

7TH FEBRUARY 2012

ALL MEMBERS IN SCUNTHORPE CMU

Bank Announces Closure Of Scunthorpe Mortgage Unit

The Bank has announced the closure of the Scunthorpe Mortgage Unit, condemning most - if not all - staff to Compulsory Redundancy.

The Bank says that it is not yet in a position to confirm exact timescales when Scunthorpe will close, though this will certainly be no later than the end of March 2013.

This is part of a wider announcement affecting Group Operations' Retail Mortgages & Private Banking (RM&PB), Credit Operations and Wholesale Operations business units, across which 840 (FTE) redundancies are being announced. This will result from these business units reducing the number of sites they operate from, from 27 to 15; with the other sites that are closing altogether being at Romford, Newcastle and Dudley.

Whilst the Bank has said that Customer Services Mortgages work will transfer to Barnwood, it is yet to reach a decision on where Mortgage PPI work will be sent.

Compulsory Redundancies

It is inevitable that most if not all Scunthorpe CMU staff will be made compulsorily redundant since there are simply no other suitable LBG sites within reasonable travel distance where staff could be redeployed.

The Bank has therefore already entered into discussions with external agencies, such as Yorkshire Forward (the Regional Development Agency), Job Centre Plus and recruitment agencies.

Slashing UK Jobs

LTU has campaigned long and hard against the Bank's disgraceful Offshoring Policy. Work has been transferred and retained abroad in India, where the Bank can employ workers on lower pay than UK-based staff.

It is a simple fact that if the Bank were to abandon its discredited Offshoring Policy it could safeguard all existing jobs in Scunthorpe.

KEY ISSUES FOR SCUNTHORPE CMU STAFF

- **Scunthorpe CMU to close, with Customer Services Mortgages and PPI work being transferred to other sites.**
- **No date yet set for closure, though before March 2013.**
- **All staff probably to be made Compulsorily Redundant.**
- **Whilst the Bank is condemning staff at Scunthorpe and other UK Sites to redundancy, it remains committed to employing thousands of staff in India where it can pay workers there a fraction of UK salaries.**
- **LTU to press for maximum possible support to be provided for staff to find alternative employment and maximum flexibility from the Bank where staff find alternative jobs in advance of the closure date.**

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Calculating Your Redundancy Pay Entitlement

With most (if not all) Scunthorpe staff facing likelihood of Compulsory Redundancy, it is important that staff understand how to calculate their Redundancy Pay 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**
- **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 Redundancy Pay is as follows:

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

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 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.

If you retire early and choose to take your pension immediately, it will be reduced by 6% per annum for each year you retire your normal retirement date (known as an 'actuarial reduction') for deferred pensioners and by 4.75% per annum reduction for those retiring from active service.

Lloyds-heritage staff aged 55 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.

Advice & Support

LTU's Advice Team has considerable experience of tackling members' job security concerns and can help members determine whether or not they are entitled to Redundancy Terms as an alternative to redeployment and what their entitlement will be.

Members wanting advice or support should telephone LTU's confidential 24 Hour Advice Line on 01234 262868 to speak direct to an experienced LTU Official at anytime; whether during the day, night or weekend.

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Immorality Of LBG's Offshoring Policy Condemns Scunthorpe

LTU believes that it is unethical - and shows a complete absence of Corporate Social Responsibility - to close the Scunthorpe Mortgage Unit at a time when the Bank remains fully committed to its Offshoring Policy.

The Bank has transferred the work of many thousands of staff - including those working in Mortgage Operations - to India (and more recently The Philippines too) merely because they can pay these workers less and employ them on inferior contracts compared to existing UK-based workers.

In ordinary circumstances this would be unacceptable. But it is even more so when the Bank

is ditching existing UK-based workers and inflicting economic damage on local communities such as Scunthorpe - at the same time as it has been heavily bailed out by the UK Taxpayer.

The Bank should accept that it has a responsibility to its existing UK-based workers, the local communities within which it operates and the UK Taxpayer, by returning jobs to the UK.

It could easily return work back from India in order to safeguard the jobs of Scunthorpe Staff.

Professional Support & Advice For Scunthorpe Staff

Just as LTU has been the only trade union operating within the Lloyds Banking Group to be opposing and campaigning against the Bank's Offshoring Policy - which has helped to put at risk many thousands of UK-based staff - LTU is also the only trade union with the professionalism and commitment to support Scunthorpe Staff.

If you are already a member of LTU at Scunthorpe, you can be sure of being provided with the high quality, professional support that you will need over the coming months. Our comprehensive support will include:

- **Regular visits and face-to-face support from our Local Official, Mark Henderson.**
- **The support of local Representatives based in the Scunthorpe Mortgage Unit.**

- **Regular indepth Newsletters providing detailed advice and guidance on members' rights and entitlements.**
- **LTU's 24 Hour Advice Line Service on 01234 262868, which members can call at any time of the day, night or weekend to speak direct to an experienced LTU Official.**
- **LTU's free Curriculum Vitae Preparation Service, assisting members in finding alternative jobs both inside or outside of the Bank.**

However, if you are not already a member then it will be too late to join. That is because - just like an insurance policy - LTU will not support staff with problems that have arisen before they join.

STEVE TATLOW
Assistant General Secretary

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