

5th January 2011

Offshore Banking

No Agreement On OB Pay 2011

Following a period of negotiations LTU and Offshore Banking have failed to reach agreement on how pay will be managed in 2011. Further negotiations are set to continue over the next few weeks.

Offshore Banking proposals are as follows:

- A pay pot of just 2.5%.
- A pay matrix for all staff in grades A-E which will provide a range of increases depending on performance rating and position in scale. There is no specific matrix for staff in grades F and G but increases will be made from a 2.5% pot.
- The pay scales will not be increased.

The impact of the Bank's proposals on staff are:

- The abandonment of the commitment to move staff from the 'Primary' to the

'Market' Zones in 2 or 3 years depending on grade. Removing unilaterally the pay progression guarantees means that staff will take significantly longer to be paid the market rate for the job. We calculate that it will now take staff in grades A-C 12 years to just get into the 'Market' Zone and 22 years to be paid the rate for the job. That is a step back in time and completely unacceptable. No Union could accept that.

- LTU has had concerns for a long time that the Bank's pay system is discriminatory and in breach of Equal Pay legislation. It is our contention that the proposed matrix will make any equal pay problems worse rather than better.
- Unlike the current Chief Executive, tens of thousands of staff are going to have their pay increase subject to the 2% pensions cap.

OFFSHORE BANKING PROPOSED PAY MATRIX					
	Top Performer	Strong Performer	Good Performer	Developing Performer	Under Performer
Below Minimum & Primary	6.5%	4%	3%	1.5%	0%
	4.5% - 8%	2.5% - 5.5%	1.5% - 4.5%	1% - 2%	0%
Market	4.5%	3.5%	2.5%	1%	0%
	3% - 6%	2% - 5%	1.5% - 3.5%	0.5% - 1.5%	0%
Market Plus	3.5%	2.5%	1%	0%	0%
	2% - 5%	1.5% - 3.5%	0.5% - 1.5%	0%	0%
Over Maximum	0%	0%	0%	0%	0%
	0%	0%	0%	0%	0%

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Rate For The Job In 34 Years?

All staff regardless of heritage have a right to know how long it should take them to become fully experienced and effective and accordingly be paid the proper 'rate for the job'. The rate for the job is the mid-point of the 'Market' Zone because that represents the average salaries paid by other companies for similar roles. In the past, Bank policy determined that it should take between 2-3 years to move from the Primary to the 'Market' Zone depending on grade. What that means is that you should get from 90% (grades A-C), the entry point of the 'Primary' zone, to 95%, the entry point of the 'Market' Zone, in either 2 or 3 years. The Bank has now abandoned that policy, which was originally signed off by Eric Daniels, and it will now take on average between 12 and 23 years to move to the Market Zone depending on your grade. That is simply unacceptable for an organisation as profitable as the Lloyds Banking Group. The new Chief Executive is being paid the going rate for the job and ordinary staff have a right to expect the same treatment.

A member of staff joining the Bank at the minimum of grade A, grade B or grade C, incorporating the average pay increase of 2.5% and assuming a scale increase of 2%, would now take 12 years to reach just the minimum entry point of the 'Market' Zone. There are thousands of heritage LTSB staff who would have expected to receive increases this year to get them into the 'Market' Zone and the reality is that for many of those individuals they are going to stay in the 'Primary' Zone for a considerable period of time.

Blackmail - Part 2

Everyone knew it was coming it was just a question of when. In a humiliating admission of failure the Bank's HR Leadership Team are going to try once again to blackmail staff into signing the new contracts of employment by offering them the opportunity of salary increases. The fact that staff will have taken the threat of no salary increases into account when making their original decision doesn't seem to have registered with the Bank's HR Leadership team. Moreover, let us not forget that when the new contracts were being introduced the Bank said that the deadline would not be extended under any circumstances. It seems that when they were making such a threat the Bank didn't expect that tens of thousands of staff would tell them to collectively get lost.

We know that since it admitted that only one-third of staff have actively signed the new contracts the Bank has been trying every trick in the book to get staff to sign up to the new contracts of employment. **Nothing has changed and staff should resist any further attempts to blackmail them into submission.**

Pay Discrimination In Lloyds Banking Group?

LTU has been concerned for a long time that the Bank's remuneration practices are discriminatory and that it is in breach of equal pay legislation, both in terms of basic pay and the payment of bonuses. **We believe the decision by the HR Leadership Team to try and blackmail/bribe staff into signing new contracts of employment by threatening to withhold pay increases and not moving staff to the minimum of the new salary scales, is in itself discriminatory.**

LTU will be writing to all members shortly asking them to complete confidential questionnaires to enable us to proceed in the next stages of our campaign to protect salaries, regardless of contractual status.

Pensions Cap

Any salary increase awarded to the outgoing Chief Executive in December will be fully pensionable whereas for everyone else salary increases will be subject to the 2% pensions cap. So any member of staff who receives a salary increase of more than 2%, which will be tens of thousands of staff across both heritages, will have their pensionable pay capped. Over time staff will see their pensionable salary wither on the vine compared to their basic salary.

- In April those staff who signed the new contracts of employment will be asked to sign letters accepting that their salary increases will be subject to the cap. LTU will provide appropriate advice about what to do nearer the time. In the meantime members with any questions on this Newsletter or on pay generally can contact the Union's Bedford Office on 01234 262868 or email us at 24hours@ltu.co.uk.

Mark V Brown
General Secretary

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Jersey

Jersey							
LBG 2010 Market Rates		Primary Zone		Market Zone		Market Plus Zone	
Grade	Mid-Point	From	To	From	To	From	To
A	£23,604	£21,244	£22,423	£22,424	£24,784	£24,785	£28,325
B	£26,341	£23,707	£25,023	£25,024	£27,658	£27,659	£31,609
C	£31,688	£28,519	£30,103	£30,104	£33,272	£33,273	£38,026
D Lower	£37,399	£31,789	£35,528	£35,529	£39,269	£39,270	£44,879
D Upper	£41,723	£35,465	£39,636	£39,637	£43,809	£43,810	£50,068
E Lower	£47,318	£40,220	£44,951	£44,952	£49,684	£49,685	£56,782
E Upper	£58,501	£49,726	£55,575	£55,576	£61,426	£61,427	£70,201
F	£72,522	£50,765	-	-	-	-	£108,783
G	£98,999	£69,299	-	-	-	-	£148,499

Guernsey

Guernsey							
LBG 2010 Market Rates		Primary Zone		Market Zone		Market Plus Zone	
Grade	Mid-Point	From	To	From	To	From	To
A	£21,899	£19,709	£20,803	£20,804	£22,994	£22,995	£26,279
B	£25,523	£22,971	£24,246	£24,247	£26,799	£26,800	£30,628
C	£30,270	£25,730	£28,756	£28,757	£31,784	£31,785	£36,324
D Upper	£39,940	£33,949	£37,942	£37,943	£41,937	£41,938	£47,928
E Lower	£45,635	£38,790	£43,352	£43,353	£47,917	£47,918	£54,762
E Upper	£55,187	£46,909	£52,427	£52,428	£57,946	£57,947	£66,224
F	£71,050	£49,735	-	-	-	-	£106,575
G	£99,671	£69,770	-	-	-	-	£149,507

Isle Of Man

Isle Of Man							
LBG 2010 Market Rates		Primary Zone		Market Zone		Market Plus Zone	
Grade	Mid-Point	From	To	From	To	From	To
A	£17,775	£15,998	£16,885	£16,886	£18,664	£18,665	£21,330
B	£20,492	£18,443	£19,446	£19,467	£21,517	£21,518	£24,590
C	£24,884	£22,396	£23,639	£23,640	£26,128	£26,129	£29,861
D Lower	£29,253	£24,865	£27,789	£27,790	£30,716	£30,717	£35,104
D Upper	£34,182	£29,055	£32,472	£32,473	£35,891	£35,892	£41,018
E Lower	£37,356	£31,753	£35,487	£35,488	£39,224	£39,225	£44,827
E Upper	£50,478	£40,382	£47,953	£47,954	£53,002	£53,003	£60,574
F	£58,502	£46,802	-	-	-	-	£87,753
G	£87,125	£60,988	-	-	-	-	£130,688