

The Vale of Glamorgan Council

Cabinet Meeting: 4 December, 2017

Report of the Leader

Proposed Refinement of Chief Officer Appraisal Scheme

Purpose of the Report

1. This report proposes the updating of the Chief Officer Appraisal Scheme and a minor change to the mechanism for processing salary increments.

Recommendations

1. That Cabinet approves the proposal for the general updating of the Chief Officer Appraisal Scheme and the change to the payment arrangement as set out in paragraphs 15 to 20.
2. That the proposal is referred to the Council meeting on the 13th December 2017 for final determination.

Reasons for the Recommendations

1. To update the Scheme and clarify the operational arrangements following recent discussions with the Wales Audit Office.
2. To comply with the requirements of the Local Authorities (Standing Orders) (Wales) Regulations 2014 in relation to Chief Officer remuneration.

Background

2. As Members are aware, Service Directors, Heads of Service and Operational Managers are all employed on five point incremental grades as part of their Chief Officer terms and conditions and as set out in the Council's 2016/17 Pay Policy.
3. Pay progression within the respective salary grades is linked to (and regulated by) the Chief Officer Appraisal Scheme as introduced in 2004 and updated in 2010. Guidance notes in relation to the Scheme are attached at [Appendix A](#) and [B](#).
4. For all such Chief Officers, payment in relation to the first three increments has been subject to normal incremental progression and once accessed, the pay has been regarded as consolidated and then paid on a monthly basis.
5. Access to the additional pay in accordance with increments 4 and 5 for Heads of Service and Directors has, however been dependent on an annual appraisal rating of 'good' or 'excellent' in the preceding year. This is then processed as a 'one-off' and

'up-front' payment in respect of the whole of the forth-coming year. In this sense it is seen as a 'forward' payment for previous performance.

6. The above payment arrangements do not now apply to the Managing Director as the postholder is paid by way of a single 'spot-salary' and not an incremental grade. Payment for Operational Managers within their 5-point grade is subject to normal incremental progression and then consolidated pay arrangements.
7. The proposals in this report seek to maintain the essential performance related pay elements of the Appraisal Scheme for Directors and Heads of Service but change the payment process to a more customary monthly payment arrangement.
8. The proposals also serve to update the Scheme since its last review in 2010 and particularly in terms of the participants in the Scheme and Appeals arrangements.

Relevant Issues and Options

9. As indicated above, the current Scheme is based on the premise that increments 4 and 5 for Directors and Heads of Service are paid in recognition of performance in the previous year, but as a 'lump' and 'advance' payment for the whole year ahead.
10. This has increasingly been seen as confusing and problematic and particularly where employees leave the Council and are then required to repay an element of the lump sum payment that they have received.
11. In a number of cases Chief Officers have been promoted within the Council (for example Heads of Service to Directors) and, because of the nature of the existing Scheme, have been required to repay significant amounts.
12. The Wales Audit Office (WAO) has recently raised a number of issues about how payments under the Scheme are accounted for and published and particularly if there is an inference (albeit incorrect) that the Scheme is a bonus arrangement.
13. Members will be aware that the grades set out for Chief Officers are based on clearly defined incremental steps. Whilst the Scheme was designed to link incremental pay to performance it was not designed to be a bonus Scheme.
14. The above issue has been discussed with the WAO and for this current year has been resolved to their satisfaction. The proposals set out in this report will help to provide additional clarification. A copy of this report has also been shared with colleagues from the WAO.

Proposals for Change

15. As indicated above, the main proposed change within the revised Scheme relates to the payment method for increments 4 and 5 within the Director and Head of Service incremental grades.
16. It is proposed that, from 1st April 2018, the payment of the above increments should be paid on a monthly basis as is the case for increments 1 to 3.
17. Access to and retention of payment in accordance with increments 4 and 5 will be based on the same performance criteria as contained in the current Scheme.
18. Equally the Scheme will provide for the possibility of movement down the incremental grade (i.e. from increment 5 down to increment 3) subject to the relevant performance criteria not being met.
19. The proposals will help retain the important link to the Council's Performance Management Framework whilst reinforcing the incremental nature of the grade.

20. A copy of the revised Scheme is attached at [Appendix C](#). The detail within the Scheme has been updated to reflect those who are now party to the arrangements and revisions to the appeals process.

Resource Implications (Financial and Employment)

21. The proposals do not change the salary grades for Chief Officers or the performance criteria for progressing through the incremental scale. In this sense there will be no financial implications. The revised proposals will, however, reduce the possibility of having to recover over-payments and the associated administrative process.
22. The changes will however constitute a minor change to the terms and conditions of the relevant Chief Officers. All such officers and the relevant trade union representatives have been consulted in accordance with normal practices.

Sustainability and Climate Change Implications

23. There are no sustainability and climate change implications arising from this report.

Legal Implications (to Include Human Rights Implications)

24. The proposals within this report have been sent for consultation purposes to the Independent Remuneration Panel for Wales in accordance with the requirements of the Local Authorities (Standing Orders) (Wales) Regulations 2014. It has been confirmed that the Panel are content for the proposals to be progressed as they are felt to be of purely administrative consequence for the Council.

Crime and Disorder Implications

25. There are no crime and disorder implications arising as a result of this report.

Equal Opportunities Implications (to include Welsh Language issues)

26. There are no equal opportunities implications arising as a result of this report.

Corporate/Service Objectives

27. To manage the Council's workforce, money and assets efficiently and effectively in order to maximise its ability to achieve its service aims

Policy Framework and Budget

28. This report is a matter for determination by Council.

Consultation (including Ward Member Consultation)

29. The relevant Chief Officers and recognised trade unions have been consulted on the proposal.

Relevant Scrutiny Committee

30. Corporate Performance & Resources.

Background Papers

Chief Officer Appraisal Scheme - as at Appendix A and B.

Contact Officer

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Officers Consulted

CMT

Heads of Service

Operational Manager Human Resources

Employment Lawyer

Responsible Officer:

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