

## Appendix 3

### SENIOR MANAGER PERFORMANCE SCHEME (SMG1 and 2)



The Senior Manager Appraisal Performance Scheme provides managers with clear objectives, regular feedback and opportunities for development and allows us to create a working environment that encourages and supports our people.

The scheme has been designed around four principles:

- Clear communication and feed back between you and your manager
- Supporting you within appropriate development opportunities
- Simplicity
- Effective Rewards.

The scheme will:

- Ensure that everyone knows what they are required to do and how this helps us to achieve the organisation's objectives and deliver the community strategy, as well as how their performance will be assessed.
- Ensure that a fair and objective assessment is made of performance, especially where it affects salary progression.
- Provide a means by which individual development of relevant competencies and the consequent training and personal development needs can be discussed, assessed and met.
- Provide a mechanism for managers to discuss job performance, providing constructive feedback from which individuals can benefit.

Performance is assessed in two ways:

- Part 1 - there is the potential to earn a non-consolidated Performance Related Pay (PRP) of up to 5% of base pay which rewards **achievement against specific objectives**, usually five main target areas. There is also the potential for a further discretionary 5% PRP subject to recommendation by your Director.
- Part 2- the **behavioural competencies** required to improve Hammersmith and Fulham, i.e. how the H & F manager performs against the Council's values as well as core leadership competencies. There is a matrix to determine the percentage increase through the salary band.

So:

Pay Based on Performance	How Pay is determined
Pay progression	Competency-based assessment; no automatic increments for time in grade
Bonus payment (non-pensionable)	1% of base pay for each target fully achieved up to five targets/5%.  chief executive has some discretion for work

	over and above targets and for mitigating factors outside individual control at recommendation of director
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Your competencies will be assessed on a four point rating scale as follows:

Competency Rating Scale	
<b>1</b>	<b>Below standard</b> demonstrates the required competency very inconsistently or not at all; significant development required
<b>2</b>	<b>Inconsistent</b> demonstrates the require competency on some occasions but there is scope for improvement. Effective in some areas but not all.
<b>3</b>	<b>Consistent and effective</b> demonstrates the required competency consistently over time in most situations; ie generally effective performance
<b>4</b>	<b>Exceptional</b> demonstrates consistently the competency over time and in a variety of situations even in the most challenging circumstances; is a role model and should be used to coach and develop others

The final score for the competency assessment will be the average of the sum of the individual scores for each element and determined as follows:

$$1 - 1.9 = 1$$

$$2 - 2.9 = 2$$

$$3 - 3.9 = 3$$

If an individual scores six '4's' plus two '3's' this will count as a 4. If they score six '4's' and any '2's', this will count as a '3'.

**If senior managers do not have completed appraisals for all staff in their organisation by the set timelines, their performance management competency scoring automatically reverts to "1." A '1' lowers their overall competency score with no possibility of achieving an overall score of 4.**

The intention of these progression matrices is as follows:

- poor performers receive no progression
- basic/inconsistent performers will receive minimum uplift
- good and excellent performers will be rewarded.

**For 2009/10 the SMG1 and 2 salary progression table**

Rating based on competency	Position in Pay Band			
	First quartile	Second quartile	Third quartile	Fourth quartile
4	5%	4%	3%	3%
3	4%	3%	2%	2%
2	1%	1%	1%	1%
1	0	0	0	0

**SMG1 and 2 scoring a 1 overall against the competencies will not receive cost of living increase or be eligible for a PRP award.**

The weighting on the scale is intended to ensure that individuals are rewarded, but we do not have significant pay drift. It will enable lower paid colleagues to progress while still rewarding those at the top of the pay range.

Once an individual is at the top of the pay range they will receive the percentage increase as above. If the increase takes them above the pay range (bearing in mind that the pay range itself is up-rated annually) then the payment above will be paid as a cash sum (i.e. bonus will not be consolidated into base pay).

## **Eligibility**

### **Managers appointed during the reporting year**

New appointments will normally be at the first quartile of the pay band. Permanent staff become eligible for the appraisal scheme immediately they commence employment in a senior management post. An appraisal meeting should normally take place within four weeks of commencement of employment to align with the first probationary meeting. The key objectives and competency development set should be set as normal however the assessment and eligibility to receive base salary increase and PRP payment will not take place until the full appraisal period has taken place. (i.e. if an individual starts in October 2010, they would not receive any pay progression until April 2012 (18 month period). There is however, an opportunity to receive up to 10% PRP of salary earned in the period (non-consolidated cash bonus) in exceptional circumstances subject to performance in the initial stage.

Individuals must be in post at the end of review year and when pay is awarded in order to be eligible to receive an overall salary progression and PRP.

### **Managers who leave H&F**

Managers who leave before the end of a review period will not receive any PRP payment.

### **Managers who are unwell during the reporting period**

An assessment of overall contribution and performance against annual targets will be conducted as normal. However, awards will be based on actual pay received during the assessment period. Therefore, if an officers pay has reduced in line with H&F sick pay scheme any awards will be proportionate.

### **Managers who are absent on maternity leave during the reporting year.**

When it is known that a manager will be absent on maternity leave, their overall contribution and performance targets should be reviewed and amended. Assessments for base pay increases and PRP payments should be based on the available information from the current reporting year, in conjunction with the previous years assessment. If the officer is new to H&F and an assessment cannot be based on achievements in the present review year, base salary increase should be based on level 2 and a PRP rating be discretionary.

## Calculation of PRP Pay

The actual amount of the PRP or bonus payment is calculated as a percentage of salary actually paid to the employee during the year. Hence for those who work part-time, the PRP amount is calculated against actual pay not a notional full-time salary. For those who changed grade during the year, HR will advise how the payment is made.





## Moderation of PRP Pay

For SMG grades there is a moderation process to ensure consistency and fairness in the performance scoring as this affects both base and bonus pay.

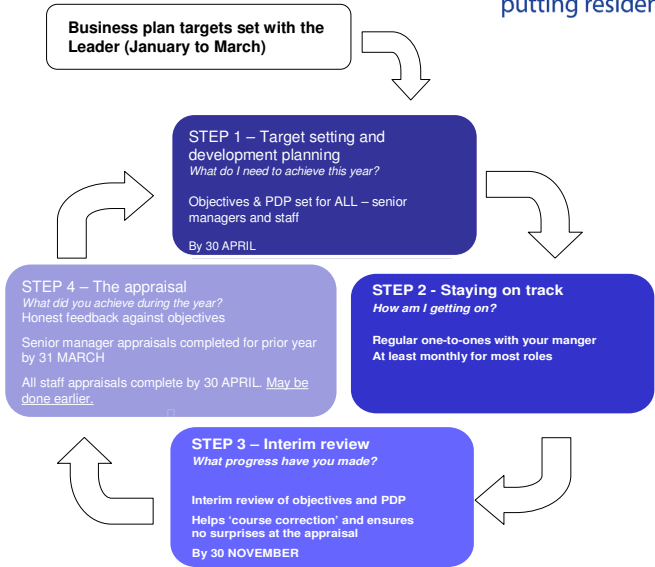
- For SMG3 this is done by Department Management Teams (DMT) and at FSB (Financial Services Board/AD Resources).
- For SMG2 it is done by the Executive Management Team (EMT).

## The H&F Individual Performance Management cycle

The Individual Performance Management cycle comprises a 4-STEP process.

 <p><b>STEP 1</b></p>	<p><b>STEP 1 – Objective setting and development planning</b> STEP 1 helps you to consider what you need to achieve. During this step you will set <b>5</b> clear objectives to work on throughout the year. You will also create a Personal Development Plan (PDP) to ensure that you have all the knowledge, skills and support you need to succeed. <u>From 2010, 30 April for ALL.</u></p>
 <p><b>STEP 2</b></p>	<p><b>STEP 2 – Staying on track</b> STEP 2 is a reminder that you need to have regular 1:1s with your manager in order to consider your progress and help you stay on track. <u>These meetings should take place at least once a month for most roles.</u></p>
 <p><b>STEP 3</b></p>	<p><b>STEP 3 – Interim review</b> The purpose of the interim review is to help you consider your overall progress in preparation for your appraisal (STEP 4) and to gain actionable feedback to help you succeed. It is also an ideal opportunity to consider how you are doing against your job competencies. <u>The interim review meeting normally takes place in November.</u></p>
 <p><b>STEP 4</b></p>	<p><b>STEP 4 – The appraisal</b> This is an end-of-year review which helps you take stock of what you've achieved and determine how well you've done. It is an opportunity to learn from your successes as well as those things that haven't gone so well – and to incorporate that learning into your work going forward. STEPS 2 and 3 help ensure that there are no surprises at this stage. <u>By 31 March for senior managers and by 30 April for ALL.</u></p>

# Performance Management



## H&F competency model

Our core competency model provides staff and managers with clear examples of behaviours required at different levels in the organisation. It consists of 8 core competencies which are arranged in 3 clusters: direction, performance and people.

DIRECTION	PERFORMANCE	PEOPLE
<ul style="list-style-type: none"> <li>▪ Strategic thinking &amp; managing change</li> <li>▪ Self management</li> </ul>	<ul style="list-style-type: none"> <li>▪ Customer focus</li> <li>▪ Performance management</li> <li>▪ Planning &amp; use of resources</li> </ul>	<ul style="list-style-type: none"> <li>▪ Leadership</li> <li>▪ Team &amp; partnership working</li> <li>▪ Communication</li> </ul>

### Why we use it in Individual Performance Management

While your 5 job objectives form an important part of what's expected of you, they're not the only things that are important in assessing your overall performance. It is also critical to consider the behaviours that people have used in seeking to achieve their goals when making a judgement about their overall performance.

For example, if someone has achieved all their objectives, but has worked in a way which caused problems for customers or others in their team, we would not consider that person to have performed well overall.

**How we use it in Individual Performance Management**

There is an opportunity to assess your performance against each competency twice during the year. This takes place at STEP 3 and STEP 4.