



Membership Application

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Title

Surname

Forename(s)

Home address

Postcode

Date of birth

Payroll number

Branch/Office/Dept

Location code

Home telephone

Work telephone

Personal Email address

Work Email address

Job title

Pay band / level

Date of joining group

Vassar Smith Fund

The Vassar Smith Fund is a registered charity which provides support and financial assistance to current, retired and former members of staff and their dependants.

If you would like to contribute to the Fund tick this box to make a monthly contribution of 10p or, if you would like to donate more simply write the amount you would like us to add to your subscription in the same box.

Subscription Category... 2010

LTSB Bands 1 to 4 / HBOS Levels 4 to 9	£11.75 p.m.	<input type="checkbox"/>
LTSB Band 5 / HBOS Level 3	£11.05 p.m.	<input type="checkbox"/>
LTSB Bands 6 to 8 / HBOS Levels 1 & 2 (25 and Over)	£10.25 p.m.	<input type="checkbox"/>
LTSB Bands 6 to 8 / HBOS Levels 1 & 2 (Under 25)	£9.25 p.m.	<input type="checkbox"/>
LTSB & HBOS Part time (15 Hours and Over)	£5.65 p.m.	<input type="checkbox"/>
LTSB & HBOS Part time (Under 15 Hours)	£4.30 p.m.	<input type="checkbox"/>

"For the purposes of the Trade Union Act 1984 and other statutory requirements I authorise the Union to use my work address as my "proper address" to which any communications may be sent."

Signature Date

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To receive LTU newsletters by email ... tick here

Email address preference (please tick) Personal Work

26th April 2010

HBOS MEMBERS NEWSLETTER

Does The 2% Pensions Cap Fit?

Not if you're Eric Daniels, Chief Executive, and Archie Kane, Group Executive Director, Insurance.

LTU has discovered that the pensions of Messrs Daniels and Kane, the only two members of the GEC who are in Final Salary Pension Schemes, will not be subject to the same 2% cap that they themselves are attempting to impose on everyone else.

When the changes to the Final Salary Pension Schemes were announced, Angie Risley, Group HR Director, said they were needed "to ensure that they remain sustainable" and she went on to say the Bank's proposals would "live up to our values that we act as one and succeed together".

An interesting choice of words because it seems that in the case of Eric Daniels and Archie Kane the Bank is quite happy to protect the interests of probably the top two earners and stick two fingers up to everyone else. The sheer level of arrogance exhibited by this decision will stick in the throats of all right-minded members of staff, regardless of what they think about the changes to pensions schemes.

The pension changes are not needed and no case for them has ever been made out in negotiations with LTU. The reason is quite simple: those responsible know that they cannot prove that the changes are needed to ensure the pension funds remain "sustainable".

But if there are to be changes, they ought to apply to everyone equally or to no one at all.

LTU has never criticised the pay of people at the top of the Bank: but in this case it's going to be hard not to question their judgement.

Defending The Indefensible

The Chairman of the Group's Remuneration Committee said in the recent Report and Accounts "The committee does have concerns that by continuing to hold base pay levels at 2008 levels, remuneration for the executive directors is likely to become uncompetitive versus our peer group". The implication of that statement is that when salaries are reviewed again in December 2010 and 2011, Messrs Daniels and Kane can expect extra large salary increases all of which will be fully pensionable.

What on earth makes the Bank's Remuneration Committee believe that the Bank's plans are morally defensible?

The Bank has sought to argue that because Messrs Daniels and Kane are moving from a final salary to a money purchase pension scheme in 2012 then the 2% cap shouldn't apply. That's complete rubbish and they know it. The fact is that because of the imposition of the pensions cap, in order to protect their pension large numbers of staff will have no alternative but to leave the Final Salary Pension Scheme, in order to build up benefits as deferred members, and then join the new money purchase scheme.

When politicians become aware of this scandal they will no doubt focus on the fact that taxpayers money is being used yet again to increase the pension pots of highly paid bankers. That kind of publicity the Bank can do without. We have told the Bank that the Board should tell Messrs Daniels and Kane that if there is a 2% cap, they should be subject to it in the same way as everyone else in the Group.

Instructions to your Bank or Building Society to pay by Direct Debit

Please fill in the whole form and send it to:
Lloyds TSB Group Union, St John's Terrace, 3-7 Amphil Street, Bedford MK42 9EY

Originator's Identification Number
8 3 0 2 7 1

1. Name and full postal address of your Bank or Building Society

To: The Manager

Address Bank or Building Society

Postcode

2. Name(s) of account holder(s)

3. Branch sort code

4. Bank or Building Society Account Number

5. Lloyds TSB Group Union reference no.

6. Instructions to your Bank or Building Society. Please pay Lloyds TSB Group Union Direct Debits from the account detailed on this instruction subject to the safeguards assured by The Direct Debit Guarantee. I understand that this instruction may remain with Lloyds TSB Group Union and, if so, details will be passed electronically to my Bank/Building Society.

Signature(s)

Date

The Direct Debit Guarantee This Guarantee should be detached and retained by the Payer.

- This Guarantee is offered by all Banks and Building Societies that take part in the Direct Debit Scheme. The efficiency and security of the Scheme is monitored and protected by your own Bank or Building Society.
- If an error is made by Lloyds TSB Group Union or your Bank or Building Society you are guaranteed a full and immediate refund from your branch of the amount paid.
- You can cancel a Direct Debit at any time by writing to your Bank or Building Society. Please send a copy of your letter to us.
- If the amounts to be paid or the payment dates change Lloyds TSB Group Union will notify you 10 working days in advance of your account being debited or as otherwise agreed.

Market Pay For All Staff

The Group's Remuneration Committee have made it clear that the base pay levels of the Executive Directors are uncompetitive relative to the market and the clear implication is that over the next few years that will be addressed through significant increases in basic salary.

Whilst that's all well and good for the Executive Directors, what about those staff in both Lloyds TSB and HBOS who have been in their roles for many years, are competent performers, like the directors, but are still paid significantly below the rate for the job? Why should these staff be treated any differently?

Before the implementation of pay this year some 26% of LTSB staff were in the 'primary' zone. Of those thousands of staff, some 54% have been in the 'primary' zone for 2 years or more and are paid significantly below the market rate for the role they are performing. That is simply wrong. Executive Directors seem to have their pay managed at the market

T&C's Update

LTU has restarted negotiations on the new harmonised terms and conditions following the imposition of savage reductions in the benefits for staff in its Final Salary Pension Schemes.

The Bank knew that the imposition of the 2% cap would result in an industrial action ballot but by continuing to talk about terms and conditions it is trying to separate the two issues to make it more likely that there will be greater acceptance of the new terms and conditions. It will try to divide staff by gaining support for the terms and conditions from some staff in the final salary pension schemes and all the staff in the money purchase pension schemes and isolate those from the rest of the staff. The reality is that pensions are the 'elephant in the room' and are a critical part of the terms and conditions package which has to be judged in its totality.

The key issues in our negotiations are as follows:

rate for the role almost immediately and, in normal circumstances, receive increases every year.

LTU's pay agreement, which the Bank simply ignored this year, sought to address the speed of progression from the 'primary' to the 'market' zone particularly for staff in the lower bands by insisting that it was achieved in two pay rounds. In fact this year some staff, particularly those in Band 8 with a 'met' rating, will find themselves going backwards and dropping from the 'market' to the 'primary' zone. That is also unacceptable.

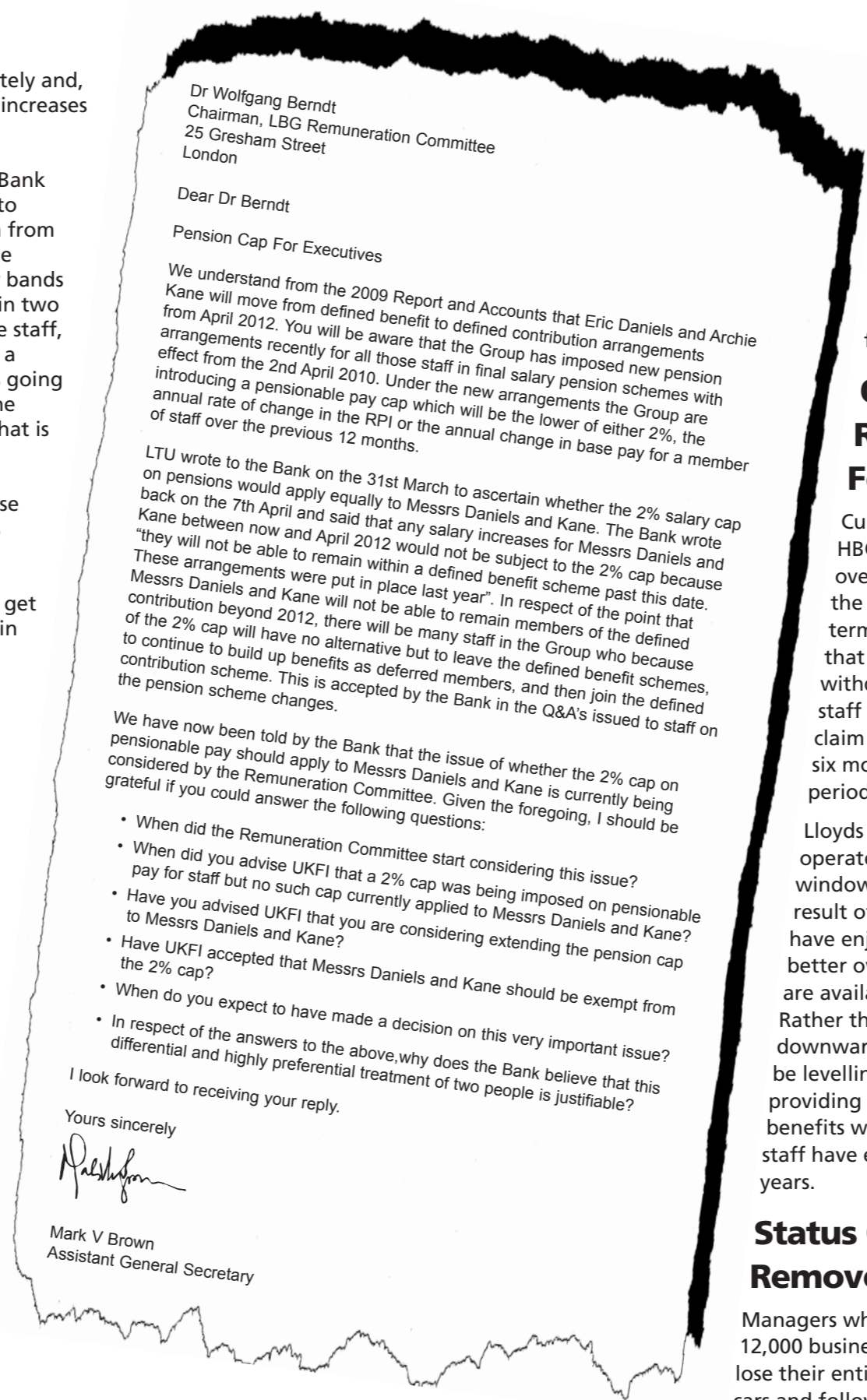
When the Bank addresses the base pay levels for Executive Directors later this year it should also be seeking to ensure that there is enough money in the pay pot to get staff into the 'market' zone within two pay rounds.

Pay Management

Up to 45% of staff in Levels 1 and 2, which equates to approximately 18,277 HBOS staff, will see their basic salaries progressively managed downwards over the next few years.

Following the harmonisation of market rates there will be a significant number of HBOS staff, and the same is true for LTSB, who will be positioned above the maximum salary levels for their Bands. Some 5,954 HBOS staff are above the maximum salary level and the vast majority of those will receive no increases for the next few years.

Information provided by the Bank shows that when compared to the market data some 31% of HBOS staff are paid



in the 'Market' plus zone and again some of those staff will see their salaries being actively managed downwards against the market rate, regardless of the size of the pay pot, over the next few years.

Overtime Removed For Level 3's

Currently Level 3 HBOS staff can claim overtime but under the new harmonised terms and conditions that eligibility is being withdrawn. Some 10,579 staff will not be able to claim overtime after the six months protection period has expired.

Lloyds TSB has never operated the 'working window concept' and as a result of that Lloyds staff have enjoyed significantly better overtime rates than are available in HBOS. Rather than levelling downwards the Bank should be levelling upwards and providing HBOS staff with the benefits which heritage LTSB staff have enjoyed over many years.

Status Cars - Removed

Managers who do less than 12,000 business miles a year will lose their entitlement to status cars and following the transition period will instead be forced to take the cash allowance. Managers

who do more than 12,000 business miles will be able to keep a status car but it will be chosen from a restricted list of manufacturers.

Family Medical Cover - Withdrawn

Medical cover is being removed for HBOS Level 2 and staff with family cover linked to the contributory pension scheme.

Staff in Band D and above will be eligible for company-paid cover only following the introduction of the new terms and conditions. 9,600 HBOS staff will be forced to use the new 4% flex cash allowance, which Lloyds TSB staff have had for many years, to fund alternative medical cover for themselves and their families.

Holidays - Reduced

The Bank is proposing to make changes to the current holiday entitlements with effect from 1st January 2011. Table 1 shows that 16,300 staff in heritage HBOS will lose between 1-2 days holiday per year.

Table 1: Holidays - Everyone's a Loser

HBOS		No. of days impacted	No. of Staff impacted
Level	Service		
Level 1	3 yrs < 5 yrs	-1 day	4,700
Level 2	< 3 yrs	-2 days	2,000
Level 2	3 yrs < 5 yrs	-2 days	1,500
Level 2	> 5 yrs	-1 day	8,100
Total Number of HBOS Staff adversely impacted			16,300

The Bank has also said that the entitlement to a shopping day for HBOS staff in England and Wales will cease from 2010. 44,600 staff will lose 1 days holiday in addition to those already detailed above.

Bonuses - Reduced?

The Bank is proposing to introduce a new Group bonus scheme for all staff not covered by specific business unit schemes.

In future on target bonus awards will reduce from 10% to 5% for Levels 1 and 2. Whilst these are discretionary bonuses and are subject to achievement of individual, Divisional and the Group performance objectives, up to 40,617 staff will see significant reductions in their overall bonus earnings over the next few years.

Mark V Brown
Assistant General Secretary