

# Scottish Widows Announces First Phase Of Job Reductions

**T**he Bank has announced the first phase of job reductions within Scottish Widows and Clerical Medical as it begins to unveil plans to integrate the two businesses. These job reductions will contribute to the Lloyds Banking Group's overall plans to slash over £1.5 billion from its annual costs.

The key features of the plans for integrating together Scottish Widows and Clerical Medical are:

- **The existing Scottish Widows and Clerical Medical Sales Forces will merge to create a single Intermediary Sales Force, branded as Scottish Widows. This will result in the jobs of 190 staff being made redundant.** The new Sales Force will be responsible for promoting a single product proposition that, in turn, will mean that some existing Scottish Widows and Clerical Medical products will be discontinued.
- **There will be a single, centralised Telephony Sales Team based in Bristol. This will result in the jobs of 43 Scottish Widows Telephony Sales Staff in Edinburgh being made redundant, with the affected staff either having to redeploy into other areas or else being made redundant.**
- **The jobs of 116 staff at Clerical Medical's Clevedon operation will be made redundant; the majority being lost from Individual Pensions New Business and the New Business Contact Centre. 12 new roles will be created at Dalkeith Road handling Individual Pensions New Business.**
- **A number of further changes affecting Clerical Medical's Illustrations function will lead to work being transferred from its Manchester to Bristol offices.**

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### Staff Rights Explained How To Calculate Your Severance Terms

This is clearly only the very first phase of job reductions across Scottish Widows and Clerical Medical, as the Bank seeks to remove overlapping activities and duplication across the two businesses.

### Staff Required To Enter 'Preferencing Process'

All staff in the IFA and EBC Sales Forces and Sales Support Staff will be required to submit a Personal Preference Form.

These Forms will require staff to set out their skills, experience and knowledge together with an indication of what alternative roles they might be interested in, whether they might consider relocating to an alternative location, or whether they would like to express interest in accepting Voluntary Severance.

### Professional Advice & Support

LTU has considerable experience supporting staff during reorganisations. In this Newsletter we set out the job security rights of staff and how members can obtain further professional support and advice from the Union.

# The Reorganisation Explained

The Bank and Union have been in detailed discussions and agreed arrangements for completing this phase of job reductions across Clerical Medical and Scottish Widows.

## One-To-One Meetings & Personal Preference Forms

All affected staff will have a one-to-one meeting with their line manager and will be asked to complete a Personal Preference Form in which they should set out their career history, qualifications, skills, experience and knowledge.

Staff will also be asked to indicate which redeployment opportunities they might be interested in or, if they prefer, express an interest in leaving the Bank on Voluntary Severance Terms. Guidance for members on how to calculate their Severance Terms entitlement is provided later in this Newsletter.

These Personal Preference Forms should be completed and returned to line managers.

## Voluntary Severances

It is LTU's priority that wherever possible no members of staff should be made compulsorily redundant as a consequence of this reorganisation.

The Bank has said that it accepts the principle of wherever appropriate pursuing voluntary redundancies as the preferred mechanism for achieving job reductions. It will be relying on the one-to-one discussions between line managers and staff and the submission of Personal Preference Forms to identify those staff who would be interested in leaving the Bank voluntarily with a Severance Payment.

However, the Bank also insists that it will want to retain the strongest team that it can and so there is no guarantee that staff who have expressed an interest in Voluntary Severance will be allowed to leave on this basis.

## Selection Process

The Bank will be following a set process for

determining which staff will be selected for either remaining roles in their teams or redeployment into other roles and which are at risk of redundancy.

The intention throughout is that there is a fair, consistent and transparent approach to selecting staff for remaining roles.

This will involve the following approach:

- Based upon the Personal Preference Forms completed and submitted by staff, the Bank will conduct a desk top exercise to identify which staff have the best skills and knowledge appropriate to the available roles.
- Between 10 - 20% of staff will be selected to roles on the basis that they are clearly the strongest candidates for the roles available.
- Performance ratings will also be used to help select candidates.
- Additionally, in the case of IFA and EBC sales roles, staff will be selected to roles where they have achieved 90%+ of their sales targets during 2007 and 2008.
- Whilst the expectation is that most staff will be appointed to available roles on the basis of this desk top selection process, where this cannot establish a clear and justifiable difference between candidates, interviews will be used to differentiate between staff.
- Where interviews do take place, these will be designed to assess affected staff against two criteria: performance and knowledge/technical skills. For each available role, the knowledge/technical skills will be based upon five criteria that the Bank believes are most appropriate to the role.

For sales roles, these will be: qualifications; pension knowledge and understanding; investment knowledge and understanding; mutual fund knowledge; and understanding and relationship building. Staff will be scored against each of these criteria.

## Redeployment - Edinburgh Telephony

For the 43 staff at Edinburgh Telephony whose roles are disappearing, there will be various considerations:

- Staff can ask to be considered for redeployment to Bristol to carry on in the roles they currently do, though it is unlikely that anyone will be interested in doing so.
- The Bank says that for those staff who have expressed an interest in redeployment rather than redundancy, it will actively seek alternative roles both elsewhere in Scottish Widows and in the wider Lloyds Banking Group.
- The Bank has also said that there may be alternative roles available at Client Services in Edinburgh. However, these are 'non-sales'

roles and, as such, the Bank accepts that staff need only transfer into these roles if they wish to rather than be forced to do so.

- Staff who do choose to redeploy into Client Services will be guaranteed to receive the level of bonus they received during 2008 for their first 12 months in the role. However, once this initial 12 months protection is complete, staff would transfer onto the standard bonus arrangements for that area.
- Where staff do choose to accept alternative roles, they can do so on a Trial Period to establish that the new roles are suitable.

### LTU Monitoring

LTU will be carefully monitoring the Selection Process to ensure that staff are treated fairly and consistently. The Union will also be meeting the Bank regularly to review progress.

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## LTU's Key Priorities

LTU will have two key priorities throughout this reorganisation:

- **The Bank must take all possible steps to avoid making any affected staff compulsorily redundant.**

If compulsory redundancies do emerge as a possibility as the reorganisation proceeds, LTU will press the Bank to open a Voluntary Severance Register across the whole of Scottish Widows and Clerical Medical. This would help identify other staff with whom affected staff otherwise facing compulsory redundancy could swap places.

This process - known as 'bumping' - would create a win-win situation: meeting the needs of staff wishing to remain working for the Bank, whilst also offering the opportunity to leave on Voluntary Severance Terms to those staff who might be keen to do so.

- **The Bank must avoid forcing affected staff into alternative roles that they might not want to accept or consider unsuitable.**

LTU will assist members in opposing transfers into alternative roles that they consider unsuitable, where necessary appealing against such redeployment through using the Bank's Job Security Appeals Procedure (see pages 5 and 6).

### LTU Support & Advice

Throughout this reorganisation programme, LTU will be available to provide our members with comprehensive advice and support.

This will be provided through a combination of:

- LTU's Advice Team, who are available to provide members with confidential advice and support.
- LTU's experienced Consultants who are able to represent members through both the Grievance Procedure and, more importantly, the Job Security Appeals Procedure.

**To access this support, members can either visit LTU's Officials when visiting their building or call LTU's 24 Hour Advice Line Service on 01234 262868.**

# Staff Rights & Suitable Alternative Employment

Though the Bank accepts that many staff will be made redundant, it is nevertheless insisting upon reserving the right to redeploy staff into what it considers to be suitable alternative jobs.

It is therefore important that all affected staff understand the limits to which the Bank can and cannot determine which roles it wishes to redeploy them into.

In simplest terms, if a role meets the legal definition of 'suitable alternative employment', staff have no choice but to either accept the new role or resign without compensation.

**However, if the Bank fails to offer what genuinely is 'suitable alternative employment', staff can refuse to redeploy into such positions and insist upon receiving Severance Payments instead.**

## What Is Suitable Alternative Employment?

Any Scottish Widows staff affected by this reorganisation who are refused the choice of leaving on Voluntary Severance Terms, will have a legal right to be offered 'suitable alternative employment' if it is available. If such positions cannot be found, staff are entitled to be offered the Bank's Voluntary Severance Terms as an alternative to redeployment.

'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**
- **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. If they do, they risk being treated by the Bank as having resigned and will not be entitled to any compensation.

## 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.

## 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.**

## Different Work Patterns

Whether affected Scottish Widows staff can be required to transfer into roles with different working patterns will depend on whether or not (i) they were originally employed on a Flexible Contract and (ii) still remain on a Flexible Contract.

**The latter condition is particularly important because even if staff were recruited originally on Flexible Contracts, these may have evolved into Fixed Hours Contracts - through a legal process known as *affirmation* - if they have not been required to vary their working patterns for at least six months and they have received no written reminder from the Bank for over six months that they remain on Flexible Contracts.**

**If either of these conditions apply, staff are now employed on Fixed Hours Contracts and can insist upon remaining employed on their current fixed working hours.**

## Transfer To A Lower Grade

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

- **This must be no more than one Band lower than their current job.**
- **Their current salaries will be protected and managed using the Band and Pay Zones applicable to their new jobs.**
- **If they are above the mid-point of the market zone for their new jobs, they will have their pay managed at their current level (adjusted for general market movement) for a period of three years, subject to satisfactory performance.**
- **Anyone downgraded from (i) Band 3 to**

**Band 4, (ii) Band 4 to Band 5 or (iii) Band 5 to Band 6, must be offered Voluntary Severance as an alternative to accepting the downgrading.**

**This extra protection against downgrading will benefit the majority of staff affected by this reorganisation.**

This all means that, subject to satisfactory performance, staff who are downgraded will receive the percentage increase for their current grade each April for each of the next three years.

However, after three years their pay will be frozen and they are unlikely to receive much - if any - pay increase for perhaps some years until the Market Rate for their new, lower grades have caught up with their salaries.

## 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 duration before they confirm final acceptance of any new positions.

It is essential that members establish their 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, subject to a successful Job Security Appeal, if no further job is offered they can take Severance. This challenge can be made at any time during the Trial Period.

## Job Security Appeals

**Any affected Scottish Widows Staff who believe they have been treated unfairly - either through being pressurised into accepting unsuitable alternative jobs or having been told they are being made compulsorily redundant - can pursue Job Security Appeals with full representation from LTU's experienced team of Officials.**

This procedure, which has been used successfully by a number of LTU members, means that staff can have their cases presented by experienced Union Representatives in front of Panels consisting of an equal number of senior Union and Bank Officials.

It is up to the Job Security Appeals Panel - after hearing submissions from the member of staff's representative and the local management team - to decide whether staff have been treated fairly:

- **Where staff are resisting redundancy, the Panel can decide that the period of job search be extended and/or that other measures be taken to provide 'bumping' opportunities for surplus staff to move into.**
- **Where it believes a role doesn't match up to the definition of 'suitable alternative employment', the Appeals Panel can insist that a member of staff be offered either a different role or given an with the opportunity to take the Severance Terms instead.**

security should speak to one of LTU's experienced Officials during our regular visits to Edinburgh, or telephone LTU's 24 Hour Advice Line Service on 01234 262868.

## **Advice & Support ... 24 Hours A Day, 7 Days A Week**

No-one comes close to offering its members with the depth and quality of advice and support that LTU provides.

**Our Advice Team is available to members 24 hours a day, 7 days a week on 01234 262868.**

Any members concerned about their own job

# Calculating Your Redundancy Pay Entitlement

Whether staff who eventually leave the Bank choose to do so by Voluntary Severance, or are forced out by Compulsory Redundancy, the Redundancy Terms that they will receive are exactly the same irrespective of the circumstances.

Until the end of 2008, staff had a choice of which Redundancy Terms they could leave on, with the choice of which suited them best being determined by their personal circumstances. But this is no longer the case: staff are only entitled to Redundancy Terms that were introduced in 2006.

## **Your Relevant Earnings**

The first stage of calculating entitlement involves working out an individual's weekly earnings upon which Redundancy Payments would be based.

Weekly Pay would include:

- **Basic Salary**
- **Car Allowance Limit**
- **Shift Allowance**
- **Contractual Overtime (regular, rostered, predetermined - including On Call Payments).**

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

## **2006 Redundancy Terms**

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

### **2006 REDUNDANCY TERMS**

- 2 weeks' pay for every year of service under age 22**
- 4 weeks' pay for every year of service aged 22 to 40**
- 6 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 a maximum of 104 weeks' pay.

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

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

Payments is based on each individual's length of service in the Bank, up to the 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 a 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 joined Lloyds Bank before the July 1974 retain their rights to retire at age 55 with non-actuarially reduced pension.

## Help Calculating Your Severance Terms & Pension Entitlement

Members needing help calculating their Redundancy Terms or Pension Entitlement should contact LTU's Advice Team on 01234 262868.

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# Support You Can Count On

LTU provides an unrivalled quality and depth of support to our members working in Scottish Widows

LTU's experienced staff, our focus on only representing Lloyds Banking Group Staff and our complete independence from the Bank, means that we are able to provide Scottish Widows Staff with the highest quality professional advice and support. This includes:

- **Detailed 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.**
- **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.**
- **Collective Representation of staff concerns by LTU's experienced team of negotiators who meet at least monthly with Scottish Widows senior management.**
- **Full representation and support for staff who wish to use the Job Security Appeals Procedure.**

Members wanting advice or support can telephone LTU's Advice Team on 01234 262868 to speak direct to an experienced Union Official at any time; whether during the day, night or weekend.

**STEVE TATLOW**  
Assistant General Secretary