

# Terms and Conditions - The Next Steps

In our last Newsletter we reported that 99% of members voting in LTU's ballot had rejected the Bank proposed new terms and conditions of employment. In addition, in response to the 60-day consultation period under the 2004 Pensions Act, over 7,000 members registered their feedback individually to the Bank. In those letters heritage Lloyds, TSB and HBOS staff told the Bank ***"I reserve my position regarding any negotiations regarding future amendments to my terms and conditions of employment, and in particular with regard to future pay rises (by way of cost of living increases, increases on promotion or otherwise). You should not assume that by continuing to work as before that I accept that future pay rises will not be pensionable to the extent that they exceed 2% or the increase in retail prices."***

We told members at the time that the more letters the Bank got the more realistic and active a posture it would take in the second round of negotiations which have recently commenced following the announcement of LTU's ballot.

That ballot result and the feedback individually from staff on the pension changes should cause the Bank to take a long, hard look at its proposals.

## **Bank Refuses To Publish Cost Details**

In response to our ballot result, in a recent message to staff, Angie Risley, Group HR Director said the Bank is "maintaining our current investment in our overall Total Reward package. Indeed we will actually be investing more money".

Early in our negotiations we asked the Bank to prove that its terms and conditions proposals were not designed just to reduce costs. **The Bank said it would only provide that information on the basis that LTU didn't publish it to members. We refused and now call on the Bank to publish the information for everyone to see. If it refuses, we will know it has something to hide and it should then stop making comments on the cost neutrality of its proposals.**

## **An Agreement – But Not At Any Price**

At our last meeting we told the Bank that we wanted to reach an agreement on the new terms and conditions but not at any price and certainly not on the basis of the proposals that have been rejected so resolutely by our members. The Bank's Executive Committee must make a choice. **It can either seek to impose new contracts of employment on 100,000+ staff, with the organisational chaos that would ensue, or it can reach agreement with LTU. If the Bank attempts to ride roughshod over staff, it will be setting the scene for a totally unnecessary conflict.**

## Bank Needs Stability

**If ever there was a time for a Bank to demonstrate humility and avoid conflict with its staff, that time is now.**

**Last week's awful financial results, which were so widely condemned, demonstrated the fragility of the Bank's position. The sheer toxicity of the loan book continues to astound almost everyone and getting out of the hole that has been dug and reaping the full benefits from merging Lloyds TSB and HBOS is going to take two things: a good deal of time and an enormous team effort over a long period.**

The last thing any organisation needs in that sort of situation is to wander into a dispute with its own staff. All sorts of situations can arise in which employers have to make difficult but unavoidable decisions to secure the future of businesses and those decisions can have serious, adverse effects on employees. This is not that sort of situation. **If the Bank had to make the changes in pensions and benefits now being proposed, LTU would support them. It doesn't and we won't!**

More than anything, the Bank needs a stable platform on which to restructure for the future. Attacking the very people who are going to build that platform, your own staff, is not a very sensible start.

## All About Opportunism

The two Banks had stable sets of terms and conditions before the merger and certainly in Lloyds had not sought to renegotiate the provisions that are now causing so much trouble. What the Bank has done, very foolishly, is to try to squeeze more out of the orange under the pretext that changes are needed to bring the two sets of staff together. That's rubbish! The two sets of terms and conditions could quite easily roll on for existing staff whilst new staff are employed on new terms. Although these new conditions would still need to be negotiated properly, that approach would have avoided the upheaval that has now been caused.

**On pensions, the Bank capped its risk years ago when it ended final salary pensions for new entrants. Since then the real cost of providing pensions has been falling as existing pensioners die and less leavers and retirees have final salary benefits. The Bank does not need to make the change on pensions.**

It's difficult to decide whether the Bank's terms and conditions proposals are either a crude attempt to save money from opportunism; a cack-handed move to produce a negotiating strategy that will get to the Bank's real objective after a stage managed set of negotiations or just plain foolish.

**Our money is on opportunism!**

**Ian Partridge**  
General Secretary