

# 12% Target Increase For Majority Of PAM's

Today the Bank will announce its proposals to remove Levels A-D and to replace them instead with one national sales target for PAM's. The PAM target for 2006, in today's currency, will be 199,202 NPV's. This new target is broken down by quarter in the chart below.

For PAM's currently performing at Level B the target for next year will be 12% higher. For Levels C and D PAM's, the target will be 18% and 38% lower than their current 2005 target.

**The Bank's 12% target increase has been rejected by the Union's Salesforce Negotiating Committee as unachievable and unrealistic for this group of PAM's based on their current levels of performance.**

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**The target reductions for Levels C and D have been accepted but for this group the Bank's introduction of a new Functional PAM pay band and the impact that will have on future basic salary increases will be more worrying.**

Sellers	Q1 2006 Target	Q 2006 Target	Q3 2006 Target	Q4 2006 Target	FY 2006 Target	2006 / 2005
PAM B	44,484	48,156	53,364	53,196	199,202	112%
PAM C	44,484	48,156	53,364	53,196	199,202	82%
PAM D	44,484	48,156	53,364	53,196	199,202	62%

# Pay Arrangements 2006 and 2007

The Bank is preparing to remove the current salary arrangements, which consist of spot salaries at Levels A-D, together with guaranteed across the board pay increases for all PAM's regardless of performance, and replace them with a new Functional PAM pay band. 2006 will be the last across the board pay increase PAM's will receive. From 2007 salary increases will be awarded based on performance against the Balanced Scorecard and position in the new pay band.

As part of the transition from the current pay system to the new pay system there will be a number of steps as follows:

## January 2006:

- All PAM's, including those on protracted salaries, will receive a 1% increase in basic pay.

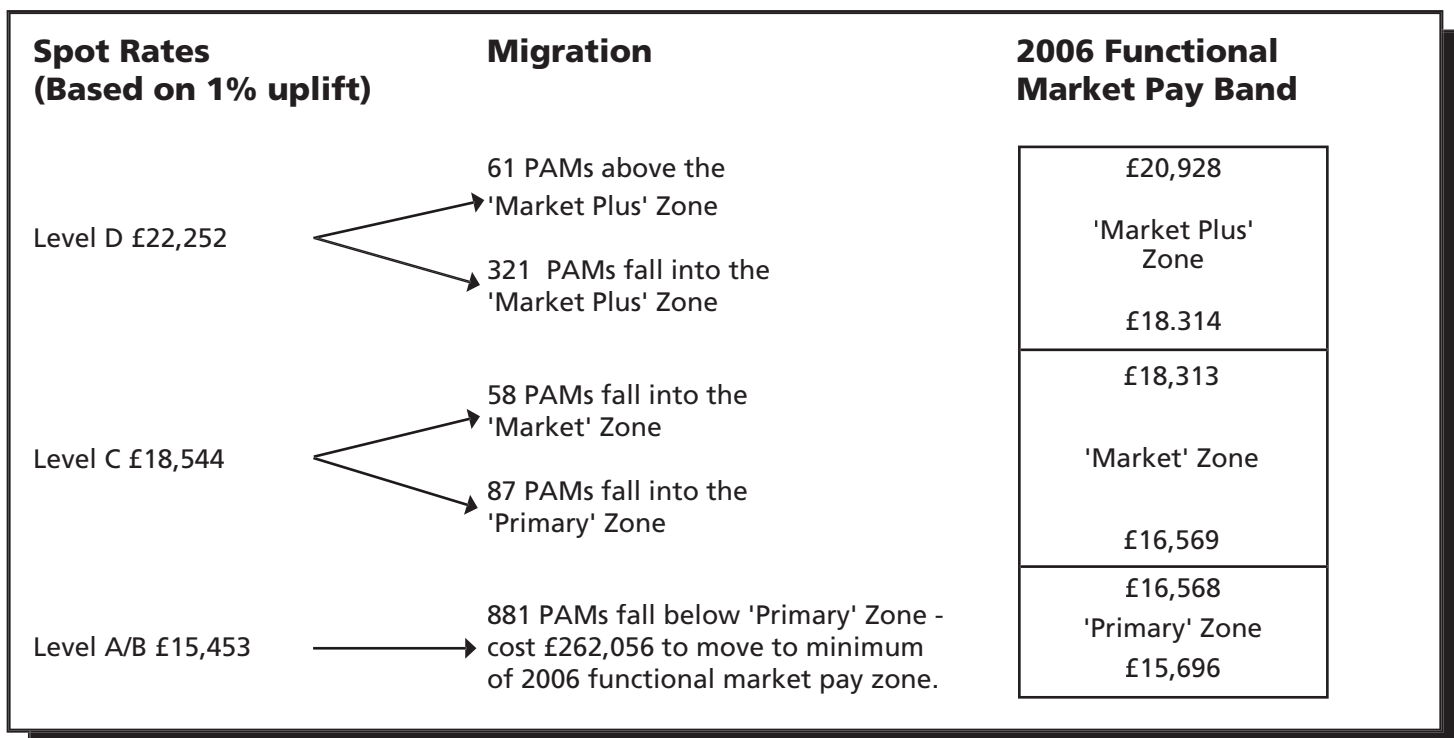
## April 2006:

- All PAM's in role will be read across to the new Functional Market pay band based on their current salary. The impact of that for PAM's has been set out in the flow chart below. Those PAM's in receipt of a guaranteed salary will read across at their

current salary.

- According to the Bank there are currently 881 PAM's at Levels A and B who are below the entry point to the new 'Primary' zone and they will receive an additional salary increase to bring them up to the minimum of the new zone. However, those PAM's will need to have been rated as either 'Met Expectation' or above. This increase will be made in May and backdated to April. According to the Bank, out of 881 PAM's, 277 were rated as 'Partially Met' at the half year and wouldn't therefore be moved to the minimum of the new 'Primary' zone.

LTU's position is that staff should be paid at least the minimum of the rate for the role and, therefore, all PAM's should be moved to the minimum of the new pay zone in April 2006. They shouldn't have to wait until August 2006, the next review period, or even longer in some cases, to get the pay they deserve.



## April 2007

- Individual salary increases will be awarded based on overall performance against the Balanced Scorecard and position in the pay band.
- Increases awarded in April 2007 will be backdated to 1st January 2007.

**LTU's position on pay zones is well known. Following the January increase all Level D**

**PAM's will be some £1,324 above the new zone and will not, therefore, be entitled to a basic salary increase for the foreseeable future. The reality for Level C PAM's read across into the 'Market Plus' zone is that unless they produce an excellent performance year after year, they too will receive no increases and their salaries will be left to wither on the vine. That is no way to treat your top performing PAM's.**

# Current Performance v 2006

We have always said that targets are a valid lever for increasing productivity. But the proposed 12% increase in targets for Levels A and B is a target increase too far for many of those PAM's. If those PAMs believe from the outset that targets are unrealistic and unachievable they will not strive to achieve them. The best guide to what will really be achievable in 2006 is to look backwards at performance in 2005.

Last year the target for PAM's was increased by 2.5%. Despite no target increase, overall performance to date for Levels A and B PAMs has been disappointing

and it is difficult to understand what the Bank thinks it can achieve by imposing targets which are patently unrealistic for many PAM's.

Of the 551 Level B PAM's, only 254 (46%) managed to achieve at least target in Q3 2005 and were eligible for a bonus payment. 209 Level B PAM's were less than 80% of target. Of the 332 Level A PAM's only 123 managed to hit their target. Simply increasing targets for the sake of it will not help Terri Dial achieve her 43% uplift in sales productivity.

## PAM Personal Performance Q3 2005

	Fast-Track			Inexperienced New Recruit	Experienced			Total
	Level B	Level C	Level D		Level A	Level B	Level C	
Number of PAMs	140 12%	67 6%	14 1%	322 27%	411 35%	199 17%	35 3%	1188 100%
PAMs eligible for bonus: % of PAMs at >=100% of target	49 4.1%	20 1.7%	3 0.3%	123 10.4%	205 17.3%	87 7.3%	5 0.4%	492 41%
No. % of PAMs at 90%- 100% of target	10 0.8%	2 0.2%	1 0.1%	21 1.8%	35 2.9%	17 1.4%	5 0.4%	91 8%
No. % of MAs at <80% of target	70 5.9%	40 3.4%	10 0.8%	154 13.0%	139 11.7%	71 6.0%	17 1.4%	501 42%
Average Points (Factored up FTE Points) Target % of Target	35,771 43,565 82%	42,635 59,180 72%	53,287 78,943 67%	37,673	41,990 43,565 96%	52,780 59,180 89%	59,541 78,943 75%	

# PIP Mania For PAM's In 2006

Based on Q3's performance, 430 Level A and B PAM's out of a total population of 1188 could be subject to the Bank's Performance Improvement Process and, if their performance didn't improve, could be dismissed from the Bank. What should worry Level A and B PAM's is that the figure of 430 is based on 2005 targets. With their targets being increased by

12%, we could see more PAM's in a position where they could be dismissed for under-performance without the Bank having to pay any severance costs.

Members with any questions on this Newsletter can contact LTU's Advice Team as follows:

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