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All Members Newsletter

# One Bank - Two Bonus Pots

Not surprisingly given the role that Governments have played in securing the financial system from collapse, the payment of bonuses is still a political hot potato on both sides of the Atlantic. Yesterday Eric Daniels, and the Chief Executives from Northern Rock and RBS, faced their annual grilling from the Treasury Select Committee on remuneration policies, lending to small businesses and consumers.

Following Mr Daniels' appearance at the Select Committee, the Bank has published details of how bonuses will be awarded in the Lloyds Banking Group for heritage Lloyds TSB and HBOS staff for 2009. The Bank has said that heritage bonus policies would apply despite the fact that for all of 2009 both heritage populations were, to use the Bank's phrase, "One Bank". **The actual size of the bonus pots has yet to be decided by the Bank and signed off by UKFI but there will be a significant difference between the on target earnings for the two heritage groups and that will inevitably fuel the anger amongst many LTSB staff about the way in which the merger has been handled particularly from an employment policy perspective. To say that it has lacked any kind of finesse or balance would be an understatement.** The guidance matrices for the distribution of the two pots, which assumes that staff are entitled to on target awards, are set out below:

LTSB Guidance Grid

Band	Not Met	Part Met	Met	Exceeds	Outstanding	On Target
2	0%	0-8%	16-22%	22-30%	36-40%	25%
3	0%	0-6%	12-16%	16-22%	27-30%	15%
4 to 8	0%	0-1%	2-2.75%	2.75-3.75%	4.5-5%	2.5%

HBOS Guidance Grid

Level	Not Met	Part Met	Met	Exceeds	Outstanding	On Target
6	0%	0-10%	20-27%	27-37%	45-50%	25%
5	0%	0-7%	14-19%	19-26%	30-35%	17.5%
4 to 1	0%	0-4%	8-11%	11-15%	18-20%	10%

Everyone would agree that HBOS staff are fully entitled to their bonus awards. However, what heritage Lloyds TSB staff will find hard to stomach is the fact that the Bank has done nothing to try and bridge the gap between the two systems for 2009. Is it fair that a member of staff receiving a 'Part Met' rating in HBOS could get the same payment as a member of staff rated 'Exceeded' in Lloyds TSB even though they both work in the same Division? **If the Bank wanted to it could quite easily increase the size of the bonus pot for heritage Lloyds TSB staff to ensure that all staff regardless of heritage were entitled to at least the same on target awards.**

Members with any questions can contact the Union on 01234 262868 or email me at Mark.

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To join call 01234 262868... today!