



OFFSHORE PAY TALKS FAIL AND BANK IMPOSES

Unite members are disappointed and frustrated at Lloyds International Retail Banking’s actions for Pay 2010.

Following the breakdown on pay talks on the UK mainland, the Company decided that the pay proposals for Offshore staff were reasonable and imposed the offer with effect from 1 April 2010.

Offshore pay talks have, until now, been for Lloyds TSB colleagues only, however at our final meeting, Unite were informed that the offer now included HBOS colleagues too. No other information was provided.

The Company’s offer of a 2% pay spend in itself was not the main issue to Unite’s position. However LBG’s decision to only utilise 1.8% in a transparent way for the pay pot was and is unacceptable. In addition, Unite believes that to hold back 0.2% without any visibility on how it will be distributed, can and will lead to favouritism which is wrong.

The Proposals

The Company has imposed the following:

Matrix

2009 End of Year Rating	Range of Pay increase Applicable
Outstanding	3.5% - 4%
Exceeded Expectations	2.5% - 2.8%
Met Expectations	1.5% - 1.8%
Partially Met Expectations	0.5% - 0.7%
Not Met Expectations	0%

- Pay Pot spend of 1.8%
- Further discussions on the how the remaining 0.2% is distributed
- Joint Equal Pay Audit
- Withdrawal of the commitment to progress through the pay zones within 3 years

Unite’s Response

Unite rejected the proposals on the following grounds:

- The matrix ranges allow for subjective awards and permits managers to award the minimum of the matrix box and not utilise the full pot.
- The matrix range between the lowest and highest award is far too wide when using a flawed performance management system.
- The performance rating distribution appears to favour higher banded colleagues..
- 0.2% should not be held back for use over the next 12 months
- Because of the subjective balance scorecard system, 0% awards are not acceptable

The Process

The processes within LTSB and HBOS are very similar with regards to pay negotiations. Following the breakdown of talks, reference to the conciliation services in the islands is usually the next stage.

This year this did not take place as it is only appropriate to use the conciliation services if both the Company and Unite have a mandate to negotiate further. The Company could not commit to this and therefore Unite believes that it would have been a complete waste of time and resource to attend meetings where the outcome could not and would not be changed.

Appeals Process

Colleagues who do not agree with the level of their pay award can of course appeal. Unite would encourage all members who are in this position to contact your local rep. For details of your rep, go to www.unitetheunion.org/lloyds

Next Steps

Unite believes that at a time when the Company is cutting jobs throughout the islands and proposing other reduced terms and conditions on their hardworking staff, to impose pay in unacceptable.

These are the same colleagues that the bank has relied on for their hard work and goodwill, in particular over the past 2 years. These are the same colleagues who contributed to the £35m profit made by International Retail Banking

Unite and the Company are meeting at the end of April to discuss how to rebuild the relationship. Members and colleagues are proud of their role within Lloyds Banking Group and only wish to be treated with dignity, respect and to be recognised through a fair and transparent pay process.

Unite has and will continue to work with Accord and GMB so that trade union members have a strong voice. We continue to call on the LTU to work with us so that your voice will be stronger.



Remember:

- Unite is the only union recognised in all areas of Lloyds TSB
- Unite is the only union recognised in LTSB and HBOS
- LTU is not recognised in HBOS
- Unite has a workplace reps structure of 170+ so that your voice is heard locally, regionally and nationally