

Bank Plans To Slash Pay Rates For Collections & Recoveries Staff

Many staff face indefinite pay freezes or sub-inflation pay increases, whilst others face long-term cuts to their pay potential

The Bank has announced plans to scrap Effective Levels arrangements operating within Collections & Recoveries (C&R), as it attempts to drive down pay levels in Hove to nearer those of HBOS staff working for the business unit in Rosyth and Chester.

Key features of the Bank's proposals are:

- **The current Effective Levels arrangements for existing staff would be scrapped with effect from 1st January 2011.**
- **All C&R staff would then have their pay managed in accordance with the Group Pay Scheme.** They would typically only receive pay increases if their pay is at or below the Market Rate for their Grade, with the exception of those staff whose performance is consistently rated as Exceeded or Outstanding (and even some of these staff might suffer pay freezes).
- **As a direct result of this harmonisation, Real Pay will decrease for many staff.** This is because many are paid salaries that the Bank now thinks are higher than they should be (i.e. typically above the Market Rate for their grade). Many staff could therefore expect year-on-year pay freezes or sub-inflation increases, progressively driving down the real value of their pay.
- **Whilst there would be a mechanism for staff to progress from Band A to Band B after typically working 15 months for C&R, the Bank refused to provide the guarantees that LTU was seeking on how it would operate.** In particular, the Bank refused to agree to negotiate

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Bank Proposals Explained Pay Freezes & Cuts In Real Pay Incentive Scheme 'Limps On'

on all changes to targets or other changes that might affect the ability of staff to meet their thresholds.

- **There would be a 15% increase in Incentive Scheme payments.** However, this would come nowhere near to compensating staff for the downward pressure on their salaries.
- **The Bank rejected LTU's proposal that there should be a 'root and branch' review of existing incentive and performance arrangements within Collections & Recoveries before introducing these new arrangements and extending them to HBOS.**

Although over several months of negotiations, LTU went to considerable lengths to attempt to reach agreement on more acceptable arrangements, this was not possible. With so many C&R Staff due to lose out considerably, LTU has therefore been left with no option but to reject the Bank's proposals and trigger the Formal Disputes Procedure. This could lead to the involvement of ACAS and eventually even a ballot if our concerns cannot be satisfactorily resolved.

Impact of Bank's Proposals

Whilst over recent years the Effective Levels arrangements operating in Collections & Recoveries have been far from popular - *in large part because of the shortcoming of the performance management arrangements that will remain for determining bonus payments and progression between grades* - at least it created opportunities for staff to receive meaningful pay increases.

Under the Bank's new proposals the amount staff could eventually earn would be significantly reduced, with many staff receiving little or no pay increase at all.

We examine the impact of the Bank's proposals on the Basic Pay of staff at each Effective Level below:

New & 'Developing Level' Staff

- Guaranteed minimum salary of the Midpoint for Grade A (Band 8), which is currently £15,795 (compared to £15,575 now - a £220 increase).
- Pay progression would be slowed down, so that staff would typically have to wait at least 15 months in the role and meet the Bank's progression criteria before being promoted to Grade B (Band 7).
- Upon eventual promotion to Grade B, the amount staff would be guaranteed to be paid (the scale minimum) would fall by £170, from £17,306 for reaching Foundation Level to £17,136 in future.

'Foundation Level' Staff

- No automatic readacross to Grade B. Instead, staff would remain in Grade A (Band 8) until they have worked for Collections & Recoveries for at least 15 months and met the Bank's criteria for progression to Grade B - which would by no means be certain. Whilst remaining in Grade A, these staff would be paid well above what the Bank considers to be the Market Rate and, accordingly, could expect downward pressure on their pay by receiving little or no pay increase at all in the April Pay Review.

- The minimum staff can be paid would fall from £17,306 now to £17,136 under the new arrangements, even if they fulfilled the progression criteria for promotion to Grade B.

pay freezes or sub-inflation increases unless staff repeatedly achieve Exceed or Outstanding performance ratings.

'Expert Level' Staff

- Biggest victims of all from these arrangements, despite having the experience that is counted

upon by the Bank to provide the backbone to Collections & Recoveries.

- With current salaries set at £22,300, these staff are paid close to the scale maximum for Grade B and so in only but the most exceptional of circumstances, they could expect to suffer from pay freezes - or sub inflation increases if they are lucky - for possibly many years to come.

Key Features of The Bank's C&R Proposals

- Effective Levels would be scrapped for all staff at Hove with effect from 1st January 2011, with staff moved on to the Group Pay Scheme. This would mean that individual pay increases for all C&R Staff (across both LTSB and HBOS sites) would be determined by reference to the size of the Annual Pay Pot, position in the Salary Scale and Performance Rating.**
- Adoption of just two Grades within Collections & Recoveries. This would effectively consist of:**
 - a new 'Foundation Grade' (Grade A) that staff would spend at least their first 15 months in their role, at which point if they met the progression criteria they would automatically be moved to;**
 - a new 'Effective Grade' (Grade B), beyond which there would be no further routes to automatic progression.**

'Foundation' and 'Effective' grades are not terms the Bank will use, but seem to be accurate descriptions of these roles.
- When starting in Collections & Recoveries, staff would have their salary commence at the Midpoint of Grade A (currently £15,795), with little prospect of it progressing beyond this level until they fulfilled the criteria for progression to Grade B. The Bank has said that there would be no quota restricting the number of staff reaching Grade B; though neither has it given an assurance that the majority of staff would meet the criteria for progression.**
- Those staff who successfully met the criteria for progressing to Grade B, would have no guarantee of a pay increase beyond the minimum for that Grade (currently £17,136). Once staff had progressed to Grade B, it might take several years (if ever) for their salaries to reach the Midpoint for Grade B (currently £19,040) and only those whose performance was repeatedly rated as Exceeded or Outstanding would have any prospect of having their pay increased beyond the Market Rate.**
- Collections & Recoveries Staff currently paid above the Grade B Midpoint - that is all those at Competent or Expert Level - would face the very real prospect of pay freezes and, at best, sub-inflation pay increases for possibly years on end, unless they are amongst the select few staff who consistently get Exceeded or Outstanding performance ratings over successive years.**
- Collections & Recoveries' Incentive Scheme would continue, with the amount staff can earn being increased by 15%. The Scheme would also be extended to HBOS to replace the 'High Rollers' scheme operating at Rosyth and Chester.**

'Competent Level' Staff

- Downward pressure on pay, since - at a current salary of £19,821 - these staff are already £781 (or 4%) more than what the Bank says would be the rate for the job. Very high likelihood of

GROUP SALARY SCALES		
	Grade A (B8)	Grade B (B7)
Minimum	£14,216	£17,136
Mid Point	£15,795	£19,040
Maximum	£18,954	£22,848

Promotion Criteria

The Bank has said that for staff to be 'automatically' promoted from Grade A (Band 8) to Grade B (Band 7), C&R Staff would have to meet the following criteria:

- **Worked for C&R for a minimum of 15 months duration.** LTU sees no reason why there should be such a delay where staff are already meeting the performance thresholds for or where they are already at 'Foundation' Level.
- **Not be subject to formal Disciplinary Proceedings nor a formal Performance Improvement Plan.**
- **Achieved 'Met' or better performance ratings.**
- **Met the performance thresholds for promotion.**

It is the 'performance threshold' requirement that concerns LTU most, since there are no guarantees that these would be managed any more satisfactorily than for the Effective Levels arrangements. Changes to performance thresholds could make it difficult if not highly unlikely that staff could be promoted.

The Bank has refused to provide LTU with the guarantees that the Union was seeking that there would be no changes to the performance thresholds or promotion criteria without first negotiating these fully with LTU.

Furthermore, whilst the Bank has said there will be no quotas on the number of staff who can progress to Grade B, there may be areas where this would be more difficult.