

Voice & Data Services Transfer Terms

Since the Bank announced its aim to outsource Voice and Data Network Services to IBM by the 1st October 2004, LTU has been involved in discussions with Group IT and IBM on the outsourcing arrangements and transfer terms for those staff affected.

The breakdown of staff affected is as follows:

- **Monument: 2**
- **QRQ Brighton: 1**
- **Park Street: 1**
- **Lavington Street: 40**
- **Brotherton: 9**
- **Orchard Brae: 1**
- **Hays Lane: 1**
- **C&G Barnwood: 17**
- **Essex House: 2**
- **Southgate Centre: 1**
- **Castlemead: 1**

In my last Newsletter I said that there is a legal obligation on the part of Group IT to ensure LTU is provided with full details of future plans, details of the implications of the transfer for staff and, most importantly, it must consult fully with LTU on the transfer terms "with a view to reaching agreement". We are pleased to say that to date both Group IT and IBM have complied fully with their legal obligations and our discussions are now nearing completion. Details of the main transfer terms agreed to date are set out overleaf.

We are still awaiting the Bank's final proposal in respect of the Senior Manager's Bonus Scheme and that will be communicated separately. Members with any questions or comments on the proposed transfer terms can contact the Union's Advice Line on 01234 262868 or e-mail me at Mark.Brown@ltu.co.uk.

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Assistant General Secretary

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<u>ARRANGEMENT</u>	<u>TRANSFER TERMS</u>	<u>ARRANGEMENT</u>	<u>TRANSFER TERMS</u>
Service	Service with Lloyds TSB will be retained for all statutory and service related benefits.	Extended Sick Pay	Further benefit after 26 weeks if 5+ years service & certain criteria met. Reduced Benefit pay = 75% basic salary less any sick pay or state sickness benefit for up to 2 years in any 4 consecutive years; then benefit reduced to 50% less any statutory/state benefit.
Salary	Staff to have an appraisal in January. Any salary increases will be paid in April, May and June 2005. Thereafter IBM pay review dates and policy applies.	Disability Plan	75% basic salary less the single person's Social Security Invalidity; then 50% less Invalidity Benefit. If transfer to this after receiving 'Reduced Benefit', the total period to receive benefit at 75% level will not exceed 5 years. This policy will apply from date of transfer.
Pay Day	Staff to transfer to IBM pay day of the 6th of the month. Staff will receive a one-time boost to cash flow.	Holidays	The vacation year runs from 1st November - 31st October. 0 - 4 years service 25 days; 5 - 9 years service 26 days; 10 - 14 years service 27 days; 15 - 19 years service 28 days; 19 years + 30 days. Extra 5 days in 25th year only. Entitlement contains 5 IBM days. Highly flexible scheme; carry over and borrowing subject to management approval. IBM vacation year and holiday entitlements apply from date of transfer. Existing entitlements that are greater than IBM's will be honoured. Lloyds TSB buy-out all banked holiday.
Banding System	Staff will remain on their current grade and job title. However, following the transfer staff will be banded and graded under the IBM Scheme.	Career Breaks	Long-term unpaid leave of absence may be granted dependent on certain criteria, ie performance, length of service, reason for absence. IBM policy from the date of transfer.
Variable Pay (Bonus)	IBM will pay on Group IT's behalf the 2004 bonus of 2.5% in March 2005. Staff will be eligible to participate in IBM's variable pay program from the date of transfer. This will replace the 2.5% discretionary bonus and free shares scheme.	Notice Period	Retain Lloyds TSB notice periods where they are greater than IBM's.
Pension	Staff currently in a Lloyds TSB final salary scheme are eligible to join an IBM final salary scheme. All other staff will be eligible to join IBM's money purchase scheme. Staff will be compensated in salary for any contribution differential between the schemes.	Death in Service	Life Assurance scheme payable at 4 times salary. This will apply following transfer.
Flexible Benefits	The monthly 4% payment will continue as a separate payment after the transfer.	Relocation Plans	IBM policy applies from date of transfer.
Share Save	<p>1. Sharesave: Staff can make five more monthly payments after the transfer. Staff can exercise their option within six months of their leaving date. Group IT will pay to each individual an amount equivalent to the bonuses that are paid at the end of each savings contract and which they will not now be receiving.</p> <p>2. Profit Sharing: Any shares staff still hold in trust can remain there for the agreed 3 year period. The final shares in the scheme will be issued in April 2005.</p> <p>3. Shareplan: All shares must come out of the plan. Staff will not lose any shares held in the plan. All shares will be free of tax and national insurance. Staff can sell their shares immediately. Free Shares - instead of receiving an allocation of shares, you will receive the following: a cash award in May 2005 for the period 1st January 2004 to transfer date.</p> <p>Staff eligible to participate in IBM schemes according to scheme rules.</p>	Severance	Lloyds TSB Severance Terms and Job Security Policy will continue to apply until 31st December 2006.
Territorial Allowance	To be incorporated into base salary.	Maternity Leave	"Ordinary Maternity Leave (OML) - All women are entitled to 26 weeks OML regardless of their length of service. Women with greater than 26 weeks service prior to the 15th week before the EWC will also be entitled to Additional Maternity Leave (AML) of a further 26 weeks commencing immediately after OML. Payment: First 6 weeks of maternity pay period of 100% of average gross earnings, followed by 20 weeks of SMP at £100 per week. Women with over 5+ years service returning to work directly after period of maternity leave receive an uplift of 25% of base salary for maximum of 2 years. Adoption policy also exists.". IBM policy will apply from date of transfer.
Mortgage Subsidy	Staff will move to Lloyds TSB customer rates. Group IT will make a one-off payment to those staff who hold Bank mortgages based on the value of the taxable benefit as shown in their most recent P11D x 3.	Paternity Leave	Paternity Leave is for either one or two consecutive weeks and will be at full pay. IBM policy from date of transfer.
Private Medical	IBM operate a contributory scheme administered through Royal & Sun Alliance. £45 per annum for single cover to £232 per annum for family cover - Taxable benefit for 2003/2004 tax year is £368 for single person through to £801 for family. All permanent staff can elect to join. Contribution rates are reviewed annually. Staff to transfer to IBM scheme, IBM contribution and taxable benefit grossed up for Tax and NI if in excess of Lloyds TSB employee contribution.	Other Banking Benefits	Staff bank accounts and credit cards will move to customer terms. Staff can keep their accounts at Black Horse House or another Lloyds TSB Branch for as long as they wish. Staff personal loans can continue until maturity. Season ticket loans are repayable in full when staff leave. IBM will compensate staff for a 12 months period. In recognition of the increased cost for individuals of their banking services, in particular of Added Value Accounts, every individual will receive a one-off payment of £270 (equivalent to three years' benefit of the most expensive product, Platinum).
Hours of work	Transfer to IBM hours of 37 hours per week. Staff to receive a 5.7% increase to base salary to reflect new hours.		
Absence due to Sickness	'Full benefit' pay for up to 26 weeks in any 12 consecutive months (not service dependent). IBM policy applies from the date of transfer.		