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**Joint Statement - 4 July 2014**

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| Employee Involvement - Nationwide & NGSU - Working Together |

All employees must read this Joint Statement

**NBS 03/2014**

**2014 Annual Pay Review**

Nationwide and the Nationwide Group Staff Union (NGSU) are pleased to announce details of the 2014 pay review for employees in job level 1-3 (non Senior Executive).

Working in partnership, we have achieved a competitive pay settlement which compares well across the financial services sector. The outcome this year delivers an award over and above inflation for those rated Met Objectives and above and supports those employees at the lower end of the salary range to progress towards the market anchor.

Salary ranges for levels 1-3 will increase by 2.5% before applying the pay review, meaning more employees who are currently at or close to the maximum of their pay range will have an increase applied to their salary. Following the recent confirmation that Nationwide, working with the NGSU, had committed to becoming an accredited Living Wage employer, we’ve also reviewed and increased our lowest salary range.

Eligible employees who have been rated as Met Objectives or above will receive a pay award of between 2.75% and 7.25% with employees who joined between 1 January and 31 March 2014 (rated as a New Starter) receiving an award of 1% depending on their position in the salary range.

Your individual pay award will be based on your annual notional salary, your position in the salary range after range movement is applied and your personal performance rating. Eligible employees will receive a consolidated pay increase, a non-consolidated lump sum, or a mix of the two depending on their position in relation to the maximum of their salary range.

By July pay day you will receive an individual pay review letter. If you work in the Administration and Contact Centres (including Nationwide Financial Planning) you will receive your letter from your manager. If you work in the Branch Network, your letter will be sent directly to your nominated address. Employees on Prolonged Sickness Benefit will receive their letters directly at their home address.   
  
More information on this year’s review are set out below.

**1. Background**

Each year Nationwide and NGSU consider a range of factors in our discussions on pay. These include a review of the financial services sector and wider economy together with Nationwide’s business performance and its ongoing financial health.

The business has delivered strong results of which we should all be proud. Nationwide’s people have played a significant role in achieving these results and the outcome of this year’s pay review recognises this contribution.

At the same time, Nationwide has an obligation to run its business prudently, for the benefit of its members, and to ensure that any pay settlement is affordable and sustainable over the long term.

Taking all of this into account, we believe that the agreement we have reached balances these factors.

**2. Salary Ranges**

We have agreed a number of changes to our salary ranges for 2014 to reflect changes in the financial services sector:

* Market Anchors (and their corresponding range minimum and maximum salaries) will be increased by 2.5%
* Four new salary ranges will be added across job levels 1-3 to ensure that we remain competitive
* The lowest salary range has been increased to reflect recent benchmarking

Salary ranges continue to be set at 90-115% for job level 1 & 2 employees, and 80-120% for level 3 employees. However, the minimum of the lowest range will be set above 90% to align with the level of the national Living Wage. Further details can be found in the Rewards Policy.

The new salary ranges are shown below:

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| --- | --- | --- | --- |
| **Level** | **Minimum 90%** | **Market Anchor** | **Maximum 115%** |
| Level One | £13,923 | £14,140 | £16,261 |
| £14,475 | £16,083 | £18,495 |
| £15,409 | £17,121 | £19,689 |
| £16,993 | £18,881 | £21,713 |
| £18,882 | £20,980 | £24,127 |
| £22,657 | £25,174 | £28,950 |
| £25,200 | £28,000 | £32,200 |
| Level Two | £19,547 | £21,719 | £24,977 |
| £24,431 | £27,146 | £31,218 |
| £26,415 | £29,350 | £33,753 |
| £29,318 | £32,576 | £37,462 |
| £33,935 | £37,705 | £43,361 |
| £40,721 | £45,245 | £52,032 |
| £48,861 | £54,290 | £62,434 |
| £58,635 | £65,150 | £74,923 |
| £63,000 | £70,000 | £80,500 |
| Level Three | £43,432 | £54,290 | £65,148 |
| £52,120 | £65,150 | £78,180 |
| £60,000 | £75,000 | £90,000 |
| £68,000 | £85,000 | £102,000 |

**3. Pay Award**

The matrix below sets out the pay award for eligible employees in levels 1-3:

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| --- | --- | --- | --- |
| **Rating** | **Position in the Salary Range** | | |
| **95% & under** | **95.01 - 100%** | **Over 100%** |
| **Exceptional** | **7.25%** | **7%** | **6%** |
| **Exceeded Objectives** | **5.25%** | **4.75%** | **4.25%** |
| **Met Objectives** | **3.5%** | **3.25%** | **2.75%** |
| **New Starter\*** | **1%** | **1%** | **0%** |
| **Part Met Objectives\*\*** | **0%** | **0%** | **0%** |
| **Unacceptable** | **0%** | **0%** | **0%** |

\* Rating for employees who joined 1st January to 31st March 2014

If you are eligible to receive a pay award, this will be based on your position in the salary range **after** range movement has been applied.

All increases will be effective from 1 July 2014 and will be paid in July salaries.   
  
Employees who were rated as Unacceptable in their annual performance review will not receive an award or uplift in their notional salary in July 2014.

\*\* For further details on employees rated as Part Met, see the section c on ‘Eligibility’ below or the Questions and Answers available on the intranet.

**Non-consolidated lump sum payments**

Your position in the salary range will be considered after range movement has been applied.

For eligible employees, if your pay award would then take your annual notional salary above 115% for a level 1 & 2 employee or 120% for a level 3 employee, you will receive a consolidated salary increase up to the salary range maximum and a one-off non-consolidated lump sum payment for any amount above the salary range maximum.  
  
If you are eligible for an award but remain over the maximum of 115% for a level 1 & 2 employee or 120% for a level 3 employee following range movement you will receive the full increase in the form of a one-off non-consolidated lump sum payment.

**4. Eligibility**

**a) New joiners**

Employees who joined Nationwide on or after 1 April 2014 will not participate in the 2014 Annual Pay Review. However, if they are below the minimum of their salary range, they will be uplifted to the appropriate range minimum as part of the Annual Pay Review process.

**b) New Starter Rating**

All employees who joined between 1 January and 31 March 2014 inclusive and who received a rating of New Starter will be eligible to receive an award of 1% if their position in the salary range is up to and including 100%, after range movement has been applied.

**c) Part Met Rating**

Employees who were rated as Part Met in April 2014 will not participate in the July pay review and will not be uplifted to the salary range minimum for their role if they are below the minimum of the salary range either before or after range movement is applied.

However, if the employee improves their performance by the half-year review in October 2014 to Met or above, they will be eligible to receive a pay award of 2.5%. This will be paid as a consolidated salary increase up to the salary range maximum, with any amount above this paid as a non-consolidated lump sum.

Any increase will be effective from 1 October 2014 but this will be processed in December 2014.  
  
**d) Promotions**

For employees who have been rated as Met Objectives or above and who have been promoted between 1 April and 30 June 2014 inclusive the following will apply:

* Employees who have received an increase on promotion will not be eligible to participate in the Annual Pay Review unless they are below the salary range minimum of 90% for level 1 & 2 employees and 80% for level 3 employees, in which case they will be uplifted to the minimum. However, we will check to see whether the value of the pay award would have been higher had the employee stayed in their previous role, and if so, the employee will receive a pay award to reflect the difference, effective from 1 July 2014.
* Employees who did not receive an increase upon promotion will participate in the Annual Pay Review.

**e) Secondments**

Employees currently on secondment will have their Annual Pay Review based on their original role, not their seconded role. However, if applicable the employee will be uplifted to the salary range minimum for their seconded role for the remainder of the secondment where they have been rated as Met Objectives and above in their annual performance review.

**f) Employees in receipt of Prolonged Sickness Benefit**

Employees in receipt of Prolonged Sickness Benefit (PSB) will be eligible to receive a pay award of 2.5%.   
  
However, where an eligible employee is currently below the range maximum, and the salary increase takes them above the salary range maximum, the proportion of the increase which exceeds the maximum will be paid as a non-consolidated lump sum payment.

**5. Allowances and caps affected by salary range movement**

We have reviewed all allowances which are linked to salary ranges. As a result of the movement of the salary ranges, the following allowances and caps have been increased:

* The On-Call disturbance allowance minimum payments have been increased to £10.37 for Monday to Friday and £13.83 for Saturday to Sunday and Public Holidays.
* Under the Job Security and Redundancy Policy, the cap on annual notional salary increases to £65,150 and the cap on Financial Planning Manager bonus increases to £16,144.

These changes are effective from 1 July 2014.

**6. Allowances Review 2014**

This January, Nationwide and NGSU started a review of those allowances which are not linked to HMRC limits or salary ranges. For more information on our approach to reviewing these allowances, please refer to the [Joint Statement](http://mynationwideintranet/NBSIntranet/youandnationwide/hr_policy_point/jcnc/2013/JS_2_april_2013.htm) issued in 2013.

Whilst we have agreed to keep the level of the majority of these payments unchanged, negotiations are continuing in relation to Location Allowances. We hope to be able to communicate the outcome of these discussions soon.

**7. Strategy**

Nationwide and NGSU continue to believe that a reward strategy which supports the corporate objectives is essential. In last year’s Pay Review Joint Statement we confirmed that it was our intention to complete discussions on a number of areas of the current pay structure by the end of 2013.

These discussions took place during late 2013 and into 2014 and agreement has been reached in some areas which are reflected in this year’s pay review outcome.

NGSU remain disappointed that these discussions have not made as much progress as anticipated on addressing their key concerns: whether there are the appropriate number of ranges bearing in mind the increase in specialist roles; how employees move within their salary range (particularly how people move from the minimum to the market rate for the role they perform); the balance between fixed and variable pay and an examination of the link between performance management and pay.

NGSU continue to believe that a more fundamental review of the pay structures is required to deal with these issues and both parties anticipate that there will be future discussions on how the pay structures will meet the changing needs of the business and appropriately reward employees.

**8. Nationwide Concessionary Mortgages**

Employees who receive a notional salary increase and who are already in receipt of a Nationwide concessionary mortgage may be eligible for a review of the proportion of their mortgage on which they benefit from the Nationwide concessionary rate. For more information refer to the [Staff Mortgage Guide (post MMR)](http://mynationwideintranet/NR/rdonlyres/B32090D6-0C6A-410A-B2EA-3273B42D76A9/0/StaffMortgageGuidePostMMRV1FINALApril2014.pdf) available on the intranet. This does not apply to employees in receipt of any Regional Brands mortgage concession or subsidy.   
  
The [Pay intranet site](http://mynationwideintranet/NBSIntranet/youandnationwide/pay_benefits_timeaway/pay_bonus_recognition/) and relevant pages of the HR Policy Point have been updated with details of this Joint Statement. Please refer to the HR Policy Update for details of the above changes together with other minor amendments which have been made.

| **Alison Robb**  Group Director  Nationwide Building Society | **Tim Poil** General Secretary  Nationwide Group Staff Union  (NGSU) |
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**Employee Involvement Committee (EIC)**

For more information on the Employee Involvement Committee and our approach to Employee Involvement visit the [Employee Involvement Intranet Site](http://mynationwideintranet/NBSIntranet/youandnationwide/employee_involvement/).



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