

**By:** Roger Gough – Cabinet Member Business Strategy & Support  
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**To:** Personnel Committee

**Date:** 28 March 2011

**Subject:** Total Contribution Pay

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**SUMMARY:** This report provides Personnel Committee with detail on the delivery of the new Performance Management process and how it links to pay taking into account the funding reduction of £2.25m as agreed in the 2011/12 Budget.

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## 1. Background

1.1. The 2011/12 Budget agreed by the County Council in February 2011 included £2.25m savings described as “Review of terms and conditions of employment” (Budget Book page 104). The suggestion is that this should be taken from the funding for the authority’s new performance pay system.

## 2. Current context

2.1 In preparation for Member consideration of the options, external Counsel opinion was sought. This concluded that options need to be considered with knowledge of their magnitude, impact and grounds for dispute. However, although there are potential risks which vary depending on the options, the Authority should select which one fits business needs best.

2.2 Following discussions with the Corporate Management Team and others, it has suggested that the distribution of available money should be prioritised to lower paid staff whilst recognising the need to reward the contribution of as many people as possible. This is important if we are to deliver the key principles of performance management.

2.3 There is no ‘general’ or cost of living award and individuals will be impacted by other changes to Terms and Conditions so maintaining the ability to include as many people as possible within the payments given is preferable.

2.4 An increment under the previous scheme had an average value of 2.7%

2.5 As part of the consultation process, the Trades Unions remain fundamentally opposed to the introduction of this scheme and see the reduction of the funding for pay progression as a betrayal citing that this would not be an option if national conditions were in place.

### **3. Pay distribution**

- 3.1 To deliver the objective of maximising payments to lower paid staff, a stepped approach has been selected. This enables proportionately more of the available funding to be allocated to lower paid staff. The percentage payments are reduced to nil for higher grades of staff.
- 3.2 Financial modelling, based on confirmed appraisal ratings from this year's performance management process, has been undertaken to assess the percentage award which can be afforded for each step level. This has taken into account both the number of 'not assessed' ratings, where individuals will not receive an increase in the new financial year and the fact that not so many people received the higher ratings as was expected, shown in Appendix 1. These aspects enable a proportion of the overall funding to be distributed more widely. Appendix 2 shows the percentage award which can be afforded by grade. The figures have been confirmed by the Corporate finance team.
- 3.3 An equality impact assessment has been undertaken which indicates that:-
- Proportionately more females will be advantaged due to the higher proportion in KR2-6 in comparison to males,
  - There is no real difference in male and female proportions in KR7-10,
  - Males are negatively impacted due to higher proportions at KR11-13, and similarly for no pay award at KR14-15,
  - BME staff are negatively affected as proportionately fewer BME staff are in KR2-6 than the whole group,
  - DDA staff benefit as proportionately higher numbers are in KR2-6 than the whole group,
  - Part-time staff are favoured as there is a high proportion of this group in KR2-6; they will benefit from the unreduced percentage increase.

### **4. Conclusion**

- 4.1. The model outlined is considered the best solution to balance the desire to reward as many people as possible within the new performance management principles against the current cost pressures and delivery of the required savings.

### **5. Recommendation**

- 5.1 Personnel Committee is asked to endorse the decision to pay the Total Contribution award in a way which favours the lower paid staff and tapers the amount to nil at KR14 and above as shown in Appendix 2.

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**Appendix 1.****Appraisal rating and pay increases**

<b>Rating</b>	<b>Expected Outcome</b>	<b>Actual Outcome</b>	<b>Full TCP % Pay increase for individual</b>
Outstanding	5%	2%	3.3%
Above	35%	15%	2.5%
Achieved	55%	82%	1.7%
PIR	5%	1%	0%

**Notes:**

1. In practice more people have received an Achieved rating which reduces budgetary pressure, giving more scope to pay others.
2. There are a proportion of people (Not Assessed) who will not receive an increase which again reduces budgetary pressure

**Appendix 2.****Percentage Award by Grade**

<b>Appraisal Rating</b>	<b>Pay Award (%)</b>		
	<b>Grade KR 2-6</b>	<b>Grade KR 7-10</b>	<b>Grade KR 11-13</b>
<b>Outstanding</b>	3.3	2.20	1.65
<b>Above Expectations</b>	2.5	1.67	1.25
<b>Achieved Expectations</b>	1.7	1.13	0.85
<b>Performance Improvement Required</b>	0	0	0