

Bonus Scheme Explained

The scheme involves an assessment of performance against a range of targets measured on a monthly basis. However, any bonus earned will be paid quarterly.

There will be two separate and exclusive elements to the scheme: one reflecting performance against target and one assessing continuous improvement.

Essentially, teams will be measured against the same targets but different schemes will apply depending on their performance over the quarter.

Target Performance

This part of the scheme is designed to encourage consistently high performance as any bonuses would only be paid when performance **exceeded** target.

Each month's assessment of performance against target is in fact a scheme in its own right and the 3 months results will not be aggregated. For example, if targets are not met in the first and second months, but are in the third, one month's worth of bonus would still be paid.

However, all targets have to be exceeded for any bonus to be triggered. Failure to exceed in just one area would mean that the team would not be eligible for a bonus for that month.

The maximum bonus that can be achieved when assessment is made under this criterion is 8%.

The bonus payments themselves will also be weighted to take account of Department scores as follows:

Assessors

- **80% for exceeding each target**
- **20% for the department exceeding its CARE score.**

This would mean that if a maximum bonus of 8% was due because all measures had been exceeded but the departmental score had not, only 80% of the bonus due would in fact be paid, i.e. 6.4%.

Team Leaders

- **60% for exceeding each target**
- **30% for the department exceeding its target engagement score**
- **10% for the department exceeding its CARE score.**

Continuous Improvement

This part of the scheme is intended to drive continuous improvement for those teams that are not yet meeting and exceeding the target threshold. Instead bonuses would be paid to those teams that had improved their performance in **each** measure from the previous month.

The maximum bonus that can be achieved when assessment is made under this criterion is 5%.

The exception would be where any month's performance exceeded target when payment under the Target Performance section of the scheme would operate.

Bonus payments will again be weighted to reflect Department scores in exactly the same way as for the Target performance scheme.

Measures

The measures to be used consist of the following:

- **Average technical audit score**
- **Average telephony audit score**
- **Number of calls per FTE per month**
- **Average number of supplier appointments per claim**
- **Percentage of immediately settled (same day) claims.**

Importantly the use of averages and ratios should negate any issues over staffing differences between teams.

Targets

The adequacy of any bonus scheme cannot be considered in isolation from the target setting process. It is the target setting process that dictates to what extent staff can achieve and be paid any bonuses. A bonus scheme could promise to pay out £1M for hitting target but that is of little use if the target cannot be achieved.

Central to our discussions therefore has been the issue of fair targeting.

Your Views

Our negotiations continue and we want to hear members' views on the proposed bonus scheme and, once known and explained to them, the fairness of their targets. Members can contact me at the Union's office in Bedford on 01234 262868, use the fax back sheet overleaf or email me at Nick.Holt@ltu.co.uk

NICK HOLT
Assistant General Secretary

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