



Human Resources

Job Security and Redundancy Policy



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JOB SECURITY AND REDUNDANCY POLICY

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This policy applies to all employees in job levels 1-3 (non-SE) on Nationwide terms and conditions and in Nationwide International Ltd.

This policy is non-contractual and does not form part of your terms and conditions. Nationwide reserves the right to amend, modify or withdraw the terms of this policy subject to consultation with the Nationwide Group Staff Union (NGSU). This policy may be terminated by the mutual agreement of Nationwide and the NGSU or by either party giving the other at least nine months' written notice of its intention to terminate the Agreement.

1. What does this policy cover?

We want to manage our business in a manner which provides secure employment for our employees. We will always try to avoid the need for compulsory redundancies and consider a range of options to keep redundancy situations to a minimum. However, there may be occasions when changes in the working environment such as the pattern or volumes of business, our methods of working or technology could lead to a reduction in the number of people that we need to employ.

Where this is the case we will try to minimise the effect of redundancies through the steps set out in this policy and in doing so we will also observe our commitments under the Diversity and Inclusion Policy.

This policy will not apply to the following:

- where changes are proposed to your working arrangements, which do not give rise to a redundancy situation (for more information regarding such changes refer to the Employee and Manager Guide to Working Arrangements)
- role evaluations
- dismissals due to conduct, performance or ill health

2. When does this policy apply?

In the event that changes are required that may have an impact on the security of your employment this policy will apply.

We will however aim to avoid redundancy and seek only to make compulsory redundancies as a last resort. To preserve employment we will consider options to avoid a redundancy situation which may including asking you to change job role, responsibilities and/or work location to help avoid this and we expect you to be as reasonable as possible with your flexibility in these circumstances.

Whenever there is a business need to consider compulsory redundancies we will:

- explore alternative measures that would help to reduce the need for, or number of, compulsory redundancies
- consult with you and the NGSU in accordance with this policy
- follow a fair selection process where necessary

- treat you with dignity and fairness at all times
- look to redeploy you to another role or location, with the aim of making redundancy dismissal a last resort

2.1 Avoiding compulsory redundancies

In seeking to fulfil the aim of avoiding, or reducing the need for compulsory redundancies, we will consider taking actions such as those outlined below:

- re-defining or reallocating roles and responsibilities
- adopting flexible working arrangements
- reducing overtime
- reviewing our current recruitment programmes

This is not a definitive list and not all options identified will be appropriate in all situations. Ways of avoiding compulsory redundancies will form part of the consultation process.

If, in order to avoid redundancies, we decide to redefine or reallocate your work (in accordance with your contractual obligations), you may need to:

- report to a different manager or business area
- take on additional responsibilities or stop undertaking some responsibilities
- undertake work on a different subject area but that requires the same or broadly similar skills and expertise
- use new processes or systems to undertake work
- work at a different location, provided it is still within a reasonable distance. Up to one and a half hours a day (in total) travelling time is normally considered to be reasonable

2.2 When will voluntary redundancy be considered?

There may be circumstances where we think it is appropriate to seek volunteers for redundancy in order to minimise the number of compulsory redundancies. The decision to offer voluntary redundancy will be at our discretion and we will consider factors such as the size and specialism of the business area concerned before taking any decision.

If voluntary redundancy is offered, the needs of the business must take precedence and therefore we reserve the right to refuse any individual

application if there is a business requirement for this.

2.3 What is consultation and how does it work?

The purpose of consultation is to provide an opportunity for a meaningful exchange of views and information to take place between you, your representatives and Nationwide. This should take place at the earliest opportunity so that alternatives to redundancy can be considered. If you are affected by a potential redundancy situation you have the right to be consulted about the reasons behind the proposal and the proposal itself before a final decision is made.

We will take into account all feedback given during the consultation process and the outcome will be that the proposal is confirmed, revised or withdrawn.

There are two types of consultation and these are explained below.

2.3.1 What is collective consultation?

Collective consultation takes place when Nationwide consults with the representatives of those employees who are affected by the proposed redundancies.

The NGSU are our recognised trade union for the purposes of collective consultation, therefore regardless of whether you are a member of the NGSU or not this is the only body that we will collectively consult with.

Where a business need arises which we envisage may result in redundancies, we start consulting with the NGSU as early as possible. During this process we will consider and respond to proposals put forward by the NGSU that would help to avoid or reduce the number of redundancies.

There are different collective consultation periods that apply depending on the number of employees that we are proposing to dismiss, the following table outlines this.

Number of Employees Affected	Minimum Consultation Period
100 or more employees from one establishment within a 90 day period	90 days before first redundancy dismissal would take effect
Between 10 and 99 employees from one establishment within a 90 day period	30 days before first redundancy dismissal would take effect
Closure of a complete business unit or branch with less than 10 employees	Up to 30 days before first redundancy dismissal would take effect (to be agreed between Nationwide and the NGSU)

To support the consultation process a formal proposal will be produced by the business which will detail the changes which are being proposed and the potential impact that this could have on our employees. This proposal will be signed off at Divisional Director, Group Director or Executive Director level prior to being presented at the Organisational Change Committee (OCC), which is the forum for collective consultation with the NGSU. For further information on the consultation that takes place in the OCC and the responsibilities of the OCC, please see the OCC terms of reference.

2.3.2 What is individual consultation?

Individual consultation is the process by which we engage with you directly, this will usually take place following, or sometimes alongside, the collective consultation process and also in instances when collective consultation does not apply.

Individual consultation will involve:

- a general communication to you and all other employees affected, informing you of the proposed changes, actions taken to mitigate redundancies, the timescales and your rights under this policy
- individual consultation meeting(s) with you if your role is at risk of becoming redundant as a result of any the proposed changes
- providing you with the opportunity to seek further information about the proposal and the selection process, make alternative proposals and where appropriate, express preferences

Throughout this process we will communicate with you as soon as we practically can and will continue to keep you informed during the process.

The NGSU will provide support for its members during any individual consultation period.

2.4 What selection criteria will be used?

If the proposed changes leave you in a role which is the same or similar role to your current role, you will not be redundant. We will consider your current and proposed place of work as a factor in this decision, as well as your existing contractual obligations and rights.

If the particular redundancy situation means that we need to reduce the number of individuals carrying out a particular role or significantly restructure roles and responsibilities, then we will develop selection criteria that are tailored to the specific roles involved. This will reflect the businesses requirements and will form part of the consultation with the NGSU. The criteria and selection methods will be determined in accordance with the Diversity and Inclusion Policy.

We will tell you what selection criteria will apply and you will be assessed fairly against it. Once the selection process is completed you will be told your score.

Where appropriate, you may be asked to express preferences for roles in a new structure and we will endeavour to take these into account when conducting a selection exercise.

Following consultation and, if applicable, selection, you will be invited to a meeting to confirm the outcome.

2.5 How does the redeployment process work?

If following consultation and/or selection, your role will no longer exist, we will seek to redeploy you to a suitable alternative role wherever possible in order to secure employment for you.

You will need to work with us to identify how your skills can transfer to other roles/business areas and actively seek other employment within the Nationwide Group. You should apply for all vacancies in the normal way. Where you meet the minimum criteria for a role, you will automatically be considered for that role. If, following assessment, you meet the requirements of the role, we will normally appoint you in advance of other employees who are not at risk of redundancy.

A suitable alternative role is one that Nationwide considers to be a reasonable substitute; this may include roles of a temporary nature. Where no suitable alternative role is available, we will work with you to identify any other opportunities that might exist within Nationwide which, although not 'suitable', you may choose to accept as an alternative to redundancy.

If it is necessary for us to issue you with notice of your redundancy we will continue to work with you to try to find suitable alternative employment during your notice period.

If your original role becomes redundant whilst you are on a formal secondment, you will continue in the seconded role as an alternative to redundancy, provided the business need for that secondment continues to exist. We will continue to work with you to identify suitable alternative employment for you during the course of your secondment.

If you are offered suitable alternative employment, we will expect you to accept this. If you choose not to accept the suitable alternative employment, this could affect any redundancy severance payment that we might make to you in excess of your statutory entitlement.

If you do not agree that the role being offered to you is a suitable alternative, or you believe there is a suitable role which we have determined is not a suitable alternative, you may choose to raise a grievance. For more information please refer to the Grievance Policy.

Redeployment Terms

If you secure a suitable alternative/alternative role, this will be offered on the relevant redeployment terms that apply to you. These terms apply where you are redeployed to an open ended role i.e. not a secondment position. If you are redeployed to an open-ended role on the conclusion of a temporary secondment, the redeployment terms will apply on commencement of the open-ended position and will be decided in relation to your original role which has been made redundant.

All roles at Nationwide have a market anchor salary. Where you are redeployed to a role with:

- the same market anchor salary, there will be no change to your notional salary
- a higher market anchor salary, the terms and conditions will be those that are applicable to that market anchor
- a lower market anchor salary which is deemed to be a suitable alternative by

Nationwide, there will be no change to your notional salary

For employees on Nationwide terms and conditions a phase down option may be available where you take a job which we do not deem to be a suitable alternative and which has a lower market anchor salary. This will only apply where you have not refused a suitable alternative role at the same, or a higher level.

The phase down arrangements will apply if your new market anchor salary is up to two market anchor salary levels lower than your original redundant role. HR are responsible for considering any exceptions to this approach.

You can choose which phase down option you would prefer and you will be asked to confirm your choice when accepting the offer of redeployment.

	Phase down option 1	Phase down option 2
Year 1	Receive 2/3rds of the difference between the notional salary for your redundant role and the prevailing market anchor salary for the new role	Receive 2/3rds of the difference between your notional salary for your redundant role and the prevailing market anchor salary for the new role
Year 2	Receive 1/3rd of the difference between your notional salary for your redundant role and the prevailing market anchor salary for the new role	Receive prevailing market anchor salary for new role plus a lump sum payment (subject to tax and NI) of 1/3rd of the difference between your notional salary for your redundant role and the prevailing market anchor salary for the new role
Year 3	Receive the market anchor salary for the new role	Continue to receive the market anchor salary for the new role

If you leave Nationwide within 12 months of choosing to receive a lump sum, you will need to repay the money on a pro rata basis.

All payments will be subject to PAYE deductions.

For more information refer to the Redeployment Terms mini-guide. These terms form part of the Job Security and Redundancy Policy and may

only be amended subject to consultation with the NGSU.

2.6 How do trial periods work?

Where you move into a suitable alternative/alternative role you will be entitled to a trial period of between 4-13 weeks, depending on the level of re-training or development that you need in that new role.

Every effort will be made to help you be successful in your new role, this includes working with you to identify any training or support that you require. The length of your trial period will be confirmed to you in writing following discussions with the recruiting manager and HR.

At the end of the trial period, the recruiting manager will decide whether to confirm you into the role or, in some instances, whether to extend your trial period. If your trial period is successful you will be confirmed into the role. This will become your new role and you will not be entitled to any redundancy payment.

If during, or at the end, of the trial period you or the recruiting manager decide, that the role is not suitable for you, the reasons for this should be set out in writing. The manager leading the reorganisation, with support from HR, will review the reasons, which could result in you being confirmed in role, the trial period being extended or a decision to issue you with notice of redundancy. Where you are placed back into a redundancy situation, we will continue to seek suitable alternative employment for you during any remaining notice period.

2.7 What will happen if we cannot redeploy you?

If we cannot redeploy you, we will formally notify you that you will be made redundant but will continue to seek suitable alternative employment for you during your notice period.

The notice that you receive will be either your contractual notice or statutory notice (which is subject to a maximum of 12 weeks), whichever is the greater. You will be expected to be at work during your notice period, although you may be asked to report to a different manager or work at a different location during this time.

There may be circumstances where we will not require you to come to work and if this is the case you will be notified in writing. You will still be employed by Nationwide however and therefore

you will need to remain available to work during your notice period.

Notice of dismissal on grounds of redundancy will not be issued during the collective consultation period unless this is agreed by the OCC. Your employment will not end before the minimum consultation period has ended, except where you make a request in writing to leave sooner and we agree to your employment ending at an earlier date. In those circumstances, no pay in lieu of notice will be given.

Information about what happens to your benefits if you leave as a result of redundancy is available in the Leavers Information Guide which will be provided to you.

2.8 What redundancy pay are you entitled to?

We offer an enhanced redundancy package, which includes any entitlement to statutory redundancy pay. The redundancy terms indicated in this section will be offered only where you have been formally served notice of dismissal by reason of redundancy and where:

- we have been unable to secure suitable alternative employment for you; or
- you have been offered an alternative role but Nationwide determines, or agrees with you, that the role is not suitable

Employees on Nationwide terms and conditions of employment who commenced employment on or before 31 March 2010 (excluding employees who take an employment break and re-join on or after 1 April 2010)	<p>Weekly Pay x Number of weeks x 4.6</p> <p>Maximum severance payment is capped at two times annual notional salary, with annual notional salary being capped at £63,561 per annum. If the calculation above exceeds the cap of two times annual notional salary, then you will receive the capped payment.</p>
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Employees on Nationwide terms and conditions of employment who commenced employment on or after 1 April 2010 (including employees who take an employment break and re-join on or after 1 April 2010)	<p>Weekly Pay x Number of weeks x 2.75</p> <p>You must have two or more years' continuous service at the date of redundancy to qualify for a severance payment.</p> <p>Maximum severance payment is capped at one times annual notional salary, with annual notional salary being capped at £63,561 per annum. If the calculation above exceeds the cap of one times annual notional salary, then you will receive the capped payment.</p>
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The number of weeks referred to in the table above is based on your age and number of complete years service. If you would like to know how many weeks you are entitled to, you can find out in the Ready Reckoner Table. Your length of service is capped at 20 years, counting backwards from the date of termination. This is based on the statutory calculation method.

We reserve the right to require you to enter into a compromise agreement under which you waive any employment claims that you might have before any severance payment becomes payable.

In the following circumstances, you will only be entitled to statutory redundancy payments:

- where we have offered you alternative employment that we consider to be suitable, either on an open-ended basis or a secondment, and you choose not to accept it
- where you decide not to continue with a current secondment that is not recognised as a suitable alternative but that would secure employment for you whilst we continue to seek other alternative employment for you
- where you do not sign a compromise agreement, if this is required as part of your redundancy termination

Statutory redundancy payment	Weekly pay (subject to statutory cap) X Number of weeks
	You must have two or more years' continuous service at the date of redundancy to qualify for a statutory severance payment.

Redundancy payments will be paid on the next available payroll run following your dismissal.

2.8.1 How do you calculate a week's pay?

A week's pay is calculated by adding the following:

- annual notional salary (see 2.8.2 below) plus an element of SFC bonus if applicable (see 2.8.3 below), capped at £63,561*
- annual shift allowance
- annual location allowance

This figure will then be divided by 52 to determine the value of a week's pay.

* Please note this cap on annual notional salary also forms the basis of the overall redundancy pay cap detailed in 2.8.

2.8.2 What is annual notional salary?

Annual notional salary is generally the salary you were receiving at the date of termination of your employment for redundancy, although the following exceptions apply:

- where your employment is terminated by reason of redundancy during or at the end of a trial period, your notional salary for the purposes of calculating your redundancy payment will be your salary immediately prior to the start of your trial period, i.e. the salary paid for the redundant role
- if your notional salary has reduced in the 12 months prior to the last day of your employment due to a reduction in your contracted hours, your severance will take into account the number of years that you worked at the higher salary. This will only apply if you are offered enhanced redundancy severance terms in which case, the severance payment will be calculated in the following way:
 - two separate redundancy calculations will be made as follows: (1) for the period prior to the reduction in your salary; and (2) for the period from the date of the reduction in salary up to your termination date

- both of these figures are added together to calculate your redundancy severance figure (length of service is capped at 20 years, counting back from date of termination)
- for the purpose of calculating a week's pay and the maximum severance payment cap, your annual notional salary (together with, where applicable, any SFC bonus - see 2.8.3 below) will be capped at £63,561. This cap will be reviewed annually, as part of the annual pay review process
- if you are in a secondment role and the secondment ends prior to the effective date of termination of your employment by reason of redundancy, your severance will be based on the salary of your original role
- if you are still in a secondment role when your original role becomes redundant, or you accept a secondment as an alternative to redundancy and no redeployment opportunities are found by the end of the secondment, your severance will be based on the salary for your seconded role

2.8.3 What impact does the SFC bonus have on your redundancy pay?

SFC bonus payments earned within the previous 12 months prior to the proposed date of dismissal (net of any applicable clawback) will be included in the calculation of a week's pay, up to a maximum cap of £15,750. The bonus cap will be reviewed on an annual basis as part of the annual pay review.

Calculation of a week's pay for a Senior Financial Consultant =

annual notional salary + SFC bonus payments
(subject to the cap as defined above) capped at
£63,561 + Location Allowance (if applicable)

52

For the purpose of calculating a week's pay and the maximum severance payment cap, your annual notional salary (see 2.8.2 above) added to your SFC bonus (net of clawback and capped at £15,750) will be capped at £63,561 per annum.

The SFC bonus is the only bonus scheme that is included in the calculation of enhanced severance payment terms.

2.9 What outplacement support is provided?

If we have been unable to redeploy you, outplacement support and career counselling will normally be made available. We may, where appropriate, inform external organisations of certain groups of employees who are looking for work opportunities to try to assist with the search for new employment.

You will be given up to 35 paid hours off work to look for another role, and to attend interviews. If you work part-time, you will receive a pro-rata entitlement. You should agree any time off in advance with your manager.

2.10 Can you be re-employed with Nationwide?

In certain circumstances, an opportunity may arise for an employee who has been made redundant to re-join Nationwide:

- if you re-join Nationwide within four weeks of your termination date, you will maintain your continuity of service with Nationwide but will need to repay the net amount of all of the payments received by you as a result of the redundancy
- if you re-join at a date later than four weeks following your termination date, you will not retain any continuity of service and you will not be asked to repay your severance payment. However you should note that if you are subsequently made redundant again from Nationwide, both termination payments must be taken into account to determine any tax free exemption

2.11 Can you appeal?

You have the right to appeal against your redundancy where:

- you believe you have been unfairly selected for dismissal on grounds of redundancy – you must submit your appeal within five working days of receiving written notification of the end of your employment by reason of redundancy
- you believe you have not been offered available suitable alternative employment - you must submit your appeal within five working days of the date of the end of your employment

Your appeal must be in writing and clearly outline the grounds of your appeal.

All appeals will be heard by a panel. The appeals panel will be chaired by a Head of HR or their nominated deputy, and will include an independent Senior Manager from another division.

You will be given written reasons for selection for redundancy and have the right to be accompanied to an appeal hearing by a representative of the NGSU, an official of another Trade Union, or a workplace colleague.

The decision of the appeals panel is final.

3. Definitions

The legal definition of redundancy is set out in the Employment Rights Act 1996. This sets out that an employee's dismissal must be "wholly or mainly attributable to" the employer:

- ceasing or intending to cease to carry on the business for the purposes of which the employee was employed by it;
- ceasing or intending to cease to carry on that business in the place where the employee was so employed; or
- having or expecting to have a reduced requirement for:
 - employees to carry out work of a particular kind or
 - employees to carry out work of a particular kind at the place where the employee was employed to work

DOCUMENT CONTROL

CHANGES SINCE LAST VERSION

Referencing to Portman redeployment and redundancy terms removed

VERSION HISTORY

Version	Date
2.0	1 January 2013
1.0	19 March 2012

SUPERSEDED DOCUMENTS

Job Security Policy	16 August 2011
Redeployment Terms	18 March 2010
Redundancy Severance Terms	5 July 2011

ISSUE CONTROL

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