 65.

Payments are based on each individual's length of service for Lloyds TSB, up to the date of termination and are rounded up to whole years based on age at last birthday. For example, service of 12 years 1 month at date of leaving would be rounded up to next whole year - 13 years.

Under these terms, there is no augmentation of pension for early retirement – either in the form of payment of a non-actuarially reduced pension for staff in the Defined Benefit Schemes or extra pension payments for staff in the Defined Contribution Schemes.

The actuarial factors that apply for pensions drawn early are a 6% per annum reduction for deferred pensioners and 4.75% per annum reduction for retirement from active service.

Staff aged 50 or over taking severance therefore have the choice of:

- taking their full severance payment and leaving their pension to be drawn at age 60;
- drawing immediate pensions and sacrificing some or all of their severance payment to mitigate the actuarial reduction (if part or all of the severance payment is waived in this way there is no tax liability)
- taking their full severance payment and drawing an immediate actuarially reduced pension.

Female staff who had joined Lloyds Bank before the July 1974 retain their rights to retire at age 55 with a non-actuarially reduced pension.

Help Calculating Your Severance Terms & Pension Entitlement

Members needing help calculating their Redundancy Terms or Pension Entitlement should contact LTU's Advice Team on 01234 262868.

REDAUNDANCY TERMS

every year of service.

for each year service between 40 and 49

for every year of service over age 50

Maximum of 104 weeks.

2006 Redundancy Terms

Under the 2006 Redundancy Terms, the calculation formula for determining how much Severance Pay staff receive is as follows:

- **Two weeks' pay for every year of service under the age of 22;**
- **Four weeks' pay for every year of service aged 22-40; and**
- **Six weeks' pay for every year of service aged 41 and over.**

Only the last 20 years service is used in the calculation and payment is capped at a maximum

REDAUNDANCY TERMS

for every year of service under age 22

for every year of service aged 22 to 40

for every year of service aged 41 and over

Maximum of 104 weeks.

Only the last 20 years service is used in the calculation and payment is capped at a maximum

Suitable Alternative Employment Explained

Any staff whose jobs disappear as a result of the Sourcing Project and are refused Voluntary Severance Terms have a legal right to be offered 'suitable alternative employment' if it is available. If such alternatives cannot be found, staff are entitled to be offered the Bank's Voluntary Severance Terms as an alternative to redeployment.

'Suitable Alternative Employment' would be:

- **A position at the same Band or level of seniority (see 'Transfer To A Lower Grade')**
- **Within the skills, competencies and experiences of an individual, subject to adequate training**
- **A 'proper job' rather than one of only a short-term nature**
- **With the same working patterns**
- **Within recognised mobility parameters.**

Staff are often offered temporary secondments or projects, but these would be treated as 'suitable alternative employment' only if there was a real prospect of the individual continuing in the post for the foreseeable future.

Where members of staff are offered genuinely 'suitable alternative employment' they cannot unreasonably decline the alternative jobs.

Travel & Mobility

In some cases staff may be concerned that they could be offered alternative jobs that are some considerable distance from where they live. The guidelines agreed between LTU and the Bank specify that normally staff should be expected to transfer only where;

- **The journey from home is less than 25 miles, or;**
- **The journey time for staff travelling by public transport is less than 1 hour 15**

minutes.

Of course, each case needs to be judged on its own merits. In some circumstances (such as quick driving routes) a longer journey may be reasonable; whilst in other cases 25 miles may be too great a distance (i.e. congested or cross-country journeys).

The Bank must also take into account the "personal and domestic circumstances" of staff, for instance their child or family care responsibilities, when considering asking them to transfer.

Trial Periods

Members accepting new jobs, or agreeing to consider positions that are not deemed 'Suitable Alternatives' by the Bank, should be offered trial periods of between four and twelve weeks duration before they confirm final acceptance of any new positions.

It is essential that members establish their right to trial periods in advance of taking up new positions and get it clearly understood in writing that if they deem a job to be unsuitable and no further job is offered, they can take Severance. This decision can be made at any time during the Trial Period.

Job Size & Duties

Any member considering accepting an alternative job should:

- **Ask for the Hay Job Units score for the new job. Members must remember that the fact that two jobs are in the same Band doesn't mean that the salaries attached to them will be managed around the same Market Indicator. This can and will affect the salaries actually paid. Members must check the job sizes of alternative jobs to establish whether the same Market Indicators apply.**
- **Ask for a clear description of the responsibilities and tasks of the new job and, where necessary, find out what training will be provided by the Bank.**

Transfer To A Lower Grade

Under certain circumstances, staff might be asked to accept a lower graded job. It is important to note, however, that:

- **This must be no more than one Band lower than their current job.**
- **Their current salary will be protected and managed using the Band and Pay Zones applicable to their new job.**
- **If they are above the mid-point of the market zone for their new job, they can expect to be managed at their current level (adjusted for general market movement) for a period of three years, subject to satisfactory performance.**
- **Anyone downgraded from the equivalent of (i) Band 3 to Band 4, (ii) Band 4 to Band 5 or (iii) Band 5 to Band 6, must be offered Voluntary Severance as an alternative to accepting the downgrading.**

It is important that any staff facing the prospect of being downgraded should discuss their circumstances with LTU's Advice Team.

Transfer To A Different Business Unit

Staff considering transferring to another part of the Lloyds TSB Group must ensure that their existing terms and conditions are protected.

Whilst Group IT, for example, has the same terms and conditions as operate for most staff within Group Operations and the Retail Bank, other areas - such as C&G, Asset Finance, etc - do not.

It is therefore essential that any members contemplating transferring to another part of the Lloyds TSB Group first discuss their circumstances with LTU's Advice Team.

Job Security Appeals

Any IT Staff who believe they have been treated unfairly - either through being pressurised into accepting an unsuitable alternative job or having been told they are

being made compulsorily redundant - can pursue a Job Security Appeal with full representation from LTU's experienced team of Officials.

This procedure, which has been used successfully by a number of LTU members, means that staff can have their cases presented by experienced Union Representatives in front of Panels consisting of an equal number of senior Union and Bank Officials.

It is up to the Job Security Appeals Panel - after hearing submissions from the member of staff's representative and the local management team - to decide whether staff have been treated fairly:

- **Where staff are resisting redundancy, it can decide that the period of job search be extended and/or that other measures be taken to provide 'bumping' opportunities for surplus staff to move into.**
- **Where it believes a role doesn't match up to the definition of 'suitable alternative employment', the Appeals Panel can insist that a member of staff be either offered a different role or provided with the opportunity to take the Severance Terms instead.**

Any members concerned about their own job security should speak to one of LTU's experienced Officials during our regular visits to each affected office, or telephone LTU's 24 Hour Advice Line Service on 01234 262868.

Advice & Support ... 24 Hours A Day, 7 Days A Week

No-one comes close to offering its members with the depth and quality of advice and support that LTU provides.

Our Advice Team is available to members 24 hours a day, 7 days a week on 01234 262868.

A Recipe For Disaster?

Not only is LTU fundamentally opposed to offshoring – we believe it is unethical to ditch jobs in the UK merely because staff can be replaced by cheaper workers from the other side of the world – but we also fear that such a reliance on overseas staff could be an operational and commercial disaster waiting to happen!

We already know from reports from staff that offshore errors are being under-reported and ignored for fear of undermining the business case for offshoring. UK-based staff complain they are having to devote time to cleaning up errors.

Group Operations and Collections Staff also point out that customers dealing with the offshored Collections operation feel they are often being

treated unfairly when dealing with the overseas operation and resent having to deal with staff overseas.

And of course, the Bank repeatedly insisted that its Mumbai-based Call Centre operation was working perfectly and achieving high levels of customer satisfaction ... until it eventually closed down the operation early last year and admitted that it had been an expensive and damaging failure.

So a strategy of relying so heavily on offshored staff may place Group IT at a similar risk of failure as it pursues its cost-cutting objectives.

This is a major issue and we will be communicating with members in more detail over the coming months.

Support You Can Count On

The measure of any trade union is the quality of support it is able to provide its members when they are most in need of help.

LTU's highly experienced staff, our focus just on Lloyds TSB and complete independence from the Bank means that no-one comes close when it comes to being able to provide IT staff with professional advice and support.

Over the coming months it is inevitable that many IT staff will need assistance and LTU guarantees our members that they will receive:

- **Detailed Newsletters explaining staff rights and entitlements**, rather than short briefings merely mimicking what the Bank has to say.
- **Regular visits by experienced LTU Officials who are fully trained and experienced at assisting members with job security concerns.** We don't use Bank secondees to advise and represent our members.
- **Genuine around-the-clock advice provided by our Advice Team. Members can telephone 01234 262868 to speak to LTU's Advice Team at any time; whether during the day, night or weekend.**
- **The certainty that every member of our Advice Team fully understands staff issues since they themselves previously worked for the Bank ... and the reassurance that they are paid by LTU and not seconded from the Bank.**
- **Collective Representation of staff concerns by LTU's experienced team of negotiators who meet with IT senior management every few weeks. LTU is also the only trade union actively opposing the Bank's policy of offshoring jobs to India.**
- **Full representation and support for staff who wish to use the Job Security Appeals Procedure.**

STEVE TATLOW
Assistant General Secretary