

More Evidence On Commercial Banking's £1.6M Pay Pot 'Rip Off'

Over the last two weeks, whilst Top Management in Commercial Banking has been guilty of spinning the facts over its management of pay (see inside), more information has emerged to show just how unfairly Commercial/Business Banking Staff have been treated.

At a meeting between LTU and the Bank's Central HR team last week, the Bank's Compensation and Benefits Department – the guardians of Bank-wide Pay Policy – told LTU that not only had each business unit been given a 3.8% Pay Pot to spend on salary increases, but that some areas had been allowed to pay more so long as they secured agreement from the highest levels of the Group; with the ultimate arbiter being Eric Daniels.

Against this background, LTU was surprised to discover that whilst David Postings has admitted that Commercial / Business Banking deliberately withheld 0.7% of its 2007 Pay Pot from staff, the Wholesale & International Banking Division had spent an overall Pay Pot of 4.1%. In other words, whilst Commercial Banking staff this year had their pay pegged back to a 3.1% increase, colleagues working elsewhere in the Division must have received pay increases that averaged around 4.3%.

Put another way, at the same time as Top Management in Commercial/Business Banking had been justifying cutting basic pay, Top Management in other parts of W&IB were successfully pressing the case for higher salaries for their own staff!!!

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Forced Ratings Distribution

Over recent days, details have begun emerging that management has started laying the groundwork to cut back pay increases for next year too!

As line managers prepare for mid-year performance reviews, we have received feedback from large numbers of members that:

- **Some Area Directors (presumably under pressure from above) are telling SBM's that they must have 20% of all their staff rated as Partially Met.**
- **All new to role BM's must automatically be rated as Partially Met as they do not have full targets.**
- **For staff who have transferred from Corporate to Commercial, twice as many staff must be rated Partially Met or Not Met than before the latest reorganisation.**

Spinning Out Of Control

In a recent Senior Business Managers teleconference, a number of inaccurate and misleading statements were made by Top Management in an effort to defend how the business unit has handled the management of pay over the last three years.

It is disappointing that Simon Featherstone (soon to be joint acting Managing Director) - with whom LTU has previously had no significant causes for disagreement - should have been so seriously misinformed about the facts.

Missing £1.6 Million Pay Pot

We understand that Mr Featherstone claimed to have no idea how LTU had come up with the figure of £1.6 million that we say has been withheld from pay increases over the last three years.

We have been told he suggested that the figure was closer to £600,000 and that the Union had multiplied the figure for effect.

However, the fact is that Commercial/Business Banking's own HR Team has itself confirmed as being accurate the figure of a £1.6 million shortfall!!! At no stage in our extensive correspondence, meetings and telephone conversations has the Bank ever refuted the figure.

Furthermore, to remind Mr Featherstone ... Mr Postings had stated explicitly in his now infamous interchange message of 9th March 2007 that average pay rises had been 3.1% over the last three years - against a background of Pay Pots of 3.5%, 4.0% and 3.8% over this period. By estimating average salaries, it doesn't take a mathematical genius to establish that £1.6 million - rather than £600,000 - is the accurate figure!!!

LTU Had Refused To Meet David Postings

Mr Featherstone also suggested that LTU had refused an offer to meet with David Postings to discuss our concerns. This is completely untrue.

Whilst it is correct to say that the idea was 'floated' by the HR team that LTU might meet Mr Postings if we did not issue our first Newsletter exposing how Top Management had been deceiving Commercial/

Business Banking staff over how pay had been managed, this so-called 'offer' quickly evaporated once the Newsletter had been published.

LTU has been - and continues to be - more than willing to meet anyone who might be willing to help resolve the issue of the handling of Commercial/Business Banking Pay.

Furthermore, LTU has never raised any objection concerning whom from the Bank attends our monthly Commercial Banking-LTU consultative meetings!

Amicus Not Bothered

Perhaps most preposterous of all is Mr Featherstone's suggestion that it was curious that LTU should be so vocal in our dissatisfaction with how Commercial/Business Banking staff have been treated, when Amicus has raised no such concerns.

After all, it should be a surprise to no-one that Amicus has been silent on the issue of Commercial/Business Banking Pay since:

- LTU represents over 87% of Commercial/Business Banking network staff - and a proportion of staff will be in neither union. This must mean that Amicus have very few members indeed working in the business unit. Therefore, it is hardly surprising it has nothing to say when it knows it has no influence.
- Amicus has, over recent years, acquired a track-record for not campaigning on behalf of staff; preferring instead to remain silent and thereby not jeopardise its cosy relationship with the Bank which subsidises its operations. It presumably believes its acquiescence alone justifies the Bank continuing to deal with an organisation that now represents well under 3,000 staff across the Bank.

Over recent years, Amicus has not only refused to oppose Bank policies - but also criticised LTU for challenging Top Management - on key issues such as Pensions, Offshoring and Pay Policy. So its silence on Commercial/Business Banking Pay should be a surprise to no-one!

Commercial/Business Banking's Top Management should focus on addressing the real issues rather than making futile attempts to divert staff away from the facts.

Another Dent In Management Integrity

Despite LTU's best efforts over recent years to build and maintain a constructive working relationship with Top Management in Commercial/Business Banking, we have been constantly let down by examples of the business unit misleading its staff.

Misleading & Duping Staff

Over recent years, Top Management within Commercial/Business Banking has had an unenviable track-record of making false promises to - and misleading - staff.

The most notable examples have included:

● **Band 3 Grade Promise Broken**

When Business Banking first introduced its 'New World' strategy in 1999/2000, a number of managers who were moved into lower graded roles were assured their grades would remain protected at current levels.

However, despite these 'guarantees', in 2005 Top Management decided that it would downgrade many of these staff. At the time LTU told senior management that it could not rely on being trusted over grading issues again.

● **Grade Drivers Secretly Withdrawn**

In April 2005, LTU discovered that Top Management in Business Banking had covertly withdrawn what were known as 'Grade Drivers'.

Grade Drivers had been an incentive for better performance because Business Managers were led to believe that by achieving significant franchise and earnings growth, they could increase their grades.

However, for a period of between 12 and 18 months, Business Managers had wrongly believed that by putting in long hours and expanding their portfolio they could achieve upgrades ... only to discover that Top Management had secretly scrapped the policy without telling either the Union or staff.

● **Pay Pot - Missing £1.6 Million**

The latest example is obviously the fact that, had it not been for an 'indiscrete' interchange message from the Managing Director, no one would have been any the wiser that over the last three years £1.6 million that was intended for staff pay increases had been diverted elsewhere.

Once again, this was a policy on which there had been neither consultation nor communication with staff. Little wonder that many staff feel they were deliberately duped!!!

And Now ... Commitment To Band 5 P4G Staff Dropped

In the latest example of Top Management's willingness to flagrantly disregard its obligations, Band 5 staff who were selected for the Planning For Growth (P4G) recruitment programme have been told that the business unit has abandoned its commitments to them.

In June 2006, around 30 individuals had been selected for this programme, on the very clear understanding that they had the potential and reasonable expectation to be promoted to Band 4 within 12 to 18 months, subject to performance. They underwent a rigorous selection process including OPG testing and grandparenting at Band 1 level. The importance of the role was also underlined by putting individuals on an elevated 'career-track' pay range and these staff were provided with essential user cars wherever needed.

Despite all the effort made by these staff to justify their upgrading (we would have expected around 75% to have succeeded in the programme) Top Management has said it has now changed its mind and will no longer be honouring its commitment to them.

This is the latest of a continuum of examples where the business unit has been acting contrary to Bank policy - or of agreements reached with staff - but considers it has the right to do so where changing circumstances make it commercially expeditious to do so. **What faith can staff have in Top Management where any apparent commitment is subject to the caveat "unless we change our minds"?**

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Date Set For ACAS Conciliation

With LTU and Top Management having so far failed to reach agreement over how to address the Union's concerns over Pay (Mis)Management within Commercial/Business Banking, both parties are due to meet at ACAS in an attempt to plot a way forward.

The meeting is being held at ACAS's London Offices on Friday 6th July.

LTU had, in fact, urged Top Management to allow ACAS to adopt the role of arbitrator - rather than merely a conciliator - at the meeting. Had the business unit agreed to this, it would have been up to the ACAS Officials to weigh up both parties' cases and make a firm recommendation on whose case was most justified and what a satisfactory outcome should look like.

However - in an indication of how little confidence Top Management has in the credibility of its own position - the business unit has insisted upon using ACAS only in its restricted capacity as conciliator.

This means that ACAS may only serve to help facilitate discussions rather than making any binding recommendations.

LTU has already warned Top Management that it is making a serious mistake if it stonewalls at ACAS and makes no genuine attempt to resolve the dispute between the Union and Bank over pay management within Commercial/Business Banking. If it does this then, rather than going away, the issue of management deception and lack of integrity can only intensify and broaden.

Business Unit Refusing To Release Pay Data

Despite repeated requests by LTU, Top Management at Commercial/Business Banking has refused to release pay data to LTU that would establish once

and for all how pay has been managed within the business unit over recent years.

If the business unit believed it was justified in the way it has handled the management of pay, it would have no reason to withhold the data from LTU.

In fact, the Bank centrally shared similar Bank-wide data with LTU just last week and our experience has been that where we do ask other individual business units to provide such data, they routinely do so.

So what has Top Management in Commercial/Business Banking got to hide if it has been acting truthfully? So far it has made a number of statements to the Union and staff that it has been acting properly without providing any information to substantiate that this has been the case. *Presumably it realises that if it did provide the data, it would prove all of LTU's contentions.*

LTU believes that we have a legitimate right to be provided with the data we have requested and we are pursuing our case for full disclosure at the government body, the Central Arbitration Committee (CAC). We are confident that the CAC will instruct the business unit to provide LTU with all the information we have requested.

Major Membership Support

There are few campaigns that LTU has previously embarked upon that have commanded such massive membership support.

Each day we receive more feedback from members congratulating LTU for taking up the issue of Pay Management within Commercial/Business Banking. We are urged to step up our campaign if ACAS's involvement doesn't provide a solution.

Members who would like to add their own feedback or experiences should email Steve.Tatlow@ltu.co.uk in confidence.

STEVE TATLOW
Assistant General Secretary

To join call 01234 262868... today!