

Denbighshire County Council

Performance Related Pay Scheme for the Chief Executive

Introduction

Performance-related pay (PRP) is a way of managing pay by linking salary progression to an assessment of individual performance, usually measured against pre-agreed objectives. The PRP Scheme in Denbighshire County Council only relates to the Chief Executive's Pay.

The Chief Executive's Performance Appraisal considered their individual performance, the results of which will feed into the PRP Scheme, as detailed below.

1. Performance Appraisal

1.1 An Appraisal process based on the joint guidance laid down by the Conditions of Service for Local Authority Chief Executives is attached (Appendix 1).

1.2 Key objectives, priorities and targets of the council to be measured.

- Internal and external collaboration (identified in the Welsh Audit Office Annual Letter)
- External audits
- Achievement of Efficiency Savings
- Financial Management – budget v balance reserves
- Quality of Service
- Set of agreed Key Performance Indicators

1.3 Performance and achievement against set objectives

1.4 Skills and Behaviours

- People Management
- Performance Management
- Customer Focus
- Communication
- Team Leadership
- Personal Effectiveness

There should be high and poor performance indicators against each Skills and Behaviour

1.5 360 degree

- Input from Cabinet
- Corporate Directors

1.6 The timing of the appraisal should be in line with final results of the previous Financial Year.

1.7 There should be 5 levels of performance

- 1 – not acceptable
- 2 – needs improvement

- 3 – meets expectations comfortably
- 4 – exceed expectations on many occasions
- 5 – exceptional – consistently exceeds requirement

1.8 There should be mitigation for not achieving objectives

2. Performance Related Pay (PRP)

2.1 The Senior Leadership Remuneration Panel will determine the level of pay and any award of Performance Related Pay for the Chief Executive Officer, in line with the process in the joint guidance laid down by the Conditions of Service for Local Authority Chief Executives

2.2 PRP will be determined from the outcome of the performance appraisal.

2.3 A payment of between 5% and 12% of salary will be paid on achievement of agreed objectives and behaviours

A Score of (4) would achieve a max of 5% PRP

A Score of (5) would achieve a max of 12% PRP

Judgement to be exercised in award of % PRP between the scores of 4 and 5
(Please refer to Appendix 2)

2.4 70% of the total will be weighed against objectives.

2.5 30% of the total will be weighed against behaviours, 5% being allocated to each of the six behaviour criteria.

Appendix 1

Performance Appraisal of the Chief Executive

Introduction

The responsibility for appraising the Chief Executive lies with senior elected members. It is a contractual obligation on the part of both the Chief Executive and the employing council to engage in a regular process of appraisal.

It is proposed that the appraisal will be carried out by a small committee consisting of the Leader or Deputy and up to five other members together with external assistance in facilitating the appraisal process. A pool of 7 members should be nominated and trained for this purpose. The WLGA should be approached to recommend a suitable source for an independent advisor.

The focus of the appraisal process should be on clarifying what the Chief Executive is expected to achieve and on identifying any continuing developmental needs which, if met, would maintain a higher level of performance. The process of setting objectives should be by agreement and the result should be to identify objectives which are relevant and challenging but achievable.

The process should not be complex. At all times it needs to focus clearly on a few basic issues: what the Chief Executive's job is; what has been done well; what could have been done better; the major issues over the next year; and what developmental needs the process clearly identifies.

Aims of the Appraisal

1. To identify and clarify the key objectives, priorities and targets of the council and appropriate timescales for their achievement over the next 12 months.
2. Agree with the Chief Executive should personally achieve over the next 12 months and identify required standards of performance, in order to deliver the council's key objectives, priorities and targets. Wherever possible standards of performance will be expressed in ways which can be monitored objectively.
3. Discuss positive achievement over the past twelve months and identify reasons for good performance.
4. Discuss instances over the past twelve months where targets have not been met, identifying the factors preventing the achievements of agreed goals.
5. Discuss developmental requirements. The Chief Executive will have strengths and weaknesses and the committee should identify the professional development necessary to equip the Chief Executive with the requisite skills to meet to the council's changing priorities. This discussion could lead to the design of the formal programme of continuous professional development (CPD). Equally this discussion may lead to agreement on changes to the working relationship between leading members and the Chief Executive who may need to adjust his/her approach to the working relationship.

Appraisal should be set in the context of the council's objectives, priorities and targets, generally expressed in the community and corporate plans. Appraisal targets when taken as a whole should be related to agreed targets for the council as a whole.

The Appraisal Cycle

The appraisal will take place on a predetermined date (annually) backed up by a 6 month review meeting at which targets can be reviewed for continuing relevance. A formal system of appraisal should not prevent the continuous review of progress and performance.

Key Elements of the Appraisal Process

1. Continuous two-way monitoring of performance against objectives
2. Preparation for an appraisal interview
3. An appraisal interview where recent and current performance, future objectives and development needs are discussed.
4. Agreement should be reached on action required from all parties to ensure required performance is achievable.
5. The process of informal discussion regarding performance should continue.
6. 360° Cabinet or Corporate Executive Team feedback to inform the process.

The appraisal interview and afterwards

1. All parties should be well informed and prepared for the interview
2. The process should be two-way
3. The interview should be free from interruptions and notes should be taken when necessary.
4. All parties will be expected to maintain confidentiality throughout the process
5. The parties should concentrate as far as possible on established facts, rather than unsubstantiated opinions.
6. Targets which are realistic and capable of being monitored should be agreed
7. Any agreed development plans should be implemented within the agreed timescales
8. The Chief Executive should be given a reasonable opportunity to correct any shortfalls in performance.
9. A date for the new review should be agreed
10. The appraisal report should include the previous years' scores as a means of comparison

External Assistance

External assistance which is suitable to both the Committee and the Chief Executive will facilitate the appraisal process.

Other Matters

The content of appraisal interviews should be treated as confidential to the participants. Member will be bound by confidentiality throughout the process. Full Council will be advised that an appraisal interview has taken place

Appendix 2

Method of Calculation for Performance Related Pay

A payment of between 5% and 12% of salary will be paid on achievement of agreed objectives and behaviours

A Score of (4) would achieve a max of 5% PRP

A Score of (5) would achieve a max of 12% PRP

Judgement to be exercised in award of % PRP between the scores of 4 and 5

Performance Related Pay Calculator

Overall Average Appraisal Score	% of Salary	£PRP
4	5	£6,250.00
4.1	5.70	£7,125.00
4.2	6.40	£8,000.00
4.3	7.10	£8,875.00
4.4	7.80	£9,750.00
4.5	8.50	£10,625.00
4.6	9.20	£11,500.00
4.7	9.90	£12,375.00
4.8	10.60	£13,250.00
4.9	11.30	£14,125.00
5	12.00	£15,000.00