

Transfer Of Undertakings - Update

We met the Bank this afternoon to begin discussions regarding the transfer of Lloyds TSB

Registrars to Advent International. As part of our discussions we looked at the strategic rationale for the sale of the business and how and why Advent was ultimately chosen. The Bank has told LTU that Advent was selected from a short-list of 5 interested parties, which in addition to the purchase price offered, was also considered against the following criteria:

- **their strategic rationale for acquiring the business including their plans for the future development of the business**
- **their ability to work with the existing management team**
- **their plans for management and employees including terms and conditions and incentivisation packages**
- **their ability to continue to be a key supplier and provide company secretarial, HR and wealth management**

INSIDE

Protection For The Long-Term

Transfer Negotiations

platform services to the Group to the service standards required

- **the Bank's assessment of the level of execution risk**
- **their ability to fund the transaction.**

Clearly Advent's plans for the future and for those staff transferred to them are key as far as we are concerned. Importantly the Bank said it could not at this stage agree or disagree with our aim of achieving a package that genuinely maintains staffs current level of 'spendable income'.

Protection For the Long-Term

Advent's plans for the business are clearly important because of the very nature of it being a private equity company that buys and sells businesses rather than running them in their own right for the long-term. It will be vital in our negotiations that the interests of staff are not only protected in the short-term but that there are real protections in place against subsequent transfers.

I am mindful that some Registrars staff have already been through transfer of undertakings and some, most notably staff transferred in from Bank of Scotland still have pensions issues that have never been satisfactorily resolved (LTU was

not involved in this transfer).

One issue on which I can reassure members is that LTU will be recognised by NEWCO. This is vitally important as it is one thing to negotiate a set of transfer terms and quite another to ensure they are not then diluted going forward.

NEWCO will of course be negotiating in the future everything that is currently dealt with at Group level.

LTU has considerable experience of transfers and is recognised in a wide range of companies, such as Fujitsu and IBM, to look after members interests after a transfer has taken place.

Transfer Negotiations

The Bank and NEWCO have said that they would like to conclude the transfer negotiations by the end of August.

Three months to negotiate completely new arrangements for 1,700 staff, particularly over the summer months is a tall order. I say this because in our experience it often takes several months for the Bank and the transferring company to produce a set of proposals on which to negotiate.

If NEWCO simply wants to replicate in full the terms, policies and practices of Lloyds TSB then, with the exception of pensions and some other

matters that cannot simply be carried forward, it should be relatively straight forward and achievable. But as is often the case when the transfer is to a new company, the opportunity is taken to move away from 'Bank policies and practices' and do virtually everything from scratch.

Also, it is important to note, the Transfer of Undertakings Regulations only provides a snapshot of basic terms that must be preserved on transfer. For example, whilst basic pay will be protected the pay management system - scales, progression, appraisal etc. is not.

Pensions, Sharesave, Flavours, Banking Benefits and a host of other important Lloyds TSB arrangements are equally not legally protected. It will be essential that LTU either negotiates their full long-term protection or else compensation for their loss.

Our negotiations therefore are to a large extent dependent upon the Bank and NEWCO getting proposals together. We have made it clear to the Bank that we will not be hostage to arbitrary time scales and will not be bounced at the last minute into considering in haste the transfer terms proposed.

Updates

Once our negotiations start proper we will expect the normal convention will apply in that there will be no piecemeal announcements of the transfer terms. This is important because it would be all too easy for the Bank/NEWCO to say what it is proposing in some areas to supposedly reassure staff whilst neglecting to mention the more contentious issues. Which of course we would then be duty bound to report.

Difficult though this period will be for staff we want to avoid any 'rose tinted glasses' situations and be able to give the full picture once that has properly been established so a truly informed assessment can be made. It is also the case that despite what I have said about time scales

there is always a frantic rush at the end of any transfer negotiation where the details can change considerably.

Nevertheless, we are working with the Bank to see what, if any, policies can be confirmed as transferring in their totality before negotiations on more problematic / complex areas commence.

Members Input

To ensure staff from every location and at every level are represented fully during negotiations, we will be extending our negotiating team. In addition I will be talking to members across the country about the process and to ensure we take on board any and all concerns.

Members needing more information on their legal rights or who have any matters they want to discuss should telephone LTU's Advice Line on 01234 262868.

LTU already represents the majority of Registrars staff but I cannot stress enough just how important it is that now a transfer is taking place we are able to negotiate on behalf of as many staff as possible. I would urge all members to encourage as many of their colleagues who are not yet members to join without delay. This can be done either by completing the application overleaf or by phoning the Union's office in Bedford on 01234 262868.

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