

31st January 2018

All Members Newsletter

PROGRESSION FOR A-C STAFF

Last week it was announced that the Retail Price Index, that's the separate measure of inflation used for pay negotiations because it includes housing costs, had increased to 4.1% last month from 3.9% in November.

On 10th January, the Bank announced that the pay pot for 2018 was just 2.5%, which means that grades A - C staff are going to see their pay stagnate by on average 1.6%. According to the Bank only 19% of staff are going to get increases of more than 4% and that means large number of staff are going to get increases less than the current rate of inflation. The Bank will argue that inflation is going to fall later in the year, and they may well be right, but for the past 12 months staff have seen the cost of living rise significantly but that's nor been matched by pay increases over the last few years.

One of the LTU's concerns with the Bank's pay system is around the speed at which it takes staff to be paid the rate for the job. We have never understood why it should take staff in grades A - C so many years to get paid the going rate. Grade A staff this year with a 'Good' rating in

the 'Market Primary' zone will get a 4% salary increase but because the scales are going up by 3% their progression to the mid-point of the salary scale will be limited yet again.

One could understand the Bank's reluctance to introduce a time and performance based approach to pay for grades A - C staff if it was unsuccessful and unproductive but it's not. The Bank could quite easily afford to make the changes necessary to pay staff at the rate for the job withing agreed timescales.

The Bank's cost income ratio has fallen from 68.8% in 2010 to 48.7% in 2016. **It currently stands at 45.9% (Q3 2017) and the Bank's aim is to get it down to 45% by 2019. When contrasted with all the other Banks, the productivity and efficiency of LBG staff is plain to see.**

Underlying profit increased to £6.6 billion for the first nine months of 2017, an increase of 8%. **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**

Grades A-C	Top Performer	Strong Performer	Good Performer	Developing Performer
	2018	2018	2018	2018
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%

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productive, they are also more profitable but none of that success seems to have been reflected in basic pay increases over the same period.

We will keep members informed of development through regular Newsletters.

Mark V Brown
General Secretary

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