

Members should contact LTU if they believe that custom or practice in their offices varies significantly from the principles agreed. In particular they should get in touch in the following circumstances:

- **if they believe they are being refused time off unreasonably**
- **if there are disputes over their positions on the holiday list**
- **if they do not understand how local rules are applied.**

In an organisation of its size, with a customer focus, it is perhaps inevitable that across the Group not everyone will get the holidays they want every time. However, when that happens staff are entitled to know the reasons why.

Remember, members can discuss with LTU in complete confidence any concerns they have about holiday entitlement, holiday selection, or any other issues, at any time. You 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

Choosing Your Holiday

if the answer to any question below is "No" members should contact LTU's 24 Hour Advice

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 with the subject line "Newsletters and your membership number (your file or payroll number)" or phone on 01234 262868. We'll do the rest.

Line for further independent advice and guidance.

- **If Holiday Lists are used, have sufficient spaces been allowed for all staff to take their annual entitlement in the holiday year (1 January to 31 December)?**
- **Have Holiday Lists, or whatever other method of choice is used, been circulated in good time and staff allowed to see what dates are available prior to making their choice?**

LTU would expect first choices to have been completed by the end of October, with the second choice of a further week by the end of the year. Ideally, most holidays should have been chosen by the February of the year in question.

- **Has proper consideration been given to employees with fixed commitments such as the need for leave during school holidays or having partners in employment with seasonal shutdowns?**
- **If you work Reduced Hours are you happy that your pro-rata holiday entitlement has been calculated correctly, particularly in relation to your entitlement to time off for Bank and Public Holidays?**
- **Where two or more employees are unable to take the same holiday, has preference been given to the employee in the highest grade or, where the grades are the same, to the employee with the longest service in that grade?**

If you encounter any difficulties or require any further clarification or information please contact the Union's Advice Line on 01234 262868.

NICK HOLT
Assistant General Secretary

7 DECEMBER 2005

All Members

Putting The Balance Into Scorecard - UKRB Makes A Start With Bonuses

In September we reported that we were discussing with the Bank the introduction of new bonus and incentive arrangements for Managers and Staff in the Branch Network, which we hoped could address some of the motivational failings of Balanced Scorecard.

As we said at the time:

- **LTU supports the aspiration of creating a 'high performance culture' across Lloyds TSB.** However, this must be grounded in a genuine commitment to motivate staff rather than the reliance on unacceptable pressures and threats that all too often the Union has to deal with.
- **To be truly effective, any new Bonus and Incentive arrangements must be 'achievable and worth it'.** The Bank needs to understand that it is unlikely to motivate staff with derisory bonuses that often amount to only £25 a quarter.

We emphasised that only if a new Bonus Scheme for Branch Staff met these key principles would there be any prospect of new arrangements winning the support of staff and helping to deliver a genuine 'high performance culture'.

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I am pleased to report that new arrangements for customer service staff and branch managers that will apply from January 2006 meet these objectives. Negotiations continue over the arrangements for the Branch Network Salesforce and these will be covered in a separate Newsletter.

Customer Service staff will receive flat rate monetary awards for referrals and individual sales. In essence, staff will not be asked to do any more than they should currently; the big change is that they will actually be rewarded properly for doing so.

The Branch Manager bonus scheme will provide the equivalent of 25% of annual salary for achieving targets

The new schemes are explained inside this Newsletter.

The introduction of improved Bonus arrangements is certainly a step in the right direction to addressing the failings of Balanced Scorecard, but alone it will not be enough. For branch staff, Balance Scorecard and Bonus Payments will quickly lose all credibility if objectives are based merely on the achievement of sales results without recognising the importance of service to.

It is also important that going forward the level of bonus payments is maintained and that if performance is high the Bank resists the temptation to move the goalposts, to cut costs.

New Schemes Explained

Customer Service Staff

The new Scheme replaces other incentive schemes and will apply to all branch based Customer Service Staff including cashiers, welcome officers, team leaders, business customer advisors, customer service officers and assistant managers.

Staff will receive flat rate payments for referrals leading to sales and for their own sales of specific products as follows:

- **£3 for each referral to a branch based seller that results in a sale within one month**
- **£5 for each product they sell themselves, for example Credit Cards.**

For the first quarter of 2006 there will be no minimum threshold. This means that staff will be rewarded for all successful referrals and sales, the

scheme will be uncapped meaning there will be no maximum payout.

Currently staff are expected to provide 1 appointment and 1 lead a day. For the first quarter of 2006 this would mean that, providing sales are actually achieved, that level of activity would be worth £6 per day.

Payments will be made in the second month after the quarter and will be paid via the Mpower reward system.

Branch Managers

The Branch Manager scheme provides an individual bonus based on two measures:

- **New Sales Values**
- **Average Daily Balances.**

On-track performance in both measures would provide bonuses equivalent to 25% of annual salary.

The bonus element for New Value Branch Sales will be uncapped and on-track performance will be worth 17.5% of salary. This element would be paid quarterly through payroll.

The bonus element for Average Daily Balances will be capped and on-track performance will be worth 7.5% of salary. This would be paid half-yearly, again through payroll.

The adequacy of any bonus scheme cannot be considered in isolation from the target setting process. It is the target setting process that dictates to what extent staff can achieve and be paid any bonuses. A bonus scheme could promise to pay out £1M for hitting target but that is of little use if the target cannot be achieved.

General

We have yet to see just how attractive these arrangements will be in practice and whether the Bank's approach to reward has really changed.

And of course no Incentive Scheme is ever perfect and undoubtedly there will be perceived inequities in this system. For example, staff in smaller branches may find it difficult to benefit fully from this arrangement. Sales opportunities for those staff not currently regulated may be scarce. The one month cut off time from lead to sale may prove problematic in practice.

So, although these new arrangements represent significant progress we will need to monitor the implementation very carefully.

Striking The Right Balance

Over recent years Performance Management has often focused on threatening managers and staff for any perceived under performance rather than providing motivation.

If it achieves anything at all, such a short-sighted

approach can deliver only short-term benefits to the Bank.

And whilst improved bonus arrangements will certainly be a step in the right direction; alone they will not be enough.

All too often the Performance Improvement Policy is used as a tool to threaten, bully and coerce staff, rather than genuinely address and improve individual performance.

With Retail looking for 45% growth next year it is imperative that all staff are 'on side' and remain properly motivated and rewarded.

The target may lead to a more demanding environment but Performance Improvement Plans should still only be used in relation to whole job performance and not merely to single elements of incentive arrangements i.e. sales targets.

If the Bank can achieve a proper balance in Balance Scorecard with genuine incentives, realistic targets, and ethical and honest use of Performance Improvement measures it could really be on its way to a brighter future.

Holidays - Advice to Members

At this time of year the cause of many calls to LTU's 24 Hour Advice Line is members having difficulty in trying to book next year's holidays from work. Mostly these calls are about how to get the holiday on the dates members want and if this is refused whether the refusals meet the Bank's rules.

How holidays are chosen is generally decided at a local level and more often than not this works very well. However, even if the rules are laid

down locally, principles agreed between LTU and the Bank are designed to ensure that all holiday requests are dealt with fairly and consistently. If these principles are not followed then it would be all too easy for staff wrongly to be refused their choice of holiday.

Below are some of the issues that members should be aware of if they are to give themselves the best chance of getting the holidays they want.