

27th April 2017

All Members Newsletter

Technical Issues With System

It's somewhat ironic that when the Bank announced the recent branch closures and redundancies because it said customers were increasingly using smart phones and tablets to access their banks accounts, many of those branches that were closing couldn't access Robin Bulloch's teleconference to find out what was happening because of "technical issues with the system". Members found out their branches were closing or being downgraded when they read about it on the Bank's intranet site or by speaking to staff who had managed to get through to the teleconference.

Some of the posts on the Bank's internal blogs were far more restrained than the comments we received from members but the messages were the same – learning that your branch is closing or your job is being downgraded by from the Bank's intranet site is completely unacceptable.

Staff said:

"Could not get through on any of the numbers so still unaware of what is going on"

"The phone numbers are not working – one is ringing with a dead tone & the other is ringing with an engaged tone....."

"After 20 mins of engaged tone we are still none the wiser."

"My team were on hold for 20 mins..... and its still not working here at 10am."

Members in those branches that are being downgraded are concerned about how the changes are

going to affect them both in terms of any role changes and increased work pressures. Many Assistant Managers are concerned about how they are going to manage the extra responsibilities they will be required to take on in the new world. Assistant Managers will become de facto Bank Managers without the pay and benefits. LTU will be returning to this issue in future Newsletters. In the meantime, we would like to hear from Assistant Managers about what the changes will mean for them.

Members can email us at 24hours@ltu.co.uk.

Judgement of Solomon

In one of our previous Newsletter we said that members who received bonus awards less than their on-target level (Grade D 10%, Grade E 15%, Grade F 20% and Grade G 25%) should consider whether it was worth taking out a grievance. We have been contacted by a number of members who have been awarded bonuses below their on-target levels. Those members have challenged their bonus awards with their Line Managers and many have had their bonuses increased; significantly in some cases. It seems that some Line Managers are having difficulties justifying the awards and rather than seeking to defend the indefensible many are simply just increasing the bonuses.

It is also the case that the Bank's policy of basing a team's fixed bonus pot on the expected distribution of performance ratings rather than the actual distribution of performance ratings is having undesired consequences. Senior Managers who want to reward their teams for being 'strong' are finding themselves in a dilemma. To ensure that they stay

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within budget, some individuals in 'strong' teams are being given lower bonuses than if they were in 'good' teams. That simply can't be right.

To illustrate this consider a Division where the on-target bonus for a 'Good' performer is £1,000, a 'Developing' performer gets 0.5 x of that award and a 'Strong' performer gets 1.5 times more.

Consider the three teams below, which each have 10 members of staff.

Team A

Actual distribution of performance ratings matches the Bank's expected distribution of performance ratings.

- 1 Strong performer @ £1,500 = £1,500
 - 8 Good performers @ £1,000 = £8,000
 - 1 Developing performer @ £500 = £500
- Overall bonus £10,000

Summary: Everyone in the team gets the bonus they were expecting

Team B

This team performs better than the other teams in the Department and that is reflected in the better than expected distribution of performance ratings – the haircut is applied across the board.

- 4 Strong performer @ £1,305 = £5,220
 - 5 Good performers @ £870 = £4,350
 - 1 Developing performer @ £430 = £430
- Overall bonus £10,000

Summary: Everyone in the team gets slightly less than they were expecting

Team C

This team performs better than other teams in the Department and that is reflected in the better than expected distribution of performance ratings. However, the Senior Management team decide to protect those staff with a 'Strong' performance rating from any haircut.

- 4 Strong performer @ £1,500 = £6,000
 - 5 Good performers @ £730 = £3,650
 - 1 Developing performer @ £350 = £350
- Overall bonus £10,000

Summary: No bonus reductions for those staff with a 'Strong' rating but significant reductions for staff with 'Good' or 'Developing' ratings.

So, which is the better approach? Is to treat everyone the same (Team B) or protect the few at the expense of the many (Team C) The fact is if the bonus pots were based on the **actual distribution** of performance ratings within teams rather than the expected distribution of performance ratings then Senior Managers would not need the Judgement of Solomon when it comes to dealing with staff bonuses. Equally, the Bank's approach creates anomalies and undermines the very principle of trying to create high performing teams.

BONUSES IN CREDIT OPERATIONS

The Union is investigating a bonus schemes that was used for mortgage collection agents in Credit Operations a number years ago. Staff in Credit Operations were measured against 5 factors including one related specifically to finance. The finance measure was created from a matrix called SDR, which looked at how many customers were spoken to by the agent, how many promises for payment were made, how much money was collected and how many hours were worked. The measure produced by the SDR Matrix was called the 'Effective Value Per Worked Hour' and it was that which determined performance ratings and pay for agents in Credit Operations. However, we believe the hours recorded for many staff were wrong and the actual measurements calculated incorrectly. Many staff were given the wrong ratings and a significant number of those would have lost bonuses because of a system which management knew was fundamentally flawed. Members have alleged that since then, management has done its level best to hush this up.

We would like to hear about the experiences of members in Credit Operations who were subject to SDR. Members should email their details to 24hours@ltu.co.uk and we will contact you directly.

The Value of Pensions

In our last Newsletter we said the commutation factors for the Lloyds Bank Pension Scheme No 1, Lloyds Bank Pension Scheme No 2 and the HBOS Pension Schemes had not been increased since 1996, 2013 and 2010 respectively. Members asking for cash equivalent transfer values (CETVs) are being quoted up to 50 times the value of their pension benefits. Whilst we accept that the assumptions used in calculating CETVs and commutation factors are different the current commutation factors, especially those of the Lloyds Bank Pension Scheme No 1, represent poor value for members and need to be increased immediately.

We are asking members of the Bank's defined benefit pension schemes to write to the Chairman of the Trustee asking for it to undertake an immediate review of the commutation factors. In that letter for members we say:

"One of the key legal duties of the Trustee is to

act in the best interests of the scheme's beneficiaries and to that end a review of the current commutation factors for all the defined benefit pension schemes should be undertaken by the Scheme Actuary urgently. The results of that review should be published and any proposals to increase the commutation factors should be implemented immediately for those members where the Bank's agreement is not required. If the Scheme Actuary proposes changes to the Lloyds Bank Pension Scheme No 1 then the Trustee should seek the agreement of the Bank to increase those factors. If the Bank refuses, I would expect the Trustee to use whatever powers are at its disposal to increase the factors."

The letters to members went out this week. Members with any questions on this Newsletter can email us at 24hours@ltu.co.uk.

Mark V Brown
General Secretary

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