

2009 sees introduction of Performance Related Pay for grades D – J

The City has now introduced its PRP scheme for grades **above** C. (at the time of writing, grades A-C still await details of a “recognition” scheme) Its intentions are contained in an e-mail which all affected staff should have received:

NB The links in this article will not work – contact Branch Secretary if you have not received the e-mail personally.

Contribution Pay

From April (for the year 2009-10) we will be going live with the contribution pay elements of Pay and Grading, which are contained in the collective agreement and have been written about in [previous Pay and Grading Updates](#).

We want the scheme to deliver these to be as simple and fair as possible. As such, we have added four steps to the current process:

At the start of the year:

- objectives for grades D-J need to be recorded in priority order
- Senior Management Teams in departments (Direct reports to Chief Officers) will then moderate the objectives which have been set at the start of the year to make sure they are appropriate, and broadly consistent, and fair

At the end of the year:

- for those being considered for incremental progression in all grades, an overall assessment needs to be made
- for those eligible in grades D-J for a contribution bonus, the SMT will assess relative performance across the whole department to determine overall assessment for bonus payments, using a framework to ensure fairness

The appraisal forms for use from 2009-10 have been revised to take account of feedback from the recent audits, and the form for grades A-C has been simplified. **Please use the new forms** when setting objectives for 2009-10.

[Forms for A-C](#)
[Forms for D-J](#)

Remember that at the end of the year performance will be assessed as falling into 1 of 4 categories – ‘Outstanding’, ‘Very Good’ (previously ‘Excellent’), ‘Good’ (previously ‘Standard’) and ‘Improvement Required’.

As agreed in the Collective Agreement, there are now four possible ways to recognise performance through the contribution pay scheme:

Grades A-C - [full details](#)

Grades D-J - [full details](#)
- those who are not at the top of the incremental scale
- those at the top of the incremental scale (6th point) and therefore eligible for consideration for a contribution bonus

Senior Management Grade - [full details](#)

Since the City Corporation is a high-performing organisation it is to be expected that most employees will be delivering good performance. This is, as the name suggests, a good level of performance, which is recognised and appreciated by the organisation, and rewarded by incremental progression and eventually by paying people at the top of their scale.

For those due incremental progression in all grades, the manager will need to make an assessment of overall performance by the individual to determine progression.

For those at the top of the scale in D-J, the contribution bonus will apply to very good performers, and the few who will be outstanding, and is not intended to act as a financial incentive scheme. It is however, a way of recognising those who achieve above what is normally expected. Whilst the appraisal gives an assessment of performance for the individual (against their objectives and core behaviours) the assessment of contribution for bonus purposes takes account of the individual's performance relative to others in the department.

More information about how the process will work and how to carry out assessments is contained in the guidance. However, the basic principles are that there is a finite pot of money which will be allocated to departments who will then award the bonus pot guided by a framework for assessing relative contribution, and the expected numbers of staff who can be awarded a contribution bonus. This is to ensure broad fairness and consistency across the organisation.

The important things for members to note are:

- **The disavowal of PRP as “a financial incentive”**
- **The straightforward allocation of an “expected” number of people eligible for extra pay to each department**
- **Prioritisation of objectives**
- **The effects of “moderation” by departments**
- **The “overall assessment” of those being considered for incremental progression “in all grades”**
- **The use of a “framework” to assess relative performance for bonuses**
- **New paperwork is being used**
- **The names of the categories of achievement have been changed**
- **The express intention to relate “outstanding” performances to others of that ilk**

The first of these is clearly a nonsense – PRP is a reward driven concept and it fairly undoes the whole project to subtract “Pay” from “Performance Related”.

The second is bound to be the particular bone of contention in the entire scheme. It is expressed as follows:

Each department will be given an expected number, based on their headcount, eligible employee numbers, and a sensible assessment of numbers in real terms (particularly important for small departments) of those that can be relatively assessed as Very Good and therefore receive up to 3% and as Outstanding and therefore receive up to 6% of basic salary as bonus. There will be some tolerance in the numbers to ensure it is not an artificial exercise, but as there is a fixed pot of money available and to ensure consistency, this tolerance level will need to be met. There will be two distribution sets, one for

grades D-F and one for grades G-J to ensure everyone gets fairly considered, no matter what their position

It isn't great English, but it barely needs translating to see that this "sensible assessment of numbers in real terms" is a rod to beat some poor soul's back.

What comes out then, is a quite opaque criterion for allocating the "finite pot of money" which will appear to many as a lottery of hopes and expectations.

This is bound to be considered by the majority of staff on the relevant grades as worse than what it replaces. It is certainly more stressful. No doubt it stems from the PRP rationale, which places its trust in the bonus culture which has proved so successful in the private sector, particularly in financial services, in recent times.