

16TH OCTOBER 2005.

ALL C&G STAFF

Tachbrook Park Closure - 300 Jobs Transferring To India

LTU has given its outright condemned outright C&G's decision to close its Mortgage Application Centre in Tachbrook Park with the loss of 350 jobs.

To rub salt into the wounds of staff, the closure isn't the result of business efficiencies allowing mortgages to be processed by less staff. It is instead because the work of 300 staff is to be transferred to India. The remaining work is being transferred to Barnwood and Scunthorpe.

In other words, C&G staff are to lose their jobs for no reason other than they can be replaced by workers in India paid a fraction of their salary. This is completely unacceptable.

The Tachbrook operation will close completely during the final months of 2006.

Senior Management Hyprocisy

No doubt staff will be incensed that senior management have been seeking to play down the impact of the closure on staff through feeding misleading information into the media. In particular:

- **The company says most staff will be redeployed. But how could this possibly be the case?**

The overwhelming majority of jobs are being transferred to India and the only other realistic redeployment opportunities within the UK are at Gloucester (49 miles away) and Scunthorpe (126 miles away).

- **The Company puts considerable emphasis upon its so-called Offshoring Agreement with Amicus. But this agreement is meaningless.**

The fact is that rather than preventing offshoring, it has given the Company the 'green light' to transfer even more jobs abroad. And as for the Training Bond; many staff who lost their jobs when the Bank's Newcastle Call Centre closed were ineligible because of the 'small print'.

- **The company implies there will be only few redundancies. This cannot be true.**

LTU believes that hundreds of staff may eventually be made redundant.

Of course, staff will feel even more duped by senior management by the coverage of Tachbrook Park's tenth anniversary in the latest edition of the staff magazine, 'Over The Threshold'. It implies that the Mortgage Application Centre would still be around "to celebrate in another 10 years' time".

Is C&G Jeopardising Its Own Future Profitability?

LTU believes that C&G's Offshoring strategy is not only bad for customers, staff and the UK economy, but could also jeopardise the company's longer-term profitability.

There are plenty of reasons to believe this might be the case.

Massive Customer Opposition To Offshoring

Each week LTU is continuing to collect for our Petition the signatures of thousands of customers who are opposed to the transfer of their financial arrangements to India.

The Union estimates that a massive 90% of customers approached outside branches willingly sign the Petition.

Furthermore, a survey carried out on behalf of LTU by MORI, the leading independent customer research organisation, found that 49% of Lloyds TSB customers are so strongly opposed to work connected with the management of their account being transferred to India that they would be "more likely to consider moving to another bank".

If Senior Management continues with a strategy that is so fundamentally opposed by its customers then there is a danger that many could switch their financial arrangements to those companies that are committed to operating from the UK.

Customer Service Better In The UK

Senior Management has repeatedly sought to deny what customers actually think about its offshoring strategy and experience when they are dealing with staff in India. The facts however are that:

* Staff throughout the Lloyds TSB Group,

and particularly those dealing with customers on a day-to-day basis, know only too well that customers are vehemently opposed to their financial arrangements being handled abroad.

- * When Senior Management suggests its India operations are 'performing at UK levels', it is making a misleading comparison. It avoids making a direct comparison between UK and India operations.
- * In a recent intranet communication, Senior Management suggested that customers might "become more comfortable with the idea of offshoring". However, a closer examination of the results of this research indicates that the analysis is deeply flawed and that very different conclusions can be drawn from it.
- * LTU is aware of internal analysis prepared for Senior Management earlier this year expressing concerns over the customer service provided by staff based in India. Management had sought to keep these conclusions confidential and, at the time the research was prepared, was insisting the operation was running smoothly.

Considerable independent research has been produced by analysts that contradicts claims by Senior Management, showing instead that customers receive a poorer customer service from abroad. For example, the Principal Analyst at ContactBabel, which was involved in a government study into offshoring earlier this year, following extensive research concluded that:

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

Research Points To Brand Damage From Offshoring

A report by the investment bank, JP Morgan, has also found that companies outsourcing their call centres and processing work to cheaper countries

run the risk of damaging their brand and losing customers.

Focusing in particular on insurance, it insisted that a consequence of offshoring could be to "damage an insurer's brand, in our view".

Leading Competitors Reject Offshoring

Whilst C&G Senior Management insist they have no option but to export jobs to India if the company is to remain competitive, this could not be further from the truth.

Many of the C&G's leading competitors have instead rejected offshoring since they do not believe such a strategy is consistent with the needs and wishes of their customers nor with their Corporate Social Responsibility.

Those competitors in the mortgage market that have insisted they will be keeping their operations in the UK include Halifax Bank of Scotland, Royal Bank of Scotland, NatWest, Nationwide Building Society and Alliance & Leicester.

Fall In Revenue Could Outweigh Cost Savings

Research by leading call centre analysts, ContactBabel, has found that for financial services companies the costs of offshoring work abroad could outweigh the savings.

Its research found that a 'typical UK High Street Bank' will save an estimated £9.26 million per year in operating costs by replacing UK 1,000 staff with the same number in India. However, if only 0.343 per cent of customers defect in protest at this then the Bank's revenues would fall by the same amount.

Offshoring Agreement Exposed As Meaningless

Senior Management has repeatedly referred to a so-called 'Offshoring Agreement' reached between itself and Unifi to deflect attention away from the effects of the Bank's Offshoring Strategy.

The key feature of this agreement is that all staff whose jobs are exported to India are guaranteed to be **offered** an alternative job.

Of course, there is a world of difference between being **offered** an alternative job and **actually being redeployed** into one that is suitable. This is particularly the case since the Bank has admitted that the job need neither be suitable nor within the same geographical area.

In other words, the small print exposes this agreement as a meaningless diversion, which if anything has given the Bank the 'green light' to export even more jobs abroad.

Experience during the closure of the Newcastle Contact Centre showed just how ineffectual this

agreement is. Of the 960 staff working in Newcastle when the Bank announced its closure plans:

- **Under 18% of staff have been found alternative jobs in the Bank** . . . the majority of these jobs being at the Sunderland Contact Centre which is itself at risk of closure.
- **Around 40% of staff simply resigned. In other words, the Bank 'got rid of them on the cheap'**. Because the Bank would only make a Redundancy Payment to those staff who remained working until the closure date - rather than allowing some to be paid for redundancy if they found an alternative job earlier - many staff who had been offered an alternative job could not risk missing out and facing unemployment in the run up to Christmas.

Of course, with just 3,000 members across the whole Lloyds TSB Group - and an alarming enthusiasm to reach agreements with Senior Management on just about anything - Amicus does not have the authority to say it speaks on behalf of many staff.

The Importance Of Independence

LTU is the only Union in a position to oppose the closure of Tachbrook Park effectively and the transfer of jobs to India. We have been vigorously opposing the transfer of jobs to India ever since Lloyds TSB began this policy.

And because LTU is completely independent, we can provide staff with the facts without allowing C&G Management to pull the wool over the eyes of its staff and its 'official staff representatives'.

It is obvious that the Staff Association neither have the resources nor flexibility to oppose jobs being transferred to India. To do so would obviously be unacceptable to senior management.

And it is hardly surprising that Senior Management appear to have been promoting closer working between the Staff Association

and Amicus. After all, with just 3,000 members across the whole of Lloyds TSB - compared to 45,000 in LTU - then Amicus itself has only a peripheral role, with little ability to genuinely apply pressure upon management on behalf of staff.

Besides which, an article in The Times newspaper - at the time Amicus reached a similar 'Offshoring Agreement' in Barclays to that it in Lloyds TSB - perhaps best summarises Unifi's policy on offshoring.

The article began by saying "*(Unifi - now Amicus) signed a deal yesterday to allow Barclays Bank to send thousands of jobs offshore*" and then proceeded to say that the agreement "*will be seen as an admission that the union is powerless to stem the flow of jobs to India*".

This sort of approach is unacceptable in circumstances where many C&G' jobs are to be lost.

How You Can Help Save Jobs At C&G's Tachbrook Park

LTU is providing C&G staff with the opportunity to help stop the transfer of their jobs to India and avoid the prospect of redundancies at Tachbrook.

Only through applying pressure on Senior Management can C&G be persuaded to drop plans to export jobs to India.

Members can help in the following ways:

- 1. Contact your local MP and Council Representatives, asking that they demand an explanation for the closure from Lloyds TSB / C&G Senior Management**

- 2. Ask friends and family who have any dealings with Lloyds TSB - whether a bank account, an insurance product, a mortgage with C&G or perhaps a pension with Scottish Widows - to write or phone C&G objective to having their financial arrangements handled abroad.**

LTU will be undertaking a high profile campaign in an effort to stop jobs at Tachbrook being lost because of offshoring. **For more information on LTU's campaign, visit our website at www.ltu.co.uk.**

STEVE TATLOW
Assistant General Secretary