

10TH JUNE 2011

ALL MEMBERS NEWSLETTER

# Post Verde Network Changes

**F**ollowing last weeks announcement on Project Verde and the new management structure the Bank has announced some major changes to the design and structure of the Lloyds TSB Branch Network. The result of that restructuring is that 126 (117 A-G)

roles will be redundant. On page 2 of this Newsletter is a table setting out the staff reduction in more detail.

A summary of some of the main changes announced are provided in the table below.

- The three networks in England and Wales, London & South East, Wales & West and Northern England, will be brought together to form one single network which will be called Lloyds TSB England and Wales.
- So going forward there will be two Network Directors: one will lead the Verde Network and the other will lead the Lloyds TSB England and Wales Network.
- The 2 Network Director Offices (Verde & Lloyds TSB England and Wales) will be based in London.
- The Network Heads of Mortgages and Bancassurance will reduce from 8 to 4. The Bank will be creating 4 new roles at Grade G who will report into the Mortgages and Bancassurance Directors.
- This reconfiguration of the Branch Network will see a reduction of 126 roles in Network Director Offices, Regional Director Offices and Local Director Offices.
- There are currently 15 Regional Director Offices. That will reduce to 9: 2 in the Verde Network and 7 in the Lloyds TSB England and Wales Network.
- In order to reflect the fact that most Local Director Groups will include Verde branches the Bank has redrawn the existing boundaries. The number of Local Director Groups in England and Wales will reduce from 109 to 88. The Verde Network will have 18 new Local Director Groups and Local Director Offices. Lloyds TSB England and Wales will have 70 new Local Director Groups and Local Director Offices.
- Local Bancassurance Managers and Local Mortgage Managers are not affected by the changes to the LDOs.
- Bank of Scotland branches will remain part of the Lloyds TSB network and the two Regional Directors looking after that business will report directly into the new MD of Lloyds TSB.
- The number of Finance Business Partners will reduce by 2 from 9 to 7.
- The Community Bank changes will see a reduction in the HR support to the Branch Network. The proposed changes will see the number of HR staff reduce by 12.
- The Community Bank Risk structure will also be reconfigured and the number of staff will reduce to 89. That reduction includes a reduction of 35 roles which was announced in January.

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# The Grade Breakdown

GRADING LTSB/HBOS	FTE	ACTUAL HEADCOUNT	CURRENT LOCATION	PROPOSED FTE	PROPOSED LOCATION	NET IMPACT (FTE less proposed FTE)
G	129	136	National	99	National	-30
F	60	69		-19		
E	133	144		-26		
D	8	10		+1		
C	155	178		-43		
B	0	0		0		
<b>TOTALS</b>	<b>485*</b>	<b>537</b>		<b>368*</b>		<b>-117*</b>

Pool	No. of Roles	Roles Included	No. of People
Grade J	2	Network Director	4
Grade H	9	Regional Director	15
Band G*	88	Local Director	109**
Grade G*	11	Head of Mortgages	20
		Head of Bancassurance	
		Head of Network Service	
		Head of Sales Performance	
		Regional Mtge Mgr BoS	
		Reg Bancassurance Mgr BoS	
<b>TOTAL</b>	<b>110</b>		<b>148</b>

Pool	No. of Roles	Roles Included	No. of People
Grade F	41	Regional Mtge Mge	60
		Reg Bancassurance Mgr	
		Regional Service Mgr	
Grade E	107	Regional Sales Mgr	133
		Local Mtge Mge BoS	
Grade D		LSSPM	8
		Network Service Assistant	
Grade C	112	Network Sales Assistant	155
		Regional Director's Asst.	
		Local Director's Asst.	
		Personal Assistant	
<b>TOTAL</b>	<b>110</b>		<b>148</b>

## LTU's Key Priorities

LTU has a reputation for providing our members with the highest quality professional support available from any UK trade union and this will be no different as we do all we possibly can to support Staff.

Over the coming months, LTU will have three key priorities:

### Minimising Compulsory Redundancies

**LTU will be ensuring that the Bank takes all possible steps to minimise the number of staff who will be made compulsorily redundant.**

Where necessary, measures must include seeking volunteers for redundancy in other areas of the Bank to create vacancies for staff to transfer into, using a process known as 'bumping'.

The Bank has also indicated that it has already identified a number of vacancies for alternative roles at the same locations or near to where staff currently work.

### Voluntary Redundancies

LTU's objective will be to ensure that where staff want to leave the Bank, as many as possible are given the opportunity to do so on Voluntary Severance Terms.

## Avoiding 'Forced Redeployment'

Often during Bank reorganisations, an issue for many staff that is almost as emotive as compulsory redundancy, concerns circumstances where people are forced to redeploy into alternative roles that they may not wish to accept (perhaps preferring Voluntary Severance) or consider unsuitable.

This is an important issue for those who may be at risk of being forced to move work locations, to accept roles that they might consider unsuitable either in respect of their content or working hours, or which may result in them being downgraded.

This is certainly an important potential problem within HBOS, where in LTU's experience the amount of Job Security Protection provided to staff is significantly less than for Lloyds TSB staff.

LTU will ensure that members' legal and contractual employment rights are protected and that any personal or domestic circumstances that might influence the alternative roles that staff may or may

not have to accept are taken fully into account.

LTU's support for members will also include, where necessary, representation through the Job Security Appeals Procedure (see Page 5) to ensure staff are not forced into accepting unsuitable alternative roles.

## LTSB-Contract Staff

During a number of reorganisations, attempts have been made to exploit the job insecurity of staff by insisting that to be found redeployment, they must accept one of the Bank's new Contracts of Employment, sacrificing key contractual safeguards as a consequence.

In other instances - it is unclear whether deliberately or for reason of incompetence - LTSB Staff have been issued contracts with HBOS-heritage terms imported into them.

The Bank has accepted that both situations are wrong and that staff are perfectly entitled to remain on their existing LTSB Contracts of Employment should they wish to do so.

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# Staff Rights & Suitable Alternative Employment

Though the Bank accepts that some staff will be made redundant, it 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 either 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 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 will be 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.

If no other suitable alternative role is available, staff must be offered Voluntary Severance.

## 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 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.

**If either of these conditions apply, staff are now effectively 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 may 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 extra protection against downgrading will benefit the majority of staff affected by this reorganisation.**

This all means that, subject to satisfactory performance, downgraded staff 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 will be unlikely to receive much - if any - pay increase for perhaps some years until the Market Rates 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.

## HBOS Staff

Less comprehensive Job Security Protection has been provided to HBOS-heritage staff than Lloyds TSB Staff and with historically weak union representation the Bank has been able to exercise more discretion over how it treats staff.

This has been a particular concern in respect of 'forced redeployment'; where Accord and Unite appear to have been less willing to challenge the Bank and support staff who have been dissatisfied with alternative roles they have been told they must accept.

Any members needing support or advice should contact LTU's Advice Team straight away on 01234 262868.

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# Job Security Appeals

**Staff who believe they have been treated unfairly - either because the Bank has provided insufficient support to them finding alternative roles or through being pressurised into accepting unsuitable alternative jobs - 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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# Leaving The Bank?

**Where staff leave the Bank as a result of this reorganisation - whether on Voluntary Severance or Compulsory Redundancy Terms - they will have access to Outplacement Counselling Services provided by Penna.**

Penna's service is designed to assist staff with producing their CV, preparing for interviews and job search. This is provided through a combination of

workshops and access to the PennaSunrise website which provides detailed guidance and support with finding a new job outside of the Bank.

**LTU also provides a free Curriculum Vitae Preparation Service for members, producing high quality CV's to assist our members find jobs both inside and outside of the Bank.**

# Lloyds TSB Severance Terms

With the prospect of most affected staff leaving the Bank on either Voluntary Severance or Compulsory Redundancy, it is important that staff understand how to calculate their Severance Terms entitlement.

The Terms are exactly the same whether staff leave by Voluntary Severance or Compulsory Redundancy.

## Your Relevant Earnings

First, work out the weekly earnings upon which Redundancy Payments would be based. Weekly Pay would include:

- **Basic Salary**
- **London / Territorial Allowance**
- **Car Allowance Limit**
- **Shift Allowance**
- **Contractual Overtime (regular, rostered, predetermined)**

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

## The Redundancy Terms

The formula for calculating Severance Pay is as follows:

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.

### **LTSB 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**

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 is 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 the next whole year - 13 years.

**Members can use the table on the next page to calculate their Severance Terms entitlement.**

## Pensions

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 those retiring from active service since April 2010. *LTU would expect any longer-serving staff in this situation to be allowed to leave on Redundancy Terms before the end of March so that they do not suffer the higher actuarial reduction.*

Lloyds-heritage staff aged 50 or over - and TSB-heritage staff over 50 - 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 non-actuarially reduced pension.



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# Professional Support You Can Count On

What staff are clearly going to need over the coming months is the sort of high quality, professional union representation that only LTU is equipped and committed to providing.

Understandably, in the past some staff have mistakenly believed that the unions operating within Lloyds are all the same, rather than understanding that the unions offer vastly different levels of support to their members.

LTU guarantees to provide members with:

- **Regular visits to all buildings by our experienced Regional Officers.**  
Naturally, these Regional Officers specialise only in representing Lloyds Staff - not staff in other companies or even industries - and through their one-to-one meetings with members are able to provide staff with the professional, reliable and local support they need.
- **Detailed Newsletters explaining staff rights and entitlements.**  
No other union matches the frequency and quality of communications from LTU.
- **A genuine 24 Hour Advice Line Service - staffed only by people who focus exclusively on representing Lloyds Staff - that members can phone at any time of the day, night or weekend. The telephone number is 01234 262868.**
- **Regular negotiations and consultation between Branch Network Senior Management and LTU, where the Union is able to ensure that full account is taken of the needs and concerns of staff.**
- **Individual Representation that is provided by professionals: officials paid directly by the Union who have considerable expertise at successfully representing members in Job Security, Performance, Disciplinary and Grievance Hearings.**

LTU does not use Bank staff to represent members since we believe that on matters that may have major implications for individuals' employment, they should be represented by people with no conflict of interest who are independent of the Bank and have the experience that comes from being involved in representation on a daily basis.

## Considering Leaving The Bank?

LTU provides a free Curriculum Vitae Preparation Service for members, producing high quality CV's to assist our members find jobs both inside and outside of the Bank.

Members who eventually leave the Bank can remain as members of LTU at a significantly reduced monthly subscription.

This entitles them to continue to receive LTU's professional support, advice and representation if they chose to work for another employer and enables them to continue to take full advantage of LTU's comprehensive package of discounts, benefits and savings. Many members have retained their membership and LTU has an excellent record for representation within the companies to which they have moved.

LTU also campaigns for pensioner and deferred members.

To remain with LTU after leaving the Bank, members should contact LTU's Membership Department on 01234 262868.

## HBOS-Heritage Staff?

Staff are free to join and be represented by whichever trade union they choose.

The advantages of LTU membership over the alternatives are too numerous to list in the space available here.

## How To Join

Staff who are not already members can join online at [www.ltu.co.uk/join](http://www.ltu.co.uk/join), by returning the enclosed Membership Application Form or by phoning LTU on 01234 262868.

**Mark Brown**  
General Secretary

To join call 01234 262868... today!