

# "Show Me The Money" Say HR Staff

Last week Bands 3 - 4 staff will have been told individually the outcome of Phase 2 of the HR reorganisation. Excluding those staff ringfenced there were 293 in scope for 239 roles. 133 staff, almost a third of staff covered by this phase of the reorganisation, expressed a preference to leave on VS/VER. 67 staff have been told they will be leaving on VS/VER. There are 18 staff who have still not been found suitable alternative roles.

LTU have a number of concerns both about the outcome of Phase 2 and the reorganisation itself, not least of all:

- **We are aware that a large number of staff are deeply disappointed that they did not get VS/VER and have missed out on the opportunity to secure the transition terms before they expire at the end of the year. Equally there are 59 staff who have been placed into roles they didn't apply for and, in many cases don't want, a number of those staff would now prefer to go on VS/VER. It is going to be difficult to deliver a world class HR function when many of your key staff would prefer to be working elsewhere.**
- **Simply stripping out a third of the HR roles and then passing much of that work onto Line Managers, particularly in the Network, presents two real threats. Either the work will just not get done because of time constraints and business targets or there will be even greater inconsistency in the implementation of key policies such as absence management, talent management and employee engagement. In many of the**

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**Bank's largest branches Line Managers will simply transmogrify into quasi - HR Managers with the inevitable serious impact on business levels.**

### Phase 3

The next phase of the reorganisation, and the one which is likely to result in the most redundancies, will follow the same processes as Phases 1 and 2. There are approximately 383 staff in-scope but only 190 available roles.

Staff will have until the 23rd May to return their preference forms and applications and desktop selections, interviews and 1 to 1 discussions will take place between the 29th May and the 11th June. Thereafter staff will be notified of the outcome of Phase 3.

LTU will be continuing our discussions with the Bank on the reorganisation throughout this process and if members have any questions then they can contact the Advice Team or email me at Mark.Brown@ltu.co.uk

# Key Issues For HR Staff

For those HR staff whose jobs will disappear, there are a number of key job security issues.

## Avoiding Compulsory Redundancies

LTU will be making every possible effort to press management to find redeployment opportunities for those who really do want to remain working for the Group.

## Avoiding 'Forced Redeployment'

Often where Bank operations contract, the issue of 'forced redeployment' arises.

This occurs when staff who would prefer to leave the Bank with Severance Payments are obliged instead to transfer into alternative roles that they may or may not consider suitable.

**This is often the biggest challenge for Staff and LTU - typically giving rise to the most difficulties and complaints during re-organisations. The following section 'Suitable Alternative Employment' spells out precisely what type of job staff can and cannot be required to accept.**

Where members of staff are found genuinely suitable alternative roles, they have no alternative but to accept them - unless they are willing to risk forfeiting their Severance Payments. On the other hand, if suitable roles cannot be found, staff are legally entitled to receive Severance Payments. Because there are few HR redeployment opportunities this is unlikely to be an issue for many, if any, staff though it is important to be aware of the issue.

## Staggered Release Dates

Of more relevance is when staff who find alternative jobs outside of the Group will be allowed to leave with Severance Payments.

The HR reorganisation will be phased in over a period of time adding to the uncertainty for staff.

**LTU will insist that the Bank work constructively with staff so that those who are successful in finding jobs outside the Company early in the**

**closure programme are made redundant early whilst those who struggle to find alternative jobs or want to delay leaving, remain employed right up to the final date of closure.**

**This means that Group HR must not take the easy option of making staff redundant as soon as their own specific tasks are transferred to other areas.**

# Suitable Alternative Employment Explained

HR staff will know better than most that they have a legal right to be offered 'suitable alternative employment' **if it is available**. If suitable alternative employment is not available, they must be offered the Bank's Voluntary Severance Terms as an alternative.

'Suitable Alternative Employment' would be:

- **A position at the same Band or level of seniority (see 'Transfer To A Lower Grade')**
- **Within the skills, competencies and experiences of an individual, subject to adequate training**
- **A 'proper job' rather than one of only a short-term nature**
- **With the same working patterns**



# Membership Application

LTU, St John's Terrace, 3-7 Amphill Street, Bedford MK42 9EY Tel 01234 262868 Fax 01234 262821 www.ltu.co.uk 24hours@ltu.co.uk

Title

Surname

Forename(s)

Home address

Postcode

Date of birth

Payroll number

Branch/Office/Dept

Location code

Home telephone

Work telephone

Personal Email address

Work Email address

Job title

Pay band

Date of joining group

**Vassar Smith Fund**

The Vassar Smith Fund is a registered charity which provides support and financial assistance to current, retired and former members of staff and their dependants.

If you would like to contribute to the Fund tick this box to make a monthly contribution of 10p or, if you would like to donate more simply write the amount you would like us to add to your subscription in the same box.

**Subscription Category... 2008**

Bands 1, 2, 3 & 4	£11.05 p.m.	<input type="checkbox"/>
Band 5	£10.50 p.m.	<input type="checkbox"/>
Bands 6, 7 & 8 over 25	£9.75 p.m.	<input type="checkbox"/>
Bands 6, 7 & 8 under 25	£8.80 p.m.	<input type="checkbox"/>
Part time over 15 hrs	£5.35 p.m.	<input type="checkbox"/>
Part time under 15 hrs	£4.10 p.m.	<input type="checkbox"/>

"For the purposes of the Trade Union Act 1984 and other statutory requirements I authorise the Union to use my work address as my "proper address" to which any communications may be sent."

Signature  Date

To receive LTU newsletters by email ... tick here

Email address preference (please tick) Personal  Work

### Instructions to your Bank or Building Society to pay by Direct Debit

Please fill in the whole form and send it to:  
Lloyds TSB Group Union, St John's Terrace, 3-7 Amphill Street, Bedford MK42 9EY

Originator's Identification Number

**8 3 0 2 7 1**

1. Name and full postal address of your Bank or Building Society

To: The Manager

Address  Bank or Building Society

Postcode

2. Name(s) of account holder(s)

3. Branch sort code

4. Bank or Building Society Account Number

5. Lloyds TSB Group Union reference no.

6. Instructions to your Bank or Building Society. Please pay Lloyds TSB Group Union Direct Debits from the account detailed on this instruction subject to the safeguards assured by The Direct Debit Guarantee. I understand that this instruction may remain with Lloyds TSB Group Union and, if so, details will be passed electronically to my Bank/Building Society.

Signature(s)

Date

### The Direct Debit Guarantee This Guarantee should be detached and retained by the Payer.

- This Guarantee is offered by all Banks and Building Societies that take part in the Direct Debit Scheme. The efficiency and security of the Scheme is monitored and protected by your own Bank or Building Society.
- If an error is made by Lloyds TSB Group Union or your Bank or Building Society you are guaranteed a full and immediate refund from your branch of the amount paid.
- You can cancel a Direct Debit at any time by writing to your Bank or Building Society. Please send a copy of your letter to us.
- If the amounts to be paid or the payment dates change Lloyds TSB Group Union will notify you 10 working days in advance of your account being debited or as otherwise agreed.

# 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.

LTU's highly experienced staff, our focus just on Lloyds TSB and complete independence from the Bank means that no-one comes close when it comes to being able to provide HR staff with professional advice and support.

Over the coming months it is inevitable that many HR staff will need assistance and LTU guarantees our members that they will receive:

- **Newsletters explaining staff rights and entitlements**, rather than short briefings merely mimicking what the Bank has to say.
- **Regular visits by experienced LTU Officials who are fully trained and experienced**

**at assisting members with job security concerns.** We don't use Bank secondees to advise and represent our members.

- **Genuine around-the-clock advice provided by our Advice Team. Members can telephone 01234 262868 to speak to LTU's Advice Team at any time; whether during the day, night or weekend.**
- **The certainty that every member of our Advice Team fully understands staff issues since they themselves previously worked for the Bank ... and the reassurance that they are paid by LTU and not seconded from the Bank**

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

- **Within recognised mobility parameters.**

Staff are often offered temporary secondments or projects, but these would be treated as 'suitable alternative employment' only if there was a real prospect of the individual continuing in the post for the foreseeable future.

Where members of staff are offered genuinely 'suitable alternative employment' they cannot unreasonably decline the alternative jobs.

## Travel & Mobility

In some cases staff may be concerned that they could be offered alternative jobs that are some considerable distance from where they live.

The guidelines agreed between LTU and the Bank specify that normally staff should be expected to transfer only where;

- **The journey from home is less than 25 miles, or;**
- **The journey time for staff travelling by public transport is less than 1 hour 15 minutes.**

Of course, each case needs to be judged on its own merits. In some circumstances (such as quick driving routes) a longer journey may be reasonable; whilst in other cases 25 miles may be too great a distance (i.e. congested or cross-country journeys).

The Bank must also take into account the "personal and domestic circumstances" of staff, for instance their child or family care responsibilities, when considering asking them to transfer.

## Trial Periods

Members accepting new jobs, or agreeing to consider positions that are not deemed 'Suitable Alternatives' by the Bank, should be offered trial periods of between four and twelve weeks before they confirm final acceptance of any new positions. It is essential that members establish the right to trial periods in advance of taking up new positions and get it clearly understood in writing that if they

deem a job to be unsuitable and no further job is offered, they can take Severance. This decision can be made at any time during the trial period.

## Job Size & Duties

Any member considering accepting an alternative job should:

- **Ask for the Hay Job Units score for the new job. Members must remember that the fact that two jobs are in the same Band doesn't mean that the salaries attached to them will be managed around the same Market Indicator. This can and will affect the salaries actually paid. Members must check the job sizes of alternative jobs to establish whether the same Market Indicators apply.**
- **Ask for a clear description of the responsibilities and tasks of the new job and, where necessary, find out what training will be provided by the Bank.**

## Transfer To A Lower Grade

Under certain circumstances staff might be asked to accept a lower grade. It is important to note, however, that:

- **This must be no more than one Band lower than their current job.**
- **Their current salary will be protected and managed using the Band and Pay Zones applicable to their new job.**
- **If they are above the mid-point of the market zone for their new job, they can expect to be managed at their current level (adjusted for general market movement) for a period of three years, subject to satisfactory performance.**
- **Anyone downgraded from Band 3 to Band 4, Band 4 to Band 5 must be offered Voluntary Severance as an alternative.**

It is important that any staff facing the prospect of being downgraded should discuss their circumstances with LTU's Advice Team.

## Transfer To A Different Business Unit

Staff considering transferring to another part of the Lloyds TSB Group must ensure that their existing terms and conditions are protected.

Whilst Group Operations, for example, has the same terms and conditions as operate for most staff within HR, other areas - such as C&G, Asset Finance, etc - do not.

It is therefore essential that any members contemplating transferring to another part of the Lloyds TSB Group first discuss their circumstances with LTU's Advice Team.

# How To Calculate Your Severance Terms

Last year, prompted by the introduction of Age Discrimination legislation, Lloyds TSB made changes to its severance and early retirement terms.

**Up to the 31st December 2008 staff leaving Lloyds TSB through redundancy will have the choice of either taking the 1997 Redundancy Terms and for staff aged over 50 drawing an immediate non-actuarially reduced pension or taking the 2006 Redundancy terms with an actuarially reduced pension.**

This applies to staff employed before 1<sup>st</sup> October 2006 in Bands 2 – 8 on Group harmonised terms and conditions – it will not apply to a small number of staff on Scottish Widows contracts.

## 2006 Redundancy terms

The calculation formula for determining how much Severance Pay staff receive under the 2006 Terms 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.**

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

A week's pay is defined as follows:

- **Basic salary (in addition for sales staff, where Personal Sales Related Pay (PSRP) is payable, PSRP will be averaged over the previous 12 months)**
- **Territorial Allowance**
- **Car Limit**
- **Shift Allowance**
- **Contractual Overtime (regular, rostered, pre-determined).**

The calculation of a week's pay is uncapped.

The first £30,000 of any payment is tax-free.

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

Payments are based on service 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.

## Early Retirement

Under the new arrangements there is no augmentation of pension for early retirement – either payment of 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 taking severance therefore have the choice of:

- taking their full severance and leaving their pension to be drawn at age 60.
- drawing an immediate pension and sacrificing some or all of that 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 draw an immediate actuarially reduced pension.

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

## 1997 Redundancy terms

The calculation formula for determining how much Severance Pay staff receive under the 1997 Terms is as follows:

- If under age 40 - Four weeks' pay for every year of service;
- If under age 50 - Four weeks' pay for every year of service, plus an additional two weeks for each complete year between 40 and 49 inclusive;
- If over age 50 - Three weeks' pay for every year of service reduced by 10% for each complete year of service over 50.

Any payment is capped at 104 weeks' pay.

A week's pay is defined as follows:

- **Basic salary (in addition for sales staff, where Personal Sales Related Pay (PSRP) is payable, PSRP will be averaged over the**

previous 12 months)

- **Territorial Allowance**
- **Car Limit**
- **Shift Allowance**
- **Contractual Overtime (regular, rostered, pre-determined).**

The calculation of a week's pay is uncapped.

## Early Retirement

Under the 1997 terms:

- Staff aged over 50 can draw an immediate non-actuarially reduced pension.
- Members of the money purchase scheme will have their pension pot increased.