

## LTIDD Plans More 'Jobs To India'

**D**irect Distribution has confirmed it is planning to send more jobs from Bournemouth to India.

This announcement comes the same month as the Bank's Newcastle Contact Centre is to finally close, with the loss of all 960 jobs to India.

Of course, Direct Distribution Staff will know just how unpopular transferring operations to India is with customers. Many have reported speaking to customers who have said they are no longer prepared to deal with Aviva / Norwich Union because of its own offshoring strategy.

**Much of the Bank's offshoring to date has involved Pilot Exercises. Members will know that the size of any Pilot is often a mere fraction of the scale of the eventual programme. These pilots are undoubtedly intended to lay the groundwork for many times more jobs to follow.**

LTU therefore inevitably has strong grounds for being concerned over the future of the Direct Distribution operation in Bournemouth. This is in particular because:

- **The scope for redeployment is limited for those Direct Distribution staff affected by the transfer of jobs to India. The very nature of Consultant roles, and the remuneration package, means it would be very unlikely that staff could be found alternative roles at anything near the same level of pay. At least not in the Bournemouth area.** The Bank has acknowledged that this is the case.

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Staff should take care to note that the Bank's 'guarantee of an alternative job offer' is subject to the conditions that the role need neither be similar nor even in the same part of the country.

The potential creation of new roles described in the Bank's communication is therefore unlikely to be of benefit to many Direct Distribution staff, because of the difference competencies, skills and pay levels.

- **If, as the Bank suggests, 12% of calls will be handled in India by the end of 2004, then how many more jobs will go when the programme is fully implemented?**
- **A guarantee of no compulsory redundancies during 2005 offers little comfort. In the case of the closure of the Newcastle Contact Centre, it took over 14 months between the initial announcement and final closure.** LTU's concerns are for 2006 and beyond; particularly since Management has indicated that its offshoring plans have only been temporarily held back for technical reasons.

# Is LTSB Insurance Jeopardising Its Own Future Profitability?

LTU believes that Lloyds TSB's Offshoring strategy is not only bad for customers, staff and the UK economy, but could also jeopardise Lloyds TSB Insurance'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 the Bank's customers who are opposed to the transfer of their banking 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 the Bank continues with a strategy that is so fundamentally opposed by its customers then there is a danger that many could switch their accounts to those companies that are committed to operating from the UK.

## Leading Competitors Reject Offshoring

Many of the Bank's leading competitors have 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.

These Financial Services and Insurance companies include Royal Bank of Scotland, NatWest, Halifax Bank of Scotland and Swinton Insurance . . . to name but a few!

## Research Points To Brand Damage From Offshoring

A report by the investment bank, JP Morgan, has also found that insurance companies outsourcing their call centres and processing work to cheaper countries run the risk of damaging their brand and losing customers.

**The report which focussed on offshoring in the Insurance Sector found that the consequences of offshoring "can also damage an insurer's brand, in our view".**

**Furthermore, a recent survey by Troika consultancy found that 33% of customers surveyed said they would change their financial services provider if their bank or insurer said it was moving some of its operations offshore.**

## 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 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

The Bank has repeatedly referred to the 'Offshoring Agreement' reached between itself and Unifi, in an effort to deflect attention away from its Offshoring Strategy.

Of course, with just 3,500 members within Lloyds TSB - compared with 45,000 in LTU - then Unifi has hardly been in a position to say it represents the interests of many staff! **In fact, LTU believes that rather than providing any real protection for staff, this 'Offshoring Agreement' has given the Bank the 'green light' to excuse the transfer of even more jobs to India.**

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

There is, however, 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.

An offer of an alternative job as a Band 8 cashier in the branch network in, say, Andover would meet this definition; even though the expected

salary of £14,700 would be far less than most Direct Distribution Consultants now earn.

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

Experience during the closure of the Newcastle Contact Centre has shown 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 have simply resigned. In other words, the Bank has '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 have been offered an alternative job could not risk missing out and facing unemployment in the run up to Christmas.

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## Time To Join LTU

There are clearly very important concerns over the future for staff working for Direct Distribution in Bournemouth.

The Bank's Offshoring plans put many jobs at risk.

Only LTU is campaigning vigorously to stop the Bank making redundant jobs in the UK and

transferring them to India.

Our campaign needs the fullest possible support from members and so it's important that any Direct Distribution staff who are concerned about the future join LTU straightaway.

**STEVE TATLOW**  
Assistant General Secretary