

Union disappointment over CIS job losses

Amicus, the largest union at CIS, has registered its deep disappointment at the announcement of 2500 job losses at the Co-operative Insurance Society (CIS) and its determination to avoid compulsory redundancies. The union has met Chief Executive, Mervyn Pedelty, for a full briefing on the company's proposals.

Mr Pedelty outlined a number of concerns over CIS' current position in an increasingly competitive market place. He has stated to the unions that if these concerns are not addressed, they could have major consequences for the business. Mr Pedelty told Amicus that CIS needed to modernise if it was to flourish in the future.

David Fleming, Amicus National Officer for the Finance Sector, said, "CIS is a good company, offering great products, but it has to move with the times to catch up with the leading players in the financial services sector. The proposed job losses are deeply disappointing to us, but reflect the difficulties all insurance companies face in a cut-throat market, burdened with ever-tightening regulation. Whilst we accept that CIS has to change and modernise, we will vigorously oppose compulsory redundancies, and we'll seek to maximise redeployment and retraining opportunities for those affected."

Amicus say they expect to be fully involved in consultation with CIS over the proposed job losses and accompanying modernisation programme. The union has welcomed news that around 500 jobs may be created to offset some of the job losses.

DTI White Paper - 'Making Globalisation a Force for Good'

Amicus has reacted with fury to a Government White Paper on globalisation that offers support for companies that offshore UK financial service jobs abroad. The announcement came on the same day that the TUC published research showing that 750,000 manufacturing jobs have been lost since Labour came to power in 1997.

"The Government told us service jobs would replace manufacturing. It beggars belief that they are now encouraging companies to send those jobs abroad. What in God's name will be left?" said Derek Simpson, General Secretary of Amicus. Amicus, who have 250,000 members in banking and insurance, believes the DTI's position will spark a ground swell of feeling among banking and insurance workers that will result in industrial action. Amicus believes the DTI lacks the competency to deal with the issue following the report into the Call Centre Industry in January which failed to realise that offshoring is not restricted to call centres but instead effects up to 25 UK back office professions.

Derek Simpson, Amicus General Secretary, said:

"It is extraordinary for any Government Dept to take a line that threatens the livelihoods of tens of thousands in the face of mounting evidence that offshoring is failing in the eyes of the public. The DTI has manifestly failed to show where and how offshoring benefits anyone other than corporate accountants. Trade unions believe that globalisation should be a force for good in both the developing world and for western economies - that isn't happening. The DTI has failed to ask itself why major high street names such as RBS, HBoS, Nationwide and Alliance and Leicester

have rejected offshoring because they know that it creates a gap of trust between their customers which damaging the industry.”

Offshoring in finance sector increases by 38 %

This is according to the second annual global financial services industry offshore survey conducted by Deloitte. Overall, the top 100 global financial services institutions will offshore approximately \$210 billion of their cost base, with an average cost savings of more than \$700 million by the end of 2005.

Deloitte has suggested that offshoring changes the way financial institutions do business. The study gives support to the development outlined at the last UNI-Europa Finance Committee. There, UNI’s Oliver Roethig noted that companies centralise a particular operation in one location and then service an entire region. At the same time, the company is decentralised insofar as different operations are centralised in different countries. He said, “in short, companies are on the move to become really global players, ones without a national base.”

For the Deloitte press release and survey:

http://www.deloitte.com/dtt/press_release/0,2309,sid%253D2834%2526cid%253D52958,00.html

IBM to offshore 500 jobs to India

According to an IBM internal memo, the company is to move around 500 UK jobs to India, as part of a reorganization of its outsourcing business. According to company sources, 350 out of 500 posts in IBM Strategic Outsourcing are to move to Bangalore, India. In its memo announcing the ABO, IBM said that approximately ‘500 UK roles, which includes 300 full-time employees and 200 subcontractors, would be transitioned to Bangalore between September and December 2004’.

Equal Opportunities Commission makes companies efficient

Patricia Hewitt, Secretary of State for Trade and Industry has announced a series of free master classes to help companies learn how to overcome inefficient working time practices. These classes will give companies the chance to learn how other organisations have benefited from innovative working time solutions. The Confederation of British Industry and the Trades Union Congress are both partners in the project. The project findings will be published in the summer of 2005.

The specific issues the classes will explore include:

- Managing high client demands (e.g. 24 hour service provision)
- Tackling 'hot spots' of long hours working within particular departments/teams
- Creating flexible working arrangements, such as annualised hours

Trade and Industry Secretary Patricia Hewitt said: "This is about sharing best practice, seeing what measures others have found make their companies more productive, and ending the belief that the long hours culture is the foundation of productivity and profitability".

For more information contact Barbara Limon - Barbara.limon@eoc.org.uk

Financial services sector grows

The Financial Times has reported that the proportion of banks, insurers and IT companies that plan to recruit to expand their businesses has hit its highest level in more than two years, according to the latest quarterly research by Reed, the employment agency. The survey of almost 1,500 companies found that 68 per cent of those in the IT sector and 49 per cent of those supplying financial services planned to hire staff to develop their businesses.

Meanwhile figures from the Office for National Statistics published yesterday showed underlying earnings growth had accelerated to its fastest rate in two years, putting further pressure on the Bank of England to raise interest rates.

James Reed, chief executive of Reed, said: "Although employers are not yet feeling the full impact of skills shortages or even sustained upwards pressure on salaries, both will become key issues if current trends continue."

Average earnings excluding bonuses rose 4.2 per cent, compared with 4.1 per cent in the previous quarter, according to the ONS. This was driven by the private sector, where the level of earnings growth overtook the public sector.

NU, AXA and Allianz set to pick up Zurich share of Folgate's commercial book.

Churchill Insurance is to open a new call centre in Glasgow, employing 100 people.

Egg, the internet bank, is to close its French division at a cost of about GBP 113m, having failed to find a buyer.

Budget is to create 250 new jobs at its insurance call centre in Bretton, Peterborough, over the next two years.

HSBC has acquired Marks & Spencer Retail Financial Services for GBP 762m, but M&S will retain 50% of the earnings from the store cards.

HSBC is considering plans to refurbish about 400 bank branches, in order to improve service and streamline its product range.

Scottish Widows is planning to exit from a number of non-core areas, such as long-term care insurance products, following a review of its operations.

Royal Bank of Scotland has acquired Hanco, the operator of 5,000 cash machines, for about GBP 80m.

Task Force on Race Equality and Diversity

The task force has reported last week. The group concluded that there is considerable scope to tap in more fully to a wider labour force if more businesses work together in partnership and if there is support from government to demonstrate leadership; provide education, information and support; promote incentives and rewards; and publicly measure progress.

Peter Ellwood, Chairman of ICI & chair of the Task Force on Race Equality and Diversity, said: "Delivering race equality in the private sector is in the interests of large and small business, the economy and communities. Business leaders have within their power to both tackle discrimination and boost their bottom line".

<http://www.ippr.org.uk/publications/index.php?book=426>

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

Tel: 020 7939 7071