

SMS-Central Trust Closure : Staff Redundancy Rights

Last Friday - just two months after SMS Staff were forced to transfer employers from C&G to Central Trust - the new company has begun consultation on closing the operation and making staff redundant.

This appears to be the final stage of a wholly unacceptable farce, where SMS Staff have been messed around and treated with disregard ever since they were first told that C&G no longer wanted them. **C&G must take complete responsibility for this state of affairs, which has included:**

- **C&G first intended to conclude the entire transfer process within merely a month of first announcing its plans - only backing down and extending transfer negotiations under concerted pressure from LTU.**
- **C&G then intended to transfer staff 'on the cheap' - again, only agreeing to improve compensation for staff (worth up to £5,000 extra for some) under pressure from LTU.**
- **Once transferred to Central Trust, SMS Staff discovered that assurances given by C&G that their roles wouldn't change once they had transferred meant absolutely nothing; they were told they must take on Advice-based roles.**
- **Next, C&G botched up calculations concerning staff entitlement to Sharesave Compensation and also arrangements for staff to receive the cash value of their Free Shares in May.**
- **Finally, C&G has failed to deliver the volume**

INSIDE

How To Calculate Your Severance Terms

of quality leads it said it would provide to Central Trust. It is this final breach of faith that means the operation is facing closure and staff redundancies.

C&G's Moral Responsibility

LTU has written to C&G insisting that Top Management accepts that - though it may no longer have a contractual relationship - it still has a moral and ethical responsibility to SMS Staff for how they have been mistreated over recent months and for their being faced with compulsory redundancy.

The Union has insisted that C&G should therefore:

- **Provide SMS staff with favoured recruitment status, which should involve: (i) full access to all roles advertised internally in the Bank, with SMS Staff treated on an equal basis to all other internal candidates and with preference over other external candidates, and (ii) the full support of Pathways in assisting staff in transferring into jobs within Lloyds TSB.**
- **Full outplacement support on an equal footing to what would happen if these staff were being redundant by the Bank.**

Calculating Your Redundancy Pay Entitlement

Members will know that a key feature of the TUPE Transfer Negotiations between LTU, C&G and Central Trust concerned the Redundancy Terms.

As a consequence, all SMS Staff - despite having transferred to Central Trust's employment - continue to be contractually entitled to receive Lloyds TSB's full Redundancy Terms.

A Choice Of Terms

Under a breakthrough agreement reached between the Bank and LTU last August - which applies to SMS Staff - until the end of 2008, anyone made redundant will have a choice between two different sets of Redundancy Terms, depending upon their circumstances:

- **The 1997 Redundancy Terms. For staff leaving at age 50 or over, this includes entitlement to an immediate non-actuarially reduced pension; or**
- **The 2006 Redundancy Terms, with those staff leaving at age 50 or over entitled only to an actuarially reduced pension.**

The actuarial reduction concerns whether Final Salary Pensions are reduced to take account of the fact that they will be paid over a longer period of time than they would have been had staff not collected their pension at their normal retirement age.

Your Relevant Earnings

Whichever of the Redundancy Terms that SMS Staff select, the first stage of calculating entitlement involves working out an individual's weekly earnings upon which Redundancy Payments will be based.

Weekly Pay will include:

- **Basic Salary**
- **London Allowance**
- **Car Allowance Limit**

- **Shift Allowance**
- **Contractual Overtime (regular, rostered, predetermined).**

Furthermore, since staff cannot be made redundant before 1st April, our Transfer Terms Agreement reached with C&G and Central Trust - which meant salaries would increase uniformly by the Bank's Pay Pot for 2008 - means the value of Basic Pay will be increased by 3.8%.

The total pay figure is then divided by 52 to arrive at a weekly figure.

The Two Sets Of Terms

There are two formulae for calculating the Redundancy Terms that SMS Staff will be able to choose between if made Redundant.

In both cases, service used for the calculation of redundancy payments is based upon actual service for the Bank at the date of termination rounded up to the next whole number of years, and age as at last birthday.

The date of termination for calculating age and service is based on the date of redundancy; not the end of each individual's Notice Period.

In addition to their Redundancy Pay, staff will be entitled to be paid for any of the Notice Period they are not required to work - which will be between a minimum of four weeks

1997 REDUND

4 weeks' pay for ev

**Additional 2 weeks' pay for
age 4**

Extra 3 weeks' pay for every

Capped at maxim

2006 REDUND

2 weeks' pay for every ye

4 weeks' pay for every ye

6 weeks' pay for every year

Only the last 20 ye

Capped at maxim

and a maximum of twelve. They will also receive payment for any Holidays they have accrued during 2008 but been unable to take before redundancy.

1997 Redundancy Terms

The number of weeks Redundancy Pay entitlement is determined by the age of each individual:

- **Under age 40. Four weeks' pay for every year of service.**
- **Age 40 to 49. Four weeks' pay per year of service, plus an additional two weeks' pay for each year of service between ages 40 and 49 inclusive.**
- **Age 50 plus. Three weeks' pay per year of service (maximum 104 weeks), reduced by 10% for each year of service over 50.**

The maximum entitlement is 104 weeks pay and the first £30,000 of any payment is free of tax.

Staff aged 50 and over can also immediately take their full Final Salary Pension entitlement, without incurring any actuarial reduction for collecting it early.

REDAUNDANCY TERMS

Four weeks' pay for every year of service.
Plus an additional two weeks' pay for each year service between ages 40 and 49
Plus three weeks' pay per year of service over age 50
(Maximum of 104 weeks).

2006 Redundancy Terms

Under the 2006 Redundancy Terms, the calculation formula for determining how much Severance Pay staff receive is as follows:

- **Two weeks' pay for every year of service under the age of 22;**
- **Four weeks' pay for every year of service aged 22-40; and**
- **Six weeks' pay for every year of service aged 41 and over.**

REDAUNDANCY TERMS

Two weeks' pay for every year of service under age 22
Plus four weeks' pay for every year of service aged 22 to 40
Plus six weeks' pay for every year of service aged 41 and over
(Maximum of 104 weeks).

Only the last 20 years service is used in the calculation and payment is capped at a maximum of 104 weeks' pay.

The first £30,000 of any Redundancy Payment remains tax-free.

Severance payments apply to all staff aged between 16 and 65.

Payments are based on combined service with Lloyds TSB/C&G and Central Trust up to date of termination and are rounded up to whole years based on age at last birthday. For example, service of 12 years 1 month at date of leaving would be rounded up to next whole year - 13 years.

Under these terms, there is no augmentation of pension for early retirement – either in the form of payment of a non-actuarially reduced pension for staff in the Defined Benefit Schemes or extra pension payments for staff in the Defined Contribution Schemes.

The actuarial factors that apply for pensions drawn early are 6% per annum reduction for deferred pensioners and 4.75% per annum reduction for retirement from active service.

Staff aged 50 or over taking severance therefore have the choice of:

- taking their full severance payment and leaving their pension to be drawn at age 60;
- drawing immediate pensions and sacrificing some or all of their severance payment to mitigate the actuarial reduction (if part or all of the severance payment is waived in this way there is no tax liability)
- taking their full severance payment and drawing an immediate actuarially reduced pension.

Female staff who had joined Lloyds Bank before the July 1974 retain their rights to retire at age 55 with a non-actuarially reduced pension.

Help Calculating Your Terms

Any members needing help calculating their Redundancy Terms should contact LTU's Advice Team on 01234 262868.

Key Safeguards For SMS Staff

In our first meeting with Central Trust to discuss the likelihood of the SMS Operation at Chiswell Street closing, LTU received a number of important commitments from Central Trust.

These include:

- **An assurance that whilst Central Trust will seek to help staff who would like redeployment to one of Central Trust's other offices, it will not pressurise staff into redeploying if they would prefer to receive Redundancy Pay instead.**
- **A guarantee that staff will still receive their full Sharesave Compensation, despite this being delayed because of C&G's failure to produce reliable data upon which to determine how much compensation each member of staff should receive. Staff will still also receive the value of their Free Shares in May.**
- **Once it is certain that the operation will**

close, a willingness on the part of Central Trust to act flexibly wherever it reasonably can, in order to allow staff to leave early with Redundancy Pay if alternative employment opportunities arise.

- **A commitment from Central Trust to work closely with LTU and its Representatives throughout the consultation process concerning the likely closure and redundancies.**

In the circumstances, LTU believes that Central Trust is doing all it can to behave fairly in its dealings with staff.

This therefore places the full onus upon C&G Management to accept that it has a moral and ethical responsibility to SMS Staff - given how it has treated them - and should therefore accept LTU's proposals to assist staff in either finding jobs back in the Lloyds TSB Group or employment elsewhere.

LTU Support & Advice

The measure of any trade union is the quality of support it is able to provide its members when they are most in need of help.

Over recent months, SMS Staff will have been left with no doubt whatsoever about the importance of LTU membership; with the Union providing considerable support during and after the TUPE Transfer.

Of course, this compares starkly with the conduct of Unite which appears to have 'disappeared without a trace' when its Officials realised that SMS Staff needed to be able to count on the hard work and professional support of its Union Officials.

This should therefore serve as a salutary lesson to all other C&G Staff: only LTU can deliver the level of experience, commitment and professional support that staff need 'when the chips are down'!

Any members needing advice, support or representation should telephone LTU's Advice Team on 01234 262868.

STEVE TATLOW
Assistant General Secretary