

Overview of LGA Review of EEBC's Pay and Performance Scheme

The Local Government Association (LGA) were asked to provide an initial review of the current pay and reward systems used by EEBC and provide general observations relating to pay, pay progression, bonus and appraisal.

The LGA noted that there are two parts to the pay package at EEBC, the pay structure (Market Anchors) and the method of pay progression (performance related pay).

Below are the key points raised by the LGA.

Pay Structure

- There are 20 Market Anchors (grades) in use by EEBC covering all staff from the Chief Executive down to former manual worker posts such as Kitchen Assistants. For a council employing around 310 staff this is a relatively high number.
- Typically a council of this size and complexity would use between 10 and 15 grades.
- Each Market Anchor contains 9 spinal column points. The LGA noted that a typical number of spinal column points is 5. They noted that incremental steps are very small, after tax the monthly increase when moving up from point 1 to point 2 in Market Anchor 20 would be around £20 for a full time employee. Increases as small as this, are unlikely to act as a motivator or retention incentive for employees.
- The distribution of salary across the market anchors is inconsistent and overlaps in some circumstances.

Conclusion

Based on the above the LGA recommend that the whole grading structure is reviewed and replaced by a structure that; is simple and transparent; logical; motivates staff; and, provides a retention incentive to employees.

Pay progression

- EEBC has a clear policy of linking pay progression to performance. However there is also the possibility of gaining additional reward by the achievement of additional competencies or by exceptional contribution. This potentially makes for a confusing and complex reward system.
- Any system should be simple, transparent and deliver benefits that outweigh the cost of its use.
- It should motivate staff to higher levels of performance. The very small incremental steps do not act as a motivational incentive.

- The appraisal scheme is fairly standard but because managers have a number of options to consider when reviewing, performance, competence and contribution it is time consuming and likely to lead to inconsistency of approach.

Conclusion

Based on the above the LGA recommend that following a full review of the grading structure the council simplifies the system for additional payments with all bonus schemes reviewed.