

Appendix 1



DRAFT Senior Management Pay and Reward Policy

1. Scope

This policy covers the remuneration and benefits arrangements for roles created under Phase 1 and Phase 2 of the new Cheshire East Operating Model.

The Council will mobilise a number of alternative service delivery vehicles before this policy comes into effect. Each of the new companies will need to have suitable arrangements in place for the pay and reward of their senior managers. For companies which are wholly owned by the Council, it is recommended that they adopt this policy. This would provide for consistency of practice across the Council's group of companies and the Council itself. Other companies such as Everybody Sports and Recreation Limited would need to put its own arrangements in place and may wish to consider the Council's policy.

This policy is not applicable for phase 3 managers / supervisors who will not be placed on spot salaries with performance related pay at this time.

2. Purpose

This policy is designed to ensure that the rewards for the senior post holders are linked to the achievement of the Council's Strategy and Corporate Plan, and to support successful implementation of the Operating Model.

The policy will ensure clarity relating to what rewards are for and providing a mechanism for recognising performance. The policy should allow the Council to attract and retain talent, through a fair, flexible and performance related approach.

3. Guiding Principles

There are a number of guiding principles which govern the Council's senior management reward policy:

- 1 Reward policy for senior post-holders is to be transparent, clearly defined

and readily understood.

- 2 The policy is to be affordable and reward will be commensurate with individual and corporate performance.
- 3 The policy offers the flexibility to reward for job size, capability, performance (objectives and behaviour), and market rates (where relevant, with evidence).
- 4 Reward for senior roles will be fair and proportionate to reward for the wider workforce.

4. Reward Components

Reward comprises of basic salary, an annual incentive and a range of benefits. The components are described as follows:

Basic salary: this is guaranteed fixed cash remuneration, paid monthly. The level of basic salary is contractual.

'Exceeding' Performance Related Pay: this is paid monthly with basic salary for the previous year's performance. After the year it is withdrawn unless re-earned. This element is pensionable.

Benefits: the Council provides a range of benefits, many of which are guaranteed and form a part of the contract of employment. The principal benefits are holidays and pension scheme membership.

5. Job Evaluation and Banding

The bands are linked to job evaluation points ranges which have been determined as part of the new operating model. Senior manager roles are allocated to these bands through the following process:

- A new role is identified, and relevant materials passed to HR (job description, person specification, organisation chart, relevant budget/dimension information)
- The Head of People and OD convenes a panel (once established) of trained evaluators to job evaluate the new role and determine its total job size by considering a range of job factors
- Independent quality assurance sought where requested
- Having established the total points score, roles are then allocated to a band and which offers a number of pay parameters (see section below on Pay Structure).

6. Pay Structure

Senior management roles in the new operating model each attract a spot salary. The new spot salaries reflect the 'rate' for the job relative to the grade (as determined by job evaluation) and are set based on a number of considerations (see "Setting the achieving rate" below).

In addition to the principal spot salary for each role, which is referred to as the 'achieving rate', an 'exceeding' point has been introduced to reflect and reward performance above the normal, high expectations for posts at this level.

The 'exceeding rate' is only to be paid to individuals that can clearly demonstrate exceptional performance e.g. through the achievement of SMART stretch objectives, for example in relation to particular major change projects or initiatives. This additional payment, over and above the substantive spot salary for the role, will be pensionable, paid in 12 monthly instalments as part of regular salary. It must be reviewed each year. It is not a permanent salary addition, and must be re-earned.

Setting the achieving rate

Each grade within the Senior Management population will have a range of pay within which an 'achieving rate' can be set.

The achieving rate is offered on the following basis:

- Considered to be the spot 'rate for the job' – there is no guaranteed or anticipated progression of or within the achieving range (this is purely discretionary);
- An employee needs to be able to demonstrate they are performing in all aspects of role;

The achieving rate for each role will be set by considering the following on a case by case basis:

- The rate for the job relative to job size (as determined by job evaluation);
- Fairness and equity – relativities against other roles in the grade;
- Any unique market premia for the role;
- Capability and experience of the role holder, and contribution to date;
- The need to attract and retain the right talent with the right capability and experience;

Based on these considerations, the 'achieving rate' will be set within the following parameters for each grade:

Cheshire East Role	Achieving rate set between*
Manager	£48,000 - £58,000
Senior Manager	£55,000 - £70,000
Director	£75,000 - £95,000
Executive Director	£110,000 - £125,000 (Chief Executive Salary set separately)

*Those who take on significant additional responsibilities (including statutory responsibilities) on a temporary basis may have a temporary achieving rate set higher than the range set out in the table – reflecting a level of work commensurate with the grade above.

*Market premia might be paid within or beyond the range to a maximum of 10% above the range.

Confirming the 'exceeding rate'

The exceeding rate is based on the following considerations:

- Paid where it can be clearly demonstrated that employee performance is at an outstanding / exceptional level;
- Stretch objectives have been set and these have been consistently achieved and/or additional areas of responsibility have been taken on and effectively delivered;
- Targets will be clarified at the beginning (or shortly after appointment) of the financial year and may be adjusted from year to year to take account of strategic initiatives and changing priorities;
- Formal decision to progress should be taken following assessment by line manager, supported by grandparent manager (separate arrangements CLB through an appraisal board);
- Moderation to ensure consistency and fairness;
- Payment will be non-consolidated but would be pensionable;
- Payment normally to be made in equal instalments in the year following assessment;

Exceeding rates are set on the following basis:

Cheshire East Role Description	Achieving rate set between	Exceeding rate opportunity set at
Manager	£48,000 - £58,000	Achieving rate plus £4,000
Senior Manager	£55,000 - £70,000	Achieving rate plus £5,000
Director	£75,000 - £95,000	Achieving rate plus £5,000
Executive Director	£110,000 - £125,000 (Chief Executive Salary set separately)	Achieving rate plus £10,000

7. The Performance Year

Timeframe	Stage
March – May	Managers set SMART objectives with individuals (with CLB Appraisal Board for CLB Members)
May	Objectives checked and agreed by the grandparent manager (with CLB Appraisal board for CLB members).
Sept - October	Mid year reviews take place.
March – April	Performance ratings determined and agreed by Grandparent manager / appraisal board.
May / June	Moderation takes place. 'Exceeding' pay levels agreed for the previous year's performance.

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