



## **in the Financial Services Sector**

Issue 23 – 15th November 2004

### **CBI an irrelevance on Offshoring**

The Amicus has said that the CBI report on offshoring shows how out of touch the CBI is in the offshoring debate.

Derek Simpson, Amicus General Secretary said, *“It is astonishing that Digby Jones is talking about increasing skills when employers are refusing to make the necessary investments in training and skills. The CBI is out of touch with its own members and playing hard and fast with jobs and the economy. It is astonishing that Digby Jones has chosen to rubbish the business plans of so many of top flight FTSE companies such as the Natwest, RBS, Alliance & Leicester and Legal & General by claiming they the are living in “cuckoo land”.*

The CBI’s report will also anger member companies who are actively engaged in debate with unions and Government and have made a strategic business decision not to offshore.

Amicus is hosting a conference next month to discuss offshoring and corporate social responsibility with ABI, the Indian High Commission and Chartered Institute of Insurers.

For information contact: [Saba.Mozakka@amicustheunion.org](mailto:Saba.Mozakka@amicustheunion.org)

### **Lloyds TSB transfers 1,000 more jobs to India**

Lloyds TSB is moving another 1,000 jobs to India. This move will increase its workforce in India to 2,500 by the end of next year. The bank told staff in its Cheltenham & Gloucester mortgage arm, group operations and IT and general insurance that they should be redeployed within the group that has 77,000 staff.

Iain MacLean, official at Amicus/Unifi, said: *“We always regret any jobs going abroad and we will be pressing the company to ensure that any staff whose jobs have gone who wish to stay with Lloyds TSB are offered alternative work.”*

Lloyds TSB is set to close a call centre in Newcastle by the end of this year with the loss of 1,000 jobs. Because of pressure by Amicus/Unifi staff have had access to re-training opportunities and any displaced employee wishing to stay working for the bank has been offered alternative employment.

### **Norwich Union will offshore legal services**

Post Magazine have reported (11<sup>th</sup> November) that Norwich Union may offshore solicitors as part of its plans to have 7000 jobs moved to India and Sri Lanka by 2007. Director of claims services David Hooker informed the magazine that because of the high class of graduates and the alignment of UK and Indian law, there was no reason offshore activities should be limited to low-grade tasks. He stated that plans to train up lawyers in India and Sri Lanka were "on the agenda".

### **Allianz Cornhill say Indian standards will match UK level**

Allianz Cornhill chief executive Andrew Torrance has vowed to get the insurer's Indian operation up to the same training standards as its UK counterpart. He said: *"We are determined that our operation in India will achieve the same reputation for training and professionalism as we enjoy in the UK."*

### **Employers should ask questions about sickness**

PersonnelToday have warned that unless employers ask questions about an employee's illness or disability they may breach the Disability Discrimination Act (DDA). Head of employment law at Withers said; *"Many organisations would dismiss an employee who was constantly absent from work with self-certificated reasons, but they should not be afraid to ask questions"*.

[www.personneltoday.com](http://www.personneltoday.com)

### **Marsh & McLennan cut 3,000 staff**

The world's largest insurance broker said it would cut 3,000 jobs as it announced a 94% fall in third-quarter profits. The group said the cost of the job cuts, which represent 5 per cent of Marsh's 60,000 workforce, would be £175m over the next six months. But it said the move would generate cost-savings of \$400m a year.

### **Amicus tells AXA Insurance to share the success!**

Following the announcement of AXA Insurance of a £21m profit in its half-year figures, Amicus has said that the company should increase the basic bonus payment element for the 2005 Bonus from to reflect the staff's efforts.

Amicus National Official Hugh Jones-Glass stated: *"AXAI should use the money to reward those staff who have had to work under bad managers! We've all had to share the pain, let's see AXAI share the rewards and treat all staff equitably"*.

### **The 'Giving list'**

Guardian Giving List, which ranks Footsie members according to the percentage of pre-tax profits they give back to the community, has published its 2004 table and has given top place to Royal and Sun Alliance. According to Business in the Community, the RSA give 8.7% of its pre-tax profit to good causes, which translates into £1.83 million.

Northern Rock are third donating 5% (£3.68 million). Surprisingly we hear more from LTSB and RBOS on corporate social responsibility who come in at 26<sup>th</sup> and 46<sup>th</sup>

respectively with donations of £37 million and £40 million. While LTSB give 1.1% of their pre-tax profit RBOS gives just 0.7% of their pre-tax profit to good causes.

Despite these figures recent MORI research shows that more than half the population don't trust the motives of big business on CSR. More than a third of respondents said that corporate responsibility is very important to their purchasing decisions and 19% would choose to boycott a company because of its reputation.

Despite the scepticism it is accepted that the finance sector does make a significant contribution to good causes. The trouble lies with identifying where philanthropy ends and PR begins and we must not forget that although the figures quoted seem high they are a drop in the ocean when compared with the billions of pounds in profits made by the sector year on year. With consumers increasingly informed and educated about their purchasing, it may be time for businesses to sit up and take note.

**Liz Cairns –Research Officer**

### **RBS gives £5m to youth initiative**

Royal Bank of Scotland Group has announced a £5m donation to the Prince's Trust to fund enterprise initiatives in deprived areas. The initiative will involve three main pilot schemes providing three-month work and development placements for socially excluded young people aged 16-19.

### **Bosses out of touch with staff**

Research from the Department of Trade and Industry and the Chartered Management Institute has found that insurance leaders lack leadership qualities and are out of touch with their staff's feelings. The report claims that although inspiration is the most important factor that managers would like to see in their leader, only 1 in 10 see this ability in their bosses.

The survey also claims that 63% believe their managing director or chief executive is out of touch with how staff feel. Only 40% said the head of their organisation chatted to staff; fewer than one-quarter (24%) experienced an open-door policy.

In response to these results a national occupational standards for management and leadership has been launched. The standards, have been developed to provide a set of best practice guidelines for management and leadership development across all industry sectors.

They are available to download by visiting [www.management-standards.org](http://www.management-standards.org)

### **Accident self-regulation**

Norwich Union (NU) has said that it would not co-operate with the Claims Standards Council (CSC) until the accident management industry showed it was capable of good practice. Accident managers set up the CSC, headed by Tony Burns-Howell, a former director of Dixons, in the hope that insurers, accident managers and lawyers would write the council's constitution and structure, and agree to a protocol for accident managers.

Lord Falconer, the Lord Chancellor, said the accident managers sector had reached its “last opportunity” to self-regulate before the introduction of statutory regulation. But insurers NU, AXA and Zurich have refused to join the CSC.

**Allianz Cornhill announces 18% profit increase**

Allianz Cornhill has reported gross general insurance premiums are up 1.8% to £1,354.8m for the third quarter of 2004, with general insurance profit reaching £96.4 million, up 18.4%.

**Bradford & Bingley** is forming a joint venture with Legal & General to offer investment and protection plans, which will involve the transfer of 200 branch-based B&B staff to L&G.

**Highway Insurance** has acquired Direct Motorline, the Ipswich-based insurance broker, for £3.4m, and the business will relocate to Highway's Ipswich office in early 2005.

**Ernst & Young** is looking to recruit a further 40 staff to add to the existing 460 at its accountancy office in Birmingham.

**Bridgepoint** has backed the £72m management buy-out of First Credit, the consumer debt firm.

This bulletin has been produced by **Saba Mozakka**, Finance Sector Research Officer.

**For more information on any of the items featured, or if you have any comments please contact me at:**

[Saba.Mozakka@amicustheunion.org](mailto:Saba.Mozakka@amicustheunion.org)

Tel: 020 7939 7071