



# Employability in the context of Offshoring: A case study of Union Learning in the UK Banking sector

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## Executive summary

This case study considers the closure of a contact centre of a major UK bank (BankUK), based in the north east of England, and the 'off shoring' of the work to a site in India. It explores the implications of global relocation in the context of a region of the UK that has undergone industrial decline and economic restructuring.

The case study tracks the trade union and employer response, which led to an Agreement on developing the employability of those affected by workplace closure in the region. It provided a training bond, initiated by the union and putting the issue of reskilling on the bargaining agenda. This placed responsibility on the employer to contribute to the future employability of their staff, not only in supporting the cost of the training, but also by releasing staff during working time to participate in training. The method of implementation was innovative in the use of a local further education college to administer the training bond. Within the finance sector, UK employers are much more likely to use private training organisations rather than a regional state education provider. The role of the Union Learning agenda was fundamental to the work surrounding the workplace closure. The agreement allowed the appointment of three Union Learning Representatives. The closure process highlights some of the key contradictions that are implicit in the debate over individual 'employability'. It raises issues about whose responsibility it is to ensure that workers have the skills to cope with continual restructuring, since the bank accepted a need to play a role in reskilling only when there was a need to shed staff, rather than as a permanent right for all employees.

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## Employability in the context of Offshoring: A case study of Union Learning in the UK Banking sector

### **I. Introduction**

This case study considers the closure of BankUK's contact centre in the north east of England in 2004. In the previous year it was announced that the site would close with the work being outsourced to a site in India. This case study tracks the trade union and employer response, which led to an Agreement on developing the employability of those affected by workplace closure in a region, which has experienced de-industrialisation and continual restructuring. It considers how far the Agreement and its implementation represent innovation.

The case study is part of a European Social Fund project – Monitoring Innovative Restructuring in Europe (MIRE). This is a comparative project covering France, Germany, Belgium, Sweden and the UK that aims to monitor and generalise best practice in relation to innovative internal and external company restructuring.

### **II. Research Methods**

The case study is based upon ten semi-structured, face-to-face interviews with operational managers, human resource managers, trade union lay and full time officials, and other experts. Access was facilitated through the trade union, Amicus. The aims and objectives of the research were outlined to the participants. The interviews were conducted in December 2005 and January 2006 and lasted about one hour. They were conducted privately with the respondents and were taped and transcribed. The case study is, in addition,

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informed by documentary analysis of trade union and company resources and other published studies.

### **III. BankUK**

The case study focuses on the closure of a contact centre within the BankUK group of companies. BankUK was formed by the merger of a UK clearing bank and a UK savings bank in 1995. Following legislation passed by the UK parliament to facilitate 'de-mutualisation' in 1985, the savings bank became a private limited company in 1986. This was a period of churn and change in the 1980s in financial services in the UK, which saw the de-mutualisation of the majority of mutually owned building societies into private limited companies and a considerable amount of mergers between banks. Regini et al estimate a 30 per cent reduction in the number of banks in UK between 1980 and 1995 (Regini et al, 1999:6). This period also saw the development of centralised back office functions in larger workplaces, the development of call and customer telephone contact centres along with the closure of high street branch outlets. This 'intensive process of mergers and acquisitions' (not restricted to the UK) has been described as a move from 'tellers to sellers' (Regini et al, 1999:5)

In a submission to the Scottish Executive on lifelong learning in 2004, BankUK described itself in the following way:

'BankUK is one of the leading UK-based financial services groups, whose businesses provide a comprehensive range of banking and financial services in the UK and overseas to over 16 million customers. BankUK employ 65000 staff in the UK, with 80,000 staff worldwide. Training commands a strategic focus at the highest levels of BankUK (Rice 2004: 2).

Contact centres were used in BankUK for customer account queries. The northeastern contact centre was opened in 2000. At the time of closure, there were 'seven other centres' (Markey 2004) in the division responsible for contact centres, which was part of retail banking (BankUK 2002). The Annual Report and Accounts (2004) showed that in 2003 approximately 50,000 staff were employed in retail banking. At the time of the formal notification of redundancies to the appropriate Government department, in August 2004, BankUK announced a 66 per cent rise in pre-tax profits to £4.35 billion. (6.36 billion euros)

### ***Trade Unions***

The two trade unions recognised for bargaining purposes within BankUK were Unifi (the finance sector union that is now part of Amicus) and BankUK staff association. These organisations both have a Certificate of Independence (under section 6 of the Trade Union and Labour Relations (Consolidation) Act 1992 (Certification Office 2005) from the UK Trade Union Certification officer, which determines some degree of independence from the employer.

Part of the legacy of trade union organisation in the UK finance sector is the continued presence of staff associations (Morris et al, 2001). Although there has been a reduction in the number of company based bodies through union mergers and through the adoption of an increasingly 'independent' stance by some (by seeking the certification defined above), there are still examples of fragmentation with competing staff representative bodies in the same organisation. The BankUK staff association concentrates its activity on staff in the BankUK group only. Unifi is TUC affiliated and has agreements throughout the UK Finance Industry. UNIFI claimed in 2001 to have members in 450 employers in the UK with the concentration of membership (80%) in four major banks (Unifi 2001:4). BankUK staff association has always defined itself thus:

'BankUK staff are represented by an independent trade union committed to protecting their interests and their interests alone' (BankUK staff association 2006)

It claims a membership of 45,000 and has no external affiliations.

### **IV. The Context**

The closure of the contact centre took place in the North East of England. This is a region of the UK that is one of the most deprived in relation to other UK regions using various income, health and employment measures (ONS 2004). The North East may claim 'a particular distinction in that it was one of the first industrial regions in the first industrial nation and it was one of the first regions to experience massive de-industrialization' (Robinson, 2002:319). Whilst, it was previously home to shipbuilding and coal industries, over 70 per cent of jobs in the North East are now in the service sector (both the public and private sectors) compared with just under 50% in 1970 (Robinson, 2002; ONS 2006). It is the

region with the highest percentage of call centre employment in the UK – four per cent of total employment in the region compared to a national average of three per cent (Richardson *et al.*, 2000; Contactabel 2004). In a well balanced piece on the two trade unions and the locality, the International Herald Tribune commented that,

‘Their struggle takes place in Newcastle in the northeast of England, a place where white-collar employees with telephone receiver clips in their ears assumed they were immune to the blue collar curse of coal mining closings and the disappearance of the great shipyards on the Tyne’ (Job losses: a tale of two unions, June 16, 2004)

### ***Finance Industry Rationalisation***

The closure of the call centre took place in the context of a wider finance industry rationalisation and a move to ‘off shoring’ within the call centre sector in the UK. The 1990’s were a period of considerable transformation in the financial services sector. Traditional patterns of employment, work organisation and customer relations were swept aside. The traditional image of a workplace in the financial services sector was a small, high street branch or office of a bank, building society or insurance company. Work centred on face to face contact with customers and transactions occurring through the exchange of cash and paper. This was displaced during the 1990s with a system where exchanges of cash and paper were replaced by electronic exchanges; staff are engaged on a range of permanent and casual contracts, and are required to work flexibly and customer links are geographically separated by hundreds or thousands of miles. There were two key factors that facilitated this change. Firstly, deregulation in the UK, which took place in the context of recession. Secondly, the financial services sector has been at the centre of technical innovation, initially through the introduction of new process technologies and subsequently through the use of such technologies to deliver new products and services. This led to the creation of call and contact centres in UK financial services. These are acknowledged to be ‘the most dynamic area of growth in white collar employment internationally’ (Bain et al, 2002:172) since the 1990s.

## **V. Outsourcing and Offshoring**

The general debate about outsourcing and off shoring call centres was live in Finance and Telecommunications sector at the time of the closure. Amongst the announcements made in 2002 was that another of the four UK major banks would migrate 4500 UK jobs to new servicing centres in India and Malaysia; and that Prudential Assurance was to close its Reading call centre with the loss of 850 jobs, whilst opening a call centre in India. This seemed to be the signal for other companies to emulate this process. From 2002 to date, organisations committed to this approach have included Aviva, Barclays Bank, HSBC, Lloyds TSB, British Telecom, Scottish Widows and National Rail Enquiries. Amicus predicted that 'up to 200,000 finance sector jobs are likely to be lost in the biggest industrial collapse since manufacturing was decimated in the early 1980s' (Amicus 2003:2)(Bain & Taylor bib). The research arm of management consultants Deloitte was far more pessimistic, reckoning that two million of the 13 million jobs in financial services in developed economies will move to India by 2008. They predicted that 'some 730,000 of those jobs will be in Europe and most of those from the UK, because, with just a few exceptions, this jobs revolution applies only to those who speak English' (J.Fitch, 2003). The quarterly monitor on restructuring at the European Foundation for Living and Working Conditions reported it thus:

'The most striking case for the reference period is the one concerning HSBC, which plans to outsource 4,000 call centre and back-office jobs to Asia. Nevertheless, it is not an isolated case but rather marks a trend. This practice is often referred to as 'offshoring'. Within three months, three other companies announced similar measures: BankUK intends to transfer 1,000 jobs to India; the UK insurer, Norwich Union, will move 3,500 jobs; and Barclays which, following rumours of outsourcing for 1,000 jobs, announced in January that only 250 roles will be affected. Offshoring will lead to 8,750 job losses in the UK alone. British unions reacted immediately to the announcements and achieved some compromises, including an agreement with Barclays. Only 40 workers will lose their jobs. Norwich Union, for its part, declared it would try to avoid compulsory redundancies' (EMCC 2003:3)

Clearly, Unifi were at the centre of this debate given the concentration of their membership and potential membership and their upcoming merger with Amicus who represented employees in Norwich Union. The view 'that 'offshoring' will continue on a large scale within the financial services sector' (Fitch, 2003) is still one held by key actors. When interviewed in January 2006 the chief negotiator for Unifi commented:

'As far as we know we're not seeing an increase in offshoring or outsourcing of jobs to, to India, but we're seeing regular dialogue on the issue, and I still think we're at the stage that it could go either way in the next couple of years. We'll either see a massive redirection of resources, or the bank will not be immune to some of the criticisms it's receiving externally regarding the off shoring arrangements and I suspect it's a balance as to whether they'll push the button to make it incremental or make it large scale. Maybe if you ask me that question in twelve months time I might have a clearer picture' *Unifi National Officer*

### ***UK Government position***

At the same time as this general debate the then UK Secretary of State for Trade and Industry, Patricia Hewitt MP, initiated a government inquiry into off shoring and its implications (DTI, 2003) as well as a sectoral study focusing on call centres. Trade unions and businesses were invited to take part in a national debate on off shoring. The text of the invitation to participate is worth looking at in some detail as it summarises the Governments position at that time:

'Our response to international competition is three-fold. First, we have to keep raising our game, ensuring that companies and people are continually upgrading their skills and technologies so that we keep employment here. We cannot compete on low wages and nor should we try to.

Second, where jobs are lost, we must do everything we can to help people find new jobs and, if necessary, new skills as quickly as possible, deploying the rapid response teams and JobCentre Plus.

Third, we have to do even more to build strong, sustainable economies in all the regions of the UK. To raise the business birth-rate, to forge strong

partnerships between regional universities and business, develop the skills that the regional economy needs, to attract more inward investors and improve the local infrastructure - in other words, to create a virtuous circle of better skills, better jobs and better, more profitable businesses'. (Hewitt 2003:1)

The UK Trade Union Congress (TUC) response to this document was illustrative in a number of ways. It called for a strategy to 'maximises the benefits to the UK while minimising the costs to the individuals directly affected' by consultation with 'stakeholders, including all unions with an interest' and to set out 'the response at national, regional and local level' (TUC). They suggested that key elements of this strategy should include:

- The early involvement of the Regional Development Agencies (RDAs) to help companies improve the efficiency, quality, and diversity of UK operations and to encourage alternative sources of employment in the local economy
- Additional support to encourage training and upskilling to allow staff to redeploy to high value added jobs, including the extension of lifelong learning opportunities in IT and other transferable skills and support for Union Learning Representatives
- Support for the trade union movement's efforts through international agreements and through the World Trade Organisation (WTO) to promote core labour standards and the international codes of best practice.

## **VI. The Trade Union Learning Agenda**

Since 1997, the Labour government has actively promoted the ideas of lifelong learning as a means of promoting adaptability, employability and social inclusion (Rainbird 1999, etc). As part of this, the Government funded Union Learning Fund (ULF) was established in 1998 to provide grants to support and develop Union Learning Representatives (ULR) systems. A ULR would come from within the workforce, be appointed or elected by their trade union and undertake the duties detailed below on behalf of colleagues. The ULF was originally allocated £12.5 million up to March 2002. The Union Learning Fund and the projects its

have been successful and so the fund has received increased support from government. In 2004 -2005 the Union Learning Fund received £14.2 million for union learning projects. There are 12000 union learning representatives who arranged learning for 67,000 individuals in 2004/5 (ULF 2006). Although ULRs were already recognised in some workplaces through voluntary agreements, since 2002, trade unions have had a legal right to appoint or elect workplace ULRs to perform the following functions set out in the Employment Act 2002;

- analysing learning or training needs,
- providing information and advice about learning or training matters,
- arranging learning or training,
- promoting the value of learning or training, and
- consulting the employer about carrying out these activities.

The development of Union Learning has been heralded by many UK actors as a considerable success for a variety of reasons. Firstly, in Government terms it was seen as a clear area of co-operation between trade unions and employers rather than a relationship that was inherently conflictual. Secondly, trade unions are seen as being effective in reaching 'non-traditional' learners. These learners are typically portrayed as those who do not have qualifications at Level 2 - the attainment level of an average 16-year-old school leaver in the UK.

In the finance industry, voluntary agreements on the establishment of union learning representatives were hard to reach. There are a number of reasons for this. Firstly, the nature of white-collar trade unionism in the sector meant there was no tradition of bargaining on training as there was in other sectors. Therefore, there was no significant pressure from members and activists. Secondly, given the average educational level of members in the sector, trade union learning initiatives were viewed as irrelevant for those at or below Level 2. Finally, corporate universities and large training departments in the Banks had no interest in sharing with 'amateurs' any areas of training and personal development. This was seen as the preserve of the human resource development function. It is hardly surprising that the employers did not respond to a call for voluntary agreements to establish ULRs in the finance industry, particularly when

the representative trade unions were not particularly vocal. When the right to appoint ULRs became a legal entitlement, some bargainers took the opportunity to assert themselves. It is also not surprising that employers tried to restrict union learning activity to development work centred on those staff who were being dismissed from the company through redundancy. So, how does this initiative rate as innovation? In terms of the sector that it was being applied in it was certainly unusual.

## **VII. The Agreement**

BankUK announced the intention to close the Newcastle contact centre and move the work to India on October 30<sup>th</sup> 2003. They argued there was a need to keep a constant view on overall costs in their retail division (and elsewhere in the bank) and highlighted the cost savings that could be made by outsourcing to India with what they considered to be no reduction in service standards. They still intended to keep a number of contact centres in the UK. This closure put 960 jobs at risk. There had been speculation about the future of the centre in the context of off shoring in the local press for some time. The decision to close had been confirmed two days before by the bank's board. The unions were informed of the closure later on the 28<sup>th</sup> October.

'By chance, we had actually planned a recruitment exercise that day, so we had a stand set up in the canteen and we sent in a big team. People came in, sat in tears, telling us how they felt. We asked them whether they wanted to be balloted for strike action. We did a series of meetings in the lunch hour. Over 200 people walked out, not because we told them to, but because they were given scripts they had to read out in response to customer questions. If the customer said, "Isn't this just exploitation of third world workers?", they were supposed to say 'No because its all part of globalisation and they are happy bunny workers in India' By 3 o'clock nobody was working' (*National Unifi Official 11<sup>th</sup> February, 2004, quoted in Bain and Taylor 2004: 15*)

Both BankUK staff association and Unifi started to lobby local and national politicians. There was considerable local and national press interest.

'The publicity was absolutely appalling, you know, because the North-East has got this reputation of having high unemployment and once again, you know, blah, blah, blah, close down our shipyards, close down our mines, close down our... come and farm us for cheap labour and then piss off to India' *Project Team Member*

Both the local City Council and local Member of Parliament were active. An Early Day Motion was put to the UK parliament on 4<sup>th</sup> November 2003<sup>1</sup>:

Closure of BankUK Call Centre – Newcastle No: 1866

'That this house expresses concern at the news that BankUK have decided to close its Call Centre in the northeast and move the operation to India with the loss of 1000 jobs; recognises the importance of such jobs to workers in India but deprecates the exploitation of low paid labour there at the expense of workers in the UK; and calls upon Her Majesty's Government urgently to review this increasing threat to the jobs of thousands of UK workers who are at a particular disadvantage because of the prevalence of English as a second language in so many countries'

Beyond lobbying there were two distinct competitive approaches by the two unions. UNIFI put into progress a ballot on industrial action. The BankUK staff union rejection of the mobilisation of workers through a ballot on action was typical of their general approach as an organisation to industrial relations. The BankUK staff association approach over the years was to ensure that Unifi was the organisation that reached bargained agreements with BankUK (which would apply to all staff) whilst they criticised in publicity to their members how poor these agreements were and how unreasonable the employer had been. There was no attempt to mobilise members in any form of action at the workplace. The key to their response was attempting a national petition against the closure. As one Unifi member reported;

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<sup>1</sup> An Early Day Motion, or EDM, is a motion put down ("tabled") by Members of Parliament calling for a debate on a particular subject. In practice, there is rarely time to debate EDMs nowadays and their true modern-day purpose is to enable MPs to draw attention to an issue and to canvass support for their views by inviting other Members to add their signatures in support of the motion.  
(<http://edmi.parliament.uk/edmi/>)

'It was fraught because of the existence of the in-house union within BankUK who were just like a loose canon. They were absolutely extraordinary, sabotaging, that's right, sabotaging, everything that Unifi were trying to do' *Project Team Member*

The outsourcing of the work to India gave an extra dimension to the response of the trade unions in BankUK. BankUK staff association adopted an approach based upon the slogan 'British jobs for British workers' with a campaign logo of a fist with 'thumbs up', in the colours of the union jack flag with a strap line 'Keep BankUK jobs in Britain'. This was an approach that had at its centre the national petition. Understandably, Unifi criticised this approach as being xenophobic and nationalistic:

'I guess the stark contrast was that we were, as always in BankUK, in competition with the staff association, whose approach was somewhat xenophobic in terms of missing the real point about global off shoring and concentrating on jobs for the British, rather than looking at it from a collective good ... all thumbs up and a Union Jack logo' *Unifi National Officer*

Unifi overwhelmingly won the consultative ballot amongst staff that demanded that an industrial action ballot to resist the closure should be started. They were recruiting new members at a significant rate within the contact centre

'And we recruited significantly over a number of days, and in fairness to the bank, we were allowed fairly good access during that time to consult with staff, and we did have a couple of reps, lay representatives within the building and one of them was in a supervisory capacity who was quite influential' *Unifi National Officer*

However, there was an overall belief amongst the Unifi negotiating team that an agreement with BankUK around the closure and off shoring process was preferable:

'To be honest, we took a kind of pragmatic decision, we weren't really confident that we could actually stop the closure as such, based on the feedback we had from members who were quite angry and bitter at the time. It was more about ensuring that there were alternative

arrangements in place. So the message really came back to us was, well, we're not happy, and yes, we are prepared to take industrial action, not so much to save our jobs, but more on the lines of ensuring that if we want to, there will be alternative jobs for us or there will be redundancy packages that will allow us an opportunity to go to, to another career'

*Unifi National Officer*

Additionally, there were concerns about how sustainable any action would be given the nature of the workforce and the competition with BankUK staff association:

'We were concerned that it could go off the rails in terms of what they (the BankUK staff association) might want to agree with the employer, looking for some quick headlines. It's very much a transient work force, the turnover in those places can be between anything from 30 to 50 per cent in any given time, so in terms of any longevity or in terms of any sustained collective action, I suspect it would be very difficult'

*Unifi National Officer*

Unifi managed to walk the fine line, aware that the union may have been unable to sustain action and that the 'racist card' could easily be played by BankUK staff association and others. The principles of an 'Off shoring Agreement' between BankUK and Unifi were reached in early January 2004 and the industrial action ballot called off. The key sections of this agreement are reproduced and discussed below.

**Job security:** Where the job of a member of staff is affected as a direct consequence of a decision, or in anticipation of a decision, to transfer work to an offshore location, the Group will, taking into account the personal circumstances of the individual, offer a job to anyone who wishes to remain in the employment of the Group. Such jobs may be outside the immediate geographical area.

**Upskilling:** Training provisions will form a key part of the resourcing plans for dealing with the effects of off shoring. Planning will commence as soon as a group of staff is identified as potentially vulnerable including those affected by pilots. In such circumstances, the Group will work on an ongoing basis with the Union, national and local providers to identify opportunities for upskilling those

who are or may be affected by off shoring plans. The aim will be to optimise the use of time prior to the jobs ceasing in order to build the skills of individuals for a new job either within the Group or elsewhere. Provision will be made for the appointment of Union Learning Representatives (ULR) at affected locations in accordance with a separate ULR agreement. The Group will provide a training bond of up to £2000 (the amount to be reviewable in due course) to any member of staff who leaves the employment of the Group on redundancy as a consequence of their job transferring offshore. The objective is to enable individuals to develop a career elsewhere. Costs will be reimbursed against receipts. (BankUK 2004)

The overall agreement also covered issues relating to ethical business practices and International Labour Organisation (ILO) recommendations on rights to staff representation in outsourced operations along with a commitment to allow a 'small team of union staff to be accompanied on a single visit to any proposed offshore country to see how the operations work' (BankUK 2004).

There is a range of views regarding the novelty of this agreement. On the one hand, it met the aspirations of members and avoided industrial action.

'I got the impression that for the firm, it was all about fire fighting the fact that things had gone badly wrong, in the sense that they had expected to be able to shut the office and there'd be no kind of fight back. The successful action ballot had kind of shaken them a little bit, and they were desperately trying to sort of smooth that over, so were chucking money at it ... I don't know, but I mean the (training) bond wasn't agreed from nowhere obviously, and I don't think they did it out of the kindness of their hearts' *Project Team Member*

The job security heading contained in the agreement provided a definition of off shoring and confirmed that the BankUK group would 'offer a job to anyone that wishes to remain in the employment of the group. Such jobs may not be in the immediate geographical area'. This was taken as an agreement to no compulsory redundancies by the union although this was contested by the employer. The existing job security agreement between BankUK and the trade unions had a

number of features which are common to agreements in this sector. It had been signed in 1998 (based upon those agreements which had existed with trade unions prior to the merger of the two banks) and provided for compensation terms significantly above the Government minimum. Another feature of this agreement was 'counselling in job search skills' both by the Bank's Human Resource function and ('Pathways' support) and private outplacement companies.

The second heading of 'upskilling' contains elements, which on the face of it are a clear shift in employer and trade union thinking. It acknowledged some joint responsibility for upskilling staff to get further employment, established that there should be sufficient time off work to help this process, codifies the existence of Union Learning Representatives and establishes the £2000 training bond.

There had been much publicity around a training bond reached in Barclays Bank (where Unifi had sole bargaining rights and a partnership agreement). The Barclays agreement included a section similar to the training bond available 'where re-deployment options have been exhausted by both parties' (Unifi January 2004). There was much debate within the union on the campaign by Unifi within HSBC for a 'Globalisation Charter' which would include a clause that 'Unifi's network of lifelong learning union representatives must be extended across the bank to develop transferable skills and enhance employability'. The arrangements in the final agreement with HSBC were much more modest. The appropriate clause said:

- 1) The Bank and Unifi recognise the value of employees increasing their employability.
- 2) The Bank agrees that Unifi may nominate a Learning Representative (ULR) in any business location, which it is proposing to close.
- 3) In addition, a ULR may be nominated for any geographic location where there is a substantial number of employees whose roles are affected by global resourcing.

Why was the employer prepared to concede such an agreement? Firstly, the underdeveloped system of Union Learning Representative (ULR) organisation in

the banks gave the employers a bargaining counter in discussions with the unions, in fact the Agreement only conceded what was a legal entitlement to recognise these representatives. Secondly, the clear thrust of government policy on globalisation with its 'no protectionism' mantra, alongside the encouragement of individual employability through lifelong learning provided a context in which employers could demonstrate corporate social responsibility in arrangements relating to off shoring. Thirdly, there was an opportunity to reach agreement with staff representative bodies without conceding managerial prerogative to close workplaces or transfer operations.

### **VIII. The Application of the Agreement**

The majority of the re-deployment opportunities were to another call centre in the northeast, which was a BankUK site 15 miles away. Those staff that did not opt for voluntary severance were guaranteed the offer of a job within BankUK although there were some cases where this was not accepted and the individual left with a redundancy payment. Whether this constitutes 'compulsion' in the redundancy is a matter of interpretation. It is certainly the case that the rights for the individual worker were better in the 'off shoring' agreement than existed in the existing job security agreement between the trade unions and BankUK. Any disputes in the application of this redeployment agreement were the subject of usual industrial relations processes rather than a responsibility of the project team.

The process of upskilling that resulted from the agreement was put into place by a Project Team comprising a wide range of participants (see Table 1 below). The make up of the team was unusual in that it mixed college, trade union, bank and regional agencies. This was not normal in the sector. The extent and nature of participation shifted over the lead up to closure.

The upskilling programme devised by the Newcastle Project Team provided training opportunities and outplacement services with a number of specific elements.

- A Training Fair at which two local further education colleges and the University of BankUK and two out-placement services presented a range of options including career planning, vocational and academic courses.

- A Training Bond of up to £2000 towards the cost of retraining for anyone taking voluntary redundancy. The local Further Education College administered the training bond on behalf of BankUK.
- Time off the phone (i.e. out of work) for training and job seeking activities
- A minimum of ten hours per person in June and July
  - Up to ten hours per person in August and September
  - Up to eighty hours per person across the whole of October and November

This was in addition to the outplacement support that was provided throughout BankUK ('Pathways' support) and was detailed in existing collective agreements between trade unions and employer. This provided individuals, at no personal cost, access to three private outplacement providers (see Table 2). We consider all three of these elements in more detail.

### ***The Training Fair***

These were run in May and August 2004 on the site. The participating organisations were those involved in the project group and outplacement services. A room was used where these organisations could set up stands and staff were encouraged to attend to help them consider options on their future. There were certainly problems with the first event in May. Although the concept was seen to be good with staff, there was not enough time 'for any individual to get adequate advice and guidance' (Joss 2004:5). This quote comes from focus group research, initiated and paid for by Unifi that was undertaken in October 2004 to inform future work around the restructuring process. There were also issues identified in the focus groups that were influential in the decision to ask the local college to deliver an information, guidance and advice session for each member of staff. A respondent who described the training fair as 'an absolute waste of time' because she was considering a vocational route that was neither catered for by either of the local colleges said:

'I was interested in doing some personnel courses, and nobody had any information on that, at all, I didn't help because I didn't know what the

qualification was called, which was CIPD, which was extortionately expensive, so I didn't go down that road, and (they) gave me a number to phone up at the local College, which don't do the course anyway from what I understand, you have to do it via a university, and the job fairs, they're just not any good, you hand your name over, and then you never hear from these people ever again' (*quoted in Joss 2004:5*)

### ***The Training Bond***

The £2000 bond was only available to those who elected to take voluntary severance. At the end of August 2004 formal notification had been given on the closure of the site as at end of November 2004. Staff were offered an individual session of information, advice and guidance from the local College to help them identify appropriate courses. To qualify, the course had to be used 'towards training designed to help future career development in any part of the economy. It is not designed for leisure courses, unless these lead to assisting with a career change' (Unifi Newsletter, May 2004).

### ***Time-off the Telephone***

This issue was acknowledged as a key factor hindering progress between May and August and the source of tensions between line managers and the project team. The Unifi negotiator in place at that time commented:

'In previous closures, work had naturally wound down so there was no shortage of time available for job interviews, career counselling and learning. Telephone technology is, though, that it would have been possible for staff to be working full time on the phones up until the closure. Conflicting demands on the agreement to optimise the use of time before the closure for re-training and local management's need to maintain service levels were finally reconciled with an agreement between the bank and the union to allow each staff member ten hours off the phone in August and September and eighty hours across September and October'

A jointly signed Unifi and BankUK circular to all staff on 24<sup>th</sup> August, 2004 confirmed the administrative arrangements for the agreement on time off and confirmed the circumstances in which they were to be applied as:

'Staff may use the time for all activities which directly relate to finding alternative employment or obtaining retraining. The activities would include:

- Attending an interview
- Outplacement support
- Training
- Visiting the various agencies when they are on site such as the job centre, training fairs and external job fairs' (Contact centre circular, 2004)

Various other organisations formed the network of relationships in addition to the project team. The organisations and linkages are detailed in Table 2 below.

There were various tensions between the partners in the project and in particular between the role of public agencies and private providers and these are illustrated by the activity of the JobCentre Plus rapid response team. Government policy is that 'where jobs are lost, we must do everything we can to help people find new jobs and, if necessary, new skills as quickly as possible, deploying the rapid response teams and JobCentre Plus (DTI 2003:1). However, since no redundancy notice had been formally issued until August 2004 the rapid response team was unable to act at the time of the original announcement on closure.

'Like sort of operational meetings, where BankUK were obviously looking for support from Business Link because of the – what were they called – the Fast Reaction or something, I don't know what they're called, Team, who were absolutely useless, completely useless. So they promised everything and they sort of actually – can't do it until the redundancy notice has been served in about 40 days or something. And then they just evaporated because they just didn't have enough manpower'. *Project Team Member*

The TUC have lobbied to get the procedures changed to allow intervention at an earlier stage.

The status of some of the private companies contracted to give information, advice and guidance to the standard required by Government was also questioned. The Guidance Council 'matrix' standard of information, advice and guidance requires that appropriate systems and standards are in place within an organisation to provide career advice to adults. This Standard is a national quality standard for organisations delivering information, advice and guidance services for learning and work. It was developed by the Guidance Council on behalf of the UK Department for Education and Skills in 2002. The Standard replaced the original National Quality Standards for Learning and Work, which were introduced to ensure that the information, advice and guidance services funded by the Government were of a high quality. There was a decision to make this Standard available to the private as well as public sector, although not as a mandatory requirement. The private outplacement providers in this closure did not have this accreditation, although it is held by the University for BankUK in some areas. This is not meant to imply that the systems the private companies used were not of high quality, but it is an indicator that private and public standards are sometimes contradictory. The use of public money in this area of advice requires consistent standards.

This might have been one of the factors that led to the local College being given the overall administration of the training bond to ensure information, advice and guidance of a standard quality was given to individuals.

'That was an interesting issue in itself, because that was the reason that the IAG partnership people got involved. Because BankUK decided that their contractual relationship with [outplacement agency], and I think another firm as well, I think the feeling was that it debarred them from having relationships with any other providers of information and guidance. ... even though the providers of guidance didn't appear to have matrix accreditation .... It was a huge, it was a very thorny issue up there because of the IAG partnership were kind of closely involved in, you know, with Job Centre Plus and all that sort of stuff, it was one of the

quite well organised IAG Partnerships as well, at the time' *Project Team Member*

There were also some tensions between the local Colleges in terms of whose 'geographical' area the programme covered and whether one college was using funds provided by the local Learning and Skills Council (LSCs) under a national learning programme called Employee Training Pilots (ETPs) which aimed to give employees Level 2 qualifications where individuals did not have this level of attainment. There were some questions concerning the ability of this college to deliver TUC accredited training to the Unifi ULRs. The ULRs came into office as part of the off shoring agreement. They were themselves subject to the closure as individuals and were performing a role alongside a number of specialist agencies.

## **IX. Outcomes**

There was a range of opinions on the effectiveness of the Programme. At a 'celebratory' event held on the 8<sup>th</sup> December, 2004 most participants were clear about the value of the intervention and a general appreciation of the work that had been done. It was acknowledged that there had been areas that would be done differently in the future. Unifi had paid for independent focus group research during the process that tested how well the systems were working and used this research to influence the company's approach. The value of the programme was reported to be a higher level of redeployments to other jobs within the company coupled with a positive feel from staff taking voluntary redundancy because of the existence of the training bond. The higher level of redeployments might well have been because of the stronger tone in the off shoring agreement on finding suitable alternative employment compared to the existing job security agreement. At the event a Unifi official reported 'that 357 (staff) opted for voluntary redundancy and 153 used the £2,000 bond'. (Unifi) In July 2005 the Northern Echo Newspaper published an article entitled 'North East thriving after BankUK jobs jump to India' (Northern Echo, 5<sup>th</sup> July, 2005) in which the BankUK group estimated that:

'160 staff moved to another nearby Call Centre and took redeployment there; 51 found other jobs with BankUK, 150 went to college, and 364

found jobs elsewhere. The rest took voluntary redundancy or retired' (Northern Echo, 5<sup>th</sup> July, 2005).

The most recent figures available from the local college (who administered the scheme) are shown below; they include those staff who both opted for voluntary severance and used the training bond with an indication of the type of course enrolled upon.

Total Number of Learners = 169

Total Number of Male Learners = 41

Total Number of Female Learners = 128

AGE RANGE	TOTAL
18 - 21	5
22 - 30	64
31 - 45	50
46+	27
Not known	23

#### Further Education

COURSE	TOTAL NUMBER OF STUDENTS
Health & Beauty	11
Financial	18
Law	1
Secretarial	45
IT	12
Health & Care	4
Driving Instructor	4
Other courses/training	40

## Higher Education

COURSE	TOTAL NUMBER OF STUDENTS
Degree	9
Diploma	2
Other courses/training	3

### **X. Transversal Themes**

This section locates the case study of BankUK within the context of the five transversal themes of the MIRE project, identifying how each theme was or was not reflected in this case of organisational restructuring.

#### ***The Health Impact***

The company took no specific measures to address the health and psycho-social impact of restructuring beyond job counselling and outplacement services of a limited nature.

#### ***Organisational Impact***

Restructuring involved the closure of a call centre and the relocation of the work to India. This closure put 960 jobs at risk, but ultimately this was dealt with through redeployment within the company, voluntary redundancy or early retirement, with a number of workers finding jobs elsewhere. A proportion, however used the training bond and went into further or higher education.

#### ***Public Employment Service and Active Labour Market Policies***

The closure was characterised by the cooperation of a number of public and private agencies. These included the government employment agency, two local further education colleges and a number of private outplacement agencies. The union's involvement in government funded Union Learning programmes activated a network of state provision.

#### ***Territory***

The closure involved the relocation of work to India from a region of the UK that has undergone industrial decline and economic restructuring. Although dialogue

with local and regional state agencies was largely absent, there was access to Learning and Skills Council ETP (Employer Training Pilot) funds through a local College.

### ***Trade Unions***

The case study was characterised by the involvement of an independent union and a staff association. Initially the union opposed the closure, but then took a pragmatic decision to negotiate a wide-ranging agreement. This drew upon the national union's involvement in Union Learning to place the issue of employability and reskilling on the bargaining agenda.

## **XI. Conclusions**

This case study has explored the implications of global relocation in the context of a region of the UK, which has undergone industrial decline and economic restructuring. What were the elements of innovation in this process?

Firstly, the training bond had not been used before in BankUK. The use of the training bond was an effective initiative by Unifi in placing 'upskilling' on the bargaining agenda and making it the responsibility of the employer to contribute to the future employability of their staff, not only in the cost of the training, but also by releasing staff during working time to participate in the training.. The provision of paid time off for staff was contested by management, but once there had been agreement with the union, crucial to the success of the initiative. Although this Agreement was a specific response to workplace closure, the current Unifi negotiator in BankUK suggested that the principle could be further extended:

'But I would think it must be fairly standard now that negotiators will try and get a training bond, on the basis that it is a good idea, it does give people the opportunity to upskill, particularly if you can do it during works time, and, you know, my view is that, you know, we've got to start looking at... well, it's academic as to whether a place is closing, we should be offering this as a matter of course anyway' Unifi National Officer

Secondly, the method of implementation was innovative in the use of the local College to administer the training bond. Within the sector, UK employers are

much more likely to use private training organisations rather than a regional state education provider. The use of the College as the administrator of the bond and supplier of information, advice and guidance for displaced staff was seen as an effective solution to individual workers' lack of direction on how they might use the training bond. This emerged as an issue after the first training fair in May 2004. Although dialogue with local and regional state agencies was largely absent other than that which was driven by the Unifi bargaining approach which pressed for inclusion of TUC, and local colleges in the process. One College provided training in computer software use on site at no cost to BankUK through access to Learning and Skills Council ETP (Employer Training Pilot) funds. The provision of the information, advice and guidance from the other College was to the Guidance Council matrix standard. The trade union learning department of the college held this accreditation.

The role of the Union Learning agenda seems so far largely absent in this case study. However, there are a number of reasons why it can be argued that it was fundamental to the work surrounding the closure and the programme would have not taken the form that it did without the context of Union Learning. Firstly, the network of state and regional providers was activated by the relationships Unifi had developed nationally under the union learning banner. Secondly, the notion of a trade union role in upskilling was part of the policy drive of Unifi and the TUC and informed the response of both. Thirdly, the focus group research funded by Unifi had been part of an unsuccessful bid to the Northern TUC 'Learning for all' fund about the closure. Although the bid for funding was unsuccessful, the idea was still pursued. Building in independent focus group research during the process in order to evaluate how well the systems were working and the active use of this research to influence the programme of closure was an innovative aspect of this case. Thirdly, the need for accreditation such as the 'matrix' standard was part of the overall trade union agenda on union learning. Finally, the union addressed issues of global relocation, resisting attempts to characterise the closure of the call centre in racist terms, gaining assurances on labour standards and rights to staff representation in outsourced operations and agreement that union staff visit India to explore operations there. This may be tokenistic, but begins to raise questions about how European unions can take up the terms and conditions and representational rights of workers in developing countries to which work has been relocated.

The closure process highlights some of the key contradictions that are implicit in the debate over individual 'employability'. It raises issues about whose responsibility it is to ensure that workers have the skills, aptitude and attitude to replace 'the redundant notion of a "job for life"' with the Labour Government's 'new ambition of "employability for life"' (UK Government Skills White Paper 2005). The agreement to allow the appointment of three Union Learning Representatives in Newcastle Contact Centre was a specific part of the offshoring agreement. BankUK along with other major banks are happier to concede these arrangements in the context of global relocation rather than in the usual day-to-day operations. Thus they are prepared to accept a need for re-skilling only when there is a need to shed staff. Indeed, in the case of the training bond in BankUK it is used as a 'carrot' to encourage staff to leave that is only available when individuals have agreed voluntary severance terms. In common with a number of processes in the Financial Services Sector when redundancies are implemented, systems and processes of advice are delivered by third parties. On the one hand, this can be viewed as getting as much professional external help as possible for those affected. On the other, this 'external' help is for those who are no longer a core part of value creation in the company. The remaining staff are served by more limited systems of staff development confined to enhancing their effectiveness in the context of the job they are required to do for the company. This would not appear to be within the spirit of 'lifelong learning' defined in terms of an aspiration to education and learning in the widest sense as part of a democratic and egalitarian basis to a civic society. This is at the core of the debate about the growth and development of the union learning agenda in the UK since the Labour Party came into government in 1997. How far is UL narrowly focused on skills that benefit the organisation rather than life-long or 'life-wide' learning? Is the funding and support provided on the union learning agenda by Government agencies to upskill workers and, therefore, encourage flexibility and partnership working of value to trade unions and their members? Put simply, does this cloud a debate about issues of control and power relations at workplace level? Would trade unions be better to concentrate resources on recruiting and organising at workplace level rather than the 'softer' area of learning and training? This concentration on the 'supply' side of skills alone restricts trade union agendas about intervention at state and institutional level on the demand side and ultimately defines them as passive victims in

global relocation. Profit maximisation is the business of an individual firm, which may result (or not) in skill development for individuals, which may equip them to resist the vagaries of the labour market. Is union learning primarily concerned with a process that hopes for a serendipitous fallout for individuals rather than a concerted collective policy on society wide skills creation?

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**Table 1 – Project Team Composition**

Organisation	Number	Functional discipline/ roles
UNIFI	3	1 bargainer, 1 organiser, 1 educationalist
BankUK	3	1 national closure co-ordinator, 1 University of Ltsb, 1 HR
Regional College	2	1 trainer, 1 project co-ordinator
Local College	2	2 from Trade union education unit
TUC	1	1 project worker
IAG Partnership (Connexions)	1	1 consultant

**Table 2**

Organisation	Who they are
<p>Fairplace Consulting</p> <p>Links: Used by BankUK as part of existing job security agreement provisions</p>	<p>Describes itself thus; 'Fairplace - the most effective outplacement provider across the Globe. Expert solutions in career and talent management - where else?</p> <p>Fairplace is a public listed company on the AIM market. We employ 50 consultant staff and 20 support staff, together with a diverse team of over 60 associate consultants operating throughout the UK'</p>
<p>Chiumento</p> <p>Links: Used by BankUK as part of existing job security agreement provisions</p>	<p>Describes itself thus; 'Chiumento is a multi-disciplinary human resources consultancy with a highly individual approach to HR. No packages, no systems, no formulae - just solutions tailored to your organisational culture and situation'</p>
<p>Right Coutts</p> <p>Links: Used by BankUK as part of existing job security agreement provisions</p>	<p>Right Coutts is part of Right Management Consultants, Inc. It describes itself as the 'world's leading career transition and organisational consulting firm.' It offers services to corporations of all sizes through a global network of more than 300 service locations and the Internet. Right Management Consultants is a wholly-owned subsidiary of Manpower Inc. They are used extensively in the UK in redundancy situations.</p>

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<p>Regional College</p> <p>Links: A relationship with parts of Unifi and BankUK to supply training particularly to staff threatened by redundancy. Responsible for training of Unifi ULRs in BankUK and delivering ECDL training funded by LSC</p>	<p>Regional College is a further education college in Central Lancashire.</p>
<p>TUC Learning Services</p> <p>Links: Close relations with learning and development section of Unifi, LSC and Newcastle College. Administered the regional TUC Learning for All Fund (Lfaf)</p>	<p>TUC Learning Services supports the union role in workplace learning</p>
<p>UniLearn</p> <p>Links: Close to TUC, Newcastle College</p>	<p>Unifi department responsible for staff training, workplace representative and member trade union education. Involved in a number of Union Learning fund projects.</p>
<p>Local College</p> <p>Links: Close to TUC, Learning and Development Dept of Unifi. Significant regional presence as largest further education college in region.</p>	<p>Describes itself as:</p> <p>'Local College is the largest in the North East and has more courses in more subjects than anyone else. Our recent Ofsted report praised the College for our high pass rates, very good teaching and learning and outstanding specialist and general resources'. Has the Guidance Council 'matrix' standard on information, advice and guidance in the trade union learning department</p>

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<p>University of BankUK</p> <p>Links: Corporate University responsible for staff training and development in BankUK group</p>	<p>Describes itself as: 'The University for BankUK (UfLTSB) was launched in July 1999 to provide a closer link between learning and the needs of the business. The University is now one of the largest corporate universities in Europe and has established a reputation for innovation and leadership in workplace learning. In 2000, it became the first UK-based corporate university to win a Corporate University Xchange European Excellence Award.</p>
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