

1st February 2010

All Members Newsletter

Staff who find themselves in Cluster 1 will see their salaries being managed to below the national market. To find their new salary scales staff first need to find their cluster and LTU's Advice Team can help with that on 01234 262868. Once you have found your cluster then you need to look at the salary scale on the centre pages of this Newsletter to find the scale that applies to you.

Following the move to clusters and the

Cluster	Market
5	National Data + 20%
4	National Data + 10%
3	National Data + 5%
2	National Data
1	National Data - 5%

introduction of harmonised salary scales there will be a significant number of Lloyds TSB and HBoS staff who will be positioned below the new minimum salary levels for their Bands. Those staff will receive increases, inclusive of their 2010 pay increases, to take them to the minimum of the new scales. That is unacceptable. Staff should receive the increase to take them to the new minimum salary levels and then should receive a pay increase based on their performance. Under the Bank proposals a member of staff who has produced an 'outstanding' performance for 2009 will get the same increase as a member of staff who receives a 'met' rating. That is not fair.

Pay Bands F+G

The Bank is proposing to remove the 'upper' and 'lower' levels at Bands G and F (2+3) with pay being managed by Line Management with the guidance of HR on market positions for the different functional markets.

As many Managers have already highlighted the problem with this approach is that those towards the top of the 'upper' levels will see their pay managed progressively downwards over the next few years.

Pay Stagnation For HBoS Staff

The Bank has made it clear that the approach adopted for distributing pay this year will not be used next year. We know that some 45% of HBoS staff in the new Bands A-C, which equates to some 18,277 staff, have a salary that puts them in the 'Market' plus zone or above the maximum salary level for their Band. The vast majority of those individuals will be average performers and from next year they are likely to receive little or no salary increases for the next few years. A member of staff who is say 119% of their market rate would expect, unless they are consistently rated 'Outstanding', their salary to be managed towards the market rate for the job, which over time would equate to a real cut in salary of some 14% depending on the movements in market rates. The repositioning of salaries will apply to all Bands regardless of heritage.

Mark V Brown
Assistant General Secretary

Pay 2010 & New Salary Scales

The final piece of the terms and conditions jigsaw has been announced today with the publication of the new salary scales (set out overleaf) for staff in Bands A-F. The distribution of the pay pot is also being announced today.

Pay 2010

Members will be aware that LTU agreed a 3 year pay deal with the Bank. That deal consisted of a pay pot based on market movement plus 1%. This year that formula will produce a total pay pot of 2%. For this year the pot will be distributed on the basis of performance ratings as follows:

Rating	Increase
Not Met	0%
Part Met	0.5%
Met	1.5%
Exceeded	2.5%
Outstanding	3.5%

In previous years, pay awards have been based on a combination of individual performance, measured through ratings, and position against the market rate. The idea being that those staff below the market rate get a bigger share of the pot to enable them to move towards the market rate for their role quickly. Those above the market rate get a smaller share of the pot and their salaries, unless they are consistently rated 'Exceeded' or 'Outstanding', are managed back down to the market rate. The Bank has abandoned this approach for this year because of system issues.

As part of our pay agreement, the Bank said that staff would get from the 'Primary' zone to the 'Market' zone in two pay rounds. That

is also not going to happen this year and in fact some staff, particularly those in Band 8 with a 'met' rating, could find themselves actually dropping from the 'Market' to the 'Primary' zone. That position is unacceptable. The Bank has driven a coach and horses through our pay deal and what this episode confirms is that it cannot be trusted to honour an agreement.

One of the consequences of adopting salary increases based purely on rating is that those staff in LTSB who have previously received no salary increases because they are paid above the market rate for the job will get an increase for the first time in many years. The number of staff who will get no increase this year will drop from 12% to 2% for those in LTSB and 7% to 2.8% for those in HBoS.

New Salary Scales

The mechanics of the Lloyds Banking Group pay system will remain very similar to the zonal pay system that currently operates in Lloyds TSB. The salaries for staff in Bands A-C (8-6) will be managed against local market data based on the location of the branch/office where they work. Bands in D-G (5-2) will be managed against functional markets and some specialist function, such as Actuaries, Finance, legal, tax and Underwriting, will have their own separate pay ranges which will be communicated locally by HR.

Branch/office locations will be grouped into 5 clusters, which will operate very similar to local markets (see Table on the back page). Each heritage location in Lloyds TSB and HBoS will be readacross into one of the clusters and that will determine how staff pay will be managed over the next few years. Cluster 2 is the national rate.

		Cluster 1			Cluster 2			Cluster 3			Cluster 4			Cluster 5		
Band A	Minimum	£12,861			£13,541			£14,216			£15,570			£17,604		
	Primary	£12,861		£13,575	£13,541		£14,292	£14,216		£15,004	£15,570		£16,434	£17,604		£18,581
	Market Zone	£13,576	£14,290	£15,005	£14,293	£15,045	£15,797	£15,005	£15,795	£16,585	£16,435	£17,300	£18,165	£18,582	£19,560	£20,538
	Market Plus	£15,006		£17,148	£15,798		£18,054	£16,586		£18,954	£18,166		£20,760	£20,539		£23,472
	Maximum	£17,148			£18,054			£18,954			£20,760			£23,472		

Band B	Minimum	£15,503			£16,317			£17,136			£18,356			£20,399		
	Primary	£15,503		£16,363	£16,317		£17,223	£17,136		£18,087	£18,356		£19,374	£20,399		£21,531
	Market Zone	£16,364	£17,225	£18,086	£17,224	£18,130	£19,037	£18,088	£19,040	£19,992	£19,375	£20,395	£21,415	£21,532	£22,665	£23,798
	Market Plus	£18,087		£20,670	£19,038		£21,756	£19,993		£22,848	£21,416		£24,474	£23,799		£27,198
	Maximum	£20,670			£21,756			£22,848			£24,474			£27,198		

Band C	Minimum	£18,896			£19,895			£20,885			£21,875			£23,864		
	Primary	£18,896		£19,944	£19,895		£20,999	£20,885		£22,044	£21,875		£23,089	£23,864		£25,188
	Market Zone	£19,945	£20,995	£22,045	£21,000	£22,105	£23,210	£22,045	£23,205	£24,365	£23,090	£24,305	£25,520	£25,189	£26,515	£27,841
	Market Plus	£22,046		£25,194	£23,211		£26,526	£24,366		£27,846	£25,521		£29,166	£27,842		£31,818
	Maximum	£25,194			£26,526			£27,846			£29,166			£31,818		

Financial Services - Outer London

LBG 2010 Market Rates		Primary		Market		Market Plus	
LBG Grade	Mid-point	Min	Max	Min	Max	Min	Max
G	£86,445	£60,512	-	-	-	-	£129,668
F	£61,071	£42,750	-	-	-	-	£91,607
E Upper	£45,623	£38,779	£43,340	£43,341	£47,904	£47,905	£54,747
E Lower	£38,404	£32,643	£36,483	£36,484	£40,324	£40,325	£46,085
D Upper	£33,400	£28,390	£31,729	£31,730	£35,070	£35,071	£40,080
D Lower	£28,623	£24,329	£27,190	£27,191	£30,054	£30,055	£34,347

Financial Services - Central London

LBG 2010 Market Rates		Primary		Market		Market Plus	
LBG Grade	Mid-point	Min	Max	Min	Max	Min	Max
G	£90,642	£63,450	-	-	-	-	£135,963
F	£64,595	£45,217	-	-	-	-	£96,893
E Upper	£47,795	£40,626	£45,404	£45,405	£50,185	£50,186	£57,354
E Lower	£40,233	£34,198	£38,220	£38,221	£42,244	£42,245	£48,279
D Upper	£34,961	£29,717	£33,212	£33,213	£36,709	£36,710	£41,953
D Lower	£29,960	£25,466	£28,461	£28,462	£31,458	£31,459	£35,952

Financial Services - National

LBG 2010 Market Rates		Primary		Market		Market Plus	
LBG Grade	Mid-point	Min	Max	Min	Max	Min	Max
G	£83,928	£58,750	-	-	-	-	£125,892
F	£58,723	£41,106	-	-	-	-	£88,085
E Upper	£43,450	£36,933	£41,277	£41,278	£45,623	£45,624	£52,140
E Lower	£36,575	£31,089	£34,745	£34,746	£38,404	£38,405	£43,890
D Upper	£31,215	£26,533	£29,653	£29,654	£32,776	£32,777	£37,458
D Lower	£26,750	£22,738	£25,412	£25,413	£28,088	£28,089	£32,100