

The Nationwide Group Staff Union Magazine

### Pay Review 2007

I am pleased to be able to tell members that we have reached agreement with Nationwide in relation to this year's pay settlement. Increases to pay will take effect from 1 July 2007. All eligible employees will receive individual notification of their pay award shortly.

We entered this year's pay review with a very robust steer from members based on considerable feedback from both the Area Council meetings and the on-line pay survey. It was clear that what members wanted most was a pay rise that was in excess of inflation to help them keep ahead of the increase in the cost of living. With inflation reaching a 15 year high during the past 12 months this was clearly a priority.

The increase for Making A Difference at 4.7% is 0.4% above the rate of inflation at the time of the agreement - this being the Retail Price Index (RPI) for May (published in June) which was 4.3%. If inflation forecasts are correct RPI should continue to fall over the coming months. This means that the differential between the basic rise and RPI we have negotiated will provide a significant cushion against rising prices.

In comparison to other settlements in the Financial Services sector this is an excellent agreement. Sector comparisons are usually made on the basis of the 'pay pot' - that is the percentage of the total pay bill being added by the settlement. The pay pot for the 2007 review is 5.59% (including performance related awards; salary progression and increases to allowances), which as you can see from the table of settlements is the best this year.

#### Pay Settlements in FS Sector - 2007

- Abbey - 3%
- Barclays - 4.75%
- Britannia - 4%
- HBOS - 3.5%
- Lloyds TSB - 3.8%
- National Australia Group - 3.5%
- **Nationwide - 5.59%**
- Northern Rock - 5%
- Portman - 4.42%
- Standard Life - 4.5%

Source: IDS Pay reports, company and union websites

These figures do not tell the whole story (details of bonuses and share schemes are not included) but we hope that members will agree it is a significant settlement that meets the desire to keep salaries ahead of inflation.

In reaching this settlement we have agreed that, for this year, there will be no movement in the pay scales. Nationwide presented a case to show that over recent years the pay scales have increased over and above the market rate as determined by external benchmarking - freezing the pay scales this year will help to re-align them with the market. The agreement only applies to this year's pay review and we will seek appropriate increases in future years as the market dictates.

#### Performance Related Awards

The percentage pay awards are:

- Making A Difference = 4.7%
- Outstanding = 6.0%
- Inspirational = 8.0%

The increase to your basic pay will be a fixed sum, calculated on the target salary for your pay range. This approach means that each person in a pay range who achieves the same performance rating will receive the same basic pay increase. If your salary is above the maximum for your pay range, your salary will be increased to the new maximum and the remainder will be paid as a non-consolidated lump sum.

An additional non-consolidated award will be given to employees who are above the target salary for their pay range. The award will be the difference between your pay rise calculated on your target salary and what you would have received if your increase had been calculated as a percentage of your actual salary. The size of these awards will vary with those close to target receiving relatively small sums and those closer to the maximum receiving a larger amount.

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## Performance Ratings

This is the third year that the current performance ratings have been applied. The performance management process seeks to help improve poor performers and to continually stretch the best performers - and these motivational ratings are considered to be an important part of this. The number of employees achieving each rating this year was as follows:

- Withhold = 118 (0.76%)
- Making A Difference = 11,177 (72.51%)
- Outstanding = 3,356 (21.77%)
- Inspirational = 197 (1.27%)

## Withhold Rating

If you were given a Withhold rating in your Annual Review, you will not automatically qualify for a pay increase. However, once you are performing at a Making A Difference (or higher) standard, you will qualify for the full pay award from the 1st of the following month. You will not qualify for either a salary progression payment or a non-consolidated award. Also, if you have been given a Warning under the Capability Procedure, your Employee Bonus Scheme (EBS) payment will be reduced in proportion to the number of months that the Warning was in place.

## Salary Progression

If you are below the target salary for your pay range you will receive a salary progression payment in addition to your basic pay increase. The salary progression payment will take you to or towards your target salary - the intention is for you to reach your target salary within three years (assuming that you've been rated as Making A Difference).

If you are a new starter or have been promoted between 1 April and 30 June you will not receive a salary progression payment in this year's review. However, when you complete your probation period

your manager should review your salary and can recommend an enhancement if your performance and competence merits acceleration towards target.

## Allowances

A number of allowances have been increased in accordance with an agreed mechanism, for example, by the Retail Prices Index (RPI). Those allowances normally linked to target salary have been increased by RPI (4.3%). Details of these increases can be found in the Joint Statement.

## Pay and Performance Management Review

We will be working with Nationwide to conduct a full review of the pay and performance management system over the coming months. Any changes that are identified and agreed will be implemented in time for next year's pay review

This may mean that pay awards next year will not be linked to performance ratings in the same way. However, in the meantime the current Performance Management process will continue to apply, including interim reviews and performance ratings in October.

## In Summary

This year's pay review was conducted in good terms with both parties wanting to reach a settlement that reflected another strong business performance and took account of the rise in the cost of living. As always, there was a balance to be struck; achieving a pay rise that rewards employees for their considerable efforts and meeting the business objective of constraining the growth in costs. We believe that we have managed to agree a good settlement and hope that members will agree.

**Tim Poil**  
**General Secretary**



## Great Discounts for Union Members at Tussauds Group Attractions

NGSU has joined the Tussauds Affinity discount scheme - members will be eligible for discounts at Alton Towers, Chessington World of Adventure and Zoo, Thorpe Park, Madame Tussauds, Warwick Castle and many more. For more details go to our website [www.ngsu.org.uk](http://www.ngsu.org.uk) - Services and Benefits section.

