Reward in LBG 2022
Accord & Unite Joint Submission

Introduction

Reward in LBG in 2021 was the most difficult and disappointing since the Group was formed in the heat of the financial crisis in 2009.

The decision not to pay a Group Performance Share (GPS) award due to the business not achieving its profit target for 2020 due to the pandemic was initially accepted but when the Group announced a £2.2bn profit for year and better than expected results in q1 2021, sentiment changed.

Also, despite both unions having members' support for the April 2021 Pay Review, the increase in inflation since has meant that almost all LBG staff will experience a reduction in the real value of their salaries in 2021.

This "double whammy" occurred in a period when staff have done so much to support the business and its customers and when employees in other banks seem to have fared better.

There are also pay pressures and labour shortages in the economy and LBG staff are feeling left behind.

> *"The annual rate of growth in average weekly earnings in the private sector rose to 10.1% in the three months to June 2021, compared to 8.2% in the three months to May 2021.*
>
> *For the economy as a whole, the annual rate of growth in June was 8.8% on the total pay measure and 7.4% on the regular pay measure, which excludes bonuses." (*Incomes Data Research: 19th August 2021)

Reward in terms of the March 2022 GPS award and the April 2022 Pay Review couldn't be more important.

It will be a complex set of talks, with a number of sometimes competing demands, but our collective objective is to deliver an outcome that will be 'felt fair' and accepted by most Group employees.

The talks also present an opportunity to make other changes that reflect what has been experienced and learned through the pandemic to what is, fundamentally, a 30+ year old approach to reward in the Group.

It would be remiss of the unions not to bring to the Group's attention the economic turbulence that lies ahead which will have an impact on the cost of living of all colleagues.

> *The retail prices index (RPI), which reached 3.9 per cent in August is forecast by economists to reach 5.6 per cent by the end of the year. (Daily Telegraph: 31st August 2021).*

After a year like no other, when colleagues have well and truly 'gone above and beyond' to support the Group and its customers and contributed to the Group's profits at the half year, it is only right that they share in that success fairly and equitably, and that they emerge from this pandemic with a pay increase that will comfortably see them through the economic turbulence ahead.

The alternative is that the public health crisis that colleagues have endured for the past 18 months will be replaced by a cost-of-living crisis with the worries and stresses that that will inevitably bring. Colleagues deserve better.

Accord and Unite jointly look forward to the coming talks and set out the basis of the unions' joint claim and additional items for discussion and consideration on the following page.

Claim and additional items

1. Quantum (the budget). The formula the unions are seeking is RPI plus 2%.

2. Distribution. To be discussed but the unions' initial preference is for an "across the board" distribution to recognise the financial losses all colleagues experienced in the 2021 calendar year.

3. Pay range movement. All pay ranges should be increased by the agreed pay budget. Specific pay range movements (or changes in pay groups) should be considered to keep pace with pay increases by the new comparators (not just in financial services) for call centre staff for example.

4. Completing the review of grades A & B to provide some 'headroom' for pay increases for long serving staff.

5. Ensuring that the pay distribution is fair for staff in grades D & E following the merging of the Uppers and Lowers with effect from August 2021. Introduce overtime pay for staff in grades D & E.

6. Are there any 'Covid savings' that the business could 'recycle' into specific policies that match new ways of working for specific populations? For example:
    - Those working in branches and sites are likely to experience higher travel to work costs.
    - Those working from home will have increased costs of heating, lighting etc through the coming winter.

7. Following the experience of the 2020 financial year, should there be a review of the balance between Fixed and Variable pay to avoid repeating the experience? And some 'award' relating to the 2020 financial year before the end of 2021?

8. Learning lessons from the pandemic - an improvement in sick pay arrangements so that less experienced staff are not forced to rely on the wholly inadequate Statutory Sick Pay.

9. The unions' claim for a reduction in the contracted working week without any reduction in pay reflecting the new CEO's emphasis on families and work life balance and the trial of a 4-day week announced in Scotland (drawing on the experiences in Iceland and New Zealand).