

# PAY STAGNATION IN LBG

**Since April 2017, most staff in Lloyds Banking Group have seen the value of their pay fall in real terms (taking into account inflation) by 1.7%. And if Accord and Unite have their way again, that pay stagnation will continue into 2018 and 2019. The Bank of England is projecting that the Consumer Prices Index (CPI), which is the Government's preferred definition of inflation, will be at or around 2% in Q4 2020 but this statistic is seriously misleading.**

The figure that staff should focus on when looking at basic pay is the Retail Prices Index (RPI) because that definition of inflation takes into account the cost of housing and is the figure traditionally used when setting pay (the different inflation rates are explained in the box below.) **The Retail Prices Index currently stands at 3.9%. Since**

**April, when the 2017 pay increases became effective, RPI has averaged 3.7% over the last 7 months.** If we use the 3.7% figure, then only a small number of staff, we think less than 5% of staff, will have got a pay increase at or above the rate of inflation. **In fact, the tables overleaf show that in LBG most staff in Grades A-E, with 'Good', 'Strong' and 'Top' ratings, will have seen their pay reduced in real terms by between 0.2% to 3.4%, depending on rating and position in the pay scale.** Only those staff in Grades A-E with a 'Top' rating in the 'Primary' and 'Market' zones will have received increases this year above the rate of inflation. LTU's analysis applies equally to staff in Grades F-G.

That's the Accord pay gap which we discussed in our last Newsletter and Accord has shown that as part of its so-called 'partnership' with the Bank

## RPI v CPI: THE DIFFERENCES

Both the Retail Prices Index (RPI) and the Consumer Prices Index (CPI) aim to measure the changes in the cost of buying a 'basket' of products. However, they cover different items and the differences in formulae used to calculate the inflation rate mean that CPI is often lower than RPI.

Covered by RPI but not CPI	Covered by CPI but not RPI
Mortgage Interest Payments (MIPs)	Stockbroker Fees
Council Tax	University Accommodation Fees
Buildings Insurance	Foreign Student Tuition Fees
House Purchase Costs (e.g. Estate Agent Fees)	Unit Trust Fees
TV Licence	
Road Fund Licence	
Trades Union Subscriptions	

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it's quite prepared to agree to sell staff down the river again next year.

## 'INFLATION... PICKED UP IN 2018'

When this year's pay pot was announced back in January we said:

**"It's possible that come April when salary increases are effective inflation could be up to 2.5% or more. [In fact, it was 3.5%.] But staff shouldn't worry about it because according to Accord "The prospect of rising inflation in 2017 is a concern. Any upturn in inflation in 2017 will be picked up in the 2018 pay review". Who are they kidding?**

**Inflation is picking up now, every month in fact. If inflation "is a concern" then deal with it now. Staff are far too intelligent to be fobbed off with talk about jam tomorrow."**

Inflation is a problem now and it's eating away at

staff pay. A pay pot anything less than 4% will not restore the pay cuts of the past and should be rejected.

Members with any questions on this Newsletter can contact the Union's Bedford Office on 01234 262868 (Choose Option 1) or they can email us at 24hours@ltu.co.uk.

## WHY ARE STAFF WAITING?

As we predicted a number of months ago, the Bank has confirmed that the HBOS enhanced severance terms will be extended until the end of 2020. The heritage Lloyds enhanced severance terms are contractual and do not need to be extended but Ms Jenni Tippin, the new Group People and Productivity Director, seems somewhat reluctant to confirm that point, despite the fact the Bank did for staff moving to IBM and will do so for Scottish Widows staff moving to Diligenta. This issue is important for Lloyds staff because it stops them having to worry that their enhanced

severance terms will be changed at some point in the future by the Bank and the in-house staff unions - Accord and Unite.

In the letter to Ms Tippin, members say:

**"I am surprised and disappointed that as the newly appointed Group People and Productivity Director you have failed to specifically address the questions I raised in my last letter.**

**I would be grateful if you could confirm that my heritage Lloyds Bank enhanced severance terms form part of my contract of employment. Furthermore, I would also be grateful if you could confirm that, if my heritage Lloyds Bank enhanced severance terms are contractual, which they must be given that you've confirmed that to staff in Group IT already, there is no expiry date for those terms in line with the Job Security Procedures and Redundancy Payments Terms Policy, unlike for my heritage HBOS colleagues.**

**If you don't address the questions I have raised above within 10 working days then your silence will be deemed to be acceptance that the enhanced severance terms form part of my contract of employment.**

**I would be grateful if you could ensure that a copy of this letter is filed with my contract of employment."**

**LTU's lawyers have confirmed that if Ms Tippin fails to deal with the specific questions raised by members again, that would constitute an admission that the Lloyds enhanced severance terms are contractual and members will be able to rely on that admission in any legal proceedings".**

Members with any questions on the severance letters should contact the Union's Bedford Office on 01234 262868 (Choose Option 1) or they can email us at 24hours@ltu.co.uk.

**Mark V Brown**  
General Secretary

Grades A-E Fixed Matrix		Top Performer		Strong Performer		Good Performer		Developing Performer	
		+/-		+/-		+/-		+/-	
Primary		5.50%	+1.80%	3.50%	-0.20%	2.50%	-1.20%	0.50%	-3.20%
Market		4.00%	+0.30%	2.50%	-1.20%	2.00%	-1.70%	0.25%	-3.45%
Market Plus * %age of mid-point in pay range	105% - 110%*	2.50%	-1.20%	1.00%	-2.70%	0.75%	-2.95%	0.00%	N/A
	110% - 130%*	1.25%	-2.45%	0.75%	-2.95%	0.50%	-3.20%	0.00%	N/A

Grades F-G Fixed Matrix		Top Performer		Strong Performer		Good Performer		Developing Performer	
		+/-		+/-		+/-		+/-	
< 95% mid-point		5.50%	+1.80%	3.50%	-0.20%	2.50%	-1.20%	0.50%	-3.20%
95% - 105% mid-point		4.00%	+0.30%	2.50%	-1.20%	2.00%	-1.70%	0.25%	-3.45%
105% - 150% mid-point		2.50%	-1.20%	1.00%	-2.70%	0.75%	-2.95%	0.00%	N/A