

2ND MARCH 2010

ALL MEMBERS IN WEALTH MANAGEMENT

# Wealth Management: Reorganisation & Redundancies

**W**ealth Management has announced today changes to its segmentation arrangements between the LTSB and HBOS Retail Banks and UK Private Banking which will result in 229 job losses.

The biggest change is in the current segmentation arrangements that operate in Lloyds TSB and HBOS. From the 1st July segmentation across LTSB, Bank of Scotland and HBOS will operate as follows:

- **Customers with investable assets of less than £250k and/or income of less than £100k will now be served exclusively by Bancassurance Advisers in the LTSB and HBOS Branch Networks.**
- **To enable Bancassurance Advisers across both networks to maximise the new opportunities a new client proposition will be unveiled as part of the 'L' day programme.**
- **Wealth Management across both networks will now look after clients with investable assets of between £250K and £2 million or with income of between £100k and £500k. High Net Worth will serve clients who have between £2 million and £5 million to invest.**

There are currently 713 staff covered by this reorganisation, 310 in HBOS and 403 in Lloyds TSB, and the number of job losses are detailed below

- **There are currently 450 Wealth Management Advisers Personal across both networks and that number will reduce to 290. The role selection process is discussed in more detail overleaf but heritage will**

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play no part in determining which Advisers get which roles.

- **The number of sales management positions will reduce from 63 to 40; the number of advisory support staff, which will be 4 Adviser staff per 1 support staff, will also reduce from 147 to 112.**

In this Newsletter we set out your job security rights and detail how members can obtain further professional support and advice from the Union to help them through this difficult time. LTU has also produced a detailed Job Security Guide, in the form of a Fluidbook, and can be viewed by logging onto <http://www.ltu.co.uk/representation/resources>.

In the meantime, members with any questions or comments on the reorganisation can either contact the Union's Bedford Office on 01234 262868 or they can email me at [Mark.Brown@ltu.co.uk](mailto:Mark.Brown@ltu.co.uk).

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# LTU's Key Priorities

Throughout these and all other job reductions arising from integration, LTU will have two key priorities:

- **Ensuring that the Bank takes all possible steps to avoid making affected staff compulsorily redundant.** LTU will be doing all it can to resit staff being made compulsorily redundant until all other possibilities have been exhausted. Measures must include seeking volunteers for redundancy - both in the areas affected and elsewhere to creating 'bumping opportunities'.
- **Avoiding 'Forced Redeployment'.** An issue for many staff that is almost as emotive as redundancy, concerns circumstances where staff are forced to redeploy into alternative roles that they may not wish to accept (perhaps preferring Voluntary Severance) or consider unsuitable. LTU will also be giving these staff its fullest support.

Over the remainder of this Newsletter, LTU provides detailed advice on staff job security rights and entitlements, guidance on how to calculate the Severance Terms and information on the high quality, professional support that LTU will be providing our members at this important time.

## Wealth Management Job Reductions

	Now	Future	Reduction
Director Personal Wealth Management	2	1	1
LTSB SWPM's	275	145	130
HBOS Wealth Advisors	175	145	30
Senior Managers	63	40	23
Heads of Wealth Management	8	6	2
Wealth Coach	16	10	6
Channel Support Teams	7	5	2
Advisory Support	167	132	35
	<b>713</b>	<b>484</b>	<b>229</b>

# Bancassurance Roles - Bonus Protection To Be Agreed

One of the biggest issues that may arise as a consequence of this reorganisation is the redeployment of surplus Wealth Management Advisers Personal into Financial Adviser roles. Many of those Wealth Management Advisers Personal who are unsuccessful in securing one of the roles will not want to be redeployed into FA roles, which they will see as a backward step, and would rather take severance instead. Senior Management in Bancassurance have said whilst they are committed to taking up to 50 Wealth Management Advisers Personal they want staff who are committed to the FA role and not staff who have been forced across in order to avoid paying severance.

**Not surprisingly, one of the key factors for Wealth Management Advisers Personal in**

**determining whether they opt for Financial Adviser roles will be the impact such moves will have on pay and bonuses both now and in the future. The Bank has said that basic salaries will be protected for 12 months and then individuals will be moved to the most appropriate levels depending on performance. The fact that Wealth Management Advisers Personal will be required to develop new customers and branches and will have to build new relationships both with branch staff and Bancassurance advisers, means that some form of bonus protection arrangements will need to be put in place. The details of those protection arrangements are being discussed with LTU and will be published shortly.**

# The Reorganisation & Selection Process Explained

Over recent weeks, the Bank and Union have been in detailed discussions over arrangements for this reorganisation.

## Selection Pools

All staff affected by these reorganisations will be organised into Selection Pools consisting of staff from across HBOS and LTSB in their areas, who are in similar Bands and roles and hence 'competing' against each other for future roles in the new, integrated structures.

Staff in the same Selection Pools will be advised of which other categories of staff they will be 'competing' against and will be given details of the specific roles (and the number of these that will be available) that they are permitted to express interest in under the new structure.

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

All affected staff will have one-to-one meetings with their Line Managers and will be asked to complete Personal Preference Forms 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.

Each of the roles available in the new, integrated structure will have a set number of Selection Factors that the Bank believes will be relevant when selecting which candidates have the most relevant knowledge and skills.

The Bank has set out a list of 14 core Selection Factors, of which typically 5 (or slightly more) will normally be assigned to each role. These core Selection Factors are listed in the table alongside.

There is scope for the Bank to require additional knowledge and skills other than these core factors, though only after agreeing the Selection Criteria with LTU. Furthermore, for Band 1 and 2 roles, often the Bank will also assess candidates' suitability by reference to JDIE. These Personal Preference Forms should be completed and returned to Line Managers by the dates specified for each area.

## Voluntary Severances

LTU's over-riding priority is that wherever possible no members of staff should be made compulsorily redundant as a consequence of this reorganisation, unless there is absolutely no reasonable alternative.

The Bank has accepted that wherever possible it should pursue voluntary redundancy as the preferred mechanism for achieving job reductions. It will be relying on 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

### SELECTION FACTORS: CORE KNOWLEDGE & SKILLS

Suitability of candidates for most roles will be based on a judgement of each individual's capabilities when set against 5 or more of the following 14 core factors which are considered most suitable to the roles concerned:

- **Oral Communication**
- **Written Communication**
- **Interviewing**
- **Presentation/Facilitation**
- **Self/Work Organisation**
- **Keyboard/Software Applications**
- **Performance Review & Devpt**
- **Budgeting**
- **Analytical Skills**
- **Project Management**
- **Change Management**
- **Organisational Awareness**
- **Environmental Awareness**
- **Procedural/Product/Specialist Knowledge**

Some roles may have additional factors, though only after agreement between the Bank and Union.

Severance Payment.

However, the Bank also insists that it will want to retain the strongest candidates 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 should be selected either to remain in their teams or redeploy into other roles.

It says its intention throughout is that there should be a fair, consistent and transparent approach to selecting staff for remaining roles:

- Based upon the Personal Preference Forms completed and submitted by staff, the Bank will conduct a desk-top exercise to identify which staff best match the skills and knowledge appropriate to the available roles.
- A proportion of staff - typically between 10-20% - 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 as will performance against target for the last 15 months.
- In the case of Bands 1 and 2 roles, the capabilities of candidates will also be assessed using JDIE.
- Whilst the expectation is that most staff will be appointed to available roles on the basis of this desk-top selection process, where desk-top selection cannot establish clear and justifiable differences 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 a minimum of five criteria that the Bank believes are most appropriate to the role (see table on page 3).

In some areas where there are a number of specific requirements for roles that can only be matched by the existing job holder or job holders - and there

is no surplus of obvious candidates for the roles - it is possible that staff may be 'ring-fenced' and appointed automatically.

However, this exemption from the Selection Process will be an exception only and will be permissible only after agreement between the Bank and LTU, to ensure that the Selection Process remains fair and transparent.

## Unsuccessful Candidates - CREST

Staff who are unsuccessful in applying for roles in the areas available to them, but remain interested in redeployment, will be allocated to a 'Displaced Pool'.

HR will seek to source possible alternative roles elsewhere, possibly leading to candidates unsuccessful in one Selection Pool being allowed to join different Selection Pools, possibly for roles one Band lower.

Displaced staff who remain unable to find alternative roles will then receive the support of CREST; a function set up to seek redeployment opportunities across all Divisions in the Lloyds Banking Group, which takes the place of LTSB's Pathways function.

CREST is responsible for:

- Providing a Group-wide perspective to redeployment, co-ordinating redeployment forums in key locations (i.e. where there are concentrations of staff over more than one Division).
- Receiving details of all Group vacancies, which it will seek to fill from displaced staff before consideration is given to advertising vacancies externally.

Only once CREST has sought out and failed to secure vacancies for displaced staff will the Bank consider making staff compulsorily redundant.

## LTU Monitoring

LTU will be monitoring the Selection Process to ensure that staff are treated fairly and consistently. The Union will also be meeting regularly with senior representatives from UK Wealth Management to review progress.

# Staff Rights & Suitable Alternative Employment

It is inevitable that some staff will be made redundant but the Bank 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 of the Bank's discretion when determining the roles into which it can and cannot redeploy them.

In the simplest terms, if roles meet the legal definition of 'suitable alternative employment', staff have no choice but to accept them or resign without compensation.

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

## What Is Suitable Alternative Employment?

Any member of 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 staff can be required to transfer into roles with different working patterns will depend on whether or not (i) they were employed originally on Flexible Contracts and (ii) still remain on Flexible Contracts.

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.

This will be an important issue for support staff.

**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 lower graded jobs. It is important to note, however, that:

- **These must be no more than one Band lower than their current jobs.**

- **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 all means that, subject to satisfactory performance, staff who are downgraded will receive the percentage pay 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 jobs to be unsuitable and no further jobs are offered, they can take Severance. This challenge can be made at any time during the Trial Period.

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# Job Security Appeals

**Wealth Management Advisers Personal or support staff who believe they have been treated unfairly - either by being pressurised into accepting unsuitable alternative jobs or being told they are being made compulsorily redundant - can pursue Job Security Appeals**

**with full representation from LTU's team of experienced Officials.**

This procedure, which has been used successfully by a number of LTU members, means that staff can have their cases presented by professional 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 opportunity to take the Severance Terms instead.**

Members concerned about their own job security should telephone LTU's 24 Hour Advice Line Service on 01234 262868.

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# Calculating Your Redundancy Pay Entitlement

Whether staff choose to leave the Bank through Voluntary Severance or are forced out by Compulsory Redundancy, the Redundancy Terms they receive will be 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 option suiting them best depending on their personal circumstances. This is no longer the case: staff are entitled only to the Redundancy Terms 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**
- **London Allowance**
- **Contractual Overtime (regular, rostered, predetermined).**
- **For Sales Staff, Personal Sales Related Pay averaged over the last 12 months.**

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

## 2006 Redundancy Terms

Under the 2006 Redundancy Terms, the formula for calculating Severance Pay 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.

Payment 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.

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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 a 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 July 1974 retain their rights to retire at age 55 with a 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.

# Support You Can Count On

LTU provides an unrivalled quality and depth of support to our many members working in Wealth Planning.

LTU's experienced staff, our focus on representing only Lloyds Banking Group staff and our complete independence from the Bank, means that we are able to provide Wealth Management 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 frequently with Wealth Planning senior management.**
- **Full representation and support for staff who wish to use the Job Security Appeals Procedure.**
- **A free service preparing high quality CV's for members.**

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.

**MARK V BROWN**  
Assistant General Secretary

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