

Data Protection Challenge Against Jobs To India Policy

The Bank's plans to transfer jobs to India are being challenged on the grounds that they do not meet stringent Data Protection legal requirements.

LTU is supporting a customer in challenging the transfer of sensitive personal data abroad.

European legislation requires that sensitive personal data may only be transferred outside the European Economic Area with the express permission of customers. LTU's solicitors believe this must take the form of customers providing specific written consent to the question whether they agree to have their personal details handled in a country that does not have the same legal safeguards as the UK.

Nowhere To Hide

Senior Management would no doubt have to rethink its 'Jobs to India' policy - and the threat this presents to up to 10,000 existing Lloyds TSB jobs in the UK - if it had to openly seek permission from customers to handle their accounts abroad.

After all, there is irrefutable evidence to show that the overwhelming majority of Lloyds TSB

Data Security Concerns In India

'Jobs To India' Policy At Risk Massive Increase in Demand For LTU Representation

Local Markets

customers are opposed to having their financial arrangements managed from India:

- * Around 90% of customers approached outside Lloyds TSB branches sign LTU's Petition against offshoring work to India.
- * In a survey by leading research organisation MORI, 49% of customers said they would consider transferring to another Bank rather than have their account managed in India.

If the case being supported by LTU succeeds, then the Bank will be unable to 'slip' its offshoring plans past customers. Customers would instead need to provide their written consent. Dropping the 'Jobs To India' plans altogether would then become a real possibility.

Finance Sector Most Vulnerable To Legal Challenge

Of all the work being offshored by UK companies, the data held by financial services companies is certainly amongst the most sensitive being transferred abroad. This is because records of standing orders, direct debits and credit and debit card transactions all provide a considerable insight into the personal lives of customers.

Furthermore, customers taking out policies with Scottish Widows have to provide personal medical details.

The result is that misuse of customer data could lead to unauthorised persons being able to build an intimate picture of customers; perhaps

including their political beliefs, religious affiliations or trade union membership, financial position and assets, medical history, any legal penalties incurred, shopping habits, etc. In fact, the amount of sensitive personal information that could fall into the wrong hands is almost endless.

This is obviously a far more serious issue than other high profile offshorings - such as Directory Enquiries and Rail Enquiries - where little if any customer information is accessed abroad.

India is not included on the European Union's list of countries that offer adequate levels of protection for personal data.

Data Security Concerns in India

There are considerable concerns over the security of data that is transferred to India.

Analysts Point To Data Security Concerns

Analysts have raised major concerns over the security of data transferred to India by UK financial service companies:

"Given the volume of offshoring that is going on and the risks attached, there will have been

a major regulatory failing within five years . . . Financial services companies can never be sure that offshore workers are up to speed on UK regulatory requirements. It will be a disaster for the financial services brand involved."

Eamonn Rice, head of financial services at Ernst & Young, who believes that a major regulatory crisis at a bank or financial services firm will prompt a major rethink on offshoring.

"The further away from the source of the data it is moved (call centres), the more likely it is that corruption will creep in".

Simon Davies, director of Privacy International

"If you are using people in a low wage area, organised crime can afford to pay a lifetime's wage for data".

Spokesman for National Outsourcing Association

"We're seeing a significant increase in security problems associated with this type (sensitive customer information) of outsourcing."

Richard Hollis, MD of information security solutions company Orthus.

Risks Already Exposed

Evidence has already emerged over the risk to data security of offshoring operations abroad.

The Evening Standard newspaper reported earlier this year that organised gangs had offered a year's wages to call centre staff in India in return for details on UK credit card accounts.

Furthermore, Capital One pulled out of a deal with the largest call centre operator in India when it discovered that customers were being misled with unauthorised offers of credit.

'Jobs To India' Policy At Risk

If the legal challenge supported by LTU succeeds then it could put at risk the Bank's entire 'Jobs To India' strategy.

It could mean the Bank having to obtain the express written consent of customers before transferring their sensitive personal information abroad.

Since there is overwhelming evidence showing customers are hostile to having their financial arrangements managed abroad, the Bank would undoubtedly be reticent to have to so directly approach customers to do just this. It could put the Bank at risk of losing very large numbers of customers to those other financial institutions that remain committed to operating from the UK.

Even research published by the Bank indicates that customers are 50% more likely to be dissatisfied with the service they receive from Mumbai than from UK call centres.

Faced with such opposition from customers, would the Bank risk continuing with its offshoring policy if it had to detail to each individual customer - and seek their written consent - its plans concerning the transfer of their sensitive personal data abroad?

LTU is keenly awaiting a decision from the government appointed Information Commissioner on whether the Bank is acting legally.

Bank Denies Access To LTU Website

The Bank have so far refused LTU's request for staff to be able to access its website, www.ltu.co.uk, unmonitored via the intranet Interchange system.

LTU's opposition to the offshoring of jobs to India has resulted in Senior Management refusing that request because they don't want staff to read about the success of our campaign on our website. However, what staff should be aware of is that whilst they can't access LTU's website at work, because they don't generally have access to web browsers like Explorer, that doesn't apply to Senior Management the majority of whom can access LTU's website, or any website for that matter, whenever they want. It's a case of one rule for Senior Management and another for staff. Is that what happens in a high performance organisation?

The Bank allows Unifi, which is not opposed to thousands of jobs being transferred to India, to have a link to its website via the Interchange system. That is a clear breach of the Recognition and Procedural Agreement which both Unions signed at the time of the merger of Lloyds and TSB. One of the General Principles of that agreement is that the Bank will "treat both LTU and Unifi equally so that each has equal opportunity to represent their members' interests."

The Bank is acting like a petulant child who refuses to act reasonably because it's not getting its own way on this important issue. If the Bank believes that we will stop campaigning on India simply to secure a link to our website then they are going to be sorely disappointed. Moreover, if it wasn't India it would be another issue. LTU, unlike Unifi, disagrees fundamentally with the new pay and reward structure. Does that mean that in the absence of the India project staff would still be denied access to LTU's website because we disagree with the Bank's policy on pay?

Members who wish to access the LTU website can either do so through their web browsers, which some staff have on their systems, or they can continue to do it through their computers at home. The website is updated on a daily basis.

Massive Increase In Demand For Union Representation

Over recent months LTU has seen a massive increase in demand for representation from members.

The types of cases most often arising have included:

- * **Performance Improvement, where members have needed assistance in agreeing and monitoring their Performance Plans if they are to avoid the risk of dismissal.**
- * **Sickness Home Visits, where members have needed LTU's help in agreeing a phased return to work following a period of sickness, negotiating Ill Health Retirement or avoiding the possibility of dismissal.**
- * **Disciplinary proceedings. LTU has been particularly concerned where staff have been threatened with disciplinary action in cases where the cause has been a lack of training or inadequate staffing levels.**
- * **Persistent Short Term Absence, with many more staff facing proceedings even when absences can be justified for clear medical reasons.**
- * **Grievance proceedings covering a wide range of issues, from concerns over being transferred between offices despite long or inconvenient distances being involved, pressure to change working hours, to complaints over levels of pay.**

LTU has been particularly successful at overturning cases against members and weeding out those cases where there was no real justification in bringing proceedings against staff in the first place.

Excellent Success Rate

LTU has a superb track-record at successfully representing members who have found themselves in need of help.

It is perhaps therefore no surprise that many Human Resources Managers within the Bank are members of LTU after witnessing the quality of representation of LTU's Representatives first-hand when they have been helping members.

Professional Representation

LTU is the only union to provide Lloyds TSB staff with professional representation just by Officials paid by the Union. This is because we believe it is essential that our representatives are completely independent of the Bank and immune from any pressure that could be exerted by the Bank.

This contrasts with Unifi, which uses people seconded from and paid by the Bank to represent its members.

Surge in Advice Line Calls Too

There has also been a massive demand from

members telephoning LTU's 24 Hour Advice Line Service for advice, information or assistance. This service is available to members 24 hours a day, 7 days a week.

Over the 12 month period to the end of July, LTU's Advice Team received 15,874 telephone calls from members, in addition to many more emails and letters from members needing help.

Members Only Representation

The Union has also recently received many calls from staff who have not been members of LTU until they have found themselves in difficulty. They have then had the audacity to seek LTU's professional help.

LTU has a strict policy of only representing those

Local Markets

Over recent months LTU has issued two Newsletters to members affected by the introduction of 'Local Markets' within the Branch Network.

Whilst LTU's involvement has helped ensure staff are protected whilst the new structure is being implemented, in some areas problems have still arisen.

A particular concern has been the effect on those managers working in branches whose grade has been reduced under the Local Markets structure. In these circumstances, managers face the prospect of being downgraded unless they can be found an alternative role at their current grade.

Members should note, however, that if they cannot

staff who were members before their problem first arose. Membership is like an insurance policy for your job: no-one can wait to join only after they have a problem and need representation.

For Advice & Representation

Members can contact LTU for advice, information or representation in any of the following ways:

- * Telephone **01234 262868** for LTU's 24 Hour Advice Line Service.
- * E-mail **24hours@ltu.co.uk**
- * Fax **01234 262398**
- * Write to LTU's **Bedford Office**

All advice and information provided to members is in complete confidence.

be found a suitable alternative role, and if their new role involves a drop in status break - i.e. for all drops between Bands except downgradings from Band 6 to Band 7, and Band 7 to Band 8 - then they will be entitled to a Severance Payment as an alternative to downgrading. This would be on the full Voluntary Severance and Voluntary Early Retirement Terms negotiated by LTU.

The Bank has accepted that any rumours peddled in some areas that there is no budget for Voluntary Severance are completely false. Instead, if any managers find themselves in the circumstances described then they will be automatically entitled to the appropriate VS/VER Terms.

**STATEMENT TO MEMBERS AS REQUIRED UNDER THE TRADE UNION AND LABOUR
RELATIONS (CONSOLIDATION) ACT 1992 AS AMENDED BY THE EMPLOYMENT
RELATIONS ACT 1999**

REPORT OF AUDITORS

Set out below is the report of the Auditors as contained in the accounts of the Union for the year ended 31st December 2003. The page numbers contained in the report of the Auditors refer to the full accounts

AUDITORS REPORT TO THE MEMBERS OF LLOYDS TSB GROUP UNION

We have audited the financial statements on pages 2 to 10 which have been prepared under the accounting policies set out on pages 4 and 5.

Respective Responsibilities of Union Officers and Auditors

As described on page 4 the Union's officers are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion based on our audit, on those financial statements and to report our opinion to you, in accordance with S36 of the Trade Union and Labour Relations (Consolidation) Act 1992.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the officers in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Union's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give a reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Union's affairs at 31st December 2003 and of its results for the year then ended.

27 St Cuthberts Street
Bedford MK40 3JG

Date of Audit 30 April 2004

HOPE AGAR
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS

FINANCE

In accordance with the Trade Union and Labour Relations (Consolidation) Act 1992 as amended by the Employment Relations Act 1999 we set out the following statement.

1. Contributions and subscriptions for 2003 £2,803,777
2. Other income £77,555.
3. Total income £2,881,332.
4. Total expenditure £3,108,873.
5. Salaries and benefits paid to Officers. The salary and benefits paid to the Union's General Secretary were as follows: Salary £85,974, Employers NI contributions £10,227, Car and fuel benefit £24,858, Pensions and life assurance benefits £24,661.

STATUTORY STATEMENT

We are required by the Trade Union and Labour Relations (Consolidation) Act 1992 as amended by the Employment Relations Act 1999 to include the following statement in this circular to all members. The wording is as prescribed by the Act.

"A member who is concerned that some irregularity may be occurring, or have occurred, in the conduct of the financial affairs of the Union may take steps with a view to investigating further, obtaining clarification and, if necessary, securing regularisation of that conduct.

The member may raise any such concern with such one or more of the following as it seems appropriate to raise it with: the officials of the Union, the trustees of the property of the Union, the auditor or auditors of the Union, the Certification Officer (who is an independent officer appointed by the Secretary of State) and the police.

Where a member believes that the financial affairs of the Union have been or are being conducted in breach of the law or in breach of Rules of the Union and contemplates bringing civil proceedings against the Union or responsible officials or trustees, he should consider obtaining independent legal advice".