

## LLOYDS BANKING GROUP HARMONISATION OF TERMS AND CONDITIONS ANNOUNCED. UNITE REACTION

**The Harmonised terms and Conditions proposals communicated by the Bank to all colleagues this week represent the Bank's position after several weeks of detailed negotiations with the unions.**

Unite have worked jointly throughout these meetings with Accord and GMB, our sister TUC affiliated unions. Together Unite, Accord and GMB represent the largest grouping of union membership across the whole of LBG, contrary to inaccurate information published by LTU.

LTU continue to refuse to communicate or work with us on any consultative matters concerning colleagues in LBG. Such collaborative working would have enabled us to present a greater unified approach to the employer. They have preferred instead to put their efforts into publicly criticising the other unions rather than working with us to the benefit of their members. Such a stance can only play into the hands of the Bank at times like these enabling the employer to divide and rule.

For the 3 unions who are working together on this, our stance from the outset has been to try to secure a set of terms and conditions which represent the best policies of the 2 heritage organisations. Clearly that would have involved securing considerable additional spend by the employer at a time when the need to balance the books and commence the repayment of the government funding was at its height. Realistically therefore, securing the best of the best was unlikely to be possible and we knew there would inevitably be winners and losers on both sides. Our aim has therefore been, and will continue to be, to secure terms and conditions that were as fair as possible to colleagues from both heritages and to seek protection of current levels of benefit where appropriate.

### The Good News and the Bad

It is not practical to list here all the winners and losers in the current proposals. Certain elements are however worthy of specific mention.

### Winners

On the positive side, under the current proposals the vast majority of LTSB colleagues would have greater bonus potential than previously and 23000 LTSB colleagues would gain increased holiday entitlement. In addition, HBOS colleagues would receive the 4% flex pot previously only available to LTSB colleagues.

### Losers

We have become very concerned throughout the negotiations about certain proposed reductions in benefit which appear to hardest hit those in the lower paid grades in aspects which are of vital importance to thousands of existing colleagues, such as

- reduced overtime rates for all LTSB colleagues (standard rate would reduce from 1.5 hourly rate to single hourly rate) and loss of overtime entitlement for HBOS level 3 colleagues.
- reduced sick pay for all HBOS colleagues, and LTSB colleagues with less than 4 years service
- reduced holidays for approx 16000 HBOS colleagues and 3000 LTSB colleagues

Many have built up these benefits over many years service which they would now lose if the current proposals were implemented. The Bank have so far refused to consider offering any level of protection of existing benefit levels or even any phasing in of the new terms over a longer timeframe.

### Pensions

The issue of pensions has been the biggest concern for many members. There is no doubt in our minds that LBG had considered closing the Defined Benefits/Final Salary pension schemes altogether. There is also no doubt that Unite's strength, demonstrated when other major Finance Sector employers tabled such proposals, has put LBG on its guard against taking such action.

LBG have therefore decided to retain the Defined Benefits/Final Salary pension schemes but with significant reductions in the future benefits and we are clearly not happy with the current proposals to cap pensionable pay entitlement at such a low level.

Unite has taken legal advice on this to ensure that the employer does have the right to make such changes to the pension schemes. Our advice is that this is possible because the present proposal is to limit the level of increases in pensionable pay for the future, which is a contract of employment matter. This will therefore not require an amendment to the rules of the pension schemes because the pensions out-turn will still be a percentage of final pensionable salary.

On a positive note it is welcoming to note the improvement to the Defined Contribution schemes for many of our members.

### Pay 2010

Members will also have noted the Bank's stated position on Pay for 2010. (i.e. the proposal for an overall pay pot of 1.5%). Pay negotiations have not commenced in any detail other than the Bank having told us what its proposal is. We believe publishing this proposal before the usual pay talks have commenced undermines the accepted negotiations process. Furthermore the new harmonised pay scales have not been finalised or agreed with us or published to colleagues. Unite has NOT agreed anything to do with pay for 2010 and further meetings about pay will take place with the Bank later this month and members will be updated as soon as possible.

### What happens now?

Unite have NOT accepted the package of proposals. We urged the Bank to continue the negotiations on the aspects of concern to us rather than rush out the proposals before Christmas, but they were unwilling to make any further moves at this stage. We are committed to consulting our members in detail before considering how to further take matters forward and we now need our members to take time to absorb the detail and seek full understanding of what changes would affect each of you before we commence our detailed consultation exercise with all members in January.

We wish to emphasise that NO AGREEMENT WILL BE REACHED on any element of these proposals until after our consultation exercise has allowed our members to have their say on what aspects concern them most. Following the consultation exercise Unite, Accord and GMB will together go back into negotiations with the Company to debate the results and to make further representations on our members' behalf based on what you tell us.

Your response to our consultation exercise, which will be conducted by individually addressed communication and

independently verified, will be vital as it is very clear to us that any chance of moving the Bank on any of its proposals will be in light of what union members say.

### Can LBG impose these changes?

If agreement is reached with the recognised unions (Unite for the whole of LBG, Accord for HBOS and LTU for LTSB) the Bank could implement the changes which would be binding on the affected colleagues. This is why our January consultation exercise is so vitally important. This will enable Unite to negotiate further with the Bank before contemplating reaching any collective agreement. If no such agreement was reached, the employer would be left with needing to seek the individual agreement of each colleague.

### Understanding the proposals and feedback to Unite

The proposals are quite complex and therefore members should

- First check the Q&As appearing on Interchange for any clarification
- Raise any remaining questions with line managers who have a duty to raise these on your behalf with HR Advice and Guidance. You can ask your manager for the Advice and Guidance reference number to check the question has been raised. Managers are not to make their own interpretation of any aspect which is not clear in the Q&As. The Bank will be sharing any new questions and answers with Unite
- Let the Bank have your initial reaction to the proposals through the Interchange facilities

Any Unite members with initial comments on the Bank's proposals or any problem gaining the clarification you need through the Bank's channels are invited to speak to your local Unite rep, or contact us preferably by email to [lbg.support@unitetheunion.org](mailto:lbg.support@unitetheunion.org). Please only use our helplines for the most urgent matters.

### Remember:

- Unite is the only union recognised in all areas of Lloyds TSB.
- Unite is the only union recognised in both Lloyds TSB and HBOS
- Unite has a network of 150 MPs and has broad political and media influence
- Unite has a workplace reps structure of 150+ to ensure your voice is heard at negotiations

Only Unite and Accord members will be able to take part in the Consultation exercise in January. To join Unite you can do so by going on line at [www.unitetheunion.org](http://www.unitetheunion.org) or by calling the LBG helpline on 08081 449595. Alternatively contact your local rep who would be only too happy to help. If you are interested in being a rep, please click on [www.unitetheunion.org/lbg](http://www.unitetheunion.org/lbg) for more information.