

20th January 2017

All Members Newsletter

# 8% Pay Increase For GCE

**The average pay increase for staff this year will be 2%. Antonio Horta-Osorio, the Group Chief Executive of Lloyds Banking Group, will get a whopping 8% pay increase bringing his basic salary up to £1,220 million.**

**As part of a two-year pay deal, the Group Chief Executive of Lloyds Banking Group, who is currently hobnobbing with world leaders and Shakira at the World Economic Forum in Davos, described by one wag as: "the place where the people who spend all year causing all our problems take a few days pretending to try and fix them", got a 6% pay increase last year and is set to get an 8% pay increase in 2017. Following agreement by the Bank's Remuneration Committee, the GCE's basic salary will have increased from £1,061,000 to £1,220,000, or 14%, in the space of two years. And I'm not going to mention his two pensions!**

The Group Chief Executive will be getting 6% more than the average cashier in one of the Bank's branches. Does that seem fair or equitable? And let's not forget, that massive salary increase comes at a time when his bonus is being reduced; according to recent press reports because of under performance. Any other member of staff would be put on a performance improvement plan.

## Blatant Hypocrisy

The Bank will argue that he's just being paid the market rate for the job. We have some sympathy for that argument but it must be extended to all staff in the Group and not just the Group Chief

Executive. A good example of the Bank's blatant hypocrisy is staff in grades D and E. **The Bank says " ..in Q3 2017 colleagues at grades D and E will be eligible to receive a separate one-off pay award to progress them to 92% of the mid-point of their pay range". But why just 92% of the mid-point of their pay range. If the Group Chief Executive is getting a massive salary increase this year to take him to the market rate for the job why is it acceptable to progress hardworking grades D and E staff to a position which is 8% below the market rate for their job.**

In fact, if we extrapolate forward using the 2017 pay pot and market movement increases, it would take a 'Good' performing grade D and E member of staff who is progressed to 92% of the mid-point of their pay range approximately 16 years to achieve the market rate for their job.

We suspect the Group Chief Executive will be long gone by then. Incidentally, at Davos this year one of the topics up for discussion by the world elite will be 'Ending Executive Pay'. According to the blurb "Excessive executive pay deals are criticised by shareholders and employees alike. How can market mechanisms be tamed to limit excess yet keep talent mobile?" **Sounds riveting but we suspect that's one session Antonio Horta-Osorio won't be attending.**

## Inflation Rises To 2.5%

Inflation as measured by the Retail Price Index (RPI) rose to 2.5% in December from 2.2% the previous month. RPI is the key determinant when

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looking at pay increases because that figure, unlike the Consumer Price Index (CPI), includes housing costs which for most of us is the biggest outgoing every month.

**And what members shouldn't forget when judging the Bank's pay pot of 2%, is that the 2.5% inflation figure is for December. We've got January, February and March inflation figures to come before the 2017 pay increases become effective. By that time, inflation could be at 3% or more and only those staff who have received a 'Top' or 'Strong' performance rating and who are in the 'Primary' or 'Market' zones will receive cost of living pay increases. The vast majority of staff, approximately 80%, will get pay increases of less than the rate of inflation.**

In what must be the biggest understatement of the year, yes I know it's only January, one of the in-house staff unions which has tacitly agreed to the Bank's pay proposals, said "The prospect of rising inflation in 2017 is a concern". But staff don't need to worry about the escalating cost of living because "any upturn in inflation will be picked up in the 2018 pay review". **Accord and Unite know full well that any upturn in inflation will be ignored by the Bank and they are simply trying to pull the wool over the eyes of their members.**

Members with any questions on this Newsletter can email us at [24hours@ltu.co.uk](mailto:24hours@ltu.co.uk).

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