

Offshore Pay 2003 - The Bank's Offer

In my Newsletter to members last week I reiterated LTU criticisms of the Bank's pay policy and how that policy is failing staff. In recent years we have:

- **shown consistently that setting pay rates at the Median of the 'Market' - the point where 50% of competitors pay more to their staff - undervalues and underpays staff at all levels**
- **demonstrated how pay progression to Market Indicators - the level the Bank considers to be the 'rate for the job' for fully effective and experienced staff - has been woefully slow**
- **shown how experienced staff paid around the Market Indicator have seen their pay not only stagnate but deteriorate.**

I reported that although our campaign had not been without some success the simple fact is that large numbers of staff are still not being paid the 'market rate' and continue to be underpaid as a result.

What is needed is real and continuing progress in ensuring staff get the appropriate market rates. This is not an objective LTU has invented it is the Bank's own policy: we want it to deliver that policy.

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2003 Proposed Market Indicators

I set out LTU's Pay Claim for 2003 which seeks to address the structural inadequacies of the Bank's approach to pay and provide real and lasting improvements in pay for staff at all levels through a mechanism of defined salary progression.

The Bank's offer, announced today, falls well short of the action required. The Bank says it is keen to acknowledge the criticisms of its pay policy made repeatedly by LTU. In particular it says it is trying to address the pay progression issue. However, the offer is not only inadequate but is at the expense of already experienced and competent staff paid the market rate.

The Bank's offer is explained inside this Newsletter.

Pay 2003 - The Details

Pay Scales

Scale Maxima - some changes are proposed to scale maxima but most rates would be frozen.

Scale Minima - minimum pay rates would be set at 75% of MI. This in the case of Jersey for example represents an average 13.1% increase in minima and sounds impressive. However, setting recruitment rates at a point 25% below the MI - the point where half the companies the Bank chooses to compare itself with already pay more to their staff - is nonsense.

On the Mainland the Bank has gone some way to meet our claim for new minimum rates to be 90% of MI for Bands 7 & 8 and 80% for Bands 6 and above. It has offered a new national MI for Bands 7 & 8 of 90% of the lowest Local Market Indicator and met our claim for Bands 6 and above.

80% and 85% guarantees

The 80% and 85% guarantees we secured several years ago are to be maintained but the Bank has so far failed to offer any proper response to our claim for a system of real salary progression and it has again dropped the commitment to pay experienced staff at least 90% of their market indicator.

What is more, and unlike last year, there is not even the guarantee to at least maintain salaries relative to the Market Indicator.

Restricted Awards

The Bank is also proposing to restrict awards for those above MI in order to force managers to award more to staff paid below the market rate.

- between 100% and 110% of MI the range of awards available would be 0-8%
- between 110% and 120% of MI a range of 0-2% and
- above 120% of MI 0-1%.

This is nothing less than a "robbing Peter to pay Paul" salary policy and puts managers in an invidious position. Staff who are correctly paid the market rate will not only see their market position deteriorate but will see their pay deteriorate in real terms once account is taken of the increase in the cost of living.

Pay Pot

Last year the Bank recognised the need for a separate approach for each island to reflect their different circumstances.

This year however the pay pot the Bank has offered - the amount of money available to spend on pay awards for all staff - is 4% and would apply equally to all three islands.

How To Judge This Offer

Purely measured against RPI on the Islands - IOM 4%, Jersey 4.9%, Guernsey 4.4% - the Pot of 4% does not represent an adequate offer, but that is not the only basis on which it should be judged.

The Bank's policy on pay is totally driven by the market and the notion of Market Indicators representing the 'rate for the job'. **What we need to see is the Bank actually delivering on its own policy and paying fully experienced and competent staff their 'market rates'. On all counts this offer fails staff. There is no guarantee that staff who should be paid the market rate will be or that staff will as a minimum maintain their position relative to the market indicator; experienced staff already paid the market rate will see their pay relative to the market rate deteriorate; and virtually all staff will see a deterioration in their real level of income once increases in the cost of living have been taken into account.**

The Teamwork payout for last year will shortly be announced. Whilst we do not know the outcome of the 2002 scheme all the indications are that the payouts, if any, will fall well short of those staff have been used to.

Teamwork was introduced essentially to provide a way to pay more to staff Offshore. It has often been used in negotiations by the Bank as a way of justifying its pay offers. It is therefore imperative that a proper pay approach and award is secured this year with real increases in guaranteed basic pensionable pay that unlike bonuses can be relied upon.

Our negotiations continue and I will keep members informed of developments.

NICK HOLT
Assistant General Secretary

Jersey Market Indicators

8	107	15314	15552	1.55
	144	17537	18106	3.24
7	178	20904	21348	2.12
6	236	24274	26333	8.48
5	366	34520	37035	7.29
4	421	38938	40920	5.09
	496	44149	47072	6.62
3	594	52693	53921	2.33
	702	61624	62383	1.23
2	830	77643	79955	2.98

Guernsey Market Indicators

8	107	13920	14138	1.57
	144	17055	17786	4.29
7	178	20040	20583	2.71
6	236	23826	24854	4.31
5	366	33001	34652	5.00
4	421	37135	39343	5.95
	496	43906	44978	2.44
3	594	51080	54010	5.74
	702	63989	67870	6.07
2	830	79642	79642	0.00

Isle of Man Market Indicators

8	107	11623	11943	2.75
	144	13599	14371	5.68
7	178	17068	17558	2.87
6	236	19329	21319	10.30
5	366	27020	27928	3.36
4	421	31038	31962	2.98
	496	37696	37696	0.00
3	594	43734	46550	6.44
	702	51659	57373	11.06
2	830	64856	69896	7.77