

Commercial Banking: Manipulation Of Balanced Scorecard, Pay & Performance Ratings

Over the last week or so, evidence has begun to emerge from members that the Balanced Scorecard process is being corrupted in Commercial Banking: the clear objective being to depress pay.

Whilst some Commercial Banking Staff have still not been set targets for the year - and those that have, have had them backdated for as much as six months - many others have been given targets that are outside their scope of responsibility, where their pursuit would be a breach of compliance requirements.

Key concerns that have been raised by Commercial Banking members have included:

- **Evidence - at least in some areas (i.e. the South East) - that lists of performance ratings have been decided and published centrally before discussions have even taken place between individuals and their line managers.** This is despite the fact that the Balanced Scorecard documentation states quite clearly that *"Your line manager should initially provide you with an opportunity to comment on your performance"*.
- **Indications that Area Directors have been instructed to allocate mid-year performance ratings according to a Forced Distribution, irrespective of actual performance.**
- **Evidence that line managers have been instructed that all new to role staff must be rated as 'Partially Met'; irrespective of individuals' actual performance.**
- **No Incentive or Bonus Scheme has been published for those staff transferring over from 'Old Corporate', despite being over half way through the year.**
- **For Corporate-heritage staff, the distribution of 'Partially Met' performance ratings will have increased from 9% to 15% - and 'Not Met' from 1% to 5% - since being 'taken over' by Business Banking.**
- **Targets in the Balanced Scorecards of BM's, RM's and RD's that they have little control over, but if they pursued their targets they would be in breach of compliance requirements.** These product lines include Scottish Widows, FMD, EBI Sales, C&G Completions, Invoice Finance and Asset Finance - for which Commercial Banking staff have targets despite only being Introducers rather than being licensed to sell the products.

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Rating Concerns For Staff

Quite obviously, some of the biggest concerns regarding the mishandling of Balanced Scorecard, Targets and Performance Ratings are that many staff could be at risk of eventually being placed on Performance Improvement Plans (PIP's). This is because no proper recognition is being given to their ACTUAL performance.

Meanwhile, knowing Performance Ratings were rigged earlier in the year - through the introduction of a secret sixth category - 'Strong Met' - this latest information would suggest that Top Management is already laying down the groundwork to hold down next year's Pay Rises too.

Where members of staff believe their Performance Ratings are being held down artificially - or targets are totally unreasonable - it is essential that they challenge their Mid Year Review now.

During discussions concerning their mid year reviews, staff should raise any or all of the following concerns where they apply:

- **Where Targets have not been set, or are introduced several months into the performance year, staff should ensure this is recorded in their Performance Review.**

All targets should only apply for the period between when staff are notified of their existence and the end of the Performance Year. Retrospective targeting is simply not acceptable!

- **Where Targets are clearly unachievable these must be challenged straightaway.** For example, members have reported targets that involve doubling their lending set size in the space of 12 months, or maintaining Care scores in an environment where they say the support they are being provided is creaking under pressure. **Line Managers carrying out Performance Reviews are responsible for justifying how and why targets that have been set are reasonable.**
- **Only those Targets that can be directly influenced by individuals should appear on**

their Balanced Scorecards. For example, many RM's and BM's - who are typically only licensed as Introducers and who cannot sell products direct to customers - have reported having introduced into their Balanced Scorecards numbers of Scottish Widows Salespoints, Financial Market Division sales and C&G Completions. **If targets are allocated to staff for which they are unregulated, the Bank could be in serious breach of its Compliance obligations. Even if a target relates to a non-regulated specialist product - such as sales of HP and Invoice Discounting - the performance of individuals should be judged on having introduced the customer to the responsible Sellers, rather than whether the sale is finally clinched!**

- **Where individual Performance Reviews do not appear to tally with the Performance Ratings staff are given i.e. 'words and figures differ' - indicating that individuals are the victim of Forced Distribution - staff are strongly encouraged to appeal against the rating.**
- **Where failure to provide sufficient support to Business Managers and Relationship Managers has affected Performance Ratings, this should be noted in the Performance Review. Staff should ask their line managers to detail precisely what support they can expect over the remainder of the Performance Year to achieve their targets.**

Guidance & Advice

Members who are concerned about their Balanced Scorecard, Targets or Performance Review should contact LTU's Advice Team for advice and guidance on 01234 262868.

I would also welcome feedback on members' own experiences either by fax to 01234 262821 or by email to Steve.Tatlow@ltu.co.uk.

Naturally, all contact between members and the Union is treated in strictest confidence.

Support For Network Staff

Many Commercial Staff - and particularly those who have transferred into the business unit from 'Old Corporate' - have been expressing concern about the level of support they will receive in performing their roles.

These concerns take two forms:

- **First, whether customers will face a deterioration in the level of customer service they receive.**
- **Second, whether in a desperate attempt to protect customer service, many Relationship Managers and Business Managers are forced into working even**

longer hours than they already do, carrying out tasks that really should be the role of support staff.

The latter is the experience reported by many Business Managers who have already encountered many of the changes in support that Commercial Staff now appear to be facing.

There are certainly many rumours concerning the amount of local support that Business and Relationship Managers will be receiving in future and - given that it is now more than six months since the new Commercial Banking business unit was first announced - it is high time that Top Management gave all staff a clearer idea about how the new operational structure is likely to take shape.

Future Pay & Grading Structure

Another key issue arising from the creation of the new Commercial Banking business unit is the future Pay and Grading Structure for staff.

This is a particular concern for Corporate-heritage Relationship Directors and Relationship Managers, since the Bank currently operates different market rates for Corporate-heritage and Business-heritage staff.

The table shows how Corporate and Commercial Salary Scales compare; with the pay margin being as high as £18,600 at Band 3, £11,450 at Band 4 and £9,600 at Band 5.

	Business Banking		Corporate	
Band	Level	Midpoint	London	Regions
3	Upper	£59,350	£67,000	£62,000
	Lower	£48,400		
4	Upper	£41,000	£46,000	£41,000
	Lower	£34,550		
5	Upper	£29,050	£35,000	£33,000
	Lower	£25,400		

One strong possibility is that there may be an extension of the Broadbanding currently used in Corporate Banking to Commercial Banking. This would involve the merging of the 'Upper' and 'Lower' pay ranges for each Band.

This could potentially have many important concerns for staff, in particular:

- **Corporate Banking-heritage salaries could be under threat. With Top Management already displaying its determination to push down salaries, there must be a real risk of it attempting to force down the salaries of Corporate-heritage staff.**

- **Business Banking-heritage staff at the 'Upper' Band levels could also find their salaries under threat, if new Market Indicators for each Band were set in between the 'Upper' and 'Lower' Levels of each Band.**

- **Business Banking management's previous conduct over Grade Drivers, Band 3 Grading guarantees following the introduction of 'New World' and most recently 'Planning For Growth' staff means that the introduction of any new grading issues would need to be treated with utmost caution.**

The Union had wanted to discuss these and other concerns over the future Grading / Salary Structure with Commercial Banking this week, but the management team refused to attend the meeting.

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Pay Pot Dispute - Negotiations Continue

Members will know that the Union and Bank met at ACAS on Friday 6th July in order to continue our negotiations over the 'missing £1.6 million' that Commercial / Business Banking Management have admitted diverting away from salary increases over the last three years.

The Bank has asked for a further meeting under the ACAS stage of our Disputes Procedure to

continue our discussions on the misapplication of Pay Policy within Commercial / Business Banking.

This further meeting is being held on Friday 20th July.

We will report to members next week on whether or not it has been possible to achieve a breakthrough at these meetings.

Crisis In Staff Management

If there is one thing that is absolutely certain about the events of the last few weeks and months, it is that staff management in Commercial Banking is now in crisis.

The Union and Staff can no longer have any faith that staff are being managed with openness, honesty or integrity.

Whether matters concern the management of Pay, Balanced Scorecard and Performance Management, Career Development (i.e. P4G staff) or Integration of 'Old Corporate' with Business Banking the message is clear ... Top Management is rapidly losing the confidence and trust of the Union and Staff.

Against this backdrop, it is hardly surprising that whilst most - if not all - other business units have published their most recent Employee Engagement scores, Commercial Banking still hasn't!!!

LTU has written to the Bank's Central Management expressing concern over the conduct of staff management within Commercial Banking and insisting that urgent action is required before staff morale is irreparably damaged and profits suffer as a consequence. The Union has proposed that now is the time for Truett Tate, as Director responsible for the Wholesale & International Banking Division - of which Commercial Banking is a key business unit - to investigate and take a direct and personal interest in the conduct of staff management before it is too late.

STEVE TATLOW
Assistant General Secretary

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