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10TH NOVEMBER 2010

ALL HBOS MEMBERS IN DIRECT CHANNELS (C2)

LTU's Campaign For A Fair Deal For All Telephony Advisers

LTU believes that no effective trade union could recommend to HBOS Advisers acceptance of Direct Channels' new Salary Structure.

Unacceptable For HBOS Advisers

For LTSB Advisers the changes have only a minimal immediate impact. LTU has successfully retained automatic pay increases of around £1,500 for existing Advisers once they are judged to be fully competent and LTSB Grade C Senior Banking Advisers remain unaffected by these changes.

But for HBOS Advisers, the picture is very different. This is because many HBOS Advisers - including those HBOS Grade 1.4 (LBG Grade B) Advisers who are being downgraded - are either paid in the Market Plus Zone of the new Salary Scales or above the Scale Maximum and so, in the eyes of the Bank, are significantly overpaid.

Therefore, many HBOS Advisers face the prospect of either Pay Freezes or, at best, below inflation pay increases over some considerable time as their pay levels are progressively managed down.

Recommending agreement of the new Salary Structure for HBOS Advisers would only be merited if the Bank were to provide robust Salary Protection - guaranteeing that Advisers receive inflation-proof pay rises. This is something that Direct Channels says it cannot do!

Campaigning For A Fair Deal For Telephony Advisers

Direct Channels Senior Management has accepted that negotiations will be continuing between itself and LTU, during which LTU will be pressing for significant improvements on behalf of all Telephony Advisers.

And of course, now that the contracts of HBOS Staff are no different from those LTSB Staff who chose to accept the Bank's new Contracts of Employment, LTU's negotiations will apply equally to all these Advisers irrespective of who they were originally employed by.

During these further negotiations, LTU will be pressing for:

- **Increases of at least £1,000 in each of the three Adviser Salary Scales.**

This would allow the salaries of Advisers to progress more quickly through the Salary Scales than they would otherwise do under Direct Channels' new arrangements.

Furthermore, increasing the Salary Scales would mean that the salaries of Advisers currently paid above the Scale Maximum would more likely fall into the Market Plus Zone; those in the Market Plus Zone into the Market Zone; and those above the Market Rate to below the Market Rate - thereby substantially increasing the chances of Advisers receiving substantive pay increases each April, rather than facing indefinite pay freezes.

- **Guarantees from the Bank that there will be no disconnect between its published On Target Bonus levels for Advisers and the level of average bonuses actually paid to Advisers.**
- **That all Advisers - and especially the hundreds of HBOS Grade 1.4 Advisers being downgraded (following the Bank's discussions with Accord and Unite) to new LBG Grade A - receive Grade and Pay Protection.**

LTU has insisted that all Telephony Advisers paid in or above the Market Plus Zone - including those paid above the new Pay Scale Maximums - should automatically receive pay increases at least equivalent to the increase in Salary Scales for a period of three years; so long as they manage to achieve a Good or better performance rating.

- **Assurances that when the Bank harmonises Unsocial Hours Payments, HBOS Advisers currently in receipt of these do not suffer further large reductions in their income.**

Over the coming weeks, LTU will be exploring further these issues in a series of indepth Newsletters.

STEVE TATLOW
Assistant General Secretary

Many HBOS Advisers Condemned To Indefinite Pay Freezes & Downgradings

Many HBOS Advisers Facing Indefinite Pay Freezes Or Below Inflation Pay Rises

Downgraded HBOS Grade 1.4 Advisers Particularly Badly Hit

LTU Campaign For Increases In Salary Scales, Grading & Salary Protection And Guarantees On Bonus Payments

Direct Channels has announced plans to move all LTSB and HBOS Advisers onto a single, harmonised Grading and Salary Structure with effect from 1st December 2010.

Whereas for LTSB Advisers the Bank insists this will involve little significant change to the way salaries are currently managed, for many HBOS Advisers it will result in considerable downward pressure on existing pay levels; with many HBOS Advisers facing the prospect of many years of pay freezes or, at best, sub-inflation pay increases.

This is why we would not agree to the new Salary Structure for HBOS Advisers without substantial improvements to safeguard the future pay of staff.

Key Issues For HBOS Advisers

Direct Channels' new Salary Structure raises important issues and concerns for HBOS Advisers that would make it irresponsible for any independent, effective trade union to recommend its acceptance for HBOS Staff:

- **Pay would be managed very differently from now for HBOS Advisers. As we explain inside, many HBOS Advisers - and especially those being downgraded from HBOS Grade 1.4 - face the prospect of, over a number of years, suffering either Pay Freezes or, at best, receiving only nominal pay rises that are well below the rate of inflation. In other words, their Real Pay will be progressively managed downwards.**

- **The Bank has so far refused to discuss its future intentions concerning Unsocial Hours Payments, preferring to delay harmonisation of these arrangements until next year.** Since these payments are substantially higher in HBOS than in LTSB, there is a real danger that HBOS Advisers could face further significant cuts to their incomes next year.

- **Direct Channels has also said that it cannot consider until early next year any proposals for robust Salary Protection for HBOS Advisers who would be paid above the new Scale Maximums.**

Given these concerns, it would be wrong to recommend to HBOS Advisers agreement of these arrangements without first securing proper, effective Salary Guarantees and Protection.

Further Negotiations For LTU

LTU is insisting that there should be significant increases in the Adviser Salary Scales and guarantees on progression through the Salary Scales to protect Advisers - and especially those in HBOS - from downward pressure on their salaries. Furthermore, during our further negotiations with the Bank, LTU will be pressing for guarantees over future levels of Bonuses, Salary Protection for Staff and on Unsocial Hours Allowances.

Once more, it appears that LTU will be the only union genuinely campaigning for a fair deal for HBOS Staff.

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