

31st January 2018

All Members Newsletter

PAY FREEZE FOR D&E 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 D & E staff are going to see their pay stagnate by on average 1.6%. The Bank also announced that there would be a separate pay matrix for staff in grades D & E. Last year they were covered by the same matrix as grades A - C staff. **A closer comparison of the matrices for 2018 v 2017, see below, shows that at every level grades D & E staff are getting less than they would have got had they been included in the A - C pay matrix like last year. Why are they the only group of staff who one year get a separate pay matrix and then next year are lumped in with another group of staff? It seems that the Bank didnt want to spend any more money on this group of staff and the pay pot for grades D & E is**

actually closer to 2%.

In 2017 Good performers got increases of 2.5%, 2% and 0.75% respectively. Since then inflation has rocketed, with train prices increasing by 3.4% from the beginning of the year being just one example of the cost pressures on staff, but this year staff are getting on average 0.5% more than they did last year.

One could understand the Bank's reluctance to increase basic pay significantly if it was unsuccessful and unproductive but it's not. 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 D-E	Top Performer		Strong Performer		Good Performer		Developing Performer	
	2017	▶ 2018	2017	▶ 2018	2017	▶ 2018	2017	▶ 2018
Market Primary or below	5.50%	▶ 5.00%	3.50%	▶ 3.75%	2.50%	▶ 2.75%	0.50%	▶ 0.50%
Market	4.00%	▶ 4.00%	2.50%	▶ 3.00%	2.00%	▶ 2.50%	0.25%	▶ 0.25%
Market Plus: Mid 105-110%	2.50%	▶ 2.00%	1.00%	▶ 1.25%	0.75%	▶ 1.00%	0.00%	▶ 0.00%
Market Plus: Mid 110-130%	1.25%	▶ 1.50%	0.75%	▶ 1.00%	0.50%	▶ 0.75%	0.00%	▶ 0.00%
Above Maximum	0.00%	▶ 0.00%	0.00%	▶ 0.00%	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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