

# Uncertainty in C&G: Future Prospects & Staff Concerns

The ongoing uncertainty inflicted upon all C&G staff concerning Cheltenham & Gloucester's future within Lloyds Banking Group is clearly something that Top Management within the Bank has a responsibility to resolve.

All C&G staff - whether they had originally been keen to leave the Bank through Voluntary Redundancy, were seeking alternative jobs within LBG, or were deeply opposed to the closure of the C&G Branch Network - will be equally disturbed by the ongoing uncertainty hanging over their futures.

## C&G For Sale?

Many commentators suspect that the only reason Lloyds decided to postpone the closure of the C&G Branch Network was for strategic reasons because of pressure from the European Union to dispose of assets.

This was certainly something that LTU had speculated about in meetings with UKFI and senior management before the u-turn was announced.

The Bank may well think that by selling C&G as a going concern, rather than closing down the branch network, it can offset pressure from the EU to dispose of other assets as the price of receiving substantial state aid. Only this week, the EU Competition Commissioner, Neelie Kroes, said that "Time is running out" for LBG to address competition concerns

**Of course, this could have wider consequences for C&G staff beyond just those in the Branch Network who were to lose their jobs in November; quite possibly also embroiling staff at Barnwood, Scunthorpe and Fareham who, under the Bank's original plans, would have remained employed within the Lloyds Banking Group as part of its larger, integrated mortgage operation.**

## INSIDE

### C&G & LTU Discuss Measures For Affected Staff

### What Can Staff Expect If C&G Is Sold?

If, as we suspect, the sale of C&G to a third party is very much the Bank's intention, this would account for silence from the LBG Board as it seeks and considers bids for C&G.

However, any commercial sensitivity shouldn't override the moral obligation upon the Bank to communicate with its C&G staff who understandably believe they have been treated shoddily over recent months and who desperately need to know what their future prospects are.

## LTU Meetings With C&G

Over recent weeks LTU has had a series of discussions with C&G to explore what plans the Lloyds Banking Group has for C&G and what measures can be taken to address staff concerns caused by recent events.

Whilst the Bank has said it has no news it can share on the future of C&G, it has acknowledged that staff will feel they have been very poorly treated.

LTU also discussed with C&G a number of staff concerns and the action the Bank would agree to take on behalf of those staff who have been badly affected by recent developments. We report on the progress of these discussions inside.

# Advice For Members

During LTU's discussions with C&G, the Union asked for details of C&G's short-term plans whilst it awaits a decision on its future and raised a number of issues on behalf of members; many of which had arisen because of the Bank's u-turn on its closure plans.

## C&G's Short-Term Plans

C&G has said that it intends to recommence selling mortgages from the C&G Branch Network from 1st October.

A new seller competency matrix is being developed detailing how staff are to be supervised and monitored. However, in those branches without Mortgage Advisers, or where a Branch Manager is unavailable, customers may need to be redirected to either Lloyds TSB or other C&G branches.

The Bank says it will be consulting further with LTU over the next 10 days or so to discuss its plans for branch targets and incentives, which will take account of current branch footfall and capability. LTU has asked for details of C&G's marketing plans to help generate mortgage business through the branch network and insisted that any objectives set for staff must be realistic.

Meanwhile, C&G has also said that it is committed to promoting attractively-priced savings products that it hopes will promote the C&G savings brand and attract customers into branches.

## Key Staff Concerns

C&G has said that whilst it could not necessarily satisfactorily resolve all individual problems, it would work with LTU to ensure that staff were treated fairly.

Below are details of some of the key concerns that LTU raised with C&G on behalf of staff and for which the Bank has provided responses:

- **Staff who had formal offers of redeployment elsewhere in LBG at the date that the C&G u-turn was announced.**

In these circumstances, staff have been able to proceed with their change in roles; though only

so long as they had received a formal job offer by 19th August. Around 45 such staff had been offered alternative jobs before the u-turn; most in the Halifax Branch Network.

Staff who are redeploying into other areas will be doing so for a Trial Period; entitling them to return to their C&G roles if they find the new jobs unsuitable.

C&G has also said that it will support other staff who are seeking alternative roles in the Bank, whether through Job Shop or the normal application process.

- **Staff who made financial commitments that they may no longer be able to afford, because they were anticipating receipt of a Severance Payment.**

The Bank accepted that staff could find themselves in difficult financial circumstances, because they had legitimately expected to receive a Severance Payment before the end of the year.

It has stated that *"Where colleagues are financially disadvantaged as a direct result of the branch closure review we will reimburse, as a gesture of goodwill, subject to specific conditions"*.

Whilst the Bank has discussed with LTU the cases that it has already given consideration to - and it is true that it has already agreed that a few staff will be recompensed - the fact is that it has been far from generous given that it is directly responsible for the predicament in which some staff now find themselves.

**Mortgage Re-Payments.** Where staff have made capital repayments on mortgage balances on LBG products, the Bank has said it will reverse these transactions without cost to the individuals concerned. Whilst saying it would give them consideration, the Bank wouldn't guarantee meeting the costs of doing likewise with non-LBG products.

**Financial Losses.** The Bank has said it will consider recompensing staff for financial losses

where the u-turn left staff financially worse off as a consequence of financial commitments they made in anticipation of receiving Severance Payments in November. This could include the cost of cancelled holidays or training courses, where staff had paid for university courses they could no longer attend, etc. The Bank is insisting, however, that before considering reimbursement, staff must first explore and exhaust opportunities for refunds, insurance claims, etc.

**To make claims for being recompensed, staff must notify their Group Managers by no later than 30th September.**

Members who feel they have been unfairly declined financial assistance for financial losses they have incurred should contact LTU's Advice Team on 01234 262868.

- **Staff who, in anticipating the closure date in November, exhausted their holiday entitlement for the year. Alternatively, staff might have made holiday commitments for after the closure date.**

In these circumstances, the Bank has said it will be flexible. Staff will be permitted to bring forward up to five days additional holiday entitlement from next year, or alternatively defer five days until 2010.

Additionally, staff will be permitted to buy or sell up to five days holiday entitlement.

- **Staff whose Coaching Plans and formal Performance Improvement Plans (PIP's) had been dropped after the closure had originally been announced.**

The Bank accepted that it would not be reinstating PIP's and that the only Coaching Plans that might be appropriate would be those relating to alleged 'poor behaviours' rather than performance against targets.

However, the Bank did say that C&G intended to recommence selling mortgages from 1st October, from which time revised performance incentive schemes would be introduced.

For mortgage referrals, current arrangements

would continue, with new transitional arrangements being introduced for October to December.

- **Staff who have or are working far more Saturdays than they contractually should and, because of resourcing difficulties, are unable to take time off in lieu (TOIL) within a week or so of working the extra day.**

C&G has recognised that this is a problem, agreeing that where staff cannot reasonably take time off within a week or so of working a Saturday, they will be entitled to receive Overtime Pay. This arrangement will continue until at least the end of this year.

- **Staff who have made arrangements for the Christmas period, perhaps spending more time with their families.**

The Bank has said that C&G branches will fall in line with LTSB branches for Christmas Eve opening, closing early if business is quiet, and that branches will not open on Saturday 2nd January.

LTU said it was disappointing that C&G wouldn't go a step further and as a goodwill gesture - which would be modest given what it has put staff through - close the C&G branch network between Christmas and the New Year.

**The Bank asked LTU to help identify staff who might have suffered detriment as a consequence of cancellation of the closure programme, so that it can assess whether it can provide assistance.**

## Need Assistance?

Members who have concerns about their own positions since the Bank decided to no longer close its C&G Branch Network - and particularly those who believe that they have been significantly disadvantaged by the Bank's u-turn - should telephone LTU's 24 Hour Advice Line Service on 01234 262868.

Our team of independent, professional Advisers will be pleased to see what assistance they can provide members, where necessary talking to the Bank on behalf of members.

To join call 01234 262868... today!

ltu  
.co.uk

# What Happens If C&G Is Sold?

Many members have asked LTU what would happen and how they would be affected if, as we suspect it may, the Bank chooses to sell C&G as a going concern.

In circumstances where a company sells an operation to a third party, legislation known as TUPE - the Transfer of Undertakings (Protection of Employment) Regulations - will typically apply.

The main objectives of the law are to:

- **Ensure that the unions representing staff who are to be transferred (i.e. LTU) are informed and consulted fully on the proposed transfer and its impact on staff.**
- **Ensure that the contracts of employment of staff are transferred automatically between employers and their terms and conditions protected.**

TUPE provides the following specific protection for employees transferred between employers:

- Existing contracts of employment transfer to the new employer.
- The period of employment with the Bank is treated as continuous service once staff transfer from the Lloyds Banking Group to the new employer. Rights and benefits relating to the period of continuous employment remain; such as for redundancy, unfair dismissal, etc.
- Any employees who are dismissed for reasons connected with the transfer can claim unfair dismissal.
- If worse contractual terms and conditions are offered by a new employer at the time of transfer, staff may resign and claim constructive dismissal.
- If a new employer were to attempt to impose new terms and conditions by dismissing employees and re-employing them on new terms, the dismissal will be unfair.

It is particularly important that staff bear in mind that the Bank has argued previously that, in terms of

remuneration, only Basic Salary is transferred to the new employer. It may seek to argue that staff are not entitled to an amount equal to Flavours, Bonuses or participation in the Sharesave Scheme. Pensions are also not legally protected.

It is also important to stress that the protection provided by the TUPE legislation typically lasts only 12 months. After a year, employers have successfully forced through changes in terms and conditions by arguing that these changes are unconnected with the transfer.

Furthermore, TUPE merely takes a 'snap shot' of existing staff terms and conditions - preserving rather than protecting them. So, for example, those benefits that might ordinarily have been expected to accrue over time - such as Basic Salary, Holiday Entitlement, etc - may no longer continue to do so!

**This all explains why high-calibre, professional union representation is likely to be essential for C&G Staff over the coming months.**

## More Uncertainty For Staff!

Even if C&G is sold and staff forced to transfer to another employer, there can still be considerable uncertainty to follow for staff.

Often new employers will seek to reorganise the new businesses they inherit. A key motivation for buying a new company is often to cut costs and thereby extract higher profits.

Furthermore, recent TUPE transfers have been a disaster for staff. The transfer in early 2008 of C&G Specialist Mortgage Solutions lasted merely a few months before the operation was closed down altogether and staff made redundant by their new employer. Meanwhile, Registrars staff who were transferred to Equiniti in 2007 have had a torrid time, resulting in many having to take cases to Employment Tribunals with the support of LTU. Although these cases were settled to the satisfaction of our members they demonstrated the weakness of the law in this area.

**STEVE TATLOW**  
Assistant General Secretary

To join call 01234 262868... today!