

The Bank has yet to confirm the ratings distribution it expects under the new system but has previously alluded to the following expected distribution:

Outstanding 5%
Exceeded 10%
Met 70%
Partially Met 10%
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 wants. Already we have had a rash of cases where staff are 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. In an organisation that aspires to high performance this system is plain crackers.

Although the Bank has said it does not have an institutionalised approach to ratings and would, like LTU, expect an individual's rating to be justifiable based on performance, the Bank has a lot of work to do if it is to convince staff that this new system will operate fairly.

And of course the Bank's expected ratings distribution would see thousands of staff on Performance Improvement Plans.

LTU Advice

Members who have any doubts as to the appropriateness or scale of objectives set in their 2006 Scorecards should phone the Union's 24 Hour Advice Line on 01234 262868 to speak to a full time official for independent, professional advice and assistance.

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We will not advise or represent non-members, or people who join only when a problem looms, under any circumstances. For that reason members calling the Advice Line will be asked to confirm their personal details so that we can validate calls.

NICK HOLT
Assistant General Secretary

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All Members Newsletter

Performance Management - New Rating Definitions

Members will know from LTU Newsletters that Balanced Scorecard has not always lived up to its promise and we have been critical that it has become much more a stick with which to beat staff than a motivational carrot.

In November we reported that members of the Branch Network Salesforce below 90% of target were to be managed through the Performance Improvement Process. This meant that, as we predicted, over half the Salesforce - some 4,345 staff - would be on PIP's with for many the very real threat of dismissal. Having so many staff who had previously been deemed to be good performers on PIP's should have made the Bank question whether it was its targets and not individual performance that was wrong, but it didn't.

However, at the time we also reported that progress was being made on some aspects of the Balanced Scorecard with the Bank recognising that Performance Management is too complex and drawn out; that there has been limited ability to rate real differences in performance and that ratings of performance have been inconsistently applied across the Group. The changes we agreed at the time involved:

- a new timetable for completion of reviews covering the performance year 2005 and for setting objectives for 2006

INSIDE

"staff are 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.. this system is plain crackers."

- a new '5 point' rating system for the performance year 2006 that importantly would apply to all staff across the Bank.

Our negotiations have continued and the new 5 Point system the Bank is to use to define different levels of performance is explained inside this Newsletter.

However, the new system is not a cure for all problems and we still have reservations over the definitions to be used to differentiate performance; the target setting process; whether staff can achieve what is being asked of them; whether if staff meet their objectives they will actually get the ratings they expect and what financial rewards they can expect to receive for achieving defined levels of performance. On those aspects the Bank's Balanced Scorecard Performance Management System still fails to 'Meet Expectations'.

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'5 Point' Rating Definitions

For the appraisal year, 2006, there will be a new five point rating system instead of the three point system used for the last few years.

A criticism of the previous system has been that the 'Met Expectations' category was too broad and that as a result individuals never knew whether they were nearer to 'Exceeded Expectations' or 'Partially Met'. Thus they had little idea to what extent they may have needed to improve their performance to achieve a higher rating or to avoid being put on a PIP.

In our negotiations with the Bank we have been keen to ensure that systems such as the one that had been used in Wholesale and International Banking which used definitions such as 'Met Plus' and 'Met Minus' and which have led to different understandings and application are not used and that whatever system is used applies consistently across all Business Units. These aims have been achieved. Though not perfect, the new five point system will define different levels of performance much more clearly than has been the case. See the box opposite.

According to the Bank, its latest approach to Performance Management is all about its vision of becoming the best company in the financial services industry by becoming a truly high performance organisation. To that end the Bank says it will continue to focus on Performance Management and make sure that staff have a clear understanding of what is expected of them.

This is a laudable aim and one which we support. However, there is much more to Balanced Scorecard Performance Management than merely telling staff what must be achieved and then appraising them against those yardsticks.

First any objectives or targets must not only be realistic and achievable but individuals must have a genuine ability to influence outcomes.

Already this year we have seen numerous examples of staff being given objectives in which that they have no involvement or have little real ability to influence. Some recent examples include:

- **Cash-point availability measures for staff who have no responsibility for them**
- **Sales staff given objectives for how many diary appointments they must have which contradicts the current idea of being able to deal with walk in business on demand**
- **Target increases of 35%, which have more in common with forcing tools than any real expectation of achievement.**

Staff need to know at the outset, with some real degree of certainty, what they have to do to achieve a particular performance rating and what reward they will get for it.

Though significantly improved from those it first proposed, the Ratings Definitions the Bank is to use are a failed opportunity.

And of course because there is no proper link between appraisal and pay, staff will have no idea what if any pay rises they would get even if they manage to exceed all their objectives.

The new five point rating scale below will be used by everyone across the Group for the 2006 performance year.

Rating / Definition

Rating	Definition
Outstanding	<p>Outstanding performance against most balanced scorecard objectives and exceeds expectation in others.</p> <p>Has delivered outstanding contribution in areas beyond objectives identified in scorecard.</p> <p>Performance clearly stands out amongst peer group across the business unit, not just within their local team.</p> <p>People in this category achieve outstanding results by consistently demonstrating key competencies, capabilities and behaviours required for the role, and are viewed as role models by their peers</p>
Exceeded Expectations	<p>Overall performance clearly exceeds expectations in key aspects of balanced scorecard and meets expectations in others.</p> <p>Consistently delivers beyond the overall requirement of the BSC objectives</p> <p>People in this category exceed overall expectations by consistently demonstrating significant skill in key competencies, capabilities and behaviours required for their role</p>
Met Expectations	<p>Consistently delivers what is expected of the role in key areas of the balanced scorecard</p> <p>People in this category have not only delivered expected results but have also achieved them by demonstrating appropriate competencies, capabilities and behaviours</p>
Partially Met Expectations	<p>Overall performance has partially met expectations in key aspects of the balanced scorecard, whilst meeting expectations in others areas</p> <p>People in this category seek to achieve results demonstrating the right competencies, capabilities and behaviours but may have development needs in this area</p> <p>Individuals in this category would in most cases have a coaching plan in place to support performance recovery</p>
Not Met Expectations	<p>Overall performance is considerably below expectations – an unacceptable performance</p> <p>Line managers will generally have concerns about an individuals commitment and approach to their work</p> <p>People in this category may have significant development needs in the competencies, capabilities and behaviours to do the role</p> <p>Individuals in this category would in most cases be managed within the Performance Improvement policy</p>