



## Swindon Borough Council Executive Pay Strategy

This paper provides an overview of the revised Executive Pay Strategy as approved by Full Council on 9<sup>th</sup> June 2005 and has been updated to reflect the revised bonus arrangements agreed by the Corporate Board in June 2008. If you require further information or clarification, please contact HR First Response on extension 4343 or on freephone 0800 032 5642 or email [hrrfirstresponse@swindon.gov.uk](mailto:hrrfirstresponse@swindon.gov.uk).

### 1. Overview

This paper outlines the terms of Swindon Borough Council's senior executive pay strategy.

The Strategy ensures that Swindon Borough Council's top pay is:

- Market competitive
- Sufficiently flexible
- Performance based
- Clear and transparent

Further, it provides the opportunity to genuinely reward those individuals who consistently demonstrate the behaviours and commitment to achievement that will support our transformation as an authority.

The Strategy is consistent with the requirements of the Government's *Pay and Workforce Strategy* in that it aligns reward with market and performance. The Strategy has been approved by Corporate Board and was endorsed by Full Council on 9<sup>th</sup> June 2005.

For ease of reference, a list of definitions of terms is provided in section 5.

### 2. Pay Strategy

#### 2.1 Pay Structure

There are 5 levels in Swindon's Executive pay structure as detailed below:

Level	Salary Range	
	From	To
CEO	£147.4k	£183.7k
Group Director	£115.2k	£138.0k
Director 5	£95.1k	£113.9k
Director 4	£78.5k	£94.0k
Director 3	£64.9k	£77.7k

NB: Salary figures effective as at 20011/2012



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As can be seen in the table above, a salary range applies to each level. The salary range identifies the minimum and maximum salary outcome for posts. **Please note that this is NOT an incremental scale.** Appointments are made to a spot point within the band. Further information on pay outcomes is detailed in point 2.3 below.

The salary ranges in the pay structure are benchmarked to the market and informed by Hay management information on Local Government, National Industrial and Service base pay and total cash statistics, and the local government survey of Chief Executives and Chief Officer average pay data. They will be reviewed annually with any changes taking effect from 1 April each year.

### 2.2 Determination of Job Level

Each job is assigned to a level within the pay structure on the basis of job size. Job size is currently measured via Hay Job Evaluation Methodology.

### 2.3 Pay Outcome

Appointments are made to a spot salary within the job range for the level. The spot salary will take into consideration reasonable market competitiveness and internal relativities.

### 2.4 Movement within a Level

There is no automatic right to salary progression based on time served.

An annual salary review cycle occurs in April each year. Group Directors may make proposals for salary review of staff reporting to them, providing such review would keep the salary outcome within the designated job range for the post.

All salary reviews require the approval of the Chief Executive and must have the endorsement of the relevant Lead Cabinet Member. As salary review is not an automatic entitlement, a sound business case must be made. (For information on national pay increases refer to section 2.7 of this paper).

A business case for out-of-cycle salary review may be made to the Chief Executive in circumstances where either a) a job substantially changes as a result of organisational re-structure or b) salary review is necessary to meet an urgent staff retention need.



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## 2.5 Performance Bonus

### 2.5.1 General Conditions

The performance bonus is designed to encourage and reward performance beyond the norm against stretch objectives in the areas of culture, transformation and financial management. It is not for the purpose of rewarding sound business as usual achievements and on this basis, the award of a performance bonus should not be seen as an automatic entitlement. Nor should a decision to withhold a bonus payment be seen as a punitive action.

A table summarising performance bonus provisions is provided as Appendix 1.

### 2.5.2 Eligibility

Chief Executive and Group Director posts attract a non-pensionable performance bonus of up to 15% of gross annual salary (or pro-rata) and Director posts attract a non-pensionable performance bonus of up to 10% of gross annual salary (or pro rata). Eligibility will be considered in April each year, based on a retrospective assessment of performance across the previous 12 months.

With effect from the 2008/9 bonus round the following approach will be taken to assessing bonus eligibility.

All individuals will be firstly assessed on a 3-point scale:

A.	Exceeds Expectations	Outstanding achievement against both targets and behaviours. Achievements are of the most major significance, impact and difficulty, and have been delivered to a high standard.
B.	Meets Expectations	Achievements above the norm against both targets and behaviours. All targets met or almost met plus one or two of particular significance and difficulty achieved to a high standard.
C.	Does not meet expectations	Not yet achieving stretch targets consistently. May have achieved some targets and behaviours, but missed some of the more significant or difficult, and/or some significant quality shortfalls.

An overall performance rating of A or B must be achieved for any bonus payment to be made. As a guide, those rated as B could expect to achieve a bonus in the range 1 – 7% (Directors) and 1 – 10% (Group Directors), and those rated as A could expect to achieve a bonus in the range 5 – 10 % (Directors) and 8 – 15% (Group Directors).



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Assessment will then be made against the set of over-arching annual criteria set by the Corporate Board (in the case of Directors), Chief Executive (in the case of Group Directors) or Leader (in the case of the Chief Executive).

#### **2.5.3 Review & Decision Making**

While the bonus is an annual payment, progress on achieving targets set for the annual bonus payment should be monitored and be the focus of ongoing dialogue between the individual and their line manager on at least on a quarterly basis. In the case of Directors, a view on progress against objectives and targets will be discussed at the Corporate Board 6 monthly, to ensure that there are no surprises at the end of year moderation meeting.

At the end of the bonus year, all Director bonus recommendations will be subject to moderation by the Corporate Board. The moderation process will ensure that there is consistency in the assessment of achievements across Groups. The Chief Executive will then discuss the schedule of bonus recommendations with the Leader of the Council before making the final determination.

The Chief Executive will determine each Group Director's eligibility for performance bonus in consultation with the Leader of the Council.

#### **2.5.4 Payment**

The bonus will be paid as a lump sum each May, or in the earliest possible pay-run thereafter, based on a retrospective assessment of performance across the previous financial year.

#### **2.5.5 In-year appointments and departures**

Individuals appointed to the Executive Pay Structure in-year will be eligible to be considered for a pro-rata bonus payment. The exception to this is anyone appointed on or after 1 January in any year. These individuals will not normally receive a bonus for that year unless the Chief Executive grants special consideration.

Individuals who leave the employment of the Council mid-year may request to be considered for bonus for the relevant period, provided that they worked for at least 3 months of the bonus year.

### **2.7 National Pay Adjustments**

The salary range applicable to each band will be reviewed and adjusted in line with national pay awards agreed by the Joint Negotiating Committee for Chief Executives and Chief Officers and in conjunction with a review of the national market for jobs of this size.



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Where individual performance across the previous year has been confirmed as satisfactory, an adjustment will be made in accordance with the national pay award. Where performance has not been satisfactory, the Council may utilise its discretion not to award the national pay increase.

### 2.8 Associated Terms and Conditions of Employment

Individuals will be expected to work the hours necessary for the efficient and effective performance of their appointed role. Annual salaries are all inclusive, and no further allowances or additions will be paid for out of hours working, travel within the Borough, home telephones etc. Annual leave entitlement is 30 days per annum and other leave provisions will be in accordance with Council policy for all other employees.

## 3. Definitions

**Spot Salary** – The determination of a fixed-point salary based on market, job size and internal relativity.

**Salary Range** – The agreed salary bandwidth for a range of jobs determined by job size through job evaluation.

**Job Level** – This is the evaluated job size which determines where the job fits on a relativity basis with other roles in the Council.

**Market** – This is determined on the basis of job size and geographic population against which job ranges are matched.

**Moderation** – the process of ensuring consistency of assessment against generic or similar criteria.



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### APPENDIX 1

#### Overview of Bonus Arrangements

Level	Up to %	Criteria Set By	Monitoring	Moderated by	Recommendation	Approval
Chief Executive	15	Leader	¼ly by Leader	NA	Leader	Leader
Group Director	15	Chief Executive	¼ly by Chief Executive	Chief Executive	Chief Executive	Leader
Director	10	Corporate Board	¼ly by Group Director & reported to Corporate Board 6 monthly	Corporate Board	Group Director	Chief Executive