

LTU Rejects New Reward System

Earlier this year we were successful in persuading the Bank to review its pay structure. The Bank said it acknowledged LTU's repeated criticism of its pay policy and said it accepted the need for a clearly defined mechanism for salary progression.

Whilst it is true that the Bank now has adopted some of our specific proposals, particularly in respect of minimum salary levels, there are many which have been ignored or rejected.

If you cut through the spin and the sexed-up glossy brochure then it's difficult to see what will change substantively under the proposed new system. Whilst the language might be different, the key questions from staff are still the same: how long will it take me to be paid the rate for the job? If I'm paid above the rate for the job will I ever get another salary increase?

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Unfortunately for staff, and despite the new system, the only answers to those questions are "We can't say." and "Probably not."

A lot of what the Bank is asking LTU to accept, like for example the scope for movement from pay zone to pay zone, comes without any guarantees on timescales. The Bank is asking staff to take too much on trust but its track record doesn't support that trust. **Previous reward systems, changed repeatedly, have been so flawed as to make it essential to get everything down in writing before any new structure is put in place.**

No self-respecting trade union could accept a system with so many in-built weaknesses and uncertainties and the Union's Executive Committee have therefore rejected the new reward package.

LTU has registered a first failure to agree as prescribed by the negotiating procedure for resolving disputes between the Bank and the Union

Weaknesses Exposed

There are four specific problems with the Bank's new reward system:

- The Bank has said that staff should get from the 'primary' zone to the 'market' zone in either 2 or 3 years depending on Band. What that means is that you should get from 90%, the entry point of the 'primary' zone, to 95%, the entry point of the 'market' zone, in either 2 or 3 years. But, what the Bank cannot say is how long it will take to get to 100%, which is the rate for the job. If it is not able to answer that simple question then how can we trust any of the new reward package.
- Staff in the 'primary' and 'market' zones will not automatically get the market movements for their Bands. We believe that such increases should be centrally determined and applied. A properly defined

salary progression will only be achieved if market movements are automatic.

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- Staff in the 'high-performance' zone will only get basic salary increases if they produce superior performance. Those staff whose current salaries put them above the 'high-performance' zone will get no increase in basic salary regardless of their performance. These two groups of staff, which account for 30% of the Group, are the backbone of Lloyds TSB and it is unacceptable that their basic salaries should be left to wither on the vine.
- The link between reward and performance

management systems is critical. How the new performance ratings, which will be introduced later next year, will work and how they will be linked to individual pay awards is something that requires further discussion. Until we

have a transparent, objectively justifiable performance appraisal system that is linked to pay then it is impossible to say whether the new system will deliver the results we need.

Penny Pinching

If your current salary is below the 'primary' zone, the Bank said it will move you to the minimum of that zone in two stages. With interim adjustment in April 2004 and a final adjustment in October 2004.

To make the pay adjustments in two stages when it can be done in one step, in April, smacks of penny pinching. If the Bank has accepted that staff should be moved to the minimum of the 'primary' zone and therefore have been underpaid in the past, then why should they have to wait until October next year to get what they deserve? If staff have to wait until October to get their final adjustment they will also lose out under the Flavours scheme.

We told the Bank that it should resist the temptation to be tightfisted and should move staff whose salaries are below the 'primary' zone

to the minimum of the 'primary' zone in April. We have said that such a position is demonstrably unfair. The new Chief Executive has made much of the fact that he wants to make Lloyds TSB the best company in the financial services industry. In a recent interview he said that:

'Our people are the key to our success, so it's vital that we provide the right environment to attract, retain and motivate the best people ..'.

Eric Daniels
Chief Executive, Lloyds TSB

If he really believes that statement, and it's not just spin, how can he justify making some of the most lowly paid staff in Lloyds TSB wait an extra 6 months to get the new minimum salary level? They deserve it in April.

IAN PARTRIDGE
General Secretary