

**CITY AND COUNTY OF CARDIFF  
DINAS A SIR CAERDYDD**

**Employment Conditions Committee: 21 January 2008**

**Report of Chief People & Organisational Development Officer**

**Process for Reviewing the Performance and Contribution of the Chief Executive**

**Background**

- 1      The Employment Conditions Committee on the 15 October 2007 received a report on Review of Arrangements for Chief Executive's Remuneration.
  
- 2      Following consideration of the above report, it was resolved that a revised contract of employment for the Chief Executive with the new salary be issued along with a statement of Terms and Conditions of Employment. It was also resolved that further progression within the salary scale agreed should be linked to a proper review of the performance and contribution of the Chief Executive and Officers were requested to make recommendations on how this would be implemented to the next scheduled meeting of this Committee.
  
- 3      This review against performance and contribution should be carried out in April 2008, with any resultant salary progression being effective from 1 April 2008.

**Issues**

- 4      This report is intended to deal with those matters highlighted by decisions in the ECC report of 15 October 2007 and relate to the implementation of salary progression of the Chief Executive within the salary scale set by Employment Conditions Committee. The report contains the proposed process for review of the performance and contribution of the Chief Executive on which salary progression should be based.
  
- 5      The clear recommendations of the Hay Group in relation to Senior Management Remuneration are that salary scales provide more flexibility than spot salaries, and that it is increasingly common for an element of the pay of Chief Executives to be related to performance and contribution. This proposed process will provide a mechanism for the Chief Executive to access the next point on the agreed salary scale based upon satisfactory performance as outlined in Section 5 of Appendix 1, attached.

**Proposals**

6.      In proposing the process outlined in Appendix 1, the Council is following established good practice by providing a clear and consistent framework for review of the performance and contribution of the Head of Paid Service.
  
7.      The development of this review process has referenced the work of SOLACE and is broadly similar to that recommended nationally for Chief Executive Review by the Joint National Committee of Chief Executives of Local Authorities which specifically requires that: "there should be an annual process of performance appraisal linked to

responsibilities and accountabilities” and highlights the need to set both general and specific objectives for the year ahead, to review performance in achieving previously set objectives, and to identify any continuing personal development needs. Finally, it suggests that the setting of objectives should be by consensus between the Chief Executive and a senior representative (e.g. Leader) of the Council.

8. The process for the performance and contribution review of the Chief Executive as outlined in Appendix 1 has three stages. The first is the identification and agreement of targets and development needs. The second is a six monthly review and the third the annual review. The first and third stages are combined as one meeting in that at the annual review meeting the identification and agreement of targets and development needs for the following year is undertaken. The Leadership Competency Framework as outlined in Appendix 2 will be used in the context of the developmental discussion with the Chief Executive. The paperwork in Appendix 3 will be used to record a summary of discussions throughout the process.
9. It is proposed that the review will be undertaken on a one to one basis between the Chief Executive and the Leader of the Council. The annual review, however, will be countersigned by an independent advisor to ensure the process has been carried out in a fair and transparent manner.
10. It is suggested that the independent adviser is selected by the Leader of the Council from a short list of four individuals identified by the Chief People & Organisational Development Officer as having the necessary knowledge and experience of supporting Chief Executive Reviews.
11. Awareness training on the process as outlined in Appendix 1 is recommended for the Leader of the Council prior to the meetings being undertaken.

#### **Investment for Reform/Benefit to service user**

12. As there are direct relationships between the role of the Chief Executive and delivery of the Corporate Plan and other key strategic policies, a process for reviewing / linking performance of the Chief Executive will provide greater focus on organisational performance and thus ultimately improve service delivery

#### **Council Policies Supported**

13. The Chief Executive is key in advising the Council on policy and strategy matters, and in managing and motivating the Council’s employees to meet the challenges ahead. The Corporate Plan and Community Strategy outcomes will be supported by these proposals relating to reviewing performance of the Chief Executive

#### **Advice**

14. This report contains all the information necessary to allow Members to arrive at a reasonable view, taking into account the following advice.

## **Legal Implications**

15. The performance review now forms part of the Chief Executive's terms and conditions and the Council therefore has a contractual obligation to ensure that this is undertaken in a proper manner.

## **Financial Implications**

16. There are no financial implications arising as a direct result of this report. The cost of the revisions to the Chief Executive's remuneration is within current resources.

## **People & Organisational Development Implications**

17. This paper details proposals in the context of (i) ECC decision which is clear on the requirement to link progression to a proper review of performance and contribution (ii) clear and consistent advice from Hay Group that the proposed approach represents best practice and (iii) PRAP Scrutiny Committee requirement to review Reward Strategy for the Council (including consideration of linking senior management pay to corporate performance etc).

There are a number of key principles that have underpinned the development of these proposals. These include:

- Recognition that the recommendation of a salary scale for the Chief Executive (versus spot salary point) follows established good practice in relation to senior management remuneration.
- Salary scales are now in place for Corporate Directors, Chief Officers and Operational Managers, and this ensures that the Chief Executive is treated in the same way as other members of the senior management population within the Council.
- The proposals within the report are also consistent with the principle that progression within the salary scale should be on the basis of an assessment of satisfactory performance and contribution within the role.
- The Council's existing PP&D scheme provides a framework within which the review of performance can take place for all employees.
- Assessment of performance will be deemed as satisfactory through confirmation of a performance rating of 'Developing' 'Effective' or 'Outstanding' within the PP&D scheme.
- Progression within the salary scale would be confirmed through achievement of any one of the above ratings, and only in those instances where performance is assessed as being unsatisfactory i.e. with a rating of 'Ineffective' would progression be withheld.
- A key principle of the PP&D scheme is the regular review of performance through the year which should ensure that any performance issues which may be of concern, or which might arise during the year, can be addressed so that they do not impact adversely on potential salary progression.
- A distinction needs to be made between performance related pay which would involve a one - off unconsolidated annual payment and performance within an incremental salary scale which involves a movement to the next point in the salary scale and is consolidated.

The proposed approach, for example, is in line with existing arrangements for the determination of a head teacher's salary, and for progression/movement up the pay spine which requires:

- Agreement of performance objectives (relating to school leadership and management of pupil progress)
- Review of performance of the head teacher taking account of the performance objectives agreed
- Movement up the pay spine following a review of the performance of the head teacher "having regard to the performance objectives agreed or set"
- The involvement of external support for the process as appropriate, in the form of professional advice to the relevant body (Governing Body of the school) where this is deemed appropriate.

### **Trade Union Comments**

18. The Trade Unions have made a number of comments which in summary relate to:

- Recognising the value of a structured review process, identifying and agreeing targets/development needs, six monthly and annual review;
- Their disagreement in principle with any such process of review that would impact on the decision to progress on a salary scale/range - they quoted previous discussions related to introduction of PP&D across the Council;
- Their view that the post of Chief Executive should be treated no differently to any other post/at any other level in respect of the above; and object to any linkage of pay to such review;
- Whilst accepting the unique position of Chief Executive they queried the particular role of the independent advisor to facilitate the process - including the cost of that advice in particular the proposal to use a SOLACE advisor which might present some difficulty given the Chief Executives current position within SOLACE.

### **RECOMMENDATION(S)**

19. It is recommended that Employee Conditions Committee:-

- approve this approach to the review of the performance and contribution of the Chief Executive.
- agrees to the provision of awareness training for the Leader of the Council prior to the review meetings being undertaken.
- agrees to the appointment of an independent advisor to act in the capacity of a counter signatory to the process. The independent advisor will be experienced in supporting Chief Executive reviews and could provide advice as required.
- agree this framework be adopted for the remainder of the senior management population , Corporate Directors, Chief Officers and Operational Managers

**Philip Lenz**  
**Chief People and Organisational Development Officer**

The following appendices are attached

**Appendix 1** - Process for the Performance and Contribution Review of the Chief Executive

**Appendix 2** – Leadership Competency Framework

**Appendix 3** – Personal Performance and Contribution Review Documentation

## Process for the Performance and Contribution Review of the Chief Executive

### 1. Purpose

The purpose of the scheme is to secure continuous improvement of individual and corporate performance in the achievement of the Council's objectives. The scheme is designed to set and agree personal objectives for the Chief Executive and to enable the measurement, recognition and reward for satisfactory performance.

### 2. Process

The scheme is designed for use throughout the financial year and to provide a framework for the performance management of the Chief Executive. The Council priorities will be established as part of the business planning process of Corporate Planning and Budgetary Frameworks with the objectives being set before the start of each financial year and the review being concluded before the end of the financial year.

### 3. Review composition

- 3.1 The review will be conducted before the end of the financial year and will comprise of an evaluation of business objectives derived from the Council's Corporate Plan priorities for the year, the Budgetary Framework and behavioural competencies (The Leadership Competency Framework - Appendix two), related to the Council's Corporate Vision & Values and established through a 360 degree feedback.
- 3.2 Whilst the business objectives may be general and broad, and it will be necessary to agree tasks for each of the relevant performance objectives and these agreed tasks should enable the Chief Executive and the Leader of the Council to be clear about what is required, when it is to be completed and the required standard to be expressed as either an output or an outcome.
- 3.3 The achievement of performance objectives is likely in practice to depend upon a series of contributing factors, some of which will be in the control of the Chief Executive and some of which will not. In monitoring performance against objectives it is important to identify that which is to be directly controlled and that over which the Chief Executive is able to exert influence. The Chief Executive will be required to collect evidence to demonstrate achievement of the objectives. As a general rule the review should avoid reliance on hearsay and anecdotal evidence. Issues relating to performance at all times should be addressed and be based on objective and evidenced data. A mixture of quantitative and qualitative evidence should be the aim.

### 4. Timing of the Review Process

#### 4.1 Timing

The meeting will be arranged on a one to one basis between the Chief Executive and the Leader of the Council using the approved paperwork (Appendix 3). Should the review not be completed by the end of the financial year then the scheme will allow for the automatic progression of salary to the

next increment point within the salary scale for the post. The overall timetable for a typical year would be as follows:

#### **4.2 Annual Review - March**

The Leader of the Council and the Chief Executive carry out the annual review of the Chief Executive's performance, and at the same meeting set the targets and performance measures for the next financial year.

#### **4.3 Half-yearly review – October**

The Chief Executive and the Leader of the Council carry out a half-yearly review of the Chief Executive's performance at which there will be an opportunity for any re-adjustment of the targets to reflect new issues and genuine obstacles/issues to the achievement of any targets.

### **5. Salary Progression based on Performance**

- 5.1 The decision on salary progression will be based on satisfactory performance and the table below described how this will be determined

STANDARD ACHIEVED	EFFECT ON SALARY
<p>Satisfactory Performance (Meets Standard)</p> <ul style="list-style-type: none"><li>• Assessment of performance will be deemed as satisfactory through confirmation of a performance rating (performance rating descriptions in Appendix 3).</li><li>• Progression within the salary range would be confirmed through achievement of any one of the above ratings</li></ul>	<p>Progression to the next point within the salary scale</p>
<p>Unsatisfactory Performance (Does not meet standard)</p> <ul style="list-style-type: none"><li>• Only in those instances where performance is assessed as being unsatisfactory i.e. with a rating of 'Ineffective' would progression be withheld.</li></ul>	<p>No progression</p>

- 5.2 The National Salary Settlement will be awarded regardless of the Annual Assessment in accordance with the Terms and Conditions of Employment.

- 5.3 In the event of a decision not being reached or a potential difference of view between the Leader of the Council and the Chief Executive, then the Chief Executive would have the right to re-present additional information for further consideration. The Leader of the Council would need to consider the additional information, in consultation with an independent adviser, before arriving at a decision.

## **6. Monitoring of the Scheme**

The scheme will be monitored to ensure that it delivers an effective framework for performance and the annual review will be countersigned by an independent adviser to ensure the process is fair and transparent. Any revisions will need to be considered and endorsed by Employment Conditions Committee.





## Leadership Competency Framework

### What We Stand 4

*Putting Our Customers First*  
*Getting Things Done*  
*Taking Personal Responsibility*  
*Understanding Others*

### People Management Roles Focus

*Developing Potential*  
*Leading Change*

### Advisory / Cross Functional and External Focus Roles

*Initiating Change*  
*Organisational Awareness*  
*Partnering and Corporate Working*

## Putting our Customers First

We must strive to identify and meet the needs and desires of our customers, both inside and outside the council. Finding out what customers want by engaging and consulting with them must be central to our practices and we must then go on to deliver, keeping our promises and improving services. This competency is about placing the customer at the heart of our activities, listening to them and being prepared to do things differently to meet their needs.

## Getting Things Done

The council must strive for excellence in all that it does, in meeting our customers' demands and in fulfilling our commitments to each other. This competency is about the personal, inner motivation, enthusiasm and drive to meet and exceed targets. Individuals must take responsibility for improving their own performance in order to improve the council's performance. We must focus on what needs to be done and make it happen.

## Taking Personal Responsibility

We need resilience and integrity to achieve what we want to achieve. Individuals must have optimism and be able to stay positive and single-minded when faced with difficulty and adversity. We need to be straight with one another, treating each other fairly, equally and with respect. Securing and maintaining a reputation for straight dealing with our customers and partners is crucial. This competency is about "walking the talk" – being consistent with our own values and those of the council, treating people with respect and having the courage to see change through.

## Understanding Others

We need to work together as a council and as individuals if we are to meet our objectives and create an excellent working environment. This competency is about having the ability and desire to demonstrate an understanding of others. It is based on the belief that individuals matter and deserve to be treated with respect. It is also the recognition that, in order to break down barriers and work across boundaries, it is critical to value the contributions of others even when they may be different or at odds with yours.

## Developing Potential

We need to develop and enhance people's capability to meet existing and new demands, especially if we are to continue to improve services and make Cardiff an even greater city. To reach and sustain high performance we need to invest time as well as resources in people development. This competency is about identifying and growing the talent pool to ensure we have the capability needed for the future. Actively and systematically identifying talent, engages people, enhances their motivation and therefore encourages performance.

## Leading Change

Creating and driving change will need strong leaders. Leaders will need to build ownership for change, create momentum, provide vision and win hearts and minds, especially when there is resistance. They will need to differentiate strongly between average and excellent performance and hold people to account. This competency is about taking responsibility for change, encouraging initiative and making the Council's objectives real and relevant for team members. Individuals need to know how they can contribute and need protection from uncertainty.

## Initiating Change

Tapping creative ideas, shaping these and coming up with new ones is key to our success in the future. We must be able to take good ideas forward, taking direct action to grasp opportunities and address issues. This competency is about having the ability to look ahead, anticipate events, see opportunities and take action now to shape the future. We will succeed if we do so, gaining a reputation for being a truly excellent local authority and an example to others.

## Organisational Awareness

We need leaders and staff who understand the public service environment, know who to approach and how to get things done. This competency is about understanding formal and informal structures, decision-making, climate and culture and organisational politics, which shape how the council works. For success, we need people who can use this knowledge to win support and build coalitions for improvement and change.

## Partnering and Corporate Working

Delivering excellent services will depend on individuals, teams and service areas to work cross-functionally. Partnering with external bodies is key to delivering our agenda and for making Cardiff an even greater city. Working towards a common goal by sharing information and valuing the expertise of others is crucial to the council's success in the future. This competency is about valuing, building and maintaining networks and relationships to achieve objectives.

## Appendix 3

# Personal Performance & Contribution Review – Chief Executive

Name:

Period covered:

1<sup>st</sup> April 20... to 31<sup>st</sup> March 20 ....

## Your Personal Performance and Contribution Review

This is intended as a way for you to keep together key information and paperwork in support of your discussions. **Parts A to D** are intended to inform discussions between you [Reviewee] and the Reviewer.

**Part A: Agreeing objectives, development and support** is to be completed at an initial meeting which needs to take place between March and April. You and Reviewer need to agree the focus of your work for the coming year and discuss any development/support that you might need to help you successfully achieve your objectives.

**Part B: Personal Development Plan.** The Review process is not just about focussing on what you have done in the past 12 months and what you hope to do in the next 12 months. It is also an opportunity to talk with your Reviewer about your longer term goals. As part of this discussion you and your reviewer may want to discuss any longer term development support.

**Part C: Interim Review.** It is required that in addition to your Annual Review meeting you have an Interim Review meeting in October/November.

**Part D : Final Review** is an additional form to be completed only at the time of your Final Review. This form is used to record your Overall Performance Rating and comment on your performance. It requires a rationale for the Overall Performance Rating being made and provides space for you to add your comments. This form, once completed, is to be forwarded to the Reviewer to sign off and close the review period before commencement of the next review period.

Part A – Personal Performance and Contribution Review Form

Personal Details

Name:

Job Title:

Date of Performance Review:    /    /

Date of Last Performance Review:    /    /

**In discussion with reviewer:**  
What are the main objectives that you have agreed to deliver for the coming year and what needs to be achieved to meet these required expectations? (***You might want to also consider the related behavioural objectives required to achieve these e.g. Core Values, ‘What we Stand 4’, Leadership Competency Framework, )***

Performance Objectives agreed at start of year

1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	

**Part B - Personal Development Objectives Agreed During Development Discussion**

*Reflections on your Continuous Professional Development (CPD) and longer term goals –  
What will you need to do to achieve your personal development goals?  
(You will need to consider the related behavioural objectives required to achieve these e.g.  
Core Values, ‘What we Stand 4’, Leadership Competency Framework, )*

**Summary of Discussion:**

## Part C - Half Yearly Review

Reviewer and Reviewee to meet for a formal half yearly review recommended in October/November.

*What Progress have you made towards achieving your main objectives? What other 'contribution' have you made to the overall Council performance? In what ways have you applied and championed the Core Values of the Council, 'what we stand4' or Leadership Competency Framework ?*

**Summary of discussion:**

### Personal Development Objectives

*What progress have you made towards achieving your personal development objectives?*

**Summary of Discussion:**



## Part D - Year End Review

*To what extent have agreed objectives been achieved? Where objectives have not been met, has this been as a result of influences beyond your reasonable control? Alternatively, where objectives have been exceeded, what specifically have you done which demonstrates that?*

### Summary of discussion:

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### Overall Performance Rating

Provide a rating that reflects how the individual/team has performed against the range of agreed Performance Objectives, according to the criteria.

Please tick

Ineffective ☐    Developing ☐    Effective ☐    Outstanding ☐

(Click in appropriate box)

1	<b>Ineffective</b>	Overall performance is weak and objectives are not being met. Development opportunities have not had a significant effect.
2	<b>Developing</b>	Most but not all objectives have been met. Performance is stronger in some parts of the job than in others. Further performance improvements need to be made to reach good all round standards.
3	<b>Effective</b>	All key objectives have been met. Performance is good with some aspects of performance being particularly strong and giving a good all round performance.
4	<b>Outstanding</b>	Consistently exceeds objectives and performs at a very high standard. High degree of competence in delivering key organisational objectives and recognised as producing outstanding performance in comparison to peer group.

## Comments

**Individual's comments:**

**Leader of the Council Comments:**

**Signed:**  
**(Individual)**

**Date:**

**Signed:**  
**(Leader of the Council )**

**Date:**

**Signed:**  
**(Counter signatory)**

**Date:**