

where staff were being told by their managers that their end of year appraisal ratings would have been better if less staff in their units had performed well. As we said at the time, in an organisation that aspires to high performance this system is plain crackers. But we have had similar comments already under the new system!

Managers at every level therefore will be under scrutiny to adhere to the public stance of the Bank as spelt out by Eric Daniels, who in his end of year briefing says:

“No one should be given an inappropriate or unjustifiable rating just to fit a distribution. Regular conversations with your line manager during the year will ensure there are no surprises in the rating you receive.”

Members requiring advice or assistance can contact one of LTU’s independent professional full time officials either by calling our 24 Hour Advice Line on 01234 262868 or by email at 24hours@ltu.co.uk

NICK HOLT
Assistant General Secretary

20 NOVEMBER 2006

All Members

Severance & Retirement Terms - Update

In August I reported on the Bank’s proposals to comply with the requirements of new legislation that would make illegal different treatment on the grounds of age. I said we were broadly supportive of the measures that were being proposed, such as the right to work to age 65 with continuing accrual of pension benefits and the introduction of flexible retirement arrangements. However, the Bank’s plans to remove the facility for drawing non-actuarially reduced pensions as part of severance and early retirement arrangements were unacceptable and we therefore continued our negotiations with the Bank.

As part of those negotiations we sought to agree:

- **transitional arrangements until 2010 when further legislation would mean it would not be possible to retire on an immediate pension until the age of 55. This would be crucial as it is staff in their early 50’s who are worse off under the**

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new terms and it is from age 55 that the new terms begin to be better than the 1997 harmonised terms, and

- **further improvements to both the final salary and defined contribution pension schemes which would ensure the changes the Bank proposed would be cost neutral, as the Bank originally suggested they would be, rather than the tens of millions of pounds worth of annual savings a year these changes would give the Bank. It is not acceptable that the Bank should profit in this way from complying with its legal obligations.**

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However, I have to report that apart from a limited number of matters that remain under discussion, the Bank has so far refused to introduce any of the measures we have proposed.

It is important for members to understand that the previous severance and early retirement terms played a massive part in ensuring that restructures, headcount reductions and the closures of functions and whole buildings went more smoothly over the last 15 years. The terms negotiated by LTU meant that the number of staff leaving voluntarily was much greater than the number being forced out.

Removing early retirement arrangements will mean that staff in their early 50's, who to date have formed a large proportion

of those leaving the Bank, will face the prospect of being forced out against their wishes on significantly worse terms. The Bank has failed to understand that if it wants staff to be engaged they have to feel valued and know that their financial future is secured.

The Bank's approach has damaged that prospect severely and those at greatest risk are the most experienced and often senior staff who know that change is the only constant and that their number may be up at the next round of ritual blood-letting.

As I have said, we still have a number of matters under discussion and I will provide a further update once those have been concluded.

Balanced Scorecard - Full Year Ratings LTU Advice

Full year reviews should be completed over the next few weeks and the key points members should note are as follows:

- **staff should receive full written appraisals of their individual Balanced Scorecard objectives for the year and**
- **should receive ratings of their overall achievement against those objectives**

- **there should be no surprises. If the Balanced Scorecard system has been followed properly staff should be aware of how they have performed and the ratings they receive should not come as a surprise. It would be unacceptable to suddenly learn that your performance has deteriorated or that you have been given new objectives for the**

period under review that you were not previously aware of

- **staff who are rated as 'Partially Met expectations' and were the same at the interim review should ensure they were made aware of what was required to bring their performance up to the required standard in order to get a higher rating.**

LTU is aware of members concerned that they would be marked as 'partially met' if they failed in just one aspect, such as lending.

To reiterate, all members are entitled to have their contributions assessed individually against all the objectives set out in their individual Balanced Scorecards. This should look at whole job performance and not just Sales results or other outputs. Ratings should then be applied in relation to that assessment and not against any predetermined distribution.

Any members who feel that they have been rated unfairly should first ask their managers for a full explanation of the reasoning behind their ratings and question any ratings that were not discussed fully with them during the period being reviewed.

Members should contact LTU if they believe that the appraisal process has not been followed correctly and especially if;

- **their ratings are lower than they expected and insufficient or incorrect**

justification for a rating has been provided

- **they are being marked down due to just one aspect of their Scorecards – especially if they have exceeded expectations in other areas**
- **they feel that their ratings have been reduced to enable their managers to meet any suggested ratings distribution.**

There is still a belief that many staff will not get the ratings their performance justifies but rather ratings that are constrained to meet the Bank's expectations of ratings distribution. In other words that the Bank will operate a forced distribution ratings system.

As members will know the Bank has made clear its expectation that the new system would produce overall ratings as follows:

Outstanding	5%
Exceeded	15%
Met	60%
Partially Met	15%
Not Met	5%

The problem of course is that when the Bank talks of an expected distribution, that is what it gets because an expectation becomes a requirement and staff do not get the ratings their performances merit. Instead they get ratings that in aggregate match what the Bank has suggested it would expect to see. We dealt with a large number of cases at the beginning of the year