

11th March 2004

C&G - Barnwood

## Passage to India for C&G Jobs

Staff will have seen a recent announcement from Senior Management regarding LTU's campaign against the offshoring of C&G jobs to India. C&G have said that a pilot was being set up in India, which will involve up to 50 jobs, to see what work could be transferred.

The C&G has said that no jobs will be affected by this pilot. However, we know from bitter experience that the success of the pilot is a foregone conclusion on cost grounds alone.

**C&G's undertaking that no jobs will be lost for the duration of the pilot is worthless without any guarantees about what will happen in future.**

In a recent article Jon Pain, Managing Director of C&G, commenting on the new mortgage regulations which will come into force in October and how that will impact on the mortgage industry, said that "It's not just the sales processes that will change significantly, but also back office processing, costing the Bank at least £12m.". Whilst that figure doesn't sound a lot it must be set against the Group's policy of reducing costs through outsourcing a number of its processing and back office operations.

**LTU's concern is that eventually the C&G pilot will be expanded and that hundreds of jobs in Barnwood, Tachbrook Park and Fareham will be sacrificed in pursuit of lower costs and even greater profitability. That is not sensationalism it is based on bitter experience.**

Originally the Group said that it had no plans to move jobs to India but within 12 months it was

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### INSIDE

**Group Architect of its Own  
Staffing Problems**

**Cost Cutting the Only Excuse**

**LTU Campaign Support**

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announcing that 1,500 jobs from 5 Business Units would go by the end of 2004.

Senior Management have said that "...all C&G staff can remain confident that we are involving the C&G Staff Association and seeking their views.". But we don't believe C&G staff can remain confident. With the best will in the world the C&G Staff Association, which has said next to nothing on this important issue, are not going to be able to stop the offshoring of C&G jobs to India.

**The only campaign which will stop Lloyds TSB in its tracks is LTU's campaign of winning support from customers. If enough customers make it clear that they don't want their accounts to be managed overseas then the Bank will be forced to drop its plans.**

C&G staff with any questions about our campaign can contact the Union's Bedford Office on 01234 262868 or they can email me at Mark.Brown@ltu.co.uk

# Is The Group The Architect of its Own Staffing 'Problems'?

Research by LTU has exposed as 'spin' the Group's justification for closing its Newcastle Call Centre, with the loss of 960 jobs.

Though the Group blames difficulties 'attracting and retaining' staff on its decision to close the Newcastle Contact Centre, it has been the architect of the very 'problems' it has then blamed to justify its 'Jobs To India' policy.

It is the policy of keeping Pay Levels artificially low in Newcastle that is the most obvious cause of the Group's recruitment and retention 'problems'.

## Pay Comparison With Other UK Call Centres

Whilst the Market Indicator at Newcastle is just £13,000 - and the typical Pay Level at which most staff are actually paid is £11,700 - this falls well below average pay levels in other companies.

According to a major study by one of the leading salary research organisations, Income Data Services (IDS), this compares to a midpoint salary for Customer Service Advisers of £14,500 across the UK, and £14,200 in the North East.

**In other words, Pay Levels in the Newcastle Contact Centre are well below both the UK and Regional average.**

**Therefore, by paying artificially low salaries to staff at its Newcastle Contact Centre the Group has most obviously contributed directly to its recruitment and retention problems.**

## Pay Comparison With Other UK Call Centres

Not only has Pay at Newcastle been held down at an uncompetitive level, but it is also lower than all the Group's other Contact Centres (except Sunderland which shares the same Pay Levels).

**Furthermore, rather than address its 'problems' attracting and retaining staff when it last reviewed salaries in April 2003, the Group chose instead to award staff a lower pay increase in Newcastle (and Sunderland) than at all its other Contact Centres.**

In April 2003, whilst Pay Levels increased by £1,100 or 9.1% at most of the Group's Contact Centres - presumably in recognition that pay was far too low - at Newcastle the increase was just £500 or 4%.

**The effect was that Newcastle staff moved from being joint top to joint bottom paid staff working in the Group's Contact Centres. Hardly evidence that the Group was genuinely concerned by recruitment and retention problems at Newcastle!**

## Pay Policy Exposed

LTU's analysis not only shows the Group's reasons for closing Newcastle Contact Centre are based on 'spin' but exposes the Group's Pay Policy.

In the case of Newcastle, the Group has clearly chosen neither to pay competitive salaries nor set Pay at levels needed to recruit and retain staff. The latest version of the Group's Pay Policy would not improve this position.

# Cost Cutting The Only Excuse

Rather than attempting to justify its 'Jobs to India' policy on the pretence that it is seeking to address recruitment and retention difficulties and a desire to improve customer service, the Group should acknowledge the real reasons.

The main motivation is clearly that the Group can make substantial cost savings through ditching existing UK staff and replacing them with staff in India at a mere fraction of the cost.

In the words of the Principal Analyst at ContactBabel, which has produced the most comprehensive report so far on 'offshoring' call centre jobs to India:

*"Businesses moving their call centres to India are doing it to save their salary bill, not to improve their quality of service, regardless of what they say."*

## Higher Staff Turnover in India

There is a considerable amount of independent research that indicates that average staff turnover is higher in India than the UK. Estimates

of average turnover are:

- \* between 18% and 25.1% in the UK.
- \* anything from between 30% and 50% in India.

If turnover in Lloyds TSB's Contact Centres is any higher than the UK average then this will be by reason of low pay or management failings to make Lloyds TSB a "better place to work".

## Better Quality Customer Service in UK

Independent research has also indicated that the quality of customer service provided by UK Call Centres exceeds that of those based in India.

In the ContactBabel report, whose results were widely published in the media, 290 UK and 44 Indian Call Centres were studied. One of its key findings was that "whilst Indian agents work longer hours (6 more a week), those working in Call Centres in the UK deal with 25% more calls an hour and resolve 17% more first time".

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# LTU Campaign Wins Massive Support

LTU's campaign is continuing to receive massive support from customers, staff, MP's, Local Councils and the Media.

The Union's Customer Petition opposing the transfer of work has already been signed by over 200,000 signatures; LTU aims to collect over 500,000.

Meanwhile, many financial services companies have now committed to remain operating from

the UK (RBS, HBOS, Nationwide, Alliance & Leicester, etc) whilst others have returned operations from India (Shopdirect, formerly known as GUS). These have obviously realised that customer service would suffer and cost savings are not sufficient reason to damage their reputations by transferring work abroad.

**Mark V Brown**  
Assistant General Secretary