

Up To 385 Roles To Go In Wave 3 Of Integration

As part of 'Wave' 3 of the integration of Lloyds TSB and HBOS, 785 Senior Managers are in the selection pool for over 400 roles in the new Group. Many of those Senior Managers who are unsuccessful in securing a role in Wave 3 of the integration will, assuming that they want to, still be able to apply for jobs in 'Wave 4'. However, the reality is that as a result of the integration a significant number of the current Senior Management population in both Lloyds TSB and HBOS will be leaving the Group.

Candidates will be mapped across to the new roles based on the fact that they are currently the permanent incumbents in Lloyds TSB or HBOS; they have been in the same roles during part or all of the last two years or the new role incorporates a significant proportion of the job they are currently doing. Those candidates who meet the above criteria will be notified of the roles they have mapped against. They will be interviewed in the next two weeks and all appointments will be made by the end of February. We will then move onto the next phase of the integration.

Job Security

The new Group has said that the cost synergies and operational efficiencies will enable it to make annual cost savings of more than £1.5 billion per annum or 15.7% of the combined cost base by the end of 2011. A large part of those cost savings will be as a result of reducing staff

numbers and the jobs that will be lost as a result of Wave 3 are just the start of what is going to be a litany of bad news on the jobs front over the next few months.

In our discussions with the Bank we have said that given the scale of the forecast savings and the potential impact that will have on jobs, the key priority should be to ensure that any job reductions are achieved by voluntary means and not through compulsory redundancies. **To achieve that objective LTU proposed the continuation of the 1997 severance terms which the Bank rejected. We believe that compulsory redundancies are therefore now more rather than less likely.**

Terms and Conditions

The implication of the time lines set out in the Bank's recent document, 'One Bank', is that there will be one set of terms and conditions across the new Group. Our expectation is Managers in Bands 2 and below appointed in Wave 3 will move across on their current packages for the time being. In our negotiations on the new package LTU will be seeking to ensure that the remuneration and benefits package for those staff that remain in the new Group is not diluted in order to reduce costs. Staff rights and entitlements must be protected.

Members with any questions or comments on this Newsletter can contact the Bedford Office on 01234 262868 or email us at 24hours@ltu.co.uk

Job Security and Redeployment

Those staff who fail to find redeployment opportunities will be subject to the Group's Job Security Policy and details of the new redundancy terms are set out opposite. Staff should note that during reorganisations they have a number of rights both legally and under the Group's Job Security Policy. In particular, staff have a legal right to be offered 'suitable alternative employment'. If this is not available then they must be offered the Group's Voluntary Severance terms.

'Suitable Alternative Employment' would be:

- **a position at the same Band or level of seniority;**
- **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 similar working patterns.**

It may be possible that staff are offered temporary secondments or projects, but only if there is the prospect of the individual continuing in 'suitable alternative employment' for the foreseeable future.

Where a member of staff is offered 'suitable alternative employment' then they cannot unreasonably decline it.

However, if the Lloyds Banking Group is unable to offer such a position then staff have a right to be offered the agreed Voluntary Severance terms instead.

Job Size and Duties

Any member considering accepting an alternative job should:

- **ask for the Hay Job Units score for the new job offered. Otherwise the job may be in the same broad 'Pay Band' but at a different level within that 'Pay Band', in which case the salary of the new job may be managed at a lower level.**
- **ask for a clear description of the responsibilities and tasks of the new job and, where necessary, confirm what training will be provided by the Bank.**

Staff must remember that just because a job is in the same Band as they are in currently doesn't mean that they will have their salary managed around the same market indicator. They should check the job size to establish that the same market indicator applies.

Accepting a Job at a Lower Band

Under certain circumstances staff might be asked to accept lower Bands, so long as they are no more than one Band lower than their current position.

However, it is important to note that:

- **anyone downgraded across a benefits break must be offered Voluntary Severance as an alternative.**
- **if an individual's salary is above the market indicator for the new job then he or she will face the prospect of no pay increase for possibly for some considerable time.**

Trial Periods

A member of staff accepting a new job as a result of the reorganisation, which differs wholly or in part from his or her existing job, should be offered a trial period of between one and three months before confirming final acceptance of the new position.

It is essential that staff establish their right to trial periods in advance of taking up new positions and that at the end of the trial they are free to seek an alternative, and in exceptional cases apply for severance.

Again, staff should speak to LTU's Advice Team before seeking or accepting redeployment.

It is essential that any members who are facing the prospect of redeployment, or are concerned how they are being treated, should telephone LTU's Advice Team on 01234 262868.

Severance Terms

The transition arrangements we agreed in 2007, which allowed staff leaving through redundancy the choice of either taking the 1997 Redundancy Terms and for staff aged over the 50 the option of drawing an immediate non-actuarially reduced pension or taking the 2006 Redundancy Terms with an actuarially reduced pension finished on the 31st December 2008, will not be extended to cover the integration of Lloyds TSB and HBOS.

2006 Severance Terms

The severance calculation formula including the multiple will be as follows:

- **Four weeks pay for every year of service aged 22-40 and**
- **Two weeks pay for every year of service under the age of 22**
- **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 will be defined as follows:

- **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 remains tax-free.

Payments will be based on service to date of termination and will be 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.

Pensions

From the 1st January 2009 to the 6th April 2010 staff leaving through redundancy who choose to take their pension early will have the actuarial reduction limited to 3% per annum rather than 4.75%.

Mark V Brown
Assistant General Secretary