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ALL MEMBERS NEWSLETTER

LTU Exposes Bank Spin on 'Jobs To India'

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

The Bank would have MP's, customers and staff believe its 'Jobs To India' policy is not primarily driven by a desire to cut costs at the expense of UK jobs, but problems with customer service.

In many cases the **only** explanation provided for the planned closure of Newcastle Contact Centre has been difficulties in recruiting and retaining staff. A typical statement to MP's has been:

"One of the particular issues that we face in the Newcastle area is that . . . there is a highly competitive market for skilled local staff. As a result, we have found it increasingly difficult to attract and retain staff. Continuity and consistency are key to providing the high level of service that we want to give our customers and we have to address this." (Eric Daniels)

So does this reasoning stand up to any serious examination? Well, LTU believes the facts speak for themselves:

- * **Pay in the Bank's Contact Centres have been held down well below the UK average.** According to the pay research organisation, Income Data Services, average pay for a customer service representative is £14,500. Yet the Market indicator at Newcastle Contact Centre is just £13,000.

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- * **Despite saying it has had difficulty recruiting and retaining staff in Newcastle, last April the Bank increased the Market Indicator there by less than at any other contact centre (except Sunderland). Staff at Newcastle moved from joint top to joint bottom paid Contact Centre staff in Lloyds TSB.**
- * **A considerable body of research shows that average staff turnover in Indian Call Centres is higher than in the UK.**
- * **Equally, a major research project by the analysts ContactBabel points to better customer service provided at UK rather than Indian Call Centres.**

The facts therefore show the Bank has been the architect of its own recruitment and retention problems through holding down salaries; presumably to provide the very excuse for transferring work abroad.

Is The Bank The Architect of its Own Staffing 'Problems'?

Though the Bank 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 Bank'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 Bank 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 Bank'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 Bank 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 Bank'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 Bank's Contact Centres. Hardly evidence that the Bank was genuinely concerned by recruitment and retention problems at Newcastle!

Pay Policy Exposed

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

In the case of Newcastle, the Bank has clearly chosen neither to pay competitive salaries nor set Pay at levels needed to recruit and retain staff. The latest version of the Bank'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 Bank should acknowledge the real reasons.

The main motivation is clearly that the Bank 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".

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.

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