



# NEW AGE LEGISLATION AND REDUNDANCY TERMS - UPDATE

At the beginning of September LTSB AFD announced changes to redundancy terms across the Division (including Commercial Finance prior to the transfer to Business Banking), because the company believed that changes needed to be made as a result of the Employment Equality (Age) Regulations 2006 coming in to force on the 1 October 2006. The changes were communicated to all affected staff via a letter to home addresses from the company outlining an individual's new terms.

Amicus also communicated details of the changes to members in August in a newsletter entitled "Changes to Redundancy Terms". The Amicus communication advised that the union had entered into further discussions and negotiations with the LTSB Group at ACAS regarding the proposed implementation of the new terms, talks which could have had an impact upon AFD.

These further negotiations have now concluded, with no further progress and therefore no further changes to the severance arrangements that have now been imposed on AFD Staff.

## Redundancy terms pre 1 October 2006

Due to historic and legacy reasons AFD have operated four different sets of redundancy terms, which delivered varying degrees of redundancy benefit.

Members will be able to establish which redundancy terms they were on pre 1 October by reference to their contracts of employment or to Human Resources.

## Redundancy terms post 1 October 2006

The company has extended the scope of one of the pre 1 October 2006 sets of terms across all staff within AFD. As more than 50% of staff within AFD were already covered by these redundancy terms, a number of members will have not experienced any change.

The redundancy terms which were imposed post 1 October 2006 for all existing and new staff within AFD and Commercial Finance are:

- 1.5 weeks pay for each completed year of service under the age of 22,
- 3 weeks pay for each completed year of service between the ages of 22 and 40 (inclusive),
- 4.5 weeks pay for each completed year of service after reaching the age of 41.

Payments will be based on complete years of service at the date of



termination, and age as at last birthday.

These payments will be subject to a maximum of 157.5 weeks' pay, and will take into account the most recent 35 years' service.

A week's pay is defined as your annual basic salary divided by 52. The minimum severance payment will be 4 weeks' pay.

## Early retirement and pensions

As previously communicated, Members in the Amicus Sphere of Influence who are members of the Defined Benefits Pension Schemes (final salary schemes), had various early retirement benefits, including the ability to receive a non-actuarially reduced (non-discounted) pension if made redundant over the age of 50 or 55 depending on which scheme staff are members of.

The LTSB Group announced a change in policy which has resulted in the removal of early retirement benefits for circa 750 staff, who in future would have to sacrifice all or some of their severance payment to receive a non-actuarially reduced pension if made redundant. The alternative would be to take a full redundancy payment and defer the pension to Normal Retirement Age or take an actuarially reduced pension.

The company has highlighted potentially improved redundancy terms for this population by way of compensation; however Amicus still believes that members value their early retirement benefits above increased redundancy payments.

Amicus completely opposed the removal of these benefits and still does not accept the Group arguments on this issue (see section on objective justification), but no progress was made on this issue with the Group at ACAS.

## Objective justification

Amicus believes that all three of the pre 1 October sets of terms no longer operating could probably be objectively justified and therefore be lawful. However, the company has taken the view that the three sets of terms which it has withdrawn would breach the new Regulations and therefore have decided to remove them.

In addition, Amicus believes that the previous provisions relating to pensions could probably be objectively justified under the new Regulations and therefore be lawful.

If members wish to object to the new terms being imposed, then you should send a copy of the draft letter below, immediately without delay.

Send this letter directly to you line manager and cc to Nia Morus, Head of Employee Relations, LTSB AFD, ST William House, Tresillian Terrace, Cardiff, CF10 5BH.

Remember to copy your letter of objection to Amicus and send it to Amicus/LTSB AFD Section, 63 Macrae Road, Ham Green, Bristol.

Remember, it may be difficult to work out whether you would be better or worse off under the new terms because you would not necessarily know how old you would be, or how much service you would have, if you were made redundant at some point in the future. Unfortunately, you are unlikely to be able change your mind at a later date as to whether or not you accept the new terms.

In conclusion, Amicus has been involved in discussions on the changes to redundancy terms, but no collective agreement has been reached between LTSB AFD and Amicus and the new terms have been imposed by the company without Amicus' agreement.

Nothing has been agreed by the union which changes or has the effect of causing detriment to the terms and conditions of individual members of the union.

If members require advice regarding the new redundancy terms and how they will impact upon their own specific situation or how to object to their imposition, please either contact the **LTSB Helpline on 08081 449595** or one of you Amicus Contacts below.

**Only Amicus members will be advised on progress on this issue. We urge you to join today for the unbeatable amount of £5 per month for full time staff and £2.50 for part time staff, plus three months free membership, by ringing the helpline number or joining on-line at [www.amicustheunion.org](http://www.amicustheunion.org)**

## New imposed terms: benefit or detriment?

This is a difficult question to answer as this will depend on which scheme you were covered by pre 1 October, as well as your age and length of service should you be made redundant in the future.

The company has advised that the extension of the new terms was not a cost cutting exercise, but was intended to be cost neutral and whilst some staff will clearly benefit from or experience no change as a result of the new terms, in the event that they are made redundant, there will be members experiencing a potential detriment.

As already detailed, there is also a clear impact on those staff who will be losing early retirement benefits if made redundant over the ages of either 50 or 55.

Amicus cannot advise in this newsletter on every individual case and members will therefore need to consider their own circumstances carefully, if you consider you would be worse off under the new terms you should object to their imposition without delay, otherwise you may have been taken to have accepted them.

If members require a clear understanding of how the new terms impact upon them, they should contact the Amicus helpline on **08081 449595**.

*Dear...*

### **Changes to Redundancy & Early Retirement Terms**

*I write further to your correspondence of the beginning of September 2006 received at my home address. I understand you have been in discussion with my union, Amicus, about the imposed changes.*

*I write at this stage to advise that I object to the imposed changes being made. I believe that your actions in imposing these changes constitute a breach of my contract of employment.*

*At this stage, therefore, whilst I will continue to work under protest, you should be aware that I reserve my rights generally in respect of any breach of my contract of employment.*

*Yours faithfully*

## AMICUS CONTACTS

Neil.Cochran@ltsbasset.co.uk Tel: 0131 311 2215

Moy.Roberts@blackhorse.co.uk Tel: 07786 724 131