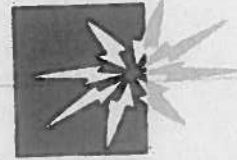


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Interim Chief Operating Officer Tracie Evans

Haringey Council

Date:

Our ref: 28 January 2015

Direct dial: 020 8489 2688

Email: Tracie.evans@haringey.gov.uk

Dear Colleague

FORMAL CONSULTATION - Performance Management Scheme for Chief Officers 2004 & 2011 ("the Scheme")

I am writing to provide you with the details of the decision made by the Staffing and Remuneration Committee on the 26 January 2015.

The Committee considered a proposal made by the Senior Leadership Team (SLT) regarding the historic and future application of the Scheme.

This proposal was approved 'in principle' and is subject to formal consultation.

This letter opens the formal consultation on the proposal and is therefore open to comment. The consultation period commences on 28 January 2015 and will close at 2pm on Monday 16 February 2015.

Background information

As you are aware during the early part of 2014 the non application of the Scheme was brought to the attention of SLT and as a consequence of this I led two briefing sessions on behalf of the Council with affected employees in August/September 2014. The purpose of these briefing sessions was to discuss the historic and future application of the Scheme, and to provide an opportunity for those attending to share their views and opinions.

The points shared and discussed at the briefing sessions are listed below:

- The last time that Performance Related Pay had been paid was for the performance appraisal year 2010/2011.
- Performance Related Pay had not been paid for performance appraisal years 2011/12, 2012/13 and 2013/14.
- Appraisals have not always been completed and/or records kept, therefore we do not accurately know who may have been eligible for Performance Related Pay for the performance appraisal years 2011/12, 2012/13 and 2013/14.



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- Some staff agreed to voluntarily freeze their increments for the appraisal year 2009/10. Staff who did not agree to the freeze received their increment. This resulted in an inconsistent application of the Scheme.
- The then Chief Executive wrote to all affected employees on 2 May 2012 advising that the criteria for awarding increments had been changed with effect from 1 April 2011.
- A balance needed to be found between recognising the situation and other people's perception about how we award senior managers at a time with considerable budget pressures.
- It was important to ensure that the solution was fair and consistent.
- To review the Scheme as part of the wider Modern Reward Strategy.

During and after the briefing sessions employees provided me with some very helpful feedback which is summarised below:

- Overall employees expressed their appreciation that SLT were addressing this matter especially as it had not been explained to employees why the increment awards had not been considered for the performance appraisal years 2011/12 and 2012/13.
- Employees had not been consulted on the changes to the Scheme that were outlined in the then Chief Executive's letter dated 2 May 2012.
- Employees accepted that this was a complex matter at a time when the Council was facing significant budget pressures.
- To consider a payment to include consolidating increments for eligible employees nearing retirement age so that it factors into their final salary calculation for pension purposes.
- To consider a payment to include consolidating increments for employees at the bottom of SM1 because employees at the top of PO8 have a higher salary.
- To consider a payment to include consolidating an increment for all eligible employees from 1 April 2014.
- To consider a payment to include consolidating increments for employees who are not at the top of the grade.
- To consider making an additional payment to employees who voluntarily froze their increment in 2010.
- To gather individual performance appraisal records and calculate individual pay based on performance and the Scheme.
- That a one off lump sum payment is a fair offer.
- Performance appraisal forms should not be gathered

A payment proposal was offered to all eligible employees at the briefing but was subsequently withdrawn as it became clear that further discussions needed to be had with SLT and Members in light of the comments received from employees. It was also important to ensure that the process used to resolve this matter is fair and transparent, and that any steps taken are in line with our policies and governance arrangements.

Since the briefing sessions in August/September 2014 SLT have been working hard on a mechanism to deal with the complexities surrounding this issue and I wrote to you on 10 December 2014 to explain that SLT had put together a proposal which needed to go through the appropriate governance process. I advised you of the indicative timetable for this process and as stated earlier the proposal was approved 'in principle' at Monday's Staffing & Remuneration Committee.

The Proposal

This is a complex situation with no easy solution and comes at a time when the Council is facing significant budget reductions and job losses. This is balanced with the need for our senior managers to be motivated to deliver the significant change agenda across their service areas and support the Council to implement the Corporate Plan, Medium Term Financial Strategy and the Workforce Plan.

SLT considered many options including those raised by employees. The proposal includes a recommendation to cease the Scheme and to make a payment to eligible employees as follows:

1. To compensate employees in recognition of ceasing the Scheme and in recognition of the non application of the Scheme as follows:
 - i. To pay eligible full-time employees a lump sum payment (non –consolidated) of £4,000 where they have been employed under the Scheme throughout the qualifying period of 1 April 2011 to 31 March 2015.
 - ii. The lump sum payment will be subject to normal deductions such as National Insurance, Tax and Pension.
 - iii. This payment will be pro rata for part time employees and for employees who have only worked part of the qualifying period and for employees who have been employed under the Scheme for only part of the qualifying period.
2. To cease the Scheme
3. To update the next Staffing & Remuneration Committee on 19 February 2015 on the outcome of the consultation exercise and to seek an appropriate decision.

Employees will still be required to complete performance appraisal documents and attend performance appraisal meetings in the future.

Other Options Considered

There was consideration to applying the Scheme based on employees' performance over appraisal years 2011/12, 2012/13 and 2013/14. However, there are no centrally held records of proof of performance and due to the high turnover of senior managers, performance appraisal records do not exist for all employees.

There was also consideration to making a payment to settle historic claims but to continue the Scheme going forward. However, the Scheme has not been applied appropriately since it was last implemented for the performance appraisal year 2010/2011 and although the Scheme was proposed to be slightly updated in 2011 it has not been reviewed since 2004. Therefore a fundamental review of the Scheme is required to ascertain whether it is fit for purpose.

There was also significant consideration to offering a consolidated payment to eligible employees but this would incur on-going financial costs at a time when we already have significant budget challenges.

Also considered was the making of a payment to those employees who opted to freeze their entitlement in 2010 to realign them with their colleagues who did not. However, Leading Counsel's advice was that we are not legally obligated to do this and we have no legal power to make this payment.

The Staffing and Remuneration Committee on the 16 December agreed the commencement of a review of all pay and grading arrangements and that senior managers' performance related pay scheme should be considered as part of this exercise rather than in isolation. The Council remains open to exploring links between pay and performance and will look at whether there should be such links and if so what they should be during the course of the Modern Reward Strategy project. This exercise is likely to be completed by April 2016.

There were many other variations considered in order to provide a full range of options.

Consultation

This letter opens the formal consultation on the proposals and is therefore open to comment. The consultation period will commence on 28 January 2015 and will close at 2pm on Monday 16 February 2015.

All staff affected will be given the opportunity to comment on the proposals during the consultation period. Consultation feedback can be emailed to nicola.mathieson@haringey.gov.uk

All affected staff have been invited to attend one of the two briefing sessions that have been arranged where you will be given an opportunity to ask any questions you may have. The details of these sessions are below:

Briefing Sessions		
Date	Time	Venue
Wednesday 28 January 2015	10.00am to 11.00am	Civic Centre, Council Chambers
Wednesday 4 February 2015	10.30am to 11.30am	Civic Centre, Council Chambers

The Trade Unions have also been invited to attend the briefing sessions.

I will also be available to speak to staff on an individual basis during the consultation period. Please contact Tracy O'Mahony on x 4537 to book an appointment. Alternatively you can arrange to speak to Nicola Mathieson in Human Resources on x 3127 or speak to your trade union representative.

A set of FAQs are attached and gives a more detailed explanation of the qualifying period used and examples of how individual payments will be calculated. The FAQs will be updated and shared as and when appropriate throughout the consultation period. If you have any queries about the payment calculations then please contact Christiana Kyriacou x 3692 or Nicola Mathieson x 3127 in Human Resources.

All comments received will be considered at the end of the consultation period by SLT and a report to the Staffing & Remuneration Committee for a decision on 19 February 2015. All

affected employees will be informed of the outcome of the consultation by 18 February 2015 and the outcome of the Staffing & Remuneration Committee's decision on the 20 February 2015 by e mail.

Implementation


Subject to employee consultation. The proposals will be presented to the Staffing & Remuneration Committee on the 19 February 2015 if approved all affected employees will be sent a formal letter by 23 February 2015 confirming the decision and the payment settlement offer.

Once you accept the payment is in full and final settlement of any outstanding claims an employee may have arising under the Performance Management Schemes for Chief Officers (2004 & 2011) and in recognition that the Scheme(s) will cease and no further payments will be made under the Scheme(s).

Employees will have until 2pm on the 6 March 2015 to consider and accept the payment offer and once accepted the payment will be made into salaries on Friday 13 March 2015.

If you have any queries at all please do not hesitate to contact me or our HR colleagues Nicola Mathieson or Christiana Kyriacou.

Yours sincerely



Tracie Evans
Interim Chief Operating Officer

Frequently Asked Questions

Performance Management Scheme for Chief Officers

Q1	How were the proposals reached?
Answer	<p>In the early part of 2014 the non application of the Scheme was brought to the attention of SLT.</p> <p>Two briefing sessions were held with affected employees in August/September 2014 to discuss the historic and future application of the Scheme and payment proposal was offered to all eligible employees.</p> <p>This offer was subsequently withdrawn as it became clear that further discussions needed to be had with SLT and Members in light of the comments received from employees. It was also important to ensure that the process we use to resolve this matter is fair and transparent and that any steps we take are in line with our policies and governance arrangements.</p> <p>Since those briefing sessions SLT have been working hard on a mechanism to deal with the complexities surrounding this issue and put together a proposal which needed to go through the due governance process.</p> <p>A number of other options were considered during this process as outlined in your consultation letter.</p>
Q2	Why does the scheme have to be ceased?
Answer	<p>The Scheme has not been applied appropriately since April 2011 to date.</p> <p>The Council has just commenced a review of all pay and grading arrangements and consider that senior managers' performance related pay should be considered as part of this exercise rather than in isolation. The Council remains open to exploring links between pay and performance and will look at whether there should be such links and if so what they should be during the course of the Modern Reward Strategy project.</p> <p>This exercise is likely to be completed by April 2016.</p>
Q3	How much will I be paid?
Answer	<p>The payment proposal is:</p> <p>To pay eligible full-time employees a lump sum payment (non –consolidated) of £4,000 where they have been employed under the Scheme throughout the qualifying period of 1 April 2011 to 31 March 2015.</p> <p>This payment will be pro rata for part time employees and for employees who have only worked part of the qualifying period and for employees who have been employed under the Scheme for only part of the qualifying period.</p>

Q4	What is deemed as the qualifying period?																																			
	The qualifying period is from 1 April 2011 to 31 March 2015 and takes account of the time from when the Scheme has not operated appropriately up to the time when the Scheme is proposed to cease.																																			
Q5	How will my payment entitlement be calculated?																																			
	<p>We have identified how much of the qualifying period you have worked, also taking in account whether you are or have been part-time during this period.</p> <p>Example of Payments</p> <table border="1"> <thead> <tr> <th>Example</th> <th>Date commenced employment</th> <th>*Hours employed</th> <th>Date of change of contract</th> <th>**No. of eligible calendar days</th> <th>Calculation Formula</th> <th>Proposed Gross payment</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>15 May 2007</td> <td>36</td> <td>n/a still employed under same contract</td> <td>1460</td> <td>Entitled to full payment</td> <td>£4,000</td> </tr> <tr> <td>2</td> <td>18 Nov 2013</td> <td>36</td> <td>n/a still employed under same contract</td> <td>498</td> <td>$\text{£}4,000/1460 \times 498$</td> <td>£1,364.38</td> </tr> <tr> <td>3</td> <td>15 May 2007</td> <td>18</td> <td>n/a still employed under same contract</td> <td>1460</td> <td>$\text{£}4,000/36 \times 18$</td> <td>£2,000</td> </tr> <tr> <td>4</td> <td>25 July 2010</td> <td>36</td> <td>5 Jan 2014 – transferred to new Asst director contract</td> <td>1010</td> <td>$\text{£}4,000/1460 \times 1010$</td> <td>£2,767.12</td> </tr> </tbody> </table> <p>*A Full Time employee works 36 hours per week</p> <p>**There are 1460 calendar days in the period 1 April 2011 to 31 March 2015</p>	Example	Date commenced employment	*Hours employed	Date of change of contract	**No. of eligible calendar days	Calculation Formula	Proposed Gross payment	1	15 May 2007	36	n/a still employed under same contract	1460	Entitled to full payment	£4,000	2	18 Nov 2013	36	n/a still employed under same contract	498	$\text{£}4,000/1460 \times 498$	£1,364.38	3	15 May 2007	18	n/a still employed under same contract	1460	$\text{£}4,000/36 \times 18$	£2,000	4	25 July 2010	36	5 Jan 2014 – transferred to new Asst director contract	1010	$\text{£}4,000/1460 \times 1010$	£2,767.12
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Q6	When will I receive this payment?																																			
Answer	Employees will have until 2pm on the 6 March 2015 to consider and accept the payment offer and once accepted the payment will be made into salaries on Friday 13 March 2015.																																			
Q7	Will this payment be consolidated into my basic pay?																																			
Answer	No. It will be paid as a one off lump sum. Your salary will remain unchanged.																																			

Q8	Will this payment be subject to normal deductions such as National Insurance, Tax, Pension?									
Answer	Yes.									
Q9	What happens if I do not accept the payment offer?									
Answer	I would encourage you to utilise the consultation period to raise any matters which would prevent you from accepting the proposed payment offer. Feedback from the consultation period will be considered by SLT and the Staffing & Remuneration Committee before any decisions are made. You also have the opportunity to discuss these matters on a 1:1 basis with Tracie Evans or Nicola Mathieson in HR.									
Q10	What happens next?									
Answer	<p>The letter you have received opens the formal consultation on the proposals and is therefore open to comment. The consultation period will commence on 28 January 2015 and will close at 2pm on Monday 16 February 2015.</p> <p>All staff affected will be given the opportunity to comment on the proposals during the consultation period. Consultation feedback can be emailed to nicola.mathieson@haringey.gov.uk</p> <p>All affected staff have been invited to attend one of the two briefing sessions that have been arranged where you will be given an opportunity to ask any questions you may have. The details of these sessions are below:</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Time</th> <th>Venue</th> </tr> </thead> <tbody> <tr> <td>Wednesday 28 January 2015</td> <td>10.00am to 11.00am</td> <td>Civic Centre, Council Chambers</td> </tr> <tr> <td>Wednesday 4 February 2015</td> <td>10.30am to 11.30am</td> <td>Civic Centre, Council Chambers</td> </tr> </tbody> </table>	Date	Time	Venue	Wednesday 28 January 2015	10.00am to 11.00am	Civic Centre, Council Chambers	Wednesday 4 February 2015	10.30am to 11.30am	Civic Centre, Council Chambers
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Q11	What is the Modern Reward Strategy project?									
	<p>The Modern Reward Strategy was approved at Staffing & Remuneration Committee on 20th December 2014.</p> <p>It will provide the Council and employees with fair, transparent and consistent pay and grading arrangements aligned to equalities and organisational goals.</p> <p>The aim is to review Senior Managers and Chief Officers pay and grading arrangements by April 2015.</p>									