

## Bastardisation of Protection Arrangements

Let's assume that the Bank's figures are correct for Q1 and that 28% of SPBM's and PBM's are in fact worse off under the new scheme. That only tells part of the story because many of those individuals will be on protected salaries and by linking their target to their basic pay the Bank is in fact making it impossible for many of those individuals not only to earn bonuses but, more importantly, is putting their basic salaries at risk and ultimately putting them in the position of being managed out of the organisation through the PI process to be replaced by SPBM's and PBM's on lower salaries. Whilst that might be the way staff are managed in America it's not the Lloyds TSB way and the Bank's Senior Management team, many of whom will have been party to the salary protection arrangements we agreed, should hang their heads in shame. The Bank said salaries would be protected indefinitely and we expect them to honour that agreement. Those individuals will be given a target based on their protected salary that they have never achieved in the past and they will be expected to do that from the 1st January. For many of them it will be impossible. Moreover, some of those individuals will be in branches that are not able to sustain such high targets. What happens in those circumstances?

## The Right To Privacy

Introducing a clear link between basic pay and targets, through the multiplier approach, and then seeking to publish that information locally could result in the Bank finding itself in breach of the Data Protection Act 1998. In the past we've seen numerous examples of performance league tables that show individual seller performance against target and if such league tables are published in future then staff will be able to calculate each others basic salary. Some individuals, especially those whose basic salary is protected, might want to keep that information

confidential. Basic salary details are classified as personal data for the purposes of the Act and such data can only be disclosed in accordance with data protection principles.

The Union is taking legal advice on this issue and will report back to members in our next Newsletter. However, if the disclosure of such data through local league tables is a breach of the Data Protection Act then we'll be writing to Ms Dial and asking for her personal assurances that information will not be published either locally or nationally which allows personal salary details to be disclosed.

## Pay 2007

Our discussions on pay for 2007 are still continuing but for PBMs salary increases will now be awarded based on overall performance against the Balanced Scorecard and their position in the pay zone. That's been the case for SPBM's for a few years. As part of the transition arrangements for PAM's from the old system to the new system it was agreed that salary increases awarded in April 2007 would be backdated to the 1st January 2007.

However, what members should be aware of, because it makes a farce of the new targeting system, is that any salary increases awarded in April will result in a corresponding increase in target. So you could have the unusual position of a members of staff refusing a salary increase of say 6% because that will mean a target increase of 6%. If that doesn't tell you what the Bank is seeking to do then nothing does.

## The Next Steps

LTU will be surveying SPBM's and PBM's shortly to get their views on the Bank's proposals. However, in the meantime members with any questions on this Newsletter or comments on the Bank's proposals can either contact the Union's Bedford Office on 01234 262868 or they can email Mark Brown directly at Mark.Brown@ltu.co.uk.

# 2007 Network Targets & Bonus Schemes

## INSIDE Network Schemes Explained

The Bank will today announce details of the targets and bonus arrangements for staff in the Network for 2007. The Bank has told LTU that it is looking to sell 5 million products next year and that this translates overall to an increase in sales of 28%. The Bank's proposals, explained inside this Newsletter, involve significant hikes in targets for all staff with:

- **Customer Assistants being required to achieve 20 referrals/sales in Q1 and 30 in Q2 to trigger any bonus payment;**
- **Account Openers being required to achieve 50 referrals/sales per quarter of which 25 must be personal sales to trigger any bonus payment**
- **Customer Service Managers having both personal and team based targets**
- **PBM's and SPBM's moving to targets based on a multiple of their own salary**
- **Branch Managers and other Local and Area Managers having a scheme that will be influenced by an external assessment of customer service.**

The Bank has told LTU that it believes the Customer Assistant target of 20 referrals/sales in Q1 is readily achievable and points to the fact that just over 50% of Band 8's achieved more than this figure in the last quarter and that when the figure for those close to but just short of 20 was added in, the overall figure was nearer 60%. The Bank has also provided data for Band 7's that shows that 30% achieved 50 or more referrals/sales in Q3.

What the figures also show of course is that just under half of Band 8's have not achieved 20 or anything like that figure to date and

70% of Band 7's did not achieve anything like 50 referrals/sales. There is a real question mark therefore over the extent to which the proposed targets can really be achieved. This is critical because if Customer Assistants and Account Openers cannot achieve these targets not only will they fail to receive any bonus, they could well be subject to the quasi-disciplinary Performance Improvement Process which could lead to dismissal. A failure at this stage of the referral chain would also impact on the ability of all other staff to achieve their targets.

What is also of major concern is the fact that the Bank has failed to provide any guarantees that these threshold targets will not be inflated by local managers for Balanced Scorecard purposes. Many staff are already being told that they must achieve 65 referrals/sales in quarter 1.

The targets the Bank are proposing, without any cutting at local level, will further increase the pressure on staff to sell, many of whom are already complaining that this is already excessive. In our recent survey of Customer Assistants 73% said they felt under pressure to make referrals/sales that may not be in the customers best interests. This is worrying all round and there is every danger that this hike in targets could exacerbate this problem.

### Newsletters by Email

LTU offers 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 register for the service all you need do is email us at 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.

### NICK HOLT

Assistant General Secretary

# Bonus Schemes Explained

## Customer Assistants (Band 8)

Customer Assistants will be required to achieve 20 referrals/sales in Q1 to qualify for a bonus. The current threshold is 13 per quarter. In Q2 this would increase further to 30 referrals/sales.

There will be no change to payments for each sale and successful referral of £5 and £3 respectively.

Importantly these threshold levels are no longer aspirational but proper targets and will have Performance Improvement implications if they are not met.

Many staff have already been told they must achieve 5 referrals each week over the next quarter. The Bank has failed to provide any leadership on this matter and seems content to let local managers inflate the national threshold in individuals Balanced Scorecards. This is completely unacceptable particularly since the Bank has told LTU that the new business opportunity should be the same for each individual member of staff across the network irrespective of branch size.

The Bank has told LTU that many staff are achieving 13 sales at the moment then stopping. We don't believe that is the case but rather these staff are 'busting a gut' to hit the threshold as it currently is.

As is the situation at present, staff must achieve at least a 'Met' Rating in their Risk Section of their Balanced Scorecard to be paid any bonus. However, there is a real danger that many staff could miss out on payouts next year because of the introduction recently of initiatives such as weekly till balancing. We have already seen the number of errors increase and have dealt with instances of all staff working on shared tills being held equally responsible for a till difference. As it only takes two errors in a quarter to void a bonus by not meeting expectations, penalising staff for something they may not be responsible is not only grossly unfair but unacceptable.

The Bank has told LTU that the changes recently announced to roles and structures when coupled with an unprecedented advertising spend next year together with new targeted products will mean the new targets should be readily achievable. This ignores the fact that coaching by CSMs and the required changes to behaviours of Band 7's & 8's will take time to bed in.

The new targets will further pile on the pressure to sell. Whilst sales are a vital part of the role it is important to maintain some perspective and avoid placing staff under intolerable pressures. Many members have already complained that the pressure to sell at the moment is too great. This is backed up from our latest research among Customer Assistants into their existing Bonus Scheme which showed that whilst 88% have received a payout at some point in the year:

- 73% said they felt under pressure to make referrals/sales that may not be in the customers best interests
- 60% also said the scheme had hindered the Bank's ability to offer customers a good level of service
- 63% said the scheme had hindered team work within the branch

The targets the Bank propose will do nothing to improve this situation.

## Account Openers (Band 7's and Band 6 Team Leaders)

The threshold for payment of bonus for Account Openers will be 50 referrals/sales per quarter of which 25 must be personal sales. Both 'Gateways' must be achieved to trigger a bonus. There will be no change to payments for each sale and successful referral of £5 and £3 respectively.

Many of the arguments that apply to the Customer Assistants Scheme apply as well for Account Openers but of additional concern is the increasing use of the term 'mini-PAM' when referring to this new role. An out and out focus on sales ignores the other important elements of this role which will still exist, such as cashiering and other front line duties including dealing with complaints - many of which of come from offshored operations.

## Customer Service Managers

The CSM Bonus scheme will be a mix of achievement of the sales and referral target for the team they manage and their own sales. They will receive £1 for each referral/sale made in excess of 90% of their team target and there will be an additional bonus of £250 each quarter for achieving 100% of their branch target. CSM's will also have a personal target in line with the Customer Assistant Band 8 scheme of 20 referrals/sales in Q1 rising to 30 in Q2.

This mixing of team and individual targets could lead to the nightmare scenario of managers succeeding in driving their team to perform brilliantly but in the process not managing to hit their own targets with all the consequences that could entail with their Balanced Scorecard.

## Branch Managers & Local Director/Area Management Roles

This scheme will comprise 3 bonus elements including a Salespoint Bonus, which for BMs will be £50 for each 1,000 points in excess of 90% of the branch target. A quarterly 'bucket' bonus - subject to achieving 100% of the branch sales point target - worth 15% of the BMs quarterly salary.

There will also be a measure to reward customer service called 'Star Greeting'. This will adjust up or down by up to 10% the first two elements of the scheme. It will involve telephone interviews with customers made within one week of their visit to the branch and will cover 6 elements; greeting, use of name, smile, eye contact, the offer of further help and thanking the customer.

A sample of 100 customers will be taken for larger branches and 20 customers for smaller branches. Our concern with this service measure is the disproportionate effect a small number of adverse comments could have in a small sample size, for example 5 adverse comments would constitute 5% in the larger branch sample but a whopping 25% in the smaller sample.

## Personal Banking Managers & Senior Personal Banking Managers

### 'Dialism Personified'

The Bank will announce today a fundamental shift in its target setting process for Senior Personal Banking Managers and Personal Banking Managers. The Bank is moving away from setting target increases nationally which then apply equally to SPBM's and PBM's and is instead introducing a system that links basic pay and targets. In making this change the Bank will be driving a coach and horses through the existing salary protection arrangements which were agreed for PAM's and Premier Managers who had been adversely affected by previous reorganisations and changes in job role.

Details of the Bank's proposals are as follows:

- The 2007 target for individual Senior Personal Managers and Personal Managers will be a multiplier of basic salary. SPBM's and PBM's

will continue to earn a bonus provided they achieve 90% of their salespoint target. The bonus payment will be £33 per 1000 points above 90% of target.

- The 6 monthly bonus element based on Average Daily balances will be discontinued and replaced by a quarterly "bucket" bonus which will be payable on the achievement of 100% attainment in two separate buckets. The additional bonus will be worth £600 per quarter. The volume target in Q1 will be 89 in protection and 173 in banking products.
- The gateway requirement to secure bonus payments will be simplified with the removal of the existing referral threshold which is a feature of the current Premier Scheme

## Statistical Smoke and Mirrors

The multiplier for Q1, which will vary quarter to quarter, will be 3.66. So a SPBM on a salary of £28,650, which is the market rate for the job for a Band 5 Upper, will have a target in Q1 of 104,859 salespoints. That's a 16% increase on Q4 2006 and a 39% increase year on year. If your lucky enough to be at the top of the 'Primary' Zone, so your still being paid less than the job is worth, with a salary of £27, 217 then your target in Q1 will be 99,614 salespoints. That's just over a 10% target increase.

We know that there are 382 PBM's who are either in or above the 'Market Plus' Zone on a salary of at least £18,314 and those individuals will have a target of a least 67,029 salespoints in Q1 next year. That's an increase of 26% over Q4 2006. There are up to 881 PBM's in the 'Primary Zone' where the minimum basic salary is £15,696. The Q1 2007 target for those individuals will be at least 57,447 salespoints that is an increase of 8% on Q4 2006. The market rate for the job for PBM's is £17,440 and that will produce a target in Q1 of 63,834 salespoints which is a target increase of 20% on Q4 and 43% year on year.

According to the Bank 72% of SPBM's and PBM's will either be better off or no worse off as a result of the move to linking targets to basic salaries. But members shouldn't be taken in by this statistical sleight of hand. The Bank has already said that the multiplier that drives individual targets can be varied from quarter to quarter and there is nothing stopping the Bank increasing that factor in Q2. The winners and losers position would then change overnight. The Bank has not provided us with the quarterly multipliers for the whole of the year but, based on previous experience, the likelihood is that the multipliers are going to increase in Q2, Q3 and Q4. If that happens then the overwhelming majority of PBM's and SPBM's could in fact be worse off.