

23 August 2022

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Group Head of Colleague Relations & Policy  
People & Places  
Lloyds Banking Group

## Reward in LBG 2023 Accord

Dear Emily,

I said I would write to you with further thoughts on the forthcoming pay discussions for 2023 and to give more details on issues that Accord would like to seek progress on which are not part of the joint claim with Unite but that we would like to discuss either as part of the joint talks with Unite or separately.

Reward in LBG in 2022 was most difficult because of a 40-year high inflation rate and the cost-of-living crisis which shows no sign of abating and is now expected to go on longer than first thought with news on 22 August that the investment bank, Citi, is warning that inflation in the UK could hit 18% in 2023.

The anticipated widespread industrial action in support of wage claims in the UK is starting to materialise and there are growing numbers within Accord's membership in LBG calling for a more 'muscular' approach from the union.

The union's Principal Executive Council met last week, ratified the joint claim with Unite for 2023 and authorised our pay team to approach the joint discussions in our normal constructive way - but nobody is underestimating the challenge we jointly face.

In 2022 LBG made an underpinning minimum pay ward of £1,000 for those on the lowest salaries, paid a GPS award of 5% for grades A, B & C (applying a modifier of 0.82 for other grades) and made a cost-of-living award of £1,000 to all staff in grades A to G in August (pro-rated for those working reduced hours). Taken together the three payments totalled around 15% of pay for the lowest paid which provided a much-needed hedge against inflation but only around a third of the award was consolidated into base pay.

Many, of course, received less than 15% and I've asked the Group separately for the distribution of all three awards and total reward by grade so we can understand the full picture.

The Group Chief Executive made this welcome commitment on 27 July:

*"Like our customers, we know our colleagues are also facing an increase in their cost of living. That's why we announced a one-off additional payment to support our colleagues and we will continue to listen and consider what else we can do in response to the rising cost of living."*

There are many perceptions of unfairness in relation to reward in LBG amongst Accord members arising from:

- The distribution of pay awards with longer serving staff towards the top of their pay ranges getting lower awards
- There being no mechanism to progress through the pay ranges (particularly for those in grades D & E)
- Group Performance Share Awards varying by grade

We also have the outputs from our 2022 biennial delegate conference in relation to reward.

Despite the difficult macro-economic environment and increasing provisions for impairments, the Group has made significant profits in the first half of 2022 boosted by the increases in interest rates as the Bank of England has tried to tackle inflation.

The Group announced an increase in dividends to shareholders of 20% when it released its half year results on 27 July.

Accord's Principal Executive Council wishes to put forward the following in addition to the joint claim with Unite:

1. Complete the review of grades A & B to provide some 'headroom' for pay increases for long serving staff.
2. Consider whether the pay groups are appropriately aligned and whether the salary range for branch managers and other people managers in grade C is appropriate.
3. Ensure that the pay distribution is fair for staff in grades D & E following the merging of the Uppers and Loweres with effect from August 2021. Introduce overtime pay for staff in grades D & E and increase the minimum salary to 90% of the mid-points of these grades.
4. Review the balance between fixed pay and variable pay.
5. Re-introduce free share grants each year.
6. Reduce the contracted working week without any reduction in pay.
7. Review and increase unsocial hours pay, shift, on-call and call-out allowances.
8. Extend the existing 20-week full pay period of Occupational Maternity Pay to 40 weeks to include flex payments, average overtime pay over a 12-month period and unsocial hours payments in the calculation of Relevant Weekly Earnings.
9. Review with a view to improving rewards for length of service prior to the 20-year award.
10. Review travel policy to reflect the cost of employees using their own cars for business purposes.
11. Review the application of the lateral moves policy when organisational changes are implemented.

I look forward to the discussions.

Best wishes



**Ged Nichols**  
**Accord General Secretary**