

31st January 2018

All Members Newsletter

PAY FREEZE FOR F&G 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 F & G staff are going to see their pay stagnate by on average 1.6%. **However, a closer comparison of the matrices for 2018 v 2017, see below, shows that at almost every level grades F & G staff are either getting the same as, or less than, what they received last year.** We think the actual pay pot for this group of staff is actually closer to 2%.

The Bank says "colleagues who achieve a Strong or Top performance rating will continue to receive higher pay awards in recognition of their contribution". However, Top performers at all three levels of pay range are getting less this year than they did last year, despite the big rises in inflation. Last year grades F & G staff who achieved a Top performance rating got: 5.50%, 4.0% and 2.5% respectively. This year staff are

getting just 4%, 3.75% and 2. % respectively. Do those level of increases recognise the contribution of Top performers? We think not.

In 2017 Good performers got increases of 2.5%, 2% and 1% 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 the same salary increases.

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 F-G	Top Performer			Strong Performer			Good Performer			Developing Performer		
	2017	▶	2018	2017	▶	2018	2017	▶	2018	2017	▶	2018
75%-95% of mid point	5.50%	▶	4.00%	3.50%	▶	3.50%	2.50%	▶	2.50%	0.00%	▶	0.50%
95%-105% of mid point	4.00%	▶	3.75%	2.50%	▶	2.50%	2.00%	▶	2.00%	0.00%	▶	0.25%
105% - 150% of mid point	2.50%	▶	2.00%	1.00%	▶	1.25%	0.75%	▶	1.00%	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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