**LBG1018**

**JOB SECURITY AGREEMENT**

**Collective Agreement**

**between Lloyds Banking Group,**

**ACCORD and UNITE**

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# introduction

This Agreement (‘the Agreement’) is made between Lloyds Banking Group (‘the Group’) and Accord and Unite.

The Agreement replaces the existing Job Security Agreement (LBG006) and makes agreed changes to reflect an extension of the heritage redundancy payment terms and minor procedural amendments.

The Agreement identifies the principles that the Group commits to and the process it will follow in dealing with potential redundancy situations. Appendix one sets out redundancy payment terms by heritage and appendix two provides details on the treatment of benefits.

# Scope

This Agreement applies to all grade A to G employees, based in the UK, the Channel Islands and Isle of Man, hereafter referred to as 'colleagues'.

This Agreement does not apply to agency workers, suppliers or self-employed contractors.

This collective agreement does not affect or change the severance payment terms for those colleagues employed after 1 January 2012 which continue to apply in the terms set out in appendix 1.  For clarity though, all other aspects of this Agreement, will apply to all colleagues covered by the scope of this Agreement.

This Agreement applies if, as a result of a business restructure, any of the following criteria are met;

* the colleague's role no longer exists
* the colleague's role no longer exists at the same location
* fewer colleagues are needed to do the work, or are needed to do the work at the current location

# PRINCIPLES

If a colleague's role is impacted by business restructures and/or change activity, the Group will follow a fair and consistent process, which meets all legal requirements.

Notwithstanding statutory requirements for consultation, the Group will enter into timely, detailed and meaningful consultation with impacted colleagues. Consultation will begin with Accord and Unite.

Where colleagues are placed at risk of redundancy, the Group will also consult individually with them.

The Group will consult on redundancy selection criteria with Accord and Unite and communicate with impacted colleagues on the format and application of the selection and appointment process.

The Group will seek to avoid redundancies wherever possible and compulsory redundancy will be used as a last resort.

All reasonable steps will be taken to redeploy colleagues into suitable alternative roles. The Group commits to a minimum period of 28 calendar days to support redeployment, which will apply prior to any colleague being served formal notice of redundancy.

To maximise redeployment efforts, colleagues who are at risk of redundancy and are a suitable match for the available roles, will be offered these alternative roles ahead of any other candidates, except for those colleagues who are protected under law e.g. at risk maternity colleagues or colleagues with a disability seeking redeployment.

If a colleague is redeployed into a suitable alternative role at a lower grade, their salary and benefits will be protected in accordance with the terms set-out in the relevant employer protection policies.

Support to find suitable alternative employment will be made available for any colleague who is placed at risk of redundancy. Outplacement services are available for colleagues who leave the Group on compulsory or voluntary redundancy.

Voluntary redundancy or early retirement will only be available where it is agreed by the Group.

Where a colleague at risk of redundancy is required to provide specific notice to take voluntary early retirement under their Pension Scheme rules, the Group will take this into consideration when the date of redundancy dismissal is determined.

The Group will provide a scale of enhanced redundancy payments, which will include any entitlement the colleague has to statutory redundancy pay.

Colleagues will have the right of appeal against any decision to dismiss them by reason of redundancy.

If a colleague is served with notice of redundancy, either voluntary or compulsory, they will be entitled to receive their contractual notice period. Colleagues with notice period protections, as detailed within the Job Security Procedures, will be entitled to receive notice as outlined in the relevant appendix.

# REVIEW of agreement

If a review of the Agreement is required to comply with legal requirements or changing business demands, the Group will provide a minimum of 3 months’ notice before any amendments are applied.

# LEGAL ENFORCEABILITY

The Agreement is not intended to be legally enforceable between the parties. All parties commit to take all reasonable steps that are practicable to ensure its full observance.

# SIGNATORIES TO AGREEMENT

|  |  |  |
| --- | --- | --- |
| **Rebecca Priestley** | **Ged Nichols** | **Rob MacGregor** |
| People Director – Policy & Employee Relations Lloyds Banking Group | Ged NicholsGeneral SecretaryAccord | Rob MacGregorNational OfficerFinance & Legal SectorUnite |
|  |  |  |
|  |  |  |

# KEY REQUIREMENTS

# 1. consultation

## 1.1 Union Consultation

* The Group is committed to full and meaningful consultation with Accord and Unite. It will consult in good faith, at the earliest opportunity, and prior to any restructuring announcement to impacted colleagues.
* Consultation will be undertaken with a view to reaching agreement and as a minimum within the statutory collective consultation timescales:

|  |
| --- |
| **Statutory Consultation Timescales** |
| **Proposed redundancies at one establishment within a period of 90 days or less:** | **Consultation will commence** |
| 100+ | At least 45 days before the first of those redundancies takes effect |
| 20 – 99 | At least 30 days before the first of those redundancies takes effect |

* The Group will provide the recognised trade unions with appropriate information on the business restructure or change activity. As a minimum this information will include:
	+ Background and rationale for business restructure / change
	+ Headline proposals, including key structure changes, benefits, role impacts and any reductions and the proposed timelines
	+ The overall number of colleagues within scope and breakdown of the anticipated colleague impact
	+ Selection process
	+ Redeployment approach to avoid potential redundancies
	+ Communication strategy with colleagues and milestones

## 1.2 Colleague Consultation

* The Group is committed to consulting with all affected colleagues in a timely manner, providing them with appropriate and relevant information.
* Where colleagues are directly impacted by any proposed changes the Group will consult individually with them.
* Colleagues' work preferences and individual circumstances will be considered in the light of the options available for redeployment. Discussions will focus on the suitability of any alternative role(s) and issues of reasonableness as far as the colleague and the Group are concerned.
* Any colleagues identified as being at risk of redundancy will be advised of this risk in writing.
* The Group will support all at risk colleagues to seek suitable alternative roles and there will be a minimum 28 days, before any notice of redundancy dismissal is served.

# 2. selection & appointment

* The Group will consult with Accord and Unite on objective and measurable selection criteria model to be used during any business change / restructure activity.
* The Group’s current approach to selection criteria includes performance rating and key skills and knowledge required for the impacted role/s. The Group may vary the criteria following consultation with Accord and Unite, in light of particular circumstances and the need to retain a workforce that meet ongoing requirements.
* All appointments will be based on merit, against the selection criteria.
* Where it is proposed to appoint a colleague into a lower graded role in a revised business structure, there will be consultation with the individual. Where this appointment is deemed reasonable, the colleague will be required to move to the lower grade on a permanent basis.
* With such appointments, the colleague's salary and benefits will be protected for a defined period in line with the terms of the relevant employer protection policies.
* Where a colleague is placed at risk of redundancy, the Group will work with that colleague to redeploy them into a suitable alternative role wherever possible.

# 3. suitable alternative roles & redeployment

* In order for the Group to meet its commitment to redeployment, colleagues at risk of redundancy may be asked to accept a suitable role as an alternative to redundancy.
* The Group will discuss with the colleague the suitability of any role offered as an alternative. In principle, suitability is defined by how similar the role is to the current one, the colleagues existing skills and experience, any re-training requirements and the colleague's current terms and conditions of employment.
* Where a suitable alternative role is identified, but this is at a lower grade than the colleague’s current role, terms and conditions will be protected in line accordance with the relevant employer protection policies. Normally, an alternative role which is more than one grade lower than the colleague’s current role would not be considered suitable. For clarity, the ‘Upper’ and ‘Lower’ points within certain job grades are in place for pay purposes only. For example, a colleague moving from a Grade D Upper to a Grade C role may be considered a suitable alternative. Appointment in this situation would be considered a one grade movement. In all circumstances, any determination of lower graded role suitability would be discussed between the colleague and the business.
* A minimum redeployment period, during which the Group and colleague will seek an alternative role, of 28 calendar days will apply from the date the colleague is formally advised they are at risk of redundancy, to notice of dismissal being served.
* During the redeployment period the Group will support all at risk colleagues to seek suitable alternative roles. Hiring managers are expected to consider those colleagues seeking a redeployed role as a priority above external candidates and those not at risk of redundancy.

If two internal candidates are equally suitable for the role in terms of skills, experience and location, but one is at risk of redundancy, then the normal expectation would be that this colleague would be offered the role.

There are specific circumstances where colleagues are afforded preferential treatment for redeployment. The Group will seek to meet its legal obligations to these colleagues as a priority;

* Colleagues with a disability seeking redeployment to support their continued employment, will receive priority ahead of all other colleagues (including colleagues at risk of redundancy) where the alternative role provides a suitable skills match.
* Colleagues on maternity or adoption leave are given preferential treatment in redeployment to suitable alternative roles where their role has been impacted as follows;
* If the roles within a revised structure remain unchanged, but there will be a fewer number of these roles, then the colleague will be assessed alongside other impacted colleagues for the roles available within the structure. If the colleague is unsuccessful in securing one of the reduced number of roles, and is placed at risk of redundancy then automatic appointment into any suitable alternative roles will apply.
* If there are role reductions which involve the consolidation of roles or where roles are removed and/or replaced with a slightly different role, the colleague must be automatically appointed into one of these new roles, as part of the selection process and ahead of any other colleagues impacted.
* To support managers in determining whether a role is a suitable alternative, colleagues may be asked to help provide evidence to support their appointment. This may be an updated CV or any other information which demonstrates the necessary skills required for the role.
* There may be occasions when a temporary role is identified by either the colleague who is at risk or by the Group as an alternative to redundancy. Normally, the requirements outlined within the Group’s Secondment policy will be followed. Consideration will be given to the duration of the temporary role and in certain circumstances this may exceed the 12 month maximum allowable under normal secondment periods.
* The Group may seek 'bumping' volunteers to support redeployment to suitable alternative roles; a practice where a colleague not at risk volunteers to leave the Group on redundancy terms and their role is taken by a colleague who is at risk of redundancy. This would apply only where there is an appropriate match in terms of skills, experience and job location.
* If no role which meets this definition of ‘suitable alternative’ exists, vacancies drawn from a broader interpretation may be highlighted to the colleague.
* Where there is some concern about suitability or it has not been mutually agreed by the colleague and the appointing business area that a role is a suitable alternative, the offer of alternative employment will be subject to a trial period of between 1 and 3 months, which will be used to support a determination of suitability.
* In exceptional circumstances, where the role requires significant retraining, but has a good chance of ultimately being a suitable alternative role for the colleague, this trial period may be further extended at the Group's discretion.
* **A colleague's** line manager will work with them during a trial period to provide training, support and guidance as necessary. If the colleague has any concerns, they should raise them as soon as possible – there is no requirement to wait for the end of the trial period.
* Where an at risk colleague does not wish to accept a suitable alternative role, the Group will consider the reasonableness of their refusal:
	+ If the refusal is considered reasonable by the Group and if no other suitable alternative employment is available, the colleague will not lose any entitlement to Enhanced Redundancy Pay.
	+ If it is considered that the refusal is unreasonable by the Group and no other suitable alternative employment is available, the colleague’s employment will be terminated. Any entitlement to redundancy pay is outlined in the Appendices of these Procedures.
* Should the redeployment period come to an end with a colleague not having secured suitable alternative employment and they are subsequently served notice of compulsory redundancy, the Group is committed to continued support for the colleague to secure a suitable alternative role throughout their notice period.

# 4. voluntary & compulsory redundancy

## 4.1 Voluntary Redundancy

* The Group may, in an attempt to avoid compulsory redundancies, seek volunteers to exit the Group on voluntary redundancy terms.
* In these circumstances, the Group will initially seek volunteers from all colleagues in the impacted business area where potential redundancies may occur. If there are insufficient volunteers, the Group may at its discretion choose to seek volunteers from a wider Group and may look to 'bump' colleagues; an approach where non-impacted colleagues accept voluntary redundancy terms and impacted colleagues are appointed into those roles where they are considered a suitable alternative.
* The Group has absolute discretion as to whether to offer voluntary redundancy and whether to accept the application of any individual volunteer. In exercising its discretion, the Group will take into account operational requirements, cost considerations and the need to maintain a sufficiently skilled and balanced workforce and will undertake this in the manner compliant with all equality legislation.
* A colleague who is granted and accepts voluntary redundancy, or who is issued with notice of compulsory redundancy and has not unreasonably refused a suitable alternative role, will receive redundancy payments and benefits calculated on the basis of the terms set out in Appendices of this Procedure.
* If a colleague has been offered and accepts Voluntary Redundancy, but an alternative role is subsequently identified which would prevent redundancy, the colleague will normally be requested to undertake a trial period to assess suitability of the role. If the trial period is successful, then the colleague will be appointed into the alternative role on a permanent basis. If, at the end of the trial period the Group accepts that the role is not suitable, the colleague will be entitled to enhanced redundancy pay. The Group will take into account the views of the colleague when determining suitability of the alternative role.

## 4.2 Compulsory Redundancy

* The Group will take all reasonable steps for avoiding compulsory redundancies which would normally include assessing current and future workloads, reviewing overtime levels, seeking volunteers, bumping and redeployment to alternative roles. However, if after these steps have been taken and a redundancy situation still exists, the Group may consider that compulsory redundancy is necessary.
* The Group is committed to ongoing consultation with Accord and Unite regarding colleague impact and the number of potential compulsory redundancies.
* Colleagues who are subject to compulsory redundancy and are issued with notice of dismissal at the exhaustion of the redeployment process will receive payments and benefits calculated on the basis of the terms set out in the Appendices of this Procedure.

# 5. Support for Impacted Colleagues

* The Group recognises its responsibility to provide support and assistance to colleagues who are at risk of redundancy. This can be accessed through bespoke redeployment intranet sites.
* Within the dedicated redeployment site, colleagues will be able to find a wide variety of information and self-help modules; this could include information for colleagues on writing a CV, advice on how best to approach application forms, analysis of current career opportunities and help to refresh interviewing skills.
* The Group will support colleagues who wish to proactively seek alternative employment both within the Group and externally. This will include permitting a colleague to take reasonable paid time off to conduct job searches, complete application forms, gain website access and to attend interviews for prospective jobs.
* Further information on the redeployment assistance available can be accessed through the [Redeployment & Exit site](http://lbg.intranet.group/colleague_support/hr_online/redex/home.shtm) on Interchange. This site also contains links to dedicated support materials on [Discover Learning.](https://www.learningatlloydsbankinggroup.com/lm_portal/lm_home.asp)

# 6. appeals

* Colleagues have the right to appeal against any decision by the Group to dismiss (or which would lead to dismissal) by reason of redundancy. Appropriate reasons for an appeal would include:
	+ The selection criteria were wrongly or unfairly applied.
	+ The role(s) offered to the colleague as suitable alternative employment were not, in fact, suitable for the particular colleague.
	+ The colleague believes they acted reasonably in refusing the Group’s offer of suitable alternative employment.
* A colleague wishing to appeal, should write to their line manager (or someone else nominated by the Group for that purpose), within 14 calendar days of;
	+ appointment or non-selection to role, or
	+ at the conclusion of the trial period where this has applied, or
	+ having been served notice of dismissal by reason of redundancy,

Colleagues should clearly outline the reasons for appeal.

* A senior HR manager who has had no previous involvement in the redundancy process will hear the appeal. Where requested, the Group will ensure the Appeal is heard by an HR Manager outside of the line reporting structure of the colleague appealing or from a different area of the business.
* A colleague making an appeal against redundancy has a right to be accompanied by a trade union representative or work colleague of their own choosing, if they so wish.
* The outcome of the appeal hearing, which will usually be communicated within 14 calendar days, shall be final and the colleague shall have no further right of appeal.

# appendix 1: redundancy payments terms

# 1.1 hbos colleagues (Uk & Offshore):

# employed prior to 1st january 2012

**Notice Periods**

* In the event that a colleague is made redundant, termination of employment will be at a date determined by the Group.
* Contractual notice periods will normally be worked.

Standard contractual notice periods are:

Grades A – E

|  |  |
| --- | --- |
| **Length of Service** | **Notice Entitlement** |
| Up to 4 Years’  | 1 month |
| 4 – 8 Years’  | 2 months |
| More than 8 Years’  | 3 months |

 Grade F and G: 3 months’ written notice.

* Where it is not possible for notice periods to be worked, colleagues may be put on garden leave. In exceptional circumstances, the Group reserves the right to make a payment in lieu of notice, either in full or in part for a colleague's notice period (PILON), where this is provided for in the contract of employment and is deemed appropriate by the Group.

**Enhanced Redundancy Payment**

* The following enhanced redundancy payment terms are non-contractual and are in effect until 31st December 2020**\***.
* Calculation is 1 month's pay per completed year of service, based on the colleague's length of service at the date of termination, rounded down to the nearest whole number of years.
* Years of service means years of continuous employment with the Group. This includes prior service with other businesses which are wholly owned, provided there has been no break in continuous service. In addition, for colleagues who have taken a Career Break, under current or heritage policies, periods of service either side of the Career Break will be included in calculating total service for redundancy pay.
* The redundancy payment shall not exceed 24 months' pay.
* The total value of any redundancy payment shall be capped at a maximum of £165,000. This cap will not include any money paid as payment in lieu of standard contractual notice periods.

*\*Extended until 31st December 2023*

* The enhanced redundancy payment includes any statutory redundancy payment to which the colleague is entitled.
* A month’s pay will be based on basic salary only, as at the termination date. Other payments (e.g. area and shift allowances, bonus payments, overtime earnings, other ‘one off’ lump sums and any amendments to monthly pay which may occur as a result of participation in the Company’s Flex Scheme) will not be included.
* Where the colleague is subject to reduced pay (half, nil, statutory maternity or sick pay) at the termination date, the calculation will be based on normal basic salary.
* Where the colleague has reduced their contracted hours of work within 12 months of the termination date, the Group will take this into account when calculating the redundancy payment

**Basic Redundancy Payment**

* Basic redundancy payment terms are deemed to be contractual for the duration of the current published Agreement, up to 31st December 2020**\***.
* Basic terms apply where the colleague is deemed to have unreasonably refused a suitable alternative role and no other alternative employment is available. In these circumstances the colleague will be dismissed by reason of compulsory redundancy, subject to their right of Appeal, and entitlement to redundancy pay will be limited to the terms detailed below.
* Calculation is based on the following number of weeks’ pay per completed year of service, based on the colleague’s age and length of service at the termination date as follows:

|  |  |
| --- | --- |
| **Colleague Age** | **Entitlement** |
| Age 16 or over but under age 20  | 0.5 weeks per year |
| Age 20 or over but under age 40 | 1 week per year |
| Age 40 or over | * 1. weeks per year
 |

* Years of service means years of continuous employment with the Group. This includes prior service with other businesses which are wholly owned, provided there has been no break in continuous service as defined in statute. In addition, for colleagues who have taken a career break, under either the current or heritage Career Break policies, periods of service either side of the Career Break will be used in calculating total service for redundancy payment.

* The payment shall not exceed 30 weeks’ pay.
* A weeks' pay will be based on basic salary only, as at the termination date. Other payments (e.g. area and shift allowances, bonus payments, overtime earnings, other ‘one off’ lump sums and any amendments to monthly pay which may occur as a result of participation in the Company’s Flex Scheme) will not be included.

*\*Extended until 31st December 2023*

* Where the colleague is subject to half pay or nil pay or Statutory Maternity Pay or Statutory Sick Pay at the termination date, the calculation will be based on normal basic salary.
* The redundancy payment includes any statutory redundancy payment to which the colleague is entitled.
* Where the colleague has reduced their contracted hours of work within 12 months of the termination date, the Group will take these circumstances into account when calculating the redundancy payment.

# 1.2 LLOYDS & c&g Colleagues: employed prior to 1st january 2012

**Please note**: The following terms do not apply to Lloyds Bank or Cheltenham & Gloucester colleagues based in the Channel Islands or Isle of Man. Reference should be made to Appendix 1.5 for the terms which apply to Offshore colleagues.

**Notice Periods**

* In the event that a colleague is made redundant, termination of employment will be at a date determined by the Group.
* Colleagues will be given a minimum of eight weeks’ notice and if their contract entitles them to a longer period, the colleague will receive the notice required by their contract.
* Colleagues who are dismissed by reason of redundancy will, where practicable, work throughout the period of contractual notice to which they are entitled.
* In exceptional circumstances, the Group reserves the right to make a payment in lieu of notice (PILON), either in full or in part for a colleague's contractual notice period and where this is deemed appropriate by the Group

**Enhanced Redundancy Payment**

* Enhanced terms apply where the colleague is dismissed from their employment by reason of voluntary or compulsory redundancy. Where a colleague chooses to resign, rather than remain in a suitable alternative role, they will not be entitled to receive a redundancy payment.
* Redundancy payments will be based on the statutory severance formula, multiplying the statutory entitlements per year of service by a factor of four.

|  |  |
| --- | --- |
| **Colleague Age** | **Entitlement** |
| For each year of service for under the age of 22 | 2 weeks’ pay per year of service |
| For each year of service between the ages of 22-40 (inclusive) | 4 weeks’ pay per year of service |
| For each year of service after reaching the age of 41 | 6 weeks’ pay per year of service |

* Payments will be based on actual service to the date of termination, rounded up to a whole number of years, and age as at last birthday.  Please note that where the rounding up of service would cross an increase into additional weeks’ pay it is the lower multiplier which will be applied for the rounded up year.
* The maximum entitlement is 104 weeks’ pay. The entitlement will be based on the most recent 20 years’ service only.
* Redundancy payments will be calculated in accordance with the tables set out in Appendix 3. This table is expressed in weeks and is the multiplier for the calculation of the redundancy payment, i.e. number of weeks multiplied by remuneration, as defined below.
* Basic salary is defined as the salary before any salary sacrifices for Flexible Benefits.  The following will be included, as appropriate, in the calculation of a week's pay, based on values as at date of termination of employment:
	+ Basic salary
	+ Territorial Allowances
	+ Car Limit
	+ Shift Allowance
	+ Contractual Overtime (i.e. regular, rostered, predetermined)
* A week’s pay is the annual figures outlined above added together and divided by 52.
* The redundancy payment the colleague receives from the Group will include any entitlement to a statutory redundancy payment.

# 1.3 ASSET FINANCE & COMMERCIAL FINANCE Colleagues:

#  employed prior to 1st january 2012

**Please note**: The following terms do not apply to Asset Finance or Commercial Finance colleagues based in the Channel Islands or Isle of Man. Reference should be made to Appendix 1.5 for the terms which apply to Offshore colleagues.

**Notice Periods**

* In the event that a colleague is made redundant, termination of employment will be at a date determined by the Group.
* Colleagues will be given a minimum of 3 months’ notice and if their contract entitles them to a longer period, the colleague will receive the notice required by their contract.
* Colleagues who are dismissed by reason of redundancy will, where practicable, work throughout the period of contractual notice to which they are entitled.
* In exceptional circumstances, the Group reserves the right to make a payment in lieu of notice, either in full or in part for a colleague's contractual notice period (PILON) and where this is deemed appropriate by the Group

**Enhanced Redundancy Payment**

* Enhanced terms apply where the colleague is dismissed from their employment by reason of voluntary or compulsory redundancy. Where a colleague chooses to resign, rather than remain in a suitable alternative role, they will not be entitled to receive a redundancy payment.
* Redundancy payments will be based on the statutory severance formula, multiplying the statutory entitlements per year of service by a factor of three.

|  |  |
| --- | --- |
| **Colleague Age** | **Entitlement** |
| For each year of service for under the age of 22 | 1½ weeks’ pay per year of service |
| For each year of service between the ages of 22-40 (inclusive) | 3 weeks’ pay per year of service |
| For each year of service after reaching the age of 41 | 4½ weeks’ pay per year of service |

* Payments will be based on complete years of service at the date of termination, and age as at last birthday.
* Redundancy payments will take into account the most recent 35 years’ service.
* A week’s pay is defined as annual basic salary at termination date divided by 52. The minimum severance payment will be 4 weeks’ pay.
* The redundancy payment the colleague receives from the Group will include any entitlement to a statutory redundancy payment.

#  1.4 colleauges with start date on or after 1st january 2012

**Please note:** The following terms do not apply to Lloyds Bank colleagues based in the Channel Islands or Isle of Man. Reference should be made to Appendix 1.5 for the terms which apply to Offshore colleagues.

## Notice Periods

* Where a colleague is issued with notice of redundancy, either voluntary or compulsory, the notice they receive is based on employer and start date as outlined below:

**Lloyds UK based colleagues with start dates 1st January 2012 – 10th April 2016**

|  |  |
| --- | --- |
| **Length of Service** | **Notice Entitlement** |
| From start date | 8 weeks |

**UK Asset Finance and Commerical Finance colleagues with start dates from 1st January 2012 – 10th April 2016**

|  |  |
| --- | --- |
| **Length of Service** | **Notice Entitlement** |
| From start date | 3 months  |

**HBOS colleagues with start dates 1st January 2012 – 31st March 2016 and all colleagues with a start date on or after 11th April 2016**

|  |  |  |
| --- | --- | --- |
| **Grade** | **Length of Service** | **Notice Entitlement** |
| A - E | Up to 6 months | 1 week |
| Up to 4 years’ service | 1 month |
| 4 – 8 years’ service | 2 months |
| More than 8 years’ service | 3 months |
| F & G | N/A | 3 months |

* Colleagues who are dismissed by reason of redundancy will, where practicable, work throughout the period of notice to which they are entitled in terms of their contract of employment.
* In exceptional circumstances, the Group reserves the right to make a payment in lieu of notice (PILON), either in full or in part for a colleague's notice period and where this is deemed appropriate by the Group.

**Enhanced Redundancy Payment**

* Payments are subject to the colleague having a minimum length of service of 2 years.
* Terms are calculated as 2.75 x the statutory redundancy formula which takes account of age and length of service as follows:

|  |  |
| --- | --- |
| **Colleague Age** | **Entitlement** |
| For each year of service for under the age of 22 | 1.375 weeks’ pay per year of service |
| For each year of service between the ages of 22-40 (inclusive) | 2.75 weeks’ pay per year of service |
| For each year of service after reaching the age of 41 | 4.125 weeks’ pay per year of service |

* Payments will be based on actual continuous service with the Group to the date of termination. This will be rounded down to the nearest whole number of years, and taking account of age as at last birthday.
* A week’s pay is defined as salary at termination date, before any salary sacrifices for Flexible Benefits, divided by 52 and including; Basic Salary, Territorial Allowance, Shift Allowance and Car Limit.
* Where a colleague has been subject to half pay or nil pay or Statutory Maternity Pay or Statutory Sick Pay for any part of the 52 week period the calculation will be based on normal base salary.
* Redundancy payments are based on a colleague's most recent 20 years of service only and are capped at 104 weeks.
* The total value of any redundancy payment shall be capped at a maximum of £165,000.
* The enhanced redundancy payment includes any statutory redundancy payment to which the colleague is entitled.

#  1.5 LLOYDS OFFSHORE COLLEAGUES

The following terms apply to all Lloyds Bank, C&G, Asset Finance and Commercial Finance colleagues based in the Channel Islands or Isle of Man, regardless of their employing company (see 1.1 for heritage HBOS Offshore colleagues).

**Notice Periods**

* In the event that a colleague is made redundant, termination of employment will be at a date determined by the Group.
* Where a colleague is issued with notice of redundancy, either voluntary or compulsory, the notice they receive is based on start date as outlined below:

**Colleagues with start dates up to 10th April 2016**

**Grades A - E**

|  |  |
| --- | --- |
| **Length of Service** | **Notice Entitlement** |
| Up to 4 years’ service | 8 weeks |
| More than 4 years’ service | Higher of 8 weeks or contractual notice  |

**Grades F and G: 3 months’ notice**

**Colleagues start dates on or after 11th April 2016**

**Grades A – E**

|  |  |
| --- | --- |
| **Length of Service** | **Notice Entitlement** |
| Up to 6 months | 1 week |
| Up to 4 years’ service | 1 month |
| 4 – 8 years’ service | 2 months |
| More than 8 years’ service | 3 months |

**Grades F and G: 3 months’ written notice**

* Colleagues who are dismissed by reason of redundancy will, where practicable, work throughout the period of contractual notice to which they are entitled.
* In exceptional circumstances, the Group reserves the right to make a payment in lieu of notice (PILON), either in full or in part for a colleague's contractual notice period and where this is deemed appropriate by the Group

**Enhanced Redundancy Payment**

* Redundancy payments will be based on the length of service as follows;

|  |  |
| --- | --- |
| **Length of Service** | **Entitlement** |
| Less than 2 Years’ Service | Nil |
| Service between 2 – 10 Years | 2 weeks’ pay per year of service (minimum 5 weeks)  |
| Service of 11 Years or more | 3 weeks’ pay per year of service |

* Payments will be based on actual service to the date of termination, rounded up to a whole number of years.  Please note that where the rounding up of service would cross an increase into additional weeks’ pay it is the lower multiplier which will be applied for the rounded up year.
* The maximum entitlement is 104 weeks’ pay.
* The following will be included, as appropriate, in the calculation of a week's pay, based on values as at date of termination of service:
	+ Basic salary
	+ Car Limit
	+ Shift Allowance
* A week’s pay is the annual figures outlined above added together and divided by 52.
* The redundancy payment the colleague receives from the Group will include any entitlement to a statutory redundancy payment.

#  appendix 2: treatment of Benefits

# 2.1 COLLEAGUE benefits

For colleagues who leave the Group on redundancy terms the following is applicable:

**Holidays**

Colleagues will receive a pro-rata holiday entitlement for the year to the date of termination of their employment. Colleagues are expected to arrange to take any outstanding holiday entitlement prior to their termination date, but where operational reasons prevent this, payment will be made in lieu.

**Company Car**

Colleagues will have the option to purchase their company car. Colleagues who do not opt to purchase must return the car at their termination date. Any outstanding trade-up contributions must be paid prior to the colleague leaving the Group.

**Colleagues Cars – Salary Sacrifice**

Colleagues are not permitted to buy the car or continue with any arrangements direct with Lex Autolease. Colleagues will be liable for payment of an early termination charge, unless their reason for leaving is compulsory redundancy.

**Private Medical Benefit**

Any private medical benefit entitlement will stop at the end of the month in which the colleague's employment terminates.

**Financial Products**

All colleague financial products, excluding staff mortgage, stop at termination date.

**Concessionary Mortgages**

**HBOS**

Concessionary mortgage arrangements in place at the termination date will continue for 12 months and thereafter the interest charged will revert to the applicable homeowner variable rate. This benefit will continue to be reported to HMRC for P11D purposes during this period.

However, for colleagues who have concessionary mortgage arrangements under certain of the former Bank of Scotland / Halifax schemes, if immediately upon ceasing employment with the Group they are eligible for and start receiving retirement benefits in respect of their Group employment (in whole or in part, and whether directly from a Lloyds Banking Group pension scheme or indirectly via another pension scheme to which the Lloyds Banking Group retirement benefit has been transferred), the concessionary mortgage arrangements may be continued, on the mortgage balance remaining, whilst the colleague remains within that property.

**Lloyds / Scottish Widows Staff House Purchase**

Mortgage benefits in place at the termination date will continue for 12 months, or to the end of the mortgage (whichever is earlier). Where a colleague does not take their pension immediately on leaving and therefore becomes a deferred pensioner. At the end of the 12 month period the interest charged will revert to the homeowner variable rate. This benefit will continue to be reported to HMRC for P11D purposes during this period.

If a colleague leaves the Group and takes their pension immediately, becoming an active Pensioner, they may continue with the mortgage arrangement whilst they remain within that property.

**C&G**

Concessionary mortgage arrangements in place at the termination date will continue on the existing account and balance for 6 months and thereafter the interest charged will revert to the applicable homeowner variable rate. This benefit will continue to be reported to HMRC for P11D purposes during this period.

**Asset Finance / Commercial Finance / Colleagues employed on or after 1st January 2012**

Any concessionary mortgage arrangements will cease at termination date.

**Offshore**

Colleagues who leave the Group due to redundancy and do not take their pension straight away will become a deferred Pensioner and any colleague mortgage benefit/subsidy will be protected for 12 months, or to the end of the mortgage (whichever is earlier), and will continue to be reported to HMRC for P11D purposes during this period.  At the end of the 12 month period, the interest charged will revert to the homeowner variable rate.

Colleagues who leave the Group due to Redundancy and take their pension immediately, becoming an active Pensioner, will continue with their mortgage arrangement to the earlier of normal retirement date or maturity.

# 2.2 Share Plans

For colleagues who leave the Group on redundancy terms the following entitlements will apply, subject always to the rules of the [Plans](http://lbg.intranet.group/colleague_support/hr_online/your_reward/your_shares.shtm);

**Sharesave:** If the employee is a participant of a Sharesave plan, which matures after the termination date, they may exercise their option to purchase shares at the relevant option price within 6 months of the termination date. During the 6 month period, employees may continue to make monthly contributions. The maximum extent to which any option may be exercised will be limited to the contributions made at that time, together with any interest or bonus due under the terms of the relevant Sharesave contract.

**Sharebuy:** Shares purchased by the employee under Sharebuy and held in the trust will be released to the employee as soon as practicable after the termination date. No income tax and National Insurance will be payable on the shares.

**Sharematch:** Shares purchased by the employee under Sharematch and held in the trust will be released to the employee as soon as practicable after the termination date. No income tax and National Insurance will be payable on the shares.

# 2.3 pension

The following is applicable for the treatment of pensions in a redundancy situation. The guidance provided will be subject to change where there are changes to legislation or the relevant Pension Scheme Trustee advises a change in the Pension Scheme rules.

# HBOS

Colleague pension entitlement will be determined in accordance with the deed and rules of the colleague's pension scheme. Early payment of pension benefits is permitted from age 55 (or age 50 is certain circumstances) and the relevant pension scheme guides will give details of how to apply for early payment –

[Group Pensions](http://www.lloydsbankinggrouppensions.com/)

Defined Benefit Schemes

Pension benefits in a Defined Benefit pension scheme are based on pensionable service and final pensionable pay at or near retirement or the date that colleague leaves the pension scheme. Colleagues aged 55 and over (or age 50 in certain circumstances) at date of leaving may request early payment of pension benefits however they should note that an early retirement reduction factor will be applied to their accrued pension for each day for which the pension is payable before normal retirement age.

Colleagues under the age of 55 (or age 50 where appropriate) at date of leaving will be entitled to their accrued pension benefits payable at normal retirement age. Early payment of pension is permitted although colleagues should be aware that an early retirement reduction will be applied and that this may not be the same as the reduction that would apply on taking benefits and retiring directly from employment.

Where colleagues retain the right to retire from age 50 this will have been expressly confirmed to them by the Trustee of their Pension Scheme.

Defined Contribution Schemes

Pension benefits in a Defined Contribution (or Money Purchase) Scheme like Your Tomorrow are based on the value of the colleague's pension account at retirement date. Colleagues aged 55 and over (or age 50 and over in certain circumstances) at date of leaving may request early payment of pension benefits however they should note that if they take their pension benefits at an earlier age then contributions have not been invested for as long as they would otherwise have been and the benefits received may be lower than those they would have received at normal retirement date.

Colleagues under the age of 55 (or age 50 where appropriate) at the date of leaving will receive a pension at normal retirement age based on the value of the colleague’s and the Group’s accrued contributions which will remain invested until that date. Early payment of pension is permitted and the relevant scheme guide gives details of how to apply for early payment.

Where colleagues retain the right to retire from age 50 this will have been expressly confirmed to them by the Trustee of their Pension Scheme.

Payments to Pension Schemes

A colleague who is an active member of their pension scheme at termination date may have the opportunity for the Group to pay some of their severance payment into their pension scheme to provide additional pension scheme benefits. Any such payment is treated as an employer contribution to their pension scheme.

The extent to which this option is available or is beneficial from a tax perspective depends on individual circumstances.

In particular, a colleague needs to be aware that the government imposes a tax charge on pension savings of more than £40,000 in any tax year.

# Lloyds / Asset Finance / Commercial Finance / C&G

Colleague pension entitlement will be determined in accordance with the deed and rules of the colleague's pension scheme. Early payment of pension benefits is permitted from age 55 (or age 50 is certain circumstances) and the relevant pension scheme guides will give details of how to apply for early payment –

[Group Pensions](http://www.lloydsbankinggrouppensions.com/)

Defined Benefit Schemes

Pension benefits in a Defined Benefit pension scheme are based on pensionable service and final pensionable pay at or near retirement or the date that colleague leaves the pension scheme. Colleagues aged 55 and over (or age 50 in certain circumstances) at date of leaving may request early payment of pension benefits however they should note that an early retirement reduction factor will be applied to their accrued pension for each day for which the pension is payable before normal retirement age.

Colleagues under the age of 55 (or age 50 where appropriate) at date of leaving will be entitled to their accrued pension benefits payable at normal retirement age. Early payment of pension is permitted although colleagues should be aware that an early retirement reduction will be applied.

Where colleagues retain the right to retire from age 50 this will have been expressly confirmed to them by the Trustee of their Pension Scheme.

There are special provisions for members of the Scottish Widows Retirement Benefits Scheme who are age 55 and over at the date of termination and they are covered at the end of this section.

Defined Contribution Schemes

Pension benefits in a Defined Contribution (or Money Purchase) Scheme like Your Tomorrow are based on the value of the colleague's pension account at retirement date. Colleagues aged 55 and over (or age 50 and over in certain circumstances) at date of leaving may request early payment of pension benefits however they should note that if they take their pension benefits at an earlier age then contributions have not been invested for as long as they would otherwise have been and the benefits received may be lower than those they would have received at normal retirement date.

Colleagues under the age of 55 (or age 50 where appropriate) at the date of leaving will receive a pension at normal retirement age based on the value of the colleague’s and the Group’s accrued contributions which will remain invested until that date. Early payment of pension is permitted and the relevant scheme guide gives details of how to apply for early payment.

Where colleagues retain the right to retire from age 50 this will have been expressly confirmed to them by the Trustee of their Pension Scheme.

Payments to Pension Schemes

A colleague who is an active member of their pension scheme at termination date may have the opportunity for the Group to pay some of their severance payment into their pension scheme to provide additional pension scheme benefits. Any such payment is treated as an employer contribution to their pension scheme. The extent to which this option is available or is beneficial from a tax perspective depends on individual circumstances. In particular, a colleague needs to be aware that the government imposes a tax charge on pension savings of more than £40,000 in any tax year.

# Scottish Widows Retirement Benefits Scheme

If a colleague is aged between 55 and 59 years and has less than 10 years’ service as a member of the Scheme at the date they leave Scottish Widows, they will be entitled to a preserved pension payable from normal retirement date. The colleague may elect to draw an immediate pension. The pension will be actuarially reduced for each year that it is paid before their normal retirement age under the Scheme Rules.

If a colleague is aged between 55 and 59 years and has more than 10 years’ service as a member of the Scheme and is an active member of the Scheme at the date they leave Scottish Widows, they will be entitled to an early retirement pension on the following basis:

* Any pension in respect of service accrued before 1 February 2007 will be paid on a non-actuarially reduced basis.
* Any pension in respect of service from 1 February 2007 will be paid on an actuarially-reduced basis.

The redundancy payment the colleague receives will be made up of two elements:

* That part of the payment in respect of service before 1 February 2007 will be reduced by 50%.
* That part of the payment in respect of service from 1 February 2007 will be paid in full.

Colleagues aged between 55 and 59 years with more than 20 years’ service at 1 February 2007 who are active members of the Scheme at the date they leave Scottish Widows will receive an additional two years' service for pension calculation purposes, provided this does not increase the entitlement beyond what would have been earned to age 60.

The overall benefit will be subject to any legal restrictions on such benefits that may be applicable at the date of redundancy.

A colleague may elect to have a preserved pension payable from normal retirement date.

* **If a colleague is aged 60 years or over they** will be entitled to an immediate pension. The pension, including any entitlement from AVCs or transferred in service will not be actuarially reduced for early payment.

# Offshore

Pension entitlements on redundancy will vary according to the date the member of staff joined the Bank and whether they are members of the Final Salary (or “defined benefit”) scheme or Your Tomorrow. (“money purchase” benefits).

Defined Benefit Schemes

Employees who are members of the final salary pension scheme will be entitled to either an immediate pension or a deferred pension payable from normal retirement age. Equiniti, the pension scheme administrator, will set out the leaving or retirement details and options when writing to you within two months of leaving.

Pension entitlements are all based on pensionable pay and pensionable service to the date of redundancy. Pensionable service will include any service purchased to the date of leaving by additional voluntary contributions, and any transferred-in service from a previous pension arrangement.

For those members entitled to an immediate pension, it will not be reduced for payment before the scheme normal retirement age (with the exception of any pension arising from voluntary contributions or transfers-in).

If the entitlement is to a deferred pension not payable immediately, the pension will be increased annually up to normal retirement age in line with price inflation. Members may be able to draw a deferred pension before normal retirement age, but it will be reduced to take account of the early payment. The rate of reduction is liable to change from time to time.

Colleagues may have the opportunity for the Bank to pay some or all of the redundancy payment into the pension scheme to increase the pension entitlement at the date of leaving. Any redundancy given up is treated as an employer contribution. For those who are under the age of 50 at the redundancy date, only redundancy in excess of £30,000 may be used. The rate at which redundancy pay is converted to pension will be in accordance with actuarial advice and is liable to change from time to time.

Defined Contribution Schemes (Your Tomorrow)

The entitlement to benefits will depend on length of service within the pension scheme and your island of residence. The entitlement will be set out in the information issued by the administrator, Equiniti.

The following sets out the position for most members.

If you have completed less than 3 months’ service the entitlement is to a refund of the value of your contributions. If you have completed 3 or months’ service but less than 2 years you will be able to choose between a refund of the value of your own contributions or a transfer value payable to another pension scheme, inclusive of the value of bank contributions as well. If you have two or more years’ service your fund can be transferred to another scheme or you can leave the fund invested within Your Tomorrow.

Any fund retained within Your Tomorrow will be available from your normal retirement age to buy pension for you. It may be possible to draw pension before normal retirement age.

The fund available when you decide to take pension will be used to buy an annuity with an insurance company.

It may be possible to use some or all of your redundancy monies to enhance your fund within the scheme. There are potential tax implications for topping-up the fund in this way, since the scheme is subject to the UK Annual Allowance provisions - this means that pensions savings in excess of £40,000 in any year are subject to a tax charge.

# Colleagues employed on or after 1st January 2012

Colleague pension entitlement will be determined in accordance with the deed and rules of the Your Tomorrow Scheme. Early payment of pension benefits is permitted from age 55 and the Your Tomorrow scheme guide gives details of how to apply for early payment.

Pension benefits are based on the value of the colleague's pension account in Your Tomorrow at retirement date. Colleagues should note that if they take their pension benefits at an earlier age then contributions have not been invested for as long as they would otherwise have been and the benefits received may be lower than those they would have received at normal retirement date.

A colleague who is an active member of the Scheme at termination date may have the opportunity for the Group to pay some of their redundancy payment into Your Tomorrow to increase their pension account. Any such payment is treated as an employer contribution to the pension scheme. The extent to which this option is available or is beneficial from a tax perspective depends on individual circumstances. In particular, a colleague needs to be aware that the government imposes a tax charge on pension savings of more than £40,000 in any tax year.

**APPENDIX 3:**

**LLOYDS / C&G REDUNDANCY PAYMENT TABLE**



# ASSET FINANCE / COMMERCIAL FINANCE REDUNDANCY PAYMENT TABLE

