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ALL MEMBERS NEWSLETTER

Recession, Offshoring and Job Security

When LTU began its campaign against offshoring in 2000 we made clear that our opposition to moving jobs abroad was based on three main arguments:

1. Customers would not want to deal with overseas call centres;
2. The Bank should have recognised its corporate responsibility to keep jobs in the UK economy where the bulk of its customers live and work and where most of its profits are generated;
3. Generally, overseas operations would be less efficient than those centred on UK based staff.

Customer Facing Jobs

It was inevitable that customers would not want to deal with overseas call centres. Most of us have experienced the frustration of dealing with people abroad who do their best in a language in which they're not fluent and in a supplier/customer culture that they don't understand. India was a problem waiting to happen and LTU's campaign gave customers the opportunity to give their verdict with over 500,000 signing our petition in opposition.

In 2007, 750 customer-facing jobs were brought back in a U-turn of vast proportions.

Whilst the Bank insisted that its decision to bring these jobs back was made for technological reasons, the reality was that customer pressure had changed Bank policy.

Looking back, what was amazing was that

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Hidden**

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anyone at senior levels in the Bank could ever have believed that customers would want or accept the offshoring experience in the first place.

Other Operations

What was left in India was Collections work, where presumably the Bank took the view that people who owed the Bank money were not going to be given the choice, and other operations and support work, all of which had previously been done in the UK.

The unbelievable idea of offshoring part of the Bank's HR Call Centre (which advises Managers on how to deal with staff issues) was dropped and whoever made that decision deserves the credit for having the courage to reverse something that patently would not have worked very well and quite probably would have resulted in a shambles. **However, that the idea could have been approved in the first place, let alone have been on the point of implementation, raises serious questions about how decisions on offshoring have been made.**

True Picture on Offshoring Is Hidden

Almost all the feedback we have had from members so far has highlighted the inefficiency of domiciling work in India. There have been widespread reports of work carried out in India having to be corrected routinely or redone in the UK as well as significant communication difficulties between staff based in India and those in the UK.

We have pointed out before that problems

with offshoring have been either persistently under-reported because of the work involved in logging issues or deliberately concealed so that senior management get a false picture of efficiency levels.

Members wanting to provide any further views on this aspect of offshoring can email them to us at in.confidence@ltu.co.uk

More Jobs Lined Up To Go

Now the Bank is compounding its previous public relations and operational mistakes by moving a raft of IT jobs concerned with programming and system testing to India.

This would bring the number of directly employed and contractor jobs in India to about 5,000.

Lloyds and Corporate Social Responsibility

The Bank's policy of offshoring jobs for no other reason than that it can employ staff cheaply in India, raises the whole question of whether it recognises that it has a corporate social responsibility to both the country in which it makes the vast bulk of its profits and its UK staff.

The fact is that **most of the Bank's stakeholders: customers, shareholders and staff would not support offshoring if they were given the chance to vote on it. Indeed, if they could make the decision, all the jobs currently offshore would quickly be on the way back.**

In the current difficult economic climate in the UK, the public will expect British companies to support Britain and the people who work here, whatever their countries of origin. Lloyds cannot be immune from that sentiment.

Banks generally have a perpetual bad press, usually for no good reason, so **it hardly makes sense therefore to give politicians and the media one more stick with which to beat the Lloyds Banking Group. Yet that is precisely what the Bank is doing.**

UK Unemployment and Lloyds Job Security

Unemployment in the UK is now forecast to reach 3.04 million by Q2 2010 (Source: Confederation of British Industry February 2009).

Not surprisingly the alleged likely loss of a car plant on which 5,000 jobs are said to be dependent has recently attracted great press attention. The jobs lost through offshoring have attracted less attention. **But very soon the press, politicians and the public and are going to cotton on to the fact that tens of thousands of jobs are overseas, not because they can be done better abroad but just because they can be done more cheaply. They will understand the simple idea that bringing back one job from abroad can have the same effect as saving a job already in the UK and be just as important.**

If we applied the criterion of cheapness simply to all work in the UK, without looking at other

factors, there would be a great many less jobs and unemployment would be far higher since many of the jobs, including those of a lot of Chief Executives, could be done by overseas workers paid far less!

By bringing back to the UK the many thousands of jobs they have ripped out of the UK economy, companies like Lloyds, Barclays, HSBC and Aviva could play a significant role in minimising the effects of the current recession.

And in the context of the HBOS merger, clearly it would be outrageous to make UK staff redundant whilst leaving overseas the jobs servicing them, their families and the communities in which they live.

And members will not miss the irony that the number of Lloyds jobs in India is set to increase to about 5,000 which, coincidentally, is about the same size as the threatened car plant that got so much media coverage some weeks ago!

LTU's Campaign

We want the Bank to make the right decision on offshoring of its own volition, before it's pushed into doing the right thing by the press, politicians and public opinion. And we want the Bank to demonstrate the sort of corporate social responsibility its stakeholders have a right to expect.

We will be making just that point to the Bank

and we hope it will respond.

By making the move now, the Bank will not just avoid the criticism that otherwise is going to come, it will derive the benefit of massive 'good' media coverage at a time when it needs all the friends it can get.

**Ian Partridge
General Secretary**