

Commercial Banking Top Management Isolated Over Pay Pot Deception

Attempts by Commercial / Business Banking Management to show it has been acting in accordance with Bank-wide Pay Policy have failed dismally.

Responding to LTU's demand that our dispute over Commercial / Business Banking's distortion of Pay Policy should be referred to ACAS, Commercial / Business Banking Top Management argued that the issue should be dealt with as a Bank-wide matter and not one just concerning the business unit.

By doing so, Top Management would have hoped to argue that it was acting in accordance with Bank-wide policy. It would have insisted that the Union's dispute was only with Bank-wide policy and not how it has been distorted - and staff deceived - when applied to Commercial / Business Banking Staff.

But this desperate approach failed, with Central HR Management - which represents the Bank as a whole - agreeing with LTU that this particular dispute is between the Union and the business unit's Top Management.

A meeting between LTU and Commercial Banking will now take place at ACAS later this month.

Top Management's Case Crumbling Under Pressure

All of Top Management's arguments to explain why, over the last three years, it had surreptitiously withheld from staff over £1.6 million of pay increases have crumbled under examination:

- **It has argued that since only Amicus - and not LTU - agreed to the current Bank-wide**

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Pay Policy, LTU has no right to object to how the published policy is implemented. This is preposterous.

Though it is true that LTU cannot understand why any trade union could have agreed to a policy that condemns many experienced staff to little or no pay increase for years on end, the fact is that once a policy is published - for instance payment to staff of a 3.8% Pay Pot this year - everyone has a right to expect management to implement that policy openly, honestly and with integrity.

- **It has argued that other business units have also withheld part of their Pay Pot allocation.**

But so far, every business unit we have approached has denied this is the case and the Bank's Compensation & Benefits Department - which is the guardian of Bank-wide Pay Policy - has confirmed that business units are not permitted to redirect money from the Pay Pot to fund bonus schemes or subsidise operating costs, as Commercial / Business Banking has admitted doing.

Beyond these two very weak arguments, Commercial / Business Banking Top Management has had very little else meaningful to say to attempt to justify its approach to pay.

Top Management Attempting To Spin Staff Feedback

No one should be under any doubt that Commercial / Business Banking Top Management is 'on the ropes' over its rapidly deteriorating relationship with staff. Why else would it only now (on 14th May) choose to publish the results of the staff engagement survey ('Our Business View') that it carried out in January?

These results have been available for three months!

Furthermore, what possible point is there in publishing the results of a survey carried out five months ago when, in less than a week's time, the results of the more recent Employee Engagement Survey will be available?

This is particularly important given that, between the two surveys being carried out, staff have discovered that over the last three years they have been systematically deceived over how their pay has been managed.

Therefore, any conclusions drawn from the January Survey results would be based on an entirely false premise - that pay had not been manipulated. Now staff know it has been, a different set of results are likely to emerge.

Key Insights

Despite the results of the January Survey being so out of date, some key 'learning points' are nevertheless provided by the results:

- Questions relating to the contribution of and leadership provided by line managers have achieved very high scores, showing that at a local level staff work well together and have confidence in their local management.
- In January, when the survey was carried out, many staff agreed that they were "clear how my work links to the overall performance of Commercial". Increases in bonus payments in line with overall profits growth no doubt contributed to this impression.

But many staff will now have second thoughts about this, since we are approaching the half-year mark and the Bonus Scheme for this year - upon which Top Management has placed so much emphasis - is yet to be published! Given

recent experience, how can staff trust Commercial / Business Banking Top Management to act fairly?

- The lowest scores relate to the performance of Top Management in Commercial / Business Banking. This lack of confidence amongst staff will no doubt have deteriorated further given recent events over pay and because of how long it is taking for the formation of the new, extended Commercial Banking business unit to take effect and to answer key staff concerns that arise from this.
- Another low score concerns how "People's skills and knowledge are valued in Commercial" ... a score which will no doubt have nose-dived since January, now that staff have become aware of how Top Management had been 'playing fast and loose' with their pay.

A further cause for concern is that whilst most other business units have published their full survey results, Commercial Banking's Top Management have been keen to edit which results staff can and cannot see!

Restoring Top Management's Credibility

The last couple of months have been extremely damaging for the credibility of the business unit's Top Management team. ***Publishing outdated survey results will do nothing to redress this situation.***

What top management now need to do is drop the 'spin' and start communicating honestly and openly with its staff.

We know that the Employee Engagement Survey results will be available to all business units over the next few days and the first step Top Management should take to rebuild its credibility is to immediately publish the results in full ... and not only its chosen edited highlights!

Otherwise, if it chooses not to publish the full results immediately, staff will have no option but to draw the conclusion that Top Management has learnt nothing from recent events and remains intent upon misleading and deceiving staff.

David Postings' Resignation

The recent announcement that David Postings is resigning in no way weakens LTU's resolve to ensure that the £1.6 million that Top Management has taken from salaries is rightly returned to Commercial / Business Banking Staff.

This has always been an issue of principles and not personalities.

In fact, beyond the issue of how staff have been deceived over the management of their pay, LTU has been broadly supportive of the strategy that has been devised for the future of Commercial Banking. That is why we feel it would be in the interests of all Commercial Banking Staff that the business unit's remaining executive team is given the opportunity to carry the strategy forward.

What Commercial Banking cannot afford is - mid-way through a major change programme - putting progress on hold whilst a new executive team settles down and comes up with its own ideas!

Regaining Staff Confidence

No-one can be under any doubt that, because of the distortion of Pay Policy within Commercial / Business Banking, Mr Postings is leaving the Bank when confidence amongst staff over how they are

being managed is at an all time low.

And one thing is absolutely certain: the confidence, commitment and motivation of staff will be regained only if Top Management acts swiftly to correct its deception over Pay Policy and return to staff the 'missing' £1.6 million more it should have paid them over the last three years. This can only be achieved by:

- **Paying the £1.6 million owed to staff in the form of an across-the-board pay increase to all Commercial Banking Staff, backdated to 1st April 2007.**
- **Reviewing all promotions over the last three years where staff received less than a 5% increase. Where no strong justification was provided for withholding part of the 5% increase, it should be backdated.**
- **Dropping the forced distribution of Performance Ratings within the business unit.**

The longer it takes for the new leadership of Commercial Banking to take these essential steps, the more it can expect to be tainted by accusations of being complicit in the deception of staff over how their pay is being managed.

Key Pay Data Withheld

Commercial / Business Banking Top Management has failed to provide data requested by LTU that would show how salaries have been managed within Commercial / Business Banking over recent years.

These data could prove conclusively whose arguments are correct over how pay has been managed in Commercial / Business Banking: Top Management's or LTU's.

Therefore, it is perhaps hardly surprising that these data - many of which were first requested in the first half of April - have still not materialised.

Unless these data are provided very soon, LTU will be submitting an application to the Government's Central Arbitration Committee (CAC) to force the Bank to provide the data we are legitimately seeking.

STEVE TATLOW
Assistant General Secretary

COMING SOON ... LTU SURVEY ON STAFF EXPERIENCE & ATTITUDE CONCERNING PAY, BONUSES, BUSINESS/ COMMERCIAL INTEGRATION, UNPAID WORKING HOURS AND CONFIDENCE IN TOP MANAGEMENT