

# LTSB ACQUISITION OF HBOS NEWS UPDATE

The Lloyds TSB EGM took place in Glasgow on Wednesday, 19 November. Unite held a lobby outside of the venue involving a large number of LTSB and HBOS reps. This received significant press and media coverage. Unite asked 5 questions in the shareholders meeting based around our Social Contract for the Financial Services Sector.



## 1) PARTNERSHIP/EMPLOYEE RELATIONS

**Glenn Miller, employee of HBOS, and Chair of the UNITE HBOS National Company Committee.**

I was actively involved in the merger between Bank of Scotland and Halifax. We implemented a Partnership Agreement with HBOS and our sister union Accord. This Partnership Agreement has improved Industrial Relations in HBOS, and has been recognised by Government ministers as an excellent and progressive model of modern Industrial Relations and brought about a much better working relationship between the 2 unions to the benefit of the business. If the takeover goes ahead do you intend to adopt a Partnership type approach to Industrial Relations in Lloyds Bank Group to work with the Unions in a positive way to the benefit of the employees, the company and ultimately the shareholder?

## 2) JOB SECURITY

**Wendy Gilligan, employee of Lloyds TSB for many years and Chair of the UNITE Lloyds TSB National Company Committee.**

I have gone through a previous merger when Lloyds and TSB came together. Both Lloyds TSB and HBOS have rightfully claimed to have a good record in working with

the unions to avoid compulsory redundancies wherever possible during any change programme which employees have taken an element of comfort from. Within the proposals of the takeover document there is a substantial saving of £1.5bn to be achieved through synergies of the two companies coming together. If the proposed takeover does go ahead, can you and will you give a commitment to early and meaningful engagement with the unions in partnership to achieve these savings without resorting to compulsory redundancies?

## 3) OFFSHORING

**Tony Gelsthorpe, employee of Lloyds TSB and a senior representative of UNITE.**

Lloyds TSB have in the past offshored and outsourced jobs in many business areas including IT, Group Operations, HR and Collections. I am also aware that although HBOS have outsourced and offshored work, this has not resulted in job losses in the UK. I also recognise that HBOS and LTSB have given a commitment that no customer facing roles will in fact be offshored. Recognising that the UK's unemployment figures are increasing; the company's commitment to save £1.5bn in synergies if the proposed takeover takes place and the speculation that this could result in massive job losses, do you intend to cease the offshoring and outsourcing of jobs that could be carried out by the combined workforce and thereby give some comfort and assurance for the current workforces in both institutions. Also do you intend to review the work currently offshored and outsourced which if returned, could secure more jobs in the UK which in turn could give greater security to the workforce which in turn will benefit the Company and shareholders?

#### 4) REWARD CULTURE

**Gwyn Bates, officer in UNITE representing members and therefore the workforce in both Lloyds TSB and HBOS.**

UNITE members have been, and still are, very concerned at the reward culture that has developed over the years within the financial services. Performance related pay can and has endorsed dysfunctional behaviour throughout all tiers of the banks and in fact rewards and encourages irresponsible risk taking at all levels. This was endorsed by the Financial Services Authority earlier this year who wrote to Companies stating that remuneration packages must be aligned with sound risk management. UNITE welcomes Lloyds TSB's current operating model to achieve success, and thereby sales, through service. If the proposed takeover does take place, can you and will you give a commitment to carry on with the sales through service ethos and work in partnership with the unions to review the current pay and bonus culture which could see Lloyds Banking Group becoming the most progressive and leading bank within the UK?

#### 5) TERMS AND CONDITIONS

**Dawn Campbell, employee of HBOS and a senior activist in UNITE who worked through the Halifax and Bank of Scotland merger earlier this century.**

Over recent years financial services companies have relied on short-term incentives instead of decent pensionable pay increases to the detriment of the workforce. This in turn has resulted in companies paying vast amounts of money in recruiting and training new staff only to find that they leave to better offers elsewhere, which of course is a massive drain to the bottom line of any balance sheet. If the proposed takeover is approved, the Lloyds Banking Group will have a combined workforce with excellent skills and knowledge in the financial services industry. This will put the new Company in good stead to be a successful and secure bank. Can you give a commitment that the new Company will meaningfully work with the unions in partnership to develop a reward structure, including pensions, that will be recognised in the industry as progressive and indeed leading, which will ensure that the highly skilled, highly knowledgeable employees will give the same commitment to the success of the company?

The board did not give all the specific assurances we were seeking. However they did state that they will engage in early and meaningful consultation with the unions and are reviewing their offshoring and outsourcing processes.

Since then we have written to Lloyds TSB calling for an early meeting as we know those plans are already being made and although the takeover process is not complete, we want to be able to influence those plans at an early stage.