

Clifford Hart

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08 April 2011

To: All Members of the Remuneration Committee

Dear Member,

Remuneration Committee - Thursday, 14th April, 2011

I attach a copy of the following reports for the above-mentioned meeting which were not available at the time of collation of the agenda:

**4. MINUTES (PAGES 1 - 2)**

To confirm the unrestricted minutes of the meeting held on 13 December 2010.

**5. REVIEW OF THE APPRAISAL SCHEME (PAGES 3 - 8)**

Report of the Assistant Chief Executive

**8. EXEMPT MINUTES (PAGES 9 - 14)**

To confirm the exempt minutes of the meeting held on 13 December 2010.

Yours sincerely

Clifford Hart  
Committee Manager

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**UNRESTRICTED MINUTES OF THE REMUNERATION COMMITTEE  
MONDAY, 13 DECEMBER 2010**

Members attending \*

Councillors \*Bull, Goldberg, \*Gorrie, \*Kober, \*Meehan (Chair) and \*Whyte

Also Present: Mr K. Crompton – Chief Executive  
Mr S. Young – Assistant Chief Executive – People and Organisational Development  
Mr S. Davies – Head of Human Resources  
Mr R. Penn – Independent Adviser to the Committee  
Mr C. Hart – Committee Manager

<b>MINUTE NO.</b>	<b>SUBJECT/DECISION</b>	<b>ACTION BY</b>
<b>RECO11.</b>	<b>APOLOGIES FOR ABSENCE</b>  An apology for lateness and possible non attendance was received on behalf of Councillor Goldberg.  <b>NOTED</b>	
<b>RECO12.</b>	<b>URGENT BUSINESS</b>  There were no items of urgent business.  <b>NOTED</b>	
<b>RECO13.</b>	<b>DECLARATIONS OF INTERESTS</b>  There were no declarations of interests.  <b>NOTED</b>	
<b>RECO14.</b>	<b>UNRESTRICTED MINUTES</b>  <b>RESOLVED</b>  That the unrestricted minutes of the meeting of the Remuneration Committee held on 29 October 2009 be agreed as an accurate record of the proceedings.	
<b>RECO15.</b>	<b>NEW ITEMS OF UNRESTRICTED URGENT BUSINESS</b>  Nil	
<b>RECO16.</b>	<b>EXCLUSION OF THE PUBLIC AND PRESS</b>	

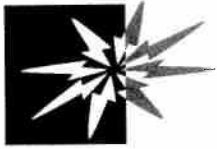
**MINUTES OF THE REMUNERATION COMMITTEE  
MONDAY, 13 DECEMBER 2010**

	<p><b>RESOLVED</b></p> <p>That the press and public be excluded from the meeting as Items 7 &amp; 8 contained exempt information as defined in Paras 1 &amp; 2 of section 100A of the Local Government Act 1972; namely information relating to any individual, or information which is likely to reveal the identity of an individual.</p> <p style="text-align: center;"><b>SUMMARY OF EXEMPT/CONFIDENTIAL PROCEEDINGS</b></p>	
<b>RECO17.</b>	<p><b>CHIEF OFFICER/ SENIOR MANAGER JOB EVALUATIONS</b></p> <p>AGREED RECOMMENDATIONS AS DETAILED</p>	
<b>RECO18.</b>	<p><b>PERFORMANCE APPRAISAL FOR CHIEF EXECUTIVE, CHIEF OFFICERS &amp; SENIOR MANAGERS 2009/10</b></p> <p>AGREED RECOMMENDATIONS AS DETAILED</p>	
<b>RECO19.</b>	<p><b>EXEMPT MINUTES</b></p> <p>Agreed the exempt minutes of the meeting of the Remuneration Committee of 29 October 2009 as an accurate record of the proceedings.</p>	
<b>RECO20.</b>	<p><b>NEW ITEMS OF EXEMPT URGENT BUSINESS</b></p> <p>Nil</p>	

The meeting ended at 19.09hrs.

COUNCILLOR GEORGE MEEHAN

Chair



Haringey Council

Agenda item:

**[No.]****Remuneration Committee****On 14<sup>th</sup> April 2011**

Report Title. Performance Appraisal Scheme for Chief Executive, Chief Officers and Deputy Chief Officers.

Report of : Stuart Young, Assistant Chief Executive

Signed :

Contact Officer : Stuart Young, 020 8489 3174

Wards(s) affected: **[All / Some (Specify)]**

Report for: **[Key / Non-Key Decision]**

**1. Purpose of the report (That is, the decision required)**

1.1 To propose changes to the performance appraisal scheme for Senior Managers, Chief Officers and the Chief Executive.

**2. Introduction by Cabinet Member (if necessary)**

2.1. [click here to type]

**3. State link(s) with Council Plan Priorities and actions and /or other Strategies:**

3.1. [click here to type]

#### **4. Recommendations**

The Remuneration Committee is asked to agree in principle the following recommendations some of which will need to be the subject of appropriate consultation and notice to end the current scheme with staff:

4.1 Note the analysis of the application of performance appraisal for senior managers and chief officers in the Council at paragraph 7.2

4.2 Approve the changes to the criteria for the award of incremental progression as detailed at paragraph 7.6

4.6 Approve changes to the scope of the scheme to limit its application to Chief Officers and Deputy Chief Officers.

4.4 Note the changes to the methods of assessment and proposals to amend appraisal documentation accordingly, as detailed at paragraph 7.8

4.5 Note that formal consultation will commence once the Committee have provided a mandate, and that any amendments to the proposals will be brought back for further consideration.

#### **5. Reason for recommendation(s)**

5.1. The scheme has operated since 2002 and is therefore due a review. The economic and Council environment in which the scheme operates has changed.

#### **6. Other options considered**

6.1. There are a variety of schemes and approaches that might be taken to measure and reward performance. The proposals in this report accord with the Council's public service values.

#### **7. Summary**

7.1 The current appraisal scheme aims to provide a basis for assessing the contribution of senior managers. Directors have service specific and corporate targets. Those reporting to Directors have either both or just service specific targets dependent on role. The appraisal cycle broadly follows the financial year – targets are set in April/May; performance is discussed throughout the year at management meetings; a mid-year review is held between November and December; and the appraisal of performance is undertaken at April/May. Cabinet Members are included in the setting of targets for Directors; ongoing one:one meetings during the year; and at the appraisal meeting.

7.2 The appraisal scheme provides that pay progression within grade is informed by performance. It is possible to enjoy awards ranging from 0-4 pay increments on either a

consolidated or non-consolidated basis. In previous years the scheme has typically delivered incremental pay awards ranging from 0-2 pay points. An analysis of awards is set out below:

Year	0 increment	1 increment	2 increment	2+ increment
2008	14	73	11	0
2009	19	86	11	0
2010	26	84	1	0

7.3 This year and possibly for the next two/three years the economic climate is more challenging. Local Government has experienced significant reduction in budget for 2010/11 and is facing further reductions for 2011/12 and 2013/14.

7.4 Incremental pay progression for staff graded SM, CO, or CE is linked to performance under the scheme, and is awarded at the discretion of the Remuneration Committee. It is proposed that the Committee's terms of reference state:

Remuneration Committee (*to be the Corporate Committee*)

- a. To monitor the application of a scheme for the performance appraisal and remuneration of the Council's ~~senior managers~~/chief officers **and deputy chief officers**.
- b. To audit the outcomes of the scheme and scrutinise both appraisal and pay outputs.
- c. To decide on the remuneration of posts covered by the Senior Management Performance Appraisal Scheme.
- d. To agree ~~senior management~~, chief officer, **deputy chief officer** and chief executive terms and conditions of employment and pay grades.
- e. To evaluate the scheme's effectiveness, review the operation of the scheme and recommend changes as required to improve the system.
- f. To monitor pay trends and receive advice about the Council's senior management pay and retention strategy.

7.5 It is not proposed to amend the terms of reference in most respects other than to limit the posts subject to the scheme to Chief Officer and Deputy Chief Officer roles. This is proposed so that a more detailed and meaningful consideration of the contribution of fewer posts might be made.

7.6 It is proposed that the operation of criteria in the scheme relating to increments be amended, so that:

- Standard performance = 0 increment
- Performance beyond targets = 1 increment
- Exceptional performance = 2 increments
- Poor performance = 0 increment and formal procedural action

7.7 Such change will require a variation in the contracts of SM graded staff and consultation will commence once the principles are agreed to seek this change.

7.8 It is also proposed to update the process and information used in the appraisal process. This is not a contractual change and involves amendments to the appraisal form to allow better focus of targets against Council priorities and outcomes. Improved data means that we will also be able to include more information about outputs too, for example a balanced scorecard on resource management.

## **8. Chief Financial Officer Comments**

8.1. The Assistant Chief Executive is recommending changes to the Performance Appraisal Scheme for the Chief Executive, Chief Officers and Deputy Chief Officers which will reduce the maximum number of salary increments these officers can be awarded each year based on their work performance. Any such increases are over and above the nationally negotiated annual pay award.

8.2. No provision for incremental pay increases for any staff is built into the medium term financial planning process so it is imperative that Chief Officers can demonstrate that there will be contra staff efficiency savings across their departments to fund any increases.

## **9. Head of Legal Services Comments**

9.1 The Head of Legal Services has been consulted on the content of this report. Employees within the SM, CO and CE grades within the Council will have an entitlement under their contract of employment for the performance appraisal scheme in force in the relevant period to be applied to them in respect of their consideration for incremental progression. There is no contractual entitlement for any one employee to be awarded an increment since this is a discretionary matter to be determined by the operation of the scheme in relation to the performance of that employee. However, that employee will have an entitlement that involves at least the consideration of their performance under the terms of the scheme in force at that time.

9.2 The pay/performance elements of the scheme are contractual. They cannot be altered without the consent of individual officers. Thus future alteration of those terms for years 2011/12 and onwards will only be possible if agreement has been reached with individual officers. Discussions should be commenced with staff on grades covered by the current scheme to seek agreement to the changes proposed.



9.3 Changes to the name and terms of reference of the Committee charged with overseeing the operation of the scheme involve a variation to the Council's Constitution. Such a variation must be effected within the terms of the Constitution by decision of full Council.

#### **10. Equalities & Community Cohesion Comments**

10.1. The Scheme should enable performance to be measured, and reported on an objective basis.

10.2. The application of the scheme needs to be conducted in an objective manner and with reference to the performance of staff and the criteria of the scheme. In this way any challenges to the scheme may be justified as being related to business reasons. Analysis of the gender, disability and ethnicity of officers by award will continue to be undertaken on the impact of the scheme's operation.

#### **11. Consultation**

11.1. Once the principles in this paper have been considered by the Committee, it is proposed to conduct a period of formal consultation and thereafter, subject to changes arising, to vary scheme for those staff covered.

#### **12. Service Financial Comments**

12.1. The full-year cost of awarding each member of staff a single increment would be approximately £250K (including oncosts). The funding for the increments has in previous years been provided from service budgets and this remains the case.

12.2. It is possible that costs may decrease slightly as a result of the criteria proposed which will accrue benefit within service budgets.

#### **13. Use of appendices /Tables and photographs**

#### **14. Local Government (Access to Information) Act 1985**

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By virtue of paragraph(s) 1, 2 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is exempt

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