

Jobs at risk as HBOS and Lloyds TSB merge

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HUNDREDS of Tyneside banking jobs are at risk following the merger of two of the country's biggest banks.

Lloyds TSB is to take over struggling HBOS in a move that could put 40,000 jobs at risk, nationwide.

And today staff at the two banks' branches, call centres, and admin offices, in the North East, are waiting to hear if their jobs will be among those to go.

Halifax Bank of Scotland (HBOS) employs around 150 people at its administration centre at Manors Business Park in Newcastle, while Lloyds TSB has around 500 workers at a call centre on Sunderland Enterprise Park.

But the takeover could also affect staff at scores of high street branches of Halifax and Lloyds TSB across the North East.

Halifax has 22 branches in the region employing around 300 people. And in its deal agreement Lloyds TSB has admitted it intends to cut costs by closing branches. There are also more than 60 branches of Lloyds TSB in the region.

The deal agreement states that significant cost savings can be made by combining

the networks and back offices of Lloyds TSB and HBOS, and it will also save cash through the “elimination of branch duplication.” This means jobs could be at risk where branches of Lloyds TSB and Halifax are nearby.

The deal also says there will be a “consolidation of head office functions,” including human resources, finance and legal departments, which could affect workers at Manors.

Today staff going into the offices to start their shifts said they were waiting for news about jobs.

One employee said: “We haven’t heard anything as yet. We hope there’s going to be an announcement today.” Another worker added: “We have heard nothing about what is going to happen to our jobs.”

Accord, the union which represents the majority of HBOS workers has condemned the merger.

It fears HBOS workers could face the same fate as almost 1,000 Lloyds TSB employees on Tyneside when the bank decided to move its call centre at Central Square in Newcastle, to India, five years ago. Accord general secretary Ged Nichols said: “HBOS is a fundamentally sound, profitable and well capitalised business.

“HBOS supports 105,000 full-time equivalent jobs in the UK and has a good record as an employer and, for example, has maintained its call centre operations in the UK as opposed to India or elsewhere. If there was the prospect of job cuts on the scale some commentators are predicting in any other industry there would be an outcry.”

Graham Goddard, deputy general secretary, of Unite, the union which represents a large number of Lloyds TSB workers added: “Unite is calling for urgent talks at the highest level with the banks. We will not accept any compulsory redundancies as a result of this merger.

“The country is in the grip of a credit crunch and the cost of living is spiraling. Lloyds TSB and HBOS must take a socially responsible approach to this merger and make the well-being of their hard-working staff a priority.

“Unite will be meeting with other unions at HBOS and Lloyds TSB to ensure there is a coordinated effort to support the staff.”

Lloyds TSB has played down claims the £12bn takeover deal will result in 40,000 job losses nationwide but has admitted that some staff will have to go. HBOS

currently employs 75,000 people across the country while Lloyds TSB has 70,000 workers.

The deal comes after a run on HBOS shares this week which has seen the group's share price fall by as much as 70%. The merger is set to save the new superbank £1bn by 2011.

The deal, which is subject to shareholder agreement as well as ratification from the Financial Services Authority (FSA), will create a new banking giant with around a third of the mortgage and savings markets. It will be headed by Lloyds TSB's current chairman and chief executive.

But it is expected the Government will waive competition rules to get the transaction through, and reportedly follows talks between Lloyds TSB chairman Sir Victor Blank and Prime Minister Gordon Brown.

HBOS chairman Dennis Stevenson said: "This is the right transaction for HBOS and its shareholders."

The FSA described today's takeover announcement as a welcome move. It said: "It is likely to enhance stability within financial markets."

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