


London Borough of Hammersmith & Fulham COUNCIL 24 February 2016		 hammersmith & fulham
PAY POLICY OF THE LONDON BOROUGH OF HAMMERSMITH AND FULHAM 2016/17		
Report of the Leader of the Council – Councillor Stephen Cowan		
Open Report		
Classification: For Decision Key Decision: No		
Wards Affected: None		
Accountable Executive Director: Nigel Pallace, Chief Executive		
Report Author: Debbie Morris, Director for Human Resources		Contact Details: Tel: 020 8753 3068 E-mail: debbie.morris@lbhf.gov.uk

1. EXECUTIVE SUMMARY

- 1.1 The council is required to prepare a pay policy statement for each financial year.

2. RECOMMENDATIONS

- 2.1 That Council is recommended to approve the pay policy statement for 2016/17 as set out in the attached document.
- 2.2 That Council endorses the pay schemes attached as Appendices 1, 2 and 3 of the pay policy.

3 REASONS FOR DECISION

- 3.1 A decision is required in order for the council to approve the pay policy statement and its appendices and for the policy to be published on the council's website, as required by the Localism Act 2011.

4 INTRODUCTION AND BACKGROUND

- 4.1 Under Section 38(1) of the Localism Act 2011, the council is required to prepare a pay policy statement for each financial year. This pay policy statement must be approved by Council. The provisions of the Act do not apply to local authority schools.
- 4.2 Approved pay policy statements must be published on the council's website as soon as reasonably practicable after being approved. The Act also requires that the council includes in its pay policy statement, its approach to the publication of and access to information relating to the remuneration of chief officers. Remuneration includes salary or payment for a contract for services, expenses, bonuses, and performance related pay as well as severance payments. The definition of chief officers includes the head of paid service, statutory chief officers, non-statutory chief officers and those who report to them.
- 4.3 Section 38(1) of the Act also requires the council to set out its policy on remuneration for its highest paid staff alongside its policies towards its lowest paid employees. In particular, it requires the council to explain what it thinks the relationship should be between the remuneration of its chief officers and other employees and to set out policy on the lowest paid (outlined in the paragraph on 'Definitions' within the pay policy). The council must include its current policy towards maintaining or reaching a specific pay multiple, within its broader policy on how pay and reward should be fairly dispersed across its workforce.
- 4.4 So far as other elements of senior remuneration are concerned, including bonuses, performance related pay (PRP), severance payments and the payment of fees for election duties, the council must also make it clear what approach it takes to the setting and publishing of these.
- 4.5 The pay policy statement must also deal with a number of aspects of re-employment of staff. The council must explain its policy in relation to the payment of salary and pension to the same individual. It must also set out its policy in relation to the re-employment of chief officers who have retired and may be re-employed on a contract for services.
- 4.6 The council must in setting pay policy statements, have regard to the guidance issued by the Secretary of State for Communities and Local Government. This includes the Local Government Transparency Code 2015 issued pursuant to section 2 of the Local Government, Planning and Land Act 1980 and guidance under section 40 of the Localism Act of February 2012 and February 2013 which requires relevant authorities to prepare pay policy statements. Due regard has been had to the guidance in the preparation of this policy.
- 4.7 The policy statement must be approved by a resolution of Council. Once in force, it must be complied with although it may be amended by Council during the financial year. It must always be published on the council's website as soon as reasonably practicable after approval or amendment.

5 PROPOSAL AND ISSUES

5.1 The Government guidance for local authorities on the preparation of a pay policy statement recommends the calculation and publication of an authority's pay multiple. That is the relationship between the median earnings figure in the organisation and the remuneration of its highest paid officer.

5.2 The median is defined as that earnings figure at which there are an equal number of officers' earnings figures above and below it. The highest paid officer in H&F is the Chief Executive.

6 The remuneration of the highest paid officer is divided by the median earnings figure to arrive at the pay multiple. At the start of 2016 this ratio is 5.9 the same as in 2015. This is because there has been no national pay award for staff since 1 January 2015 when a 15 month pay award to 31 March 2016 was implemented.

7 OPTIONS AND ANALYSIS OF OPTIONS

7.1 Not applicable

8 CONSULTATION

8.1 None

9 EQUALITY IMPLICATIONS

9.1 As mentioned, this report has been produced so that the Council approves the pay policy statement. There are no actions that impact on equalities and as a result, the report's equalities impact assessment (EIA) is rated as low. Therefore, an EIA has not been completed.

10 LEGAL IMPLICATIONS

10.1 The statutory requirements set out in Chapter 8 of Part 1 of the Localism Act 2011 (Sections 38-43) are summarised in the report and the pay policy statement. The pay policy statement complies with the statutory requirements.

10.2 Implications verified/completed by Tasnim Shawkat, Director of Law. Tel: 0208 753 2700

11 FINANCIAL AND RESOURCES IMPLICATIONS

11.1 This report sets out the status quo on pay within the council, therefore there are no additional financial implications arising from the report as resultant costs can be contained within existing budgets.

11.2 Implications verified/completed by Hitesh Jolapara, Strategic Director for Corporate Financial Services.

12 RISK MANAGEMENT

None

13 PROCUREMENT AND IT STRATEGY IMPLICATIONS

None

LOCAL GOVERNMENT ACT 2000 LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	Council Pension Policy	Debbie Morris, Shared Director for Human Resources (LBHF & RBKC)	Hammersmith Town Hall
2.	Council guidance on performance related pay	Tel: 020 8753 3068	

LIST OF APPENDICES:

Appendix 1 - NJC Salary Scales and SMG Pay Ranges

Appendix 2 - Senior Manager Performance Scheme (SMG 3)

Appendix 3 - Senior Manager Performance Scheme (SMG 1 and 2)

Appendix 4 - Statement of Local Employer Pension Policy April 2014

Appendix 5 – Chief Executive Pay Multiple

PAY POLICY STATEMENT

London Borough of Hammersmith and Fulham (H&F)

1. Fairness and Transparency

H&F is committed to paying its staff on a fair basis to reflect the work that they do. At the same time, it recognises that there is public interest in both the remuneration of its staff and the way in which that remuneration is set. It is therefore publishing this statement to ensure transparency and fulfil its obligations under section 38 (1) of the Localism Act 2011.

2. Vision and Values

- 2.1 As well as the council's vision for its services, it has developed a set of values for its staff. In addition, managers have a document which sets out the behaviour which the council requires employees to demonstrate.
- 2.2 The vision, values, key behaviours and guide to good management are used during recruitment to vacant posts, discussions on learning and development needs, performance appraisal and the determination of performance related pay (PRP).
- 2.3 The council recognises that as an organisation which expects high standards from its staff, it should reward them accordingly, both to recruit the best and to continue to motivate them.

3. Pay Design

- 3.1 Most staff salaries are set by national pay bargaining through the Greater London Provincial Council (GLPC). Progression through the range is by increments and is related to satisfactory service. All staff have an annual performance appraisal.
- 3.2 In addition, the most senior staff have separate, locally determined salary ranges which include an element of PRP. Each year subject to satisfactory performance, these staff can receive a performance related consolidated increase and thus move up through their pay range until the maximum of their range is reached. At this point, any balance in the recommended pay increase is paid as an unconsolidated payment. In addition, achievement of targets set can result in a further unconsolidated payment. Typically, the pay progression is 2% to 3% and unconsolidated payment is 4% to 5%.
- 3.3 The senior manager performance schemes are still under review and will be considered by the Policy and Accountability Committee (PAC) in due course.

- 3.4 The pay ranges for all staff and the senior manager performance schemes are set out in the attached Appendices 1, 2 and 3.
- 3.5 There are a number of additional performance related pay schemes for certain other groups of staff that pay up to 10% of salary. These groups are:
- Civil Enforcement
 - Commercial Waste
 - Corporate Anti-Fraud Service
 - Development Management
 - Pest Control
 - Rental Income
 - Commercial Director
 - Strategic Commissioners and Service Managers in Adult's Commissioning Services

Market supplements have been agreed for Heads of Service in ICT reviewable every two years and for Heads of Service in Adult's Commissioning Services.

- 3.6 The pay ranges for all posts in the council are determined through job evaluation to ensure fairness and equality. In respect of nationally negotiated ranges, this is done through the Greater London Provincial Council Job Evaluation Scheme developed some years ago for all councils in London. In relation to the senior pay ranges, the scheme devised by Hay management consultants is used.
- 3.7 In addition to these annual salaries, the council can choose to pay extra sums to staff to recognise market pressures or additional work undertaken. These may be pay supplements, acting-up allowances or honoraria. These are most likely to apply to staff below senior management level.
- 3.8 Starting salaries within pay ranges are determined by reference to market rates and an individual's existing salary.
- 3.9 Those officers who have statutory positions in relation to elections i.e. Returning Officer/ Acting Returning Officer and deputies also receive a fee in recognition of these roles. This fee reflects the advisory fee set for each election by the Ministry of Justice. There are also fees paid to staff who carry out the annual canvass of the electoral register and who undertake additional work at the time of the election – poll staff, inspectors, count staff, etc.
- 3.10 The council has a number of shared senior management posts and where these are in place, the remuneration is shared between the parties to the shared service agreement.

4. Other Rewards

The council tries to adopt best practice and allow for market forces when determining additional benefits for its staff. In addition, it acknowledges that benefits are an important part of a recruitment package. All staff are therefore entitled to receive a range of benefits which the council either provides or has negotiated. Such as interest free travel loan; childcare and bike to work salary sacrifice schemes; training support and outplacement support including career counselling for staff in jobs that have been made redundant.

5. Pension and Severance Payments

- 5.1 A week's pay for the purpose of calculating a statutory redundancy payment is calculated in accordance with sections 220 to 229 of the Employment Rights Act 1996 and the council exercises discretion to waive the statutory weekly pay limit. Under the provisions of the Local Government (Early Termination of Employment) Discretionary Compensation (England and Wales) Regulations 2006, the actual amount of a week's pay is used. A week's pay is the amount of pay that the employee is entitled to, for working their normal contractual hours and any variable items of pay are averaged over the last 12 weeks ending on the calculation date.
- 5.2 Calculation of a full-time week's pay is subject to a locally agreed minimum, currently £530.03. This is approximately equal to 1.5 x H&F Minimum Earnings Guarantee, a local policy which ensures that no employee earns less than £342.44 per week.
- 5.3 The number of weeks redundancy is based on age and length of service at leaving and is subject to a statutory limit of 30 weeks pay.
- 5.4 Staff are entitled to join the Local Government Pension Scheme (LGPS) and will receive their pension at their normal retirement age, with an additional entitlement to leave with a reduced pension at age 55. Pension payments will be released early in certain circumstances including redundancy and ill health retirements provided the appropriate criteria of the local pension policy are met. There is a separate, published policy on pension payments. This is updated from time to time in line with any changes to pension regulations.
- 5.5 Arising from the auto-enrolment regulations, a change took effect to joining arrangements from 1 April 2013; new starters are enrolled into the LGPS, subject to certain conditions, unless they choose to opt out. Staff who opted out of the LGPS before 1 April 2013 will not be auto-enrolled until 1st October 2017 but may opt to join the LGPS at any time.
- 5.6 Under the LGPS, certain staff may request flexible retirement whereby they can retire early and continue to work on a part-time basis or on a

reduced salary. The council retains the discretion to agree such arrangements as they are not a right.

5.7 The fact that an individual is already receiving a pension under the LGPS regulations does not prevent the council from appointing them. However if an employee is in receipt of a pension from a previous employer that is a member of the LGPS and they are recruited by the council, they must notify their pension provider of re-employment, even if they elect not to join the pension scheme here. It is the pension provider's responsibility to review their pension and if necessary make any reduction due to the level of earnings.

5.8 The Government has announced that it proposes to bring in a cap of £95,000 on exit payments for public sector organisations including Local Government. The proposed regulations are made under powers conferred on them by section 153A (1) of the Small Business, Enterprise and Employment Act 2015. The earliest that the proposed changes could be implemented are April 2016 although a more realistic date may be October 2016.

5.9 The core elements of the proposal are to:

- Apply a £95,000 cap on the total value of exit payments
- Apply the cap to all forms of voluntary and compulsory exit payments; ex gratia payments and special severance payments; other benefits granted as part of the exit process; employer costs in providing early unreduced access to pension and payments of compensation in lieu of notice and payments relating to cashing up of outstanding entitlements.

5.10 Draft Regulations ("The Public Sector Exit Payment Regulations 2016") have already been published under s153C Small Business, Enterprise and Employment Act 2015. Neither s153C nor the draft regulations are currently in force and the implementation date is not yet known.

5.11 The draft regulations at Part 3 grant a power to relax the restriction on payment of exit payments, i.e. to waive the cap. That power can only be exercised by Full Council. It is anticipated that a report will be taken to Full Council seeking a decision to waive the cap. However the terms of the waiver are not yet known as the draft Regulation 11 specifies that the exercise of the power under s153C (1) must be in accordance with statutory guidance issued by the Treasury and no such guidance has yet been issued.

6. Publication and Access to Remuneration of Chief Officers and Other Senior Staff

The council publishes details of remuneration of chief officers in the Annual Statement of Accounts and on the council's website. The

council also publishes information about the level of remuneration of other senior staff on its website. This information is published for all senior staff on annual earnings of £50,000 or more.

7. Definitions

- 7.1 The pay ranges for senior staff reflect the need to recruit and retain good staff. Annual increases for these staff reflect the nationally agreed salary increases.
- 7.2 The Localism Act requires the council to define its lowest paid employees. The council has a minimum earnings guarantee (MEG) and this is now paid by the council at a full-time equivalent hourly rate of £9.51, which represents our lowest paid employee (National Minimum Wage is currently £6.70 per hour and the London Living Wage is £9.40 per hour). The council will keep its policy with regard to its lowest paid staff under review and has recently applied for accreditation as a Living Wage employer. Those on the council's Graduate Placement Scheme administered by the University of London are paid at the London Living Wage.
- 7.3 In addition, the council is required to publish the pay multiple between the highest paid employee and the median salary of the workforce. The current multiple is 5.9. At present, the council deems this multiple to be appropriate and within an acceptable ratio of 10:1. The policy with regard to the pay multiple will be kept under review.
- 7.4 The council has workers on zero hours contracts. This is an employment contract between an employer and a worker, where the employer is not obliged to provide the worker with any minimum, working hours and the worker is not obliged to accept any of the hours that are offered. This is entered into by written, mutual agreement and by understanding. The arrangement is not an exclusive one and people are free to work elsewhere, should they so choose.

8 Remuneration Committee

The council does not have a remuneration committee to advise on pay policy including the setting of senior salaries and the level of Members' allowances.

9. Council Role

- 9.1 Council will agree all proposed salary ranges, including performance related pay and fees methodologies, for staff paid in excess of £100,000.
- 9.2 Severance payments made by the Council will be in accordance with Section 5 of this policy statement and the Statement of Local Employer Pension Policy published separately.

NJC SALARY SCALES

Grade	Spine Point	Basic Salary p.a. 01/01/2015 - 31/03/2016
Scale 1B	6	16,524
	7	16,680
Scale 1C	8	17,055
	9	17,439
	10	17,733
Scale 2	11	18,612
	12	18,933
	13	19,335
Scale 3	14	19,644
	15	19,977
	16	20,367
	17	20,775
Scale 4	18	21,120
	19	21,780
	20	22,452
	21	23,145
Scale 5	22	23,658
	23	24,252
	24	24,936
	25	25,620
Scale 6	26	26,337
	27	27,108
	28	27,879
SO1	29	28,845
	30	29,697
	31	30,525
S02	32	31,323
	33	32,157
	34	32,964
PO1	33	32,157
	34	32,964
	35	33,579
	36	34,380
PO2	35	33,579
	36	34,380
	37	35,253
	38	36,186
PO3	38	36,186
	39	37,257
	40	38,151
	41	39,069
PO4	41	39,069
	42	39,981
	43	40,896
	44	41,811
PO5	44	41,811
	45	42,672
	46	43,620
	47	44,544
PO6	46	43,620
	47	44,544
	48	45,462
	49	46,359
PO7	49	46,359
	50	47,283
	51	48,207
	52	49,128
PO8	51	48,207
	52	49,128
	53	50,064
	54	51,045
PO9	54	51,045
	55	52,041
	56	53,037
	57	54,021
PO10	56	53,037
	57	54,021
	58	55,005
	59	55,989

SMG PAY RANGES

Senior Management Grade	Pay Range Minimum	Pay Range Maximum
SMG3 (Heads of Service)	55,227	72,615
SMG2 - Zone 1 (Director)	80,371	100,847
SMG2 - Zone 2 (Director)	87,463	104,803
SMG1 (Executive Director)	117,729	158,620



Our Values:

Responsive; Innovative; Collaborative; Enterprising; Serving our Public

SENIOR MANAGER PERFORMANCE SCHEME (SMG3)

The Senior Manager Appraisal Performance Scheme provides SMG3 managers with clear objectives, regular feedback and opportunities for development. It also 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** – H & F Managers are required to exhibit the **council’s values and behaviours** in everything they do, and especially to demonstrate that they are managing their service well and providing leadership to their staff. Incremental progression through the grade will be determined according to performance assessed against these values and behaviours.

To summarise:

Pay Based on Performance	How Pay is determined
Pay progression	Rating determined by performance against values and behaviours; no automatic increments for time in grade
Bonus payment (non-consolidated)	<p>1% of base pay for each target fully achieved up to five targets/5%.</p> <p>The Chief Executive and H&F Business Board have some discretion for rewarding work over and above targets and for mitigating factors outside individual control at the recommendation of the director</p>

Your competencies will be assessed on a five point rating scale as follows:

Competency Rating Scale	
1	<p>Limited effectiveness and below standard Makes limited contribution, requires significant development needs and greater achievement is required.</p>
2	<p>Generally effective but some inconsistencies Generally meets expectations but leaves room for improvement, some gaps and inconsistencies.</p>
3	<p>Consistently effective Fully acceptable level of performance: doing a thorough, competent and effective job.</p>
4	<p>Highly Effective Demonstrates high levels of commitment and performance, demonstrates strong achievement.</p>
5	<p>Exceptional Exhibits exceptional talent and application: exceptional performance across all values and behaviours.</p>

The final score for the assessment of the council's values and behaviours will be the average of the sum of the individual scores for each of the five key elements:

- Responsive
- Innovative
- Collaborative
- Enterprising
- Serving our Public

as well as the additional two elements for managers:

- People and Service management
- Leadership and Engagement

Overall scoring will be based on an average of manager's full year ratings, over the seven elements. This will be rounded up if above **.5** and down if **.5 or below**. As stated, the final rating will be subject to moderation. This will then lead to pay progression as shown in the matrix below:

SMG3 salary progression table

Rating based on competency	Incremental progression, including cost of living (COL)	PRP (depending on achievement of targets)
1	0 x increment (COL only)	Not payable
2	0.5 x increment	Up to 10%
3	1 x increment	Up to 10%
4	1.5 x increment	Up to 10%
5	2 x increment	Up to 10%

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.

Eligibility

Managers appointed during the reporting year

New appointments will normally be at a low spinal column point within the SMG3 payscale. 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 established 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 2012, they would not receive any pay progression until April 2014 [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 the 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 year 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 officer's pay has reduced in line with the 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 year's 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 total base 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/Directors of Finance & Resources).

The H&F Individual Performance Management cycle

The Individual Performance Management cycle comprises a 4 Step process.

Step 1 – Objective setting and development planning

To consider what you need to achieve. During this step you will set **5** 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.

Step 2 – Staying on track

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. These meetings should take place at least once a month for most roles.

Step 3 – Mid year review

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. The interim review meeting normally takes place in November.

Step 4 – The appraisal

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.

Appraisal to be conducted by 31 March for senior managers.



Our Values:

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SENIOR MANAGER PERFORMANCE SCHEME (SMG1&2)

The Senior Manager Appraisal Performance Scheme provides SMG1 and SMG2 managers with clear objectives, regular feedback and opportunities for development. It also 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** – H & F Managers are required to exhibit the **council’s values and behaviours** in everything they do, and especially to demonstrate that they are managing their service well and providing leadership to their staff. Incremental progression through the grade will be determined according to performance assessed against these values and behaviours.

To summarise:

Pay Based on Performance	How Pay is determined
Pay progression	Rating determined by performance against values and behaviours; no automatic increments for time in grade
Bonus payment (non-consolidated)	<p>1% of base pay for each target fully achieved up to five targets/5%.</p> <p>The Chief Executive and H&F Business Board have some discretion for rewarding work over and above targets and for mitigating factors outside individual control at the recommendation of the director</p>

Your competencies will be assessed on a five point rating scale as follows:

Competency Rating Scale	
1	<p>Limited effectiveness and below standard Makes limited contribution, requires significant development needs and greater achievement is required.</p>
2	<p>Generally effective but some inconsistencies Generally meets expectations but leaves room for improvement, some gaps and inconsistencies.</p>
3	<p>Consistently effective Fully acceptable level of performance: doing a thorough, competent and effective job.</p>
4	<p>Highly Effective Demonstrates high levels of commitment and performance, demonstrates strong achievement.</p>
5	<p>Exceptional Exhibits exceptional talent and application: exceptional performance across all values and behaviours.</p>

The final score for the assessment of the council's values and behaviours will be the average of the sum of the individual scores for each of the five key elements:

- Responsive
- Innovative
- Collaborative
- Enterprising
- Serving our Public

as well as the additional two elements for managers:

- People and Service management
- Leadership and Engagement

Overall scoring will be based on an average of manager's full year ratings, over the seven elements. This will be rounded up if above **.5** and down if **.5 or below**. As stated, the final rating will be subject to moderation. This will then lead to pay progression as shown in the matrix below:

SMG1 and SMG2 salary progression table

Position in Pay Band				
Rating based on competency	First Quartile	Second Quartile	Third Quartile	Fourth Quartile
1	0	0	0	0
2	1%	1%	1%	1%
3	3%	2%	1.5%	1.5%
4	4%	3%	2%	2%
5	5%	4%	3%	3%

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.

Eligibility

Managers appointed during the reporting year

New appointments will normally be at a low spinal column point within the SMG3 payscale. 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 established 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 2012, they would not receive any pay progression until April 2014 [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 the 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 year 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 officer's pay has reduced in line with the 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 year's 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 total base 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 SMG1 this is done by the Chief Executive in conjunction with the Leader. For SMG2 this is done by the Executive Directors.

The H&F Individual Performance Management cycle

The Individual Performance Management cycle comprises a 4 Step process.

Step 1 – Objective setting and development planning

To consider what you need to achieve. During this step you will set **5** 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.

Step 2 – Staying on track

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. These meetings should take place at least once a month for most roles.

Step 3 – Mid year review

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. The interim review meeting normally takes place in November.

Step 4 – The appraisal

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.

Appraisal to be conducted by 31 March for senior managers.

STATEMENT OF LOCAL EMPLOYER PENSION POLICY APRIL 2014

This statement applies to all employees of The London Borough of Hammersmith and Fulham, who are eligible to be members of the Local Government Pension Scheme. There are four specific matters on which the Council needs to declare its local policy as an employer and two specific matters on which the Council needs to declare its local policy as an administering authority. These are set out below.

1. Discretion of employer to award additional pension

Regulation 31 LGPS Regs 2013

This regulation gives an employer the power to award up to £6,500 per year additional pension (increased in April each year by the Pensions Increase Act) to an active member or a member who is dismissed by reason of redundancy or business efficiency on retirement.

Local policy:

The Council will consider use of this regulation to award additional pension on the recommendation of the Director of Human Resource (DHR) if the DHR finds that an employee can demonstrate that awarding additional pension will lead to actual cash saving for the Council which always fully offset the cost of awarding additional pension. If the DHR considers that this has not been demonstrated then the request will be refused and will not be referred to the relevant committee.

Where the discretion is exercised the cost to the pension fund is to be reimbursed within one month of a resolution being made

2. Discretion to permit flexible retirement

Regulation 30(6 and 30(8)) LGPS Regs 2013

This regulation enables an employer to let an employee aged 55 or more reduce his/her hours or grade and receive immediate payment of all or part payment of the pension benefits to which that member would be entitled in respect of that employment, adjusted by the amount shown as appropriate in actuarial guidance issued by the Secretary of State.

If the employee would suffer an actuarial reduction in the pension and lump sum due to the early payment, the regulations confer a further discretion for the employer, at its own cost, to waive that reduction in any particular case.

Local Policy

The Council will consider allowing flexible retirement to an employee aged 55 or more only where no costs occur to the pension fund from flexible retirement. No waiver of actuarial reduction will be made in such a case

If flexible retirement is requested in relation to a reduction in contractual hours, requests will only be considered where the reduction in hours is at least 40%. Under this arrangement the employee would not be permitted to work more than 3 days per week. Also, this discretion may only be used where the employing department can demonstrate that there will be no adverse impact to service users.

The Council wishes to support employees who wish to have a gradual transition to full retirement via a reduction in working hours or a reduction in responsibility, so will be minded to support applications from members who have attained age 60. In all cases, support will be required from the employing department who will need to submit a business case detailing how the service will be maintained. The DHR will consider such requests in conjunction with the Chief Executive and the Director for Finance.

3. Discretion to waive in whole or in part any actuarial reduction

Regulation 30(8) LGPS Regs 2013

This regulation gives the employer discretion to waive in whole or in part any actuarial reduction that would be required where a LGPS CARE scheme member, who has attained age 55 or more, elects to receive immediate payment of a retirement pension in relation to an employment, if that member is not an employee in local government services in that employment

Local Policy

No waiver of actuarial reduction will be made in such a case.

4. Permitting additional pension contributions

Regulation 16 LGPS Regs 2013

Regulation 16 gives the employer discretion to fund in whole or in part the scheme member's lump sum contribution to pay Additional Pension Contributions (APCs) to cover a period of absence from work on child-related leave, reserve forces leave or because of illness or injury. In the event of the employer exercising its discretion to fund in whole or in part the absence, it also permits the administering authority to require a medical report from the applicant, to show that he/she is in reasonably good health.

The Council will only in exceptional circumstances fund in whole or in part pension contributions to cover a period of absence with employer permission. Consideration will be given to the circumstances of each individual case and will include reasons for the absence e.g. unplanned change in circumstances or bereavement. The Council will always require a medical report from an applicant- obtained at the applicant's cost – before agreeing any additional pension contributions.

5. Awarding Death Grant payments

Regulation 40 LGPS Regs 2013

This regulation gives an administering authority absolute discretion as to the person to whom a death grant payment should be made.

Local Policy

The Council will decide to whom death grants should be paid, taking into account, but not limited to any expression of wish form. Where there is no expression of wish form or an existing nomination, which may no longer reflect the member's intentions, (for example there is a subsequent marriage, divorce or children), letter of administration or grant of probate may be requested.

6. Paying Child Pensions

Schedule 1 LGPS Regs 2013

Under this schedule, an administering authority has the discretion to treat a child's full-time education or vocational training as continuous, ignoring any break.

Local Policy

The Council will take into account the circumstances of each individual case which will include consideration of the reasons for the break e.g. unplanned change in circumstances or bereavement.

Chief Executive Pay Multiple

Organisation Name	URL	Effective Date	Pay Multiple Factor	Remuneration Value	Pay Multiple Ratio	Period	Model Calculation
London Borough of Hammersmith & Fulham	http://opendatacommunities.org/lbhf	02.02.2015	The result of the salary of the Chief Executive divided by the median salary of the whole workforce	The Chief Executive's total salary is £194,250 comprising base salary of £185,000 plus an estimated 5% PRP for the 2016-17 financial year. The median salary of the whole workforce is £32,964.	5.89	01.04.2016 to 31.03.2017	1