

26th August 2010

All Members Newsletter

# No Agreement At ACAS

The latest talks between LTU and the Bank at ACAS, on pensions and terms and conditions, have now broken down and no further talks are planned. A further Newsletter detailing what was said at ACAS will be issued shortly.

The Bank's proposals to change working hours and to introduce a pensions cap of 2% have been at the centre of our negotiations from the very beginning. These have been key issues at ACAS.

## Lack Of Trust & Confidence

The proposed new contract of employment will not refer to actual hours worked or the patterns of working but will simply state the total number of hours worked. We believe the Bank wants to use that new contract of employment and the individual discussions with Line Managers to move as many staff as possible to more flexible working within the Working Window of 8am – 8pm as quickly as possible. The Bank has proposed a set of guidelines setting out how the changes to working hours would be managed locally but they are

intentionally vague and bitter experience has taught us that the Bank can't be trusted to police them properly anyway. **Moreover, the guidelines make it clear that if Line Management can't get staff to change their hours of work on a voluntary basis then it will simply serve notice on staff to change their hours of work. That is something that no Union could accept in all conscience.**

In the past whenever working hours have been discussed staff have been forced, cajoled and blackmailed into accepting changes to their working hours. The fact is that if forced to choose many staff will find it impossible to change their working hours and many will simply decide to leave the Bank.

LTU proposed a 12-month stop on any contractual changes, unless agreed voluntarily, and said we would then work with the Bank to produce a robust set of guidelines, containing examples of what line management practices were acceptable, which balanced the aims of the Bank and the interests of staff. The Bank rejected that approach.

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## Pensions - £1 Billion Savings

When the Bank recently announced its half-year results it stated for the first time how much it would save from its proposed changes to the Group's final salary pension schemes. It said "The effect of this change (the pensions cap) was to reduce the Group's retirement benefit obligations recognised on the balance sheet by £1,019 million." So over the lifetime of the pension schemes the Bank will save over £1 Billion. We believe that figure could be even more if we see a significant migration of staff from the final salary schemes to the money purchase schemes. Whilst the figure seems a lot let's not forget that the Bank posted pre-tax profits of £1.6 Billion in the first six months of this year and that in the middle of a recession. The fact is that the Bank doesn't need to make these pension scheme changes at all.

In the debate about pensions cap it is important not to lose sight of the fact that the real losers in all of this will be heritage HBOS and LTSB staff. The Bank's own benefit projections show that:

- **A member of staff earning £20k per annum with 25 years left to retirement will see his/her pension benefits reduced by £5k per annum. If that person lives until 80 he or she will lose at least £100k.**
- **Using the same calculations, someone earning £40k will see his/her pension benefits reduced by £200k.**
- **Even the pension benefits of a member of staff earning £40k with 5 years left to retirement will be cut by £2k per annum and if he/she lives until 80, total benefits will be reduced by £40k.**

Staff will have no chance whatsoever of making up the shortfalls as a result of the Bank's desire to cut costs and many will have to carry on working long after they've received their pension.

## The Next Steps

The ball is firmly in the Bank's court and they must decide what to do next.

The Bank has a choice to make. It can either seek to reach agreement with LTU and that means a 12 month stop on contractual changes and a robust set of guidelines in addition to some meaningful movement on pensions, or it can try to impose its will through issuing new contracts of employment. However, therein lies the risk because if staff object to many of the changes, which they surely will in their thousands, and are prepared to defend their contractual rights then the Bank could find itself in dispute with thousands of its own staff. No right-minded person wants to be in that position. Certainly LTU wants to avoid that.

In a previous Newsletter we said that Accord and Unite would dress up some small movements in the Bank's original position as a victory and then dance of into the sunset together Morecombe and Wise style. Well adjust your screens because it's about to happen. **A deal that leaves thousands of staff worse off, either now or in a few years time, is a deal not worth having. LTU would rather have no agreement than one that is fundamentally flawed and against the long-term interests of LTSB and HBOS staff.**

**Mark Brown**  
Assistant General Secretary

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