

15th February 2005

Lloyds TSB - Offshore Banking

# OB Pay Survey Results

In October LTU issued a survey to Offshore Banking Group members asking them for their views on the reward package, pay 2005 and the Balanced Scorecard system. The full results of our survey are set out overleaf.

Some of the key results from our survey are as follows:

- **86% of staff said that they should receive a pay increase at least equivalent to the rise in the market indicator for their Band.**

**Whilst we would expect that to happen for the overwhelming majority of staff in the 'primary' and 'market' zones, those in the 'high performance' zone who are not deemed to be high performers will almost certainly get no salary increase again this year. That is unacceptable for an organisation that for 2004 is expected to produce profits of £3.5 billion**

- **90% of staff said that there should be in direct link between basic pay and performance.**
- **89% of staff said that Offshore Banking should tell staff how long it should take them to be paid the rate for the job. Members should never forget, even if Offshore Banking does everything to make sure that they do, that the market indicator is now equivalent to the middle of the 'market' zone. Simply falling into the 'market' zone is not enough. You need to progress to at least the middle of the 'market' zone in order to be getting paid the rate for the job.**
- **The Chief Executive said that " Studies amongst high performing companies have shown that if you get staff satisfaction right, then usually you get the customer equation right because your employees want to serve the customer well. People who are motivated and who are happy have a direct and positive impact on the customer experience." However, despite the rhetoric only 29% respondents in our survey said that Offshore Banking was a 'Great Place to Work'. To get staff satisfaction right Offshore Banking needs to address urgently staff concerns on its new reward package.**

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# Pay and Performance Management in O.B.

To what extent do you agree or disagree with the following statements?

	Strongly Agree	Tend To Agree	No Opinion/ Don't Know	Tend To Disagree	Strongly Disagree
	%	%	%	%	%
Offshore Banking has a clear business strategy which I understand.	5.99	52.07	17.51	19.35	3.69
All staff should receive a pay increase at least equivalent to the increase in the Market Indicator for their Band.	63.13	23.04	3.69	7.37	1.84
There should be a direct link between Pay and Performance.	47.47	42.86	2.30	4.61	1.38
I have a clear understanding of my Balanced Scorecard objectives for 2004.	17.97	47.93	9.22	17.05	7.83
Offshore Banking should tell staff how long it should take to be paid the rate for the job.	55.76	33.64	5.99	2.30	0.00
Balanced Scorecard means my Manager listens to me more.	5.99	16.59	24.88	32.26	19.82
Offshore Banking is now a 'Great Place to Work'.	6.91	22.58	26.73	29.49	12.44
I have had regular reviews of my performance during 2004.	17.97	41.47	6.91	19.35	13.82
Balanced Scorecard has had no impact on the way I work.	24.88	31.80	11.06	24.88	6.45
We should be moved through the Pay Zones more quickly.	38.71	41.01	12.44	6.45	1.38
Balanced Scorecard means my Manager helps me overcome my problems more.	5.53	24.88	26.73	26.27	16.59
More money than the normal 3% Pay Pot is needed to get staff into the right Pay Zone.	57.60	30.88	10.14	1.38	0.00
I am clear about the results I am expected to achieve in my role.	22.12	49.31	11.52	12.44	4.15
It is clear how my Balanced Scorecard objectives are linked to pay.	9.68	24.88	20.28	25.81	18.43
Balanced Scorecard has created more team working.	4.61	13.82	21.20	37.33	22.12
I'm treated better by my line manager because of the Balanced Scorecard.	1.84	6.91	33.18	32.72	24.88

# The Emperor's New Scorecard

The Balanced Scorecard is now in its third year and in our survey we took the opportunity to ask members for their views on its impact on their day to day working lives.

The good news for Offshore Banking is that 58% of staff said that it had a clear business strategy which they understood and 76% are clear about the results they are expected to achieve in their role.

**However, 56% of staff when questioned said that the Balanced Scorecard had made no impact on the way in which they carried out their work.** After 2 years of extolling the benefits of the Balanced Scorecard strategy that figure must be very disappointing for David Oldfield given the amount Offshore Banking has invested in the system. Even at a local level the impact of the Balanced Scorecard is less than impressive. Only 30% of staff said the Balanced Scorecard had resulted in their line manager providing them with more help to overcome their problems and 59% said it had not engendered any more team working.

## Pay and Performance

According to the old saying, "What gets measured gets attention." However, it is probably even more correct to say that "What gets paid gets even more attention." If the Balanced Scorecard is to be taken seriously by staff then the Group's pay system must be directly linked to the attainment of Balanced Scorecard objectives.

Lloyds TSB staff clearly agree with this and over 90% of staff agreed with the statement in our survey that "there should be a direct link between Pay and Performance".

The Group on the other hand believes that the collation of information on performance as measured by the achievement of the Balanced Scorecard objectives should be used only for statistical purposes on the overall performance of the organisation. There will be no direct link to pay. **Rather LTU has been told that the main purpose of ratings under Balanced Scorecard is to inform top management of the collective performance of the workforce.** As far as pay is concerned, Balanced Scorecard ratings are to be used simply as one of a number of factors in assessing pay awards and on that basis even staff achieving a rating of "exceeded expectations" will not be guaranteed a pay increase this year.

**If the Group expects staff to take seriously the principles of Balanced Scorecard then there must be a direct link between achievement of Balanced Scorecard objectives and staff pay awards.**

# A Fair Pay System For OB Staff

Our ongoing pay claim is simplicity itself.

In a high performance organisation staff have a right to expect real and lasting improvements in their pay through a mechanism of defined salary progression. Anything less is unacceptable.

In order to achieve that simple objective Offshore Banking should guarantee:

- **The movement from the 'primary' zone to the 'market' zone in 1 year for Bands 8 and 7 and 2 years for Bands 6 to 2.**
- **Staff in Bands 8 and 7 should move to the market indicator, or rate for the job, in no more than 2 years.**
- **Staff in Bands 6 to 2 should move to the market indicator, or rate for the job, in no more than 5 years.**
- **All staff regardless of their zonal position should get automatically the increase in the market movement for their Band. This does not breach any equal value legislation, which is why the Group said they couldn't do it.**
- **If the new reward package and balanced scorecard approach to performance management are to work then there must be a direct link between the new performance management ratings and pay.**

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## Newsletters by Email

LTU is offering members the opportunity to receive newsletters by Email.

We will send all newsletters for your area direct to you on the day they are sent to members by post, giving you authoritative, immediate information on the issues that matter.

To subscribe to the service all you need do is email us at [24hours@ltu.co.uk](mailto:24hours@ltu.co.uk) with the subject line "Newsletters" and your membership number (your file or payroll number) or phone on 01234 262868. We'll do the rest.

**Mark V Brown**  
Assistant General Secretary