Lloyds Trade Union
NEWS

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11th January 2018 **ALL MEMBERS NEWSLETTER**

PAY STAGNATION FOR 81% OF STAFF

The 2018 pay pot is 2.5% compared to the current inflation rate of 3.9%. On the Bank's own figures, that means up to 81% of staff are going to get pay increases less than the current rate of inflation. Pay stagnation for the vast majority of staff is set to continue for another year under the latest pay agreement reached with the Bank's two favourite Unions - Accord and Unite.

Last year Accord - said "Any upturn in inflation will be picked up in the 2018 pay review". Inflation went from 3.5% in April 2017 to 3.9% in November 2017 and Accord has agreed an increase of 0.5% in the Bank's 2018 pay budget. So to take into account one of the longest periods of pay stagnation in living memory, the Bank is offering an extra 0.5% in its pay budget. Does that seem fair to staff when you take into account that profits have increased significantly and staff productivity per employee is at an all time high?

The Group's pay proposals are as follows:

- **A pay pot of 2.5%, although the Bank has said that it will spend extra money to enable staff to get a minimum pay increase of £600.**
- **Fixed pay matrices for staff in grades A-C, D and E, F and G. These matrices, which are set out overleaf, will provide for a range of salary increases depending on position in scales and performance ratings. However, what the matrices show is that for most staff the increases for 2018 are going to be less than inflation which is currently at 3.9%**
- **Staff who are above the maximum of their pay scales will receive nothing from the Accord and Unite deal.**
- **Staff with a 'Developing' rating will get increases of up to 0.75% depending on position in scale.**
- **A 3% market movement will be applied to the salary scales for staff in grade A.**
- **A 2% market movement will be applied to the salary scales for staff in grades B to G.**

But let's look at the Bank's proposals in more detail:

Staff in grades A to C in the 'Market' Zone will get an increase of 3.5%, compared to inflation of 3.9%. Those staff in grade A with a 'Good' performance rating, who are lower in their pay

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range, will progress at a snail's pace towards the mid-point once you take into account the market movement increase of 3%. In fact, they will move by just 0.5% this year. The Bank should commit to moving staff in grades A-C to the mid-point in an agreed timescale.

Those staff in grades D and E in the 'Market' Zone with a 'Good' performance rating will get an increase of just 0.5% more than last year, from 2% to 2.5%, despite inflation running at 3.9%. One can only assume the staff unions don't think inflation affects staff in grades D and E.

Moreover, last year staff in grades D and E got the same increases as staff in grades A to C. In order to make its small increase in the pay pot stretch even further this year, the Bank has produced a separate matrix for grades D and E staff with lower increases for everyone.

Staff in grades F and G are the ones who are being punished by the Bank. Most of those staff will either get the same increase they got last year or less.

And for an organisation which says it rewards high performance, staff in grades F and G who get a 'Top' performance rating will get less this year than they did last year. Those with a 'Strong' rating will get the same increase. Again, does that seem fair?

The Long Grass

The two staff Unions have said that if the Bank's pay proposals are accepted, which they are recommending to their members, then the Bank will undertake a joint review of the Performance Management system. **The Bank's Employee Relations team should be congratulated because they have repackaged that performance management review on at least 2 occasions we are aware of and have now sold it to Accord and Unite once again.** So important is the review, the Bank doesn't even mention it in its own communications.

Profits & Productivity Surge

Underlying profit in the Bank increased to £6.6 billion for the first nine months of 2017, an increase of 8%. Employee productivity in LBG has continuously improved over the last few years.

Between 2012 and 2016 underlying income per employee increased by 32% from £166,698 to £219,832 but average salaries across the Group have not increased by that amount. But let's be clear, reductions in the Bank's workforce played a much greater role in the improvements than did income gains.

Over this period the Bank's workforce has fallen from 110,295 to 79,606, a reduction of 28%.

Now let us look at the profit per employee over the same period. **Profit per employee has increased from £23,256 in 2012 to £98,824 in 2016, a 325% increase. So not only are staff in LBG more productive, they are also more profitable but none of that success seems to have been reflected in this year's pay review.**

The Dog That Never Barks

In November we predicted that:

> "LBG is going to try and get away with a 2.5% pay pot next year. Whilst a small minority of staff will get above inflation pay increases, the vast majority of staff won't and their living standards (adjusted for inflation) will be reduced yet again. Anything less than a 4% pay pot should be unacceptable to any trade union".

Furthermore, we said:

> "Sherlock Holmes famously talked about the significance of the dog that did not bark. If there is no loud barking when the Bank offers a pay pot of 2.5% again that's all the proof Lloyds staff need about the independence of Accord and Unite and the value of their so-called partnership agreement".

Not surprisingly, there was no barking, just a whimper of acceptance from the two staff Unions who were patted on the head and put in their baskets for another year.

There will be further analysis of the Bank's pay proposals in future Newsletters. In the meantime, members with any questions can contact the Union's Bedford Office on 01234 262868 (Choose Option 1).

Mark Brown
General Secretary

Grades A-C	Top Performer	Strong Performer	Good Performer	Developing Performer
Market Primary or below	7.00%	5.00%	4.00%	0.75%
Market	5.00%	4.00%	3.50%	0.50%
Market Plus: Mid 105-110%	2.25%	1.50%	1.00%	0.00%
Market Plus: Mid 110-130%	1.50%	1.00%	0.75%	0.00%
Above Maximum	0.00%	0.00%	0.00%	0.00%

Grades D-E	Top Performer	Strong Performer	Good Performer	Developing Performer
Market Primary or below	5.00%	3.75%	2.75%	0.50%
Market	4.00%	3.00%	2.50%	0.25%
Market Plus: Mid 105-110%	2.00%	1.25%	1.00%	0.00%
Market Plus: Mid 110-130%	1.50%	1.00%	0.75%	0.00%
Above Maximum	0.00%	0.00%	0.00%	0.00%

Grades F-G	Top Performer	Strong Performer	Good Performer	Developing Performer
75%-95% of mid point	4.00%	3.50%	2.50%	0.50%
95%-105% of mid point	3.75%	2.50%	2.00%	0.25%
105% - 150% of mid point	2.00%	1.25%	1.00%	0.00%
Above Maximum	0.00%	0.00%	0.00%	0.00%