

# Pensions And Terms & Conditions

Lloyds' decision to impose severe reductions in the benefits of staff in its final salary pension schemes was made despite the clearest possible rejection in its own consultative exercise and overwhelming votes against acceptance in LTU's ballot.

The Bank's move will have surprised no-one in Lloyds TSB but has caused evident shock in parts of HBOS, where many staff and the Accord union clearly believed that this sort of thing would never happen.

Imposition of a change is an employer's equivalent of industrial action but unlike action by a trade union the Bank has not had to conduct a secret ballot beforehand. **What democracy there was, a 'write in and tell us what you think' consultative exercise in which over 7,000 took part, has been ignored completely.**

Not surprisingly we've received a large number of calls for an industrial action ballot.

## **Deferring Terms and Conditions Just a Tactical Ploy**

The Bank's stated intention of carrying on talking about new terms and conditions whilst imposing the pension change should fool no one. This is about trying to separate the two issues to make it more likely that there will be some acceptance of the new terms and conditions: nothing more.

## **T&C's - The Key Issues**

### **Pensions Misery For 65K Staff**

Lloyds will hope to divide opposition by gaining support for the new terms from at least some staff in the final salary schemes and most people in the defined contribution schemes.

However, the reality is that pensions constitute a critical part of overall employment benefits and are obviously an integral part of any new set of terms and conditions.

**And pensions are an issue for everyone, not just longer serving staff with final salary pensions: the time bomb that is an impoverished retirement is ticking away for everyone who joined the Bank after the final salary schemes were frozen.**

So all terms and conditions issues, including pensions, will have to be judged together.

# Terms & Conditions - The Key Issues

Whilst our negotiations on terms and conditions are set to continue over the next few weeks the key issues are still the same.

## Overtime

The Bank is going to use a working window for the payments of overtime of Monday to Saturday 8am - 8pm. **Any overtime carried out during those hours will receive only the normal hourly rate rather than 1.5. Sunday and Bank holiday working will only be paid at 1.5 rather than double time. The Bank has said that up to 41,265 staff are going to be worse off as a result of its proposals.** IT staff in Bands D and E will still be able to claim overtime but it will be at the new, lower rates.

## Sick Pay

Those **staff with less than 4 years service in the Bank will see their sick pay entitlements reduced from 100 days at full pay and 100 days at half pay, to 80 days at full pay and 40 days at half pay, per year.**

## Hours Of Work - To Change?

The new contracts of employment will not specify current work patterns and **our concern is that over a period of time the Bank will try to move to more flexible working within the working window, which is Monday to Saturday 8am - 8pm, through the back door.** Staff will be pressured into changing their hours of work. We've seen a number of cases already but once the working window concept is embedded the Bank will begin the push to get staff to become more flexible with their working hours, particularly with regards to Saturday working.

## Family Medical Cover

**There are currently 3,000 Lloyds TSB Managers who receive family medical cover; this will cease from 1st January 2011. From that date those Managers will be entitled to individual cover only. There are currently 530 staff in C&G who receive protected individual cover and that will also cease on 1st January 2011.**

Lloyds TSB Managers, who are aged 50+ and in Bands 2-4, are entitled to receive free health screening biannually. This benefit is available to 6,000 Managers currently. The Bank is proposing to remove this benefit from 1st January 2012. Managers will be entitled to receive just one more screening before the benefit is removed.

## Status Cars - Removed

**Managers who do fewer than 12,000 business miles a year will lose their entitlement to status cars and will instead be forced to take a cash allowance following the transition period. Managers who do more than 12,000 business miles will be able to keep their status car but it will be from a restricted list of manufacturers.** There are currently 530 LTSB Managers who work reduced hours but are entitled to a full time equivalent benefit regardless of whether they take the cash or car. That will be removed. A Band 3 manager working 2.5 days per week would lose £200 per month or £2,400 per year.

## London Allowances

The Bank is proposing to consolidate London Allowances but only for Bands F and G. Staff in Bands A to E will continue to receive stand alone allowances. We are aware that there are many staff in HBOS in Bands A to E who had their London Allowance consolidated many years ago and they will be working alongside heritage LTSB staff who get the stand alone allowance. HBOS staff will get the benefit of that consolidation when it comes to overtime, bonuses and flex pot payments whereas their LTSB colleagues will not. That is unacceptable. Both groups of staff should be treated in the same way.

## Mobility

Staff who are required to move to a different branch/ office at the Bank's request can reasonably refuse that move if it is more than 25 miles away or will take longer than 1 hour 15 minutes door to door to get there. The Bank is also under an obligation to take into account personal and domestic circumstances.

It's true to say that the Bank has never liked the defined criteria in the mobility policy and the rewriting of terms and conditions gives it the perfect opportunity to remove it once and for all. Members are not stupid, they know that if the Bank wants to get rid of the policy it's because it wants the ability to move staff, particularly those on reduced hours, around branches without too much trouble.

In the future what is a 'reasonable' move will be determined solely by the Bank – that is completely unacceptable and unlikely to stand up at the Employment Tribunal.

# Pensions Misery For 65,000 Staff

The Bank's decision to impose the changes to the pension schemes will lead to misery for thousands of staff.

## £116k Worse Off

Members will recall that LTU asked Lane, Clark and Peacock, a leading firm of Actuarial advisers, to look at ten typical jobs across the Group to determine the potential loss in pension benefits members would suffer if the Bank's proposals were implemented.

The average loss in pension benefits for this group of ten typical individuals would be £116,300. The Local Director and Senior Manager Commercial Banking who were coming towards the end of their careers in the Bank would lose pension benefits of £191,000 and £133,000 respectively. Those staff who expect promotions in the future are going to be hit particularly hard by the Bank's imposed pension scheme changes and many of those will no doubt leave for higher basic salaries elsewhere.

## Staff Carry Inflation Risk

Members of the final salary pension schemes will also see their pensions exposed to inflation for the first time.

At the moment we are in a period of low inflation but that's not going to last forever. **The Bank of England publish an implied inflation curve which suggests that inflation will be 3.1% over the next 10 years and 3.7% over the next 20 years.** If inflation is higher than the 2% pensionable cap proposed by the Bank then the value of pensions at retirement will be significantly eroded.

**If the Bank of England is right and inflation averages 3.7% then the real value of pensions for Lloyds Banking Group staff will be reduced dramatically.**

The Bank has always carried the inflation risk and the value of your pension at retirement was protected as long as pay kept pace with inflation rises. However, **in future because your pensionable pay would be capped at 2%, any salary or promotional increases above that figure will be lost.**

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# Industrial Action Ballot

A leading employment lawyer famously described the law on trade union ballots on industrial action as "a minefield shrouded in fog" and the analogy was perfect. Seeing where you are going and avoiding trouble is hard and this has created fertile ground for lawyers.

The fact is that the law was designed deliberately to make it very difficult to begin industrial action even where it is supported by a clear majority of a workforce. Virtually every possible obstacle that could be put in the way, without breaching international conventions, has been so that employers are easily able to launch legal complaints to slow down or stop action even without much real justification.

For that reason it's essential that any LTU ballot with an industrial action option is carried out very carefully indeed.

Over the next few weeks we will continue confirming members' work details and pension scheme status as essential preliminary moves for a further ballot.

## Timing Of A Further Ballot

The Union's Executive Committee has decided the broad terms for a further ballot and we will be making the necessary preparations to allow a ballot to take place. Its timing will depend on what happens on terms and conditions in the coming weeks.

**Ian Partridge**  
General Secretary