



Pay... 2009

# Pay Decision Meetings 2009

## ... Managers' Guide

The 'pay decision form', which the Bank and LTU have produced jointly, will give staff the opportunity to sit down with their Line Managers to discuss their pay increases for 2009 and their target salary positions for the future.

It is inevitable that some staff will see the pay decision form has an opportunity to actively challenge Line Managers about their 2009 salary increases. Some staff will use it as an opportunity to gain a better understanding about how their pay is going to be managed over the next few years. Line Managers when plotting the current, target and final pay zone positions for each member of staff need to be ready for both discussions and the advice set out overleaf will help you prepare for those meetings. You should start by reading the attached Newsletter which has been sent to all staff and provides them with advice and guidance on how they should be approaching the pay decision meetings.

It is true to say that in the past some Line Managers have sought to hide behind the Pay Pots and not explain their decisions to staff in any detail or even talk about the future. Over the next few weeks Line Managers should be inviting staff to one-to-one meetings to discuss pay increases for 2009. This is a key meeting for your staff and it is important that you prepare for it properly. The key issue to remember is that pay increases are not just about performance ratings. It's much more than that. Just because a Mortgage Specialist has had a bad year doesn't reduce their market worth to the Bank.

That under-performance will be reflected in the bonus they receive but it should not be the only factor, at the exclusion of all others, which determines the salary increase they receive. If the pay process becomes simply mechanistic, Met rating equals 3%, Exceeded equals 5%, then even the Bank would agree that the system isn't working and needs to change.

Members with any questions on this Newsletter or the pay issue generally can contact the Union's Bedford Office on 01234 262868 or email [24hours@ltu.co.uk](mailto:24hours@ltu.co.uk).

**Mark V Brown**  
Assistant General Secretary

### Pay 2009 Timetable...

<b>January</b>	Line Managers submit pay recommendations, which go through an approval process to make sure they are fair and appropriate.
<b>Early February</b>	Line Managers receive LTU's Pay Decision Briefing Guide. Line Managers should complete the pay decision form.
<b>Middle of February</b>	Prepare for meeting with your staff. Gather evidence, identify issues/questions you want to raise. Contact LTU for advice before the meeting on 01234 262868 if you need to.
<b>From Late February</b>	Line Managers communicate pay decisions to employees in one-to-one meetings.
<b>March Pay Day</b>	Bonuses paid to eligible employees.
<b>April Pay Day</b>	Pay awards paid (awards effective from 1st April 2009).



# Preparing for the 'Pay Meeting'

For your staff this is a very important meeting so you will need to prepare for it properly. In preparation for the meeting you should:

1

Use the pay decision form which we have produced for LTU members. It is exactly the same as the one produced by the Bank.

2

Review the balanced scorecard for each member of your staff. The Bank has said that an individual's 'market worth' to the organisation is a combination of their skills, knowledge, competencies and capabilities. Simply telling a member of staff he/she got 'X' percentage pay rise because he/she received a 'Met' rating is not going to be enough. You will need to be able to demonstrate that you have looked at a range of factors when determining an individual's salary increase and target pay position.

3

When you made the awards on the Bank's pay tool what factors did you take into account at the time? It is worth recording those factors briefly for each member of staff. You can then refer to them in your one-to-one meetings. If any member of your staff is still in the Primary Zone then you will be asked to justify that. Look at the performance of the individual and their skills and knowledge. Have they progressed fast enough for you to move them into the Market Zone? Staff will talk with colleagues about pay increases and target salaries and you need to be prepared to address the issue of salary differentials in a way that is not going to demotivate individual members of staff.

4

The Salary Scales and Market Movements for all the roles in Lloyds TSB can be found on the Union's website... [www.ltu.co.uk/downloads/payzones.pdf](http://www.ltu.co.uk/downloads/payzones.pdf). We suggest that you complete the salary scale section

- Check that each member of staff is in the right zone
- Check their Balanced Scorecards
- Prepare brief notes for each meeting
- Have any relevant papers or documents to hand

on the top of the decision form for each member of staff before the meeting. There will be times when there is no Market Movement but that doesn't automatically mean that members of staff are not entitled to salary increases. You need to think about their target salary positions. If an individual's current salary is less than their target salary then a salary increase would be appropriate. If an individual's current salary is greater than their target salary then you will need to explain to them why a salary increase may not be appropriate. In this scenario you would be focusing on the fact that member of staff is probably being paid more than the market worth of the role and the Bank's need to focus limited resources on those staff being paid less than their market worth. Don't be afraid to say No.

5

Give your staff plenty of notice of the pay decision meetings. In order for staff to buy into the process it is important that you give them enough time to prepare for the meetings. Make sure the meetings take place at reasonable times. A meeting at 4.30pm on a Friday evening is going to send the wrong signal to the member of staff.



... Pay 2009

## The 'Pay Meeting' itself...

1

At the pay decision meeting hand the member of staff a copy of the decision form you have completed. Then start by setting the scene in terms of why the meeting is taking place and what you hope to cover. Put the member of staff at ease by saying that you will go through each stage of the process together and that they can have as much time as they need to understand your rationale.

2

Remember it is a meeting and should be a two-way communication. Encourage that adult-to-adult conversation. Don't shy away from difficult messages but explain them sensitively. There will be some circumstances where a meeting is impractical and in those small number of cases the meeting can take place over the phone. The expectation from the Bank is that meetings with staff will be face-to-face. Whatever you do, don't let the meeting turn into a one-way conversation.

3

Stage 2 of the pay decision process requires you to set a target salary for each member of staff. This is the one section of the form that staff will be focusing on because it will be the first time many of them will have been told their target salary positions. You will need to be able to explain why you have placed them at a particular level. In your discussions focus on their skills, knowledge and competencies and tell them that the middle of the Market Zone, the market mid-point, is the rate for the job and that should be their target salary. There will be those members of staff who you think have the ability to produce exceptional performance and develop quickly in their current role. In those circumstances you may feel it is appropriate to position their target salary in the Market Plus Zone. You must be able to justify your decisions objectively.

4

The next stage of the process is to explain to the member of staff their salary increase for 2009. In most cases the likelihood is that the member of staff is not going to get to their target salary position in one go, and you must explain that is because there isn't enough money in the Pay Pot to do that for all staff. Inevitably staff are going to ask you how long it will take them to get to their target pay position. That is a question you are not going to be able to answer because it depends on the size of future Pay Pots and Market Movement increases neither of which you can predict. We would advise you to tell staff that your aim is to get them there as quickly as the Pay Pots will allow. However, if you feel that you have a strong case you should be aware that there is an extra 1% in the Pay Pot this year and if, following your meeting with the member of staff, you feel that you want to increase their salary now rather than waiting for next year then you need to speak to your Local HR representative who will explain the process for doing that. The extra money must be spent and there is no reason why you can't use it for your staff. If you are told the money is gone contact the Union and we'll raise it with HR centrally.

5

You must keep brief notes of what you say at the meeting. This could be important if the member of staff decides to use the Grievance Procedure or when you discuss pay again next year. However, remember that both your notes and those of the member of staff should remain confidential.

### In General...

- Set the scene for the meeting
- Explain difficult decisions sensitively
- If you need extra money from the Pay Pot go back to your HR Representative