



PAY 2008 – NEW COMMERCIAL FINANCE PAY SYSTEM & THREE YEAR PAY DEAL AGREED

Following a series of meetings between Unite (formerly Amicus) and Commercial Finance, an agreement has been reached for a three year pay deal, along with the introduction of a new pay system to support the three year deal and replace the existing system.

New Pay System

Since the conclusion of Pay 2006, following feedback from members the union have continued to raise issues and concerns with the company regarding the Commercial Finance pay system. The Pay 2007 settlement included a commitment from the company to enter into negotiations with Unite in quarter four of 2007 regarding the introduction of a new pay system. These negotiations took place in 2007 and resulted in an agreement being reached regarding the introduction of a new pay system.

The new pay system is to be introduced into CF as part of Pay 2008 and will replace the previous pay system with immediate effect. The pay system is in line with the pay process currently operated within LTSB Bank and works on a principle of three pay zones, Primary (85%-95%), Market (95%-105%) and Market Plus (105%-120%).

The company will be providing more details on the new pay system and staff will have the opportunity to attend workshops where the full workings of the new pay system will be explained. Whilst the new pay system is not without its challenges the Unite negotiating team feel that the new proposals represent a vast improvement on the previous arrangements for all Commercial Finance staff.

Key Elements

The pay system within Commercial Finance has been completely overhauled as opposed to changes being made to the existing system and the key elements of the new system are:

- Salary ranges of 85% to 120% (previously 80% to 116%+)
- Fully effective staff should be paid within at least the Market Zone after 2-3 years in a new role
- Pay rises awarded on the basis of overall contribution (ongoing performance, skills, competencies and knowledge) therefore one year with a "partial met" BSC (Balanced Score Card) rating would not automatically result in no pay rise
- The explicit publication of the salary range of the role undertaken by each individual jobholder

The new pay system should deliver a fairer, more consistent and more transparent pay process to all staff and the company have committed to meeting with the union to discuss and share the outcomes of pay distribution to ensure that this is fair and consistent with the pay principles.

Three Year Pay Deal

Unite have agreed in conjunction with the new pay system a three year pay deal, the key components of which are:-

- Year 1 pay pot of 4.7% has been agreed. This consists of the following elements;
 - o 1.8% market movement
 - o 1.1% to bring all staff currently earning below 85% of the market rate and rated "Met Expectations" or above to at least 85%.
 - o 1.8% to progress people through the Pay Zones
- Years 2 and 3 pay pots based on a calculation of Market Movement plus 1%, with a break clause of 3% and 4%, where if the pay spend either drops below 3% or above 4%, either party reserves the right to re-open negotiations on pay
- Agreement on "Pay Statements" that provide scope for a pay rise of up to 2% where salary sits above the Market Plus zone and contribution merits, along with a statement to guarantee a pay rise of at least Market Movement for staff paid within the Market Plus zone, where performance and contribution merits
- The publication of a "decision and distribution matrix" for pay recommenders outlining the core principles agreed in pay negotiations to assist in the fair and transparent awards of pay.

A three year pay deal whilst providing some reassurance around predicted pay spends in years 2 and 3, also provides some uncertainty in relation to what the rate of inflation will look like in 2009 and 2010. The union sought a RPI (Retail Price Index) clause to underpin the pay pot to ensure that this did not drop below RPI. The company rejected this proposal stating that their reward principles did not consider RPI as a factor, where as the union argued that members judged their pay and pay rises against inflation, as well as the rising cost of food, fuel, bills etc.

Following extensive discussions agreement was reached on the second point overleaf under Three Year Pay Deal. In the event that the pay pot in years 2 or 3 drops below 3%, the union can seek a re-opening of the negotiations and where appropriate reject pay and seek resolution via the disputes procedure.

RPI is predicted to sit at around 2.75% in years 2 and 3 of the pay deal, therefore the union is confident of being able to deliver a pay pot of at least RPI in 2009/2010 and should the proposed pay pot drop below 3% and less than RPI, the union will certainly exercise the break clause.

Feedback

As the pay deal is not only a three year pay deal, but one that is supported by the introduction of a new pay system it is recognised that there is a lot of information to be digested and more information than can be contained within this newsletter. The company will be ensuring that staff fully understand the new system via pay briefings and whilst there will no doubt be a period of "getting to grips" with the new system, the union and the negotiating team are confident that the new pay system and three year pay deal represents a vast improvement on previous pay arrangements within CF.

If any members have any feedback, both negative and positive, questions or queries regarding the pay system or pay deal, please do not hesitate to contact the union on 01275 370000 or stuart.davies@unitetheunion.com, alternatively please contact one of your CF reps.

Bonus Scheme

Another recent change to the reward strategy within CF has been the change to the bonus scheme. The union has received a number of calls regarding this new approach and whilst the bonus scheme is not a negotiable item, the union were consulted. Should members have any issues or concerns regarding the scheme, this can be raised by the union with the employer and members should contact the union as above.

Not a Member?

Join Unite – Amicus Section today for the unbeatable amount of £5.77 per month for full time staff or £3.17 for part time staff, in addition you will receive the first three months membership completely free. Contact the helpline for further details or one of the CF Reps.

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