



**Performance Related Pay  
for Senior Managers**

**Terms of the Scheme**

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1. The performance related pay scheme has been introduced to help support the continued change in culture and service delivery required by the Council. It is designed to help manage performance effectively across the organisation with the aim of improving performance.
2. The scheme rewards only effective performance; ineffective performance is not rewarded.
3. The scheme applies to the Chief Executive, Corporate Directors and Heads of Service.
4. The performance review year will run from 1<sup>st</sup> April to 31<sup>st</sup> March. Objectives and leadership competencies will need to be in place at the start of each review year on 1<sup>st</sup> April in order to ensure that staff have a clear idea of what is expected of them in order to achieve a specified level of reward.
5. Individuals must be in post at the end of the review year in order to be eligible to receive a performance assessment and any subsequent performance related payment.
6. A review of the scheme will be undertaken at the end of each year and changes may be made in the light of this evaluation.
7. A key date checklist is attached (Appendix A).
8. The scheme seeks to measure the achievement of objectives and actions within target dates. It also measures the behaviours/values that are brought to the working environment by the individual through the use of the Council's Leadership competency framework and the Council's values (see Appendix B).
9. The objectives need to be clearly defined and actions need to have a time and quality indicator in order to ensure that individuals can evidence their performance through showing what they have achieved by the end of the review year. The objectives/targets set must be SMART (Specific, Measurable, Achievable, Relevant and Timebound) and will be independently verified by the PRP Panel to ensure consistency across the organisation. Objectives may be reviewed during the year if circumstances change. Some objectives will be standard and will be around **for example** equality and diversity, health and safety and ensuring that individuals act within agreed policy, e.g. financial regulations.
10. The required leadership competencies and adherence to the Council's values also need to be demonstrated and will count towards the assessment of overall performance. The Leadership competency framework must be used. The measures within the framework can be amended to best fit the nature of the job but must be agreed within the line manager.
11. Pay will be dependent upon the achievement of a number of defined objectives within specified targets and the demonstration of required competencies/values. Some of those objectives will be defined by the Chief Executive and/or Members and all will relate to the Corporate Plan and/or other documents setting out corporate priorities. If there is disagreement between the individual and his/her line manager in respect of the objectives set, this will be referred to the next level up for arbitration or, in the case of the Chief Executive, to the PRP Panel advised by an independent adviser.

12. The scheme provides for a mid-year review of performance normally in October, in order that progress can be monitored and if there are development areas required these can be addressed within the Personal Development Plan.
13. The Performance Management and Development Framework principles must apply but separate documentation has been developed and must be used in order to ensure consistency of approach across the organisation (See Appendix C).
14. The scheme is built around a salary range and PRP payment. This means that some earnings are consolidated each year and others paid as a one off PRP payment. Consolidation is possible until the maximum value of the range is reached, then non-consolidated PRP payment only is payable.
15. For new recruits previous experience and existing salary level will be used to determine an appropriate entry point.
16. However, no appointments will be made at above the 100% point of the range (i.e. the maximum of the range) and appointments at the 100% point of the range should be avoided wherever possible.
17. Individuals must be at work and working subject to the performance pay scheme for a minimum of 4 months in the performance year in order to be eligible for a performance assessment and payment at the end of the review year.
18. Any unconsolidated salary increase made to individuals who take up post part way through the performance year will be pro-rata'd accordingly – subject to the criteria of 4 months minimum as outlined in 17 being met.
19. Individuals must be in post at the end of the review year in order to qualify for payment.
20. Where an individual leaves the Council's service through redundancy or retirement, provided that they have been at work and were working subject to the scheme for a minimum of 4 months during the review year, the requirement to be in post at the end of the review year to receive an assessment and performance payment will be waived. Subject to the level of assessment made they will be eligible for a one-off PRP payment pro-rata to the number of completed weeks in post. There will be no increase to consolidated basic salary in these circumstances.
21. Individuals deemed as less than satisfactory within this scheme will receive no increase in pay for that particular review year. In these cases, performance issues should be addressed through other mechanisms e.g. capability procedures.
22. Staff subject to this scheme will cease to have a contractual entitlement to NJC pay awards as the Council will no longer be part of the national machinery for pay bargaining for staff within the Performance Related Pay Scheme. All other terms and conditions of service remain within NJC unless otherwise stated in contractual documents and amendments.
23. Grades are determined by the relevant job evaluation scheme.
24. All payments, including PRP payments, are superannuable.

25. Assessments on the level of pay to be awarded will be based on the Performance Management and Development Framework, Leadership competency framework, and the Council values .Evidence of achievement against objectives, competencies and values will be recorded by the individual throughout the year. Before the end of year assessment interview, the individual will provide the line manager with a completed set of documentation demonstrating delivery against objectives, competencies and values. Supporting evidence may be needed in order to clearly demonstrate delivery. Stating 'met' against the objectives/competencies/values will not be acceptable evidence.
26. Following the assessment interview the documentation will then need to be signed by the individual member of staff, manager and relevant portfolio holder. If there is disagreement over any aspect of the narrative, then this must be highlighted for those taking the final decision on the level of performance who will act as final arbitrators. The recommendation for level of salary award should not be shared with the individual at this stage.
27. Decisions on level of pay awarded will be taken by a Member panel based on recommendations from the Chief Executive and advised by the Head of People & Policy. For the CEO's pay, recommendations will be made by the Leader of the Council.
28. There is no appeal against the assessment level of performance and level of pay award.
29. The scheme is applied as set out in the grid below. There is no automatic cost of living award.
30. The percentages in the grid will be reviewed each year having regard to the Retail Price Index, comparator salaries, the National Cost of Living Award and the overall performance of the Council.
31. A decision on the percentages to be applied to be grid is taken by the appropriate panel of Members in line with recommendations made by the Chief Executive, advised by the Head of People & Policy. Any changes will be applied from 2<sup>nd</sup> April each year.

In light of the current economic climate and the financial challenge facing the public sector, there will not be any payments made under this Scheme until further notice. This was reviewed in May 2014 and it was agreed that senior managers will be awarded any annual cost of living pay rise that may be agreed for all other Council staff on National Joint Council (NJC) Conditions as negotiated by the national employers and trades unions. However, senior managers will continue to be assessed against the following levels:

## Performance Related Pay for Senior Managers

Not Met	Individuals who are not delivering against their objectives and/or who are not demonstrating the Council's values and leadership competencies.
Under –achieving	Individuals who are not quite meeting their objectives and/or who are not fully demonstrating the Council's values and leadership competencies.
Met	Individuals who are meeting their targets and objectives and who are demonstrating the Council's values and leadership competencies.
Exceeds	Individuals who are delivering above expectation against some targets and objectives and/or who are champions of the Council's values and leadership competencies.

32. A separate review will be undertaken to ensure that the pay range is competitive with the market. Consideration will be given to the Retail Price Index, comparator salaries and the National Pay Award. Any changes will be effective from 2<sup>nd</sup> April each year.
33. Therefore, not only may percentages in the grid vary each year, the overall grade range may also vary.
34. The scheme includes a review of development requirements at mid-year. Those who are under achieving will be given an opportunity to improve. If no improvement occurs, then other relevant policies will need to be applied.
35. The expectation is that the organisation will continuously improve through the use of this scheme.

<b>Scope:</b>	<b>The scheme will apply to the Chief Executive Officer, Corporate Directors and Heads of Service</b>
<b>Delegations:</b>	<b>Decisions on level of pay awarded will be taken by a Member panel based on recommendations from the Chief Executive and advised by the Head of Human Resources. For the CEO's pay, recommendations will be made by the Leader of the Council.</b>
<b>Amendments in this Issue:</b>	<b>New Policy : September 2006 Amended November 2009 Amended November 2010 Amended November 2011 Amended January 2012 Amended December 2013 Amended January 2015 Reviewed January 2016</b>



**Appendix A**

**Key Dates/Checklist**

DATE	ACTION	ACTION BY
March	<p>Prepare end of year evidence to support delivery of objectives and demonstration of values and competencies.(Form PRP2)            Prepare draft objectives, targets, competencies and values for new year (Form PRP 1) and highlight any known development needs</p>	Individual
April	<p>Appraisal meeting with Line manager and relevant portfolio holder to agree final year assessment and new year's objectives, targets, competencies and values</p>	Individual, line manager and portfolio holder.
May	<p>Line manager and portfolio holder to agree performance level and to forward this to the Chief Executive.  <b>N.B. THIS RECOMMENDATION SHOULD NOT BE SHARED WITH THE INDIVIDUAL</b>            Agreed documentation in place to be used throughout the year as management tool. Any changes to be agreed and recorded.            Chief Executive to collate all of the performance levels (PRP2s) and new objectives/competencies/values (PRP1s). Chief Executive to conduct a moderation exercise on both sets of paperwork advised by the Head of People &amp; Policy.            Chief Executive to prepare a report for the Members PRP panel</p>	<p>Line manager/Portfolio holder            Individual and line manager            Chief Executive/Head of People &amp; Policy</p>

