

## ABERDEEN CITY COUNCIL

---

COMMITTEE	Finance and Resources Committee
DATE	1 February 2011
DIRECTOR	Stewart Carruth
TITLE OF REPORT	A Framework for Linking Reward to Performance
REPORT NUMBER	CG/10/015

---

### 1. PURPOSE OF REPORT

This report seeks authority to take forward a change to the way the annual pay increments are awarded. The change will be implemented in two phases, phase 1 in 2011, with phase 2 following in 2012. The proposals for year 1 apply to only SJC employees (i.e. the Local Authority Employees Group formerly Red Book).

### 2. RECOMMENDATION(S)

It is recommended that the Committee approves:

1. The Local Salary Progression Scheme, which changes the way increments are awarded in future (attached as Appendix A).
2. That work is undertaken during 2011 to build on the basic principles of the Local Salary Progression Scheme so that a more developed and comprehensive performance/ reward scheme, aligned to Council objectives and a revised appraisal system, is in place prior to the 2012 increment date of 01 April.

### 3. FINANCIAL IMPLICATIONS

The financial implications of changing the way increments are paid will be dependent on the model which is selected.

### 4. OTHER IMPLICATIONS

The proposals have significant implications for employees in the organisation both in terms of the way their performance is measured and rewarded and in their terms and conditions. While the end result will promote a more performance oriented culture, there is maybe some impact on morale in the short term until the revised proposals bed down. This will be mitigated by an effective engagement and communication strategy. Any legal risks in terms of equal pay implications will be dealt with in the development stage in conjunction with the Head of Legal and Democratic Services.

## 5. BACKGROUND/MAIN ISSUES

The agreement with the Trade Unions on the awarding of the 2010 Salary Increment, brokered by ACAS in October 2010, resulted in an agreement that the future awarding of increments would be reviewed.

It is proposed that changes happen in two distinct phases:

### **Phase 1**

The first phase is for the agreement of the Local Salary Progression Scheme. This scheme links the increment to certain criteria namely: performance, behaviour and attendance. The full scheme is attached in Appendix A

### **Phase 2**

Over the Spring and Summer significant consultation and dialogue will be held with Managers, Employees and the Trade Unions to develop a performance related pay scheme which will link to the long term objectives of the Council. The scheme will be in place for 01 April 2012 and will supersede the existing increment arrangements

The details of the scheme will be submitted to Finance and Resources for consideration when complete. A proposed timeline is attached in Appendix B

## 6. IMPACT

The 5 year Corporate Business Plan identifies the package of service options to be delivered for the future. In doing so it acknowledges that the organisation must maximise the expenditure on actual services and reduce indirect overhead costs. The proposal seeks to do this while at the same time ensuring there is a greater focus on high performance to deliver on these options and on rewarding that performance.

## 7. BACKGROUND PAPERS

None

## 8. REPORT AUTHOR DETAILS

Brian Wright  
HR Manager  
[bwright@aberdeencity.gov.uk](mailto:bwright@aberdeencity.gov.uk)  
522248



**ABERDEEN CITY COUNCIL**

# **Local Salary Progression Scheme**

**POLICY & PROCEDURE**

**DRAFT (January 2011)**

# Contents

## **Section 1: Policy**

---

**1.1 Policy statement**

**1.2 Scope**

**1.3 Core Principles**

## **Section 2: The Policy Provisions**

---

**2.1 Attendance**

**2.2 Performance**

**2.3 Behaviour**

## **Section 3: The Procedure**

---

**3.1. The application**

## **Section 4: Review**

---

## **SECTION 1 - POLICY**

### **1.1 Policy statement**

The Council is committed to achieving consistently high performance and this policy aims to underpin this commitment linking performance to pay.

Since the implementation of salary grade scales the progression of employees to the top of the scale has been achieved solely on length of service. This has been irrespective of the level of performance, attendance record or on whether or not the conduct of the employee has been acceptable. This policy is the first step in linking pay to performance.

### **1.2 - Scope**

This procedure applies to SJC (Local Authority Workers) employees only. The Local Salary Progression Scheme means that the way increments are awarded in future will change. In 2011, progression will be on the basis of the criteria defined in Section 2 of this policy. However, this will be further developed during 2011 so that more comprehensive measures are in place prior to 01 April 2012. The measures for 2012 need not be contained to only one group of employees within the Council.

Appropriate measures will be put in place to ensure that those with disabilities or those with pregnancy related absences are not disadvantaged.

### **1.3 - Core Principles**

The Council faces a period where budgets will be reducing but customer expectation in relation to the flexibility and quality of service delivery will continue to rise. As a result of this there is a need ensure that every area of expenditure is fully maximised.

The existing arrangements for the awarding of increments has been in place for over twenty years, against a background of massive changes in the way public services are delivered.

This policy is the first step in modernising the pay arrangements for all employees starting with SJC (Red Book) employees. Previously an employee would receive an increment regardless of their conduct at work, whether or not they take frequent sick leave and whether they are competent or not to carry out their duties. This policy aims at removing this inequity in the workplace by allowing increments not to be applied where one or more of the above is unsatisfactory.

This policy is an interim position during which time a more sophisticated model of performance and reward will be developed which will link pay to council objectives. This model will be developed through consultation with employees, managers and the

trade unions. The policy is aimed at breaking the automatic link between length of service and the awarding of increments.

For the majority of employees this policy will have little impact. It is considered that within the organisation the vast majority of employees perform within the criteria defined as acceptable.

## **SECTION 2 - POLICY PROVISIONS**

This will affect the increment for April 2011 but will apply until a comprehensive review of the appraisal process has been conducted with employees and Services alongside the competence review referred to above.

Under the provisions of this policy payment of increments will be dependent on employees achieving or demonstrating:

- Acceptable **attendance**
- Adequate **performance**
- Appropriate **conduct**

Where any one of the above falls below the standard required, i.e. has been the subject of formal Council procedure in the 12 months prior to the due increment date, the increment will not be applied. More specifically, this will be the case where an employee has:

### **2.1 Attendance**

#### **Reached stage 2 of the Maximising Attendance Policy**

Employees with disability or pregnancy related absences will be afforded the same protection as defined in the Maximising Attendance Policy.

### **2.2 Performance**

#### **Reached stage 1 of the Managing Performance Policy**

Where the employee has reached stage 1 of the Managing Performance Policy during the period from their last increment and the 1<sup>st</sup> April, then the increment will not be applied.

### **2.3 Behaviour**

#### **Been issued a first level warning or higher disciplinary sanction under the Managing Discipline Policy.**

If the employee has received any form of live warning (either oral, written or final warning), or there is still a live warning on record for the employee on the 1<sup>st</sup> March, the increment will not be applied. Also, the increment will not be applied if, on the 1<sup>st</sup> March the employee is under investigation for a matter relating to conduct. If however the result of the investigation exonerates the employee at a subsequent date, then the increment will be applied with effect from the 1<sup>st</sup> April.

Whilst employees in these categories will still be eligible for any national pay award, there will be no facility to make a merit increment during the following 12 months.

Any employee who considers the decision not to apply the increment to be unfair will have the right to raise this matter through the Council's Grievance Procedure, stating the grounds for the grievance. The grievance hearing shall only consider matters relating to the facts of the case.

### ***SECTION 3 - THE PROCEDURE***

It will be the responsibility of the employing service to ensure that they notify the Payroll Section of any employee who is not eligible to receive the increment. Each Service will be required to write to the Payroll Manager no later than the 1<sup>st</sup> March with a list of such employees. At the same time the Line Manager will meet with the employee to explain the reasons for this happening and confirm this in writing.

If the employee wishes to challenge this decision through the grievance procedure this needs to be raised prior to 1<sup>st</sup> July. In the event of a challenge the increment will not be awarded unless the grievance is upheld.

### ***SECTION 4 - : REVIEW OF THE POLICY & PROCEDURE***

This policy will supersede the existing provisions on incremental progression. The policy will be reviewed in 2011 in order to build on the provisions to further enhance the link between reward and performance from 2012 onwards. Thereafter the Human Resources and Organisational Development Service will periodically review this procedure.

**Implementation Plan**

What is proposed is a significant and challenging piece of work. However, it is potentially key to enhancing the existing professionalism of the organisation, establishing a positive performance culture and providing the type of role clarity which is required to underpin the successful deployment, management and development of our workforce.

Owing to the nature of the proposals it will be necessary to implement this as a two stage approach.

Stage 1, as stated above, this stage breaks the link between length of service and eligibility for increment. This represents a key change for the organisation. In terms of the contract for employment, this change can be implemented by Committee agreeing a "Local Salary Progression Scheme". Reference is made to this scheme in the existing contract of employment.

Stage 2 is a more fundamental change which alters the pay arrangements for employees. It is therefore considered that a variation to the contract would be required to implement this. This implementation could be brought about either through a collective agreement with the trade unions or by the employee voluntarily accepting this change.



