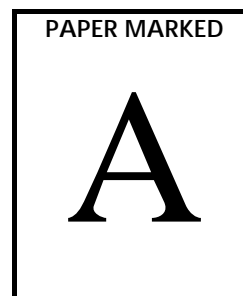


LEICESTERSHIRE POLICE AUTHORITY



Meeting **REMUNERATION COMMITTEE**

Date **TUESDAY 20 JANUARY 2009 – 2.00 PM**

Report of **CHIEF EXECUTIVE**

Subject **NATIONAL ACPO BONUS SCHEME**

Purpose of Report

1. This report sets out the annual practice of reflecting on the rules relating to the terms and conditions of Chief Police Officers.

Background

2. This Committee met in February and April 2008. Meetings of the Committee are scheduled to occur each January; meeting dates are set for other times as matters dictate. In February 2008 it agreed its working practices, and these are set out in Appendix 1 to this report. The terms of reference of the Committee are at page 6-6 of the members' handbook.

Commentary

3. In 2004 the Home Office introduced a bonus scheme for ACPO officers ("the Scheme") which relates to performance in each financial year. Nationally it was felt that there was a need to provide some stimulation to ensure the best leaders applied for the most challenging police positions. The Scheme was seen as one of doing this.
4. All Chief Officers are eligible to participate in the Scheme but those who were in their ACPO post on 1 April 2004 could choose not to participate. It was made clear at the time of the introduction of the Scheme by the Chief Constable that his ACPO team would not wish to participate. Such election can be revoked at any time by notice to the Chief Executive.
5. However, the right to forego participation in the Scheme does not apply to each new ACPO appointee. Members must therefore remind themselves of the rules surrounding the Scheme and begin to consider what process may be needed in applying the Scheme.
6. The Police Negotiating Board (PNB) Circular 05/2004 introduced the Scheme in 2004. The Scheme includes performance related bonus payments for ACPO rank officers. ACCs do not become eligible for bonuses until they have reached the top of their payscale, but progress up the payscale is also addressed by the Scheme.

7. At Appendix 2 members will find the relevant sections of the Scheme and the guidance issued by the Home Office to complement it.
8. "Performance" is linked to the achievement of objectives set in an individual's Performance Development Review (PDR). Each ACPO officer has an annual PDR. The Chief Constable's is conducted by the regional HMIC, who consults the Chairman of the Authority in advance. The Chief Constable conducts the PDRs of the Deputy and Assistant Chief Constables. The Scheme envisages that the person conducting the PDR will report to the Committee the grade (A,B or C) of the individual. This leaves the Committee to decide whether a bonus should be given, and the size of that bonus within the parameters provided for the Scheme.
9. Issues for an Authority to consider include,
 - the extent to which the Committee's input is provided in setting the PDR objectives;
 - the format of reporting the extent to which the objectives have been achieved;
 - the mechanism for allowing the officer to address the Committee about the success in achieving the objectives and whether and how much bonus that might fairly produce.
10. It is suggested that the Committee members meet privately with this Constabulary's members of CPOSA (Chief Police Officers Staff Association) to discuss issues regarding process. A new meeting of the Committee can be arranged as may be necessary.

Recommendation

11. Members are asked to note the report and meet with CPOSA.

Background Papers

None.

Implications

Financial – none arising from this report. Legal – Appendix 2. Diversity – none. Risk Management – it is considered good practice to review terms and conditions of senior employees regularly.

Officer to Contact

Robert Swinfield, Chief Executive, Tel 0116 229 8980
Email: police.authority@leicestershire.pnn.police.uk

Remuneration Committee Working Practices

1. **Publication and Circulation of Reports** It is inevitable that a large part of the work that the Committee will consider will fall to be dealt with in the exempt session. This is because inevitably the issues will concern the terms and conditions of individual officers and general discussion regarding appropriate benefits to individuals. This information and the discussion it generates will focus on information relating to an individual or individuals and thus falls within paragraph 1 of Schedule 12A to the Local Government Act 1972, as amended.
2. The Agenda and any public reports in the Agenda bundle will be distributed to the usual press, public and internal contacts and will be placed on the Authority website.
3. The Committee members will receive public and exempt reports to this committee. Normally ACPO rank officers, and all Authority Secretariat officers, also receive the entire Agenda bundle, including exempt reports. This will continue to be the usual case for reports relating to this Committee. However, on occasion, there may be reports containing particularly sensitive or personal information relating to one or more officers. In those circumstances the particular report will only be circulated to the officer(s) whose information is mentioned, and to the Chief Constable, Chief Executive, Deputy Chief Executive and Treasurer.
4. It is anticipated that the Chief Executive will prepare most of the reports coming to the Committee, except where the subject matter of the report deals with his/her own terms and conditions. However there may be occasions when the reports are authored by the Chief Constable, Force Finance Director or Treasurer.
5. Normally the drafts of the reports prepared by the Chief Executive will be shared with the Chief Constable for comment; the responsibility for accuracy and balance rests with the named report author.
6. **Member Discussion and Decision.** In order to preserve the integrity of the process it would be inappropriate for officers whose terms and conditions are under discussion to be present when members are discussing and deliberating that issue. Therefore, the Chief Constable will be invited to be present in the Committee room to make any representations or answer questions of members on issues affecting terms, conditions and benefits of ACPO rank officers, but then leave when the members move to discuss the report and make a decision.
7. **Minutes** In the interests of transparency, the minutes of the meeting will be prepared in the normal way for presentation in public session at each subsequent committee meeting. However if the discussion of an issue necessitates a confidential note being taken, members can request this during the meeting and it will be prepared and circulated to the Committee members.

Note: "ACPO officers" in Leicestershire Constabulary = Chief Constable, Deputy Chief Constable, and two Assistant Chief Constables. "ACPO rank officers" = ACPO officers plus the Force Finance Director and Human Resources Director. "COG" = the ACPO rank officers. "Strategic COG" = COG plus a number of other senior officers and staff.

Extract from Annex A to PNB Circular 05/2004

PNB AGREEMENT ON PAY AND CONDITIONS OF CHIEF POLICE OFFICERS

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Incremental Pay Progression following assimilation/promotion to ACC/Commander Scale

- 11 Until 31st March 2005, incremental progression through the ACCs' and Commanders' scale will be according to length of service in the rank. Thereafter, it will be according to the individual's PDR rating. Those rated as competent in the rank will receive one increment. Those rated as exceptional in the rank will receive a double increment. Those rated as unsatisfactory in the rank will receive no increment. Where increments are paid, they will be paid on the anniversary of promotion to the rank.
- 12 A joint working group will prepare joint guidance on the operation of this procedure during 2004, by a date to be agreed.

Performance-Related Bonus

- 13 In England, Wales and Northern Ireland, a bonus scheme will operate with payments from 1 April 2006. It will be operated by the police authority in relation to all chief officers, in consultation with HMIC. It will provide for non-pensionable bonuses of up to 15% of pensionable pay for CCs; up to 12.5% for DCCs; and up to 10% for ACCs, with the same bonus ceilings for equivalent London ranks. The scheme will be voluntary for those Chief Officers in post at 1 April 2004 but otherwise it will be mandatory.
- 14.1 Payment of bonuses will take account of chief officers' PDRs and their contribution to force performance in achieving objectives as set out in national and local policing plans and will reflect data supplied centrally by the appropriate agencies. Consideration will be given to contributions made at national level. Details of these arrangements and of the necessary training for those involved in their operation will be prepared by a joint working group during 2004, by a date to be agreed.
- 14.2 In Scotland, a parallel scheme will operate from not more than a year later following the introduction of a performance management system for all forces and chief officers, on which a system of performance pay can be based.

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NATIONAL GUIDELINES (2005/6) ON BONUS SCHEMES FOR CHIEF OFFICERS

Introduction

1. The underlying purpose of these guidelines is to encourage the continuous improvement of police performance by rewarding those chief officers whose performance is exceptional. The guidelines are intended to assist the local design and operation of bonus schemes in accordance with the PNB

agreement of March 2004. In the interests of consistency and fairness between forces, police authorities are strongly urged to follow the guidelines closely.

2. The guidelines are based on the "key personal objectives" and the "ACPO competencies" elements of the Chief Officers' Performance and Development Review (PDR) system as set out in the HO circular 27/2003. The "personal development plan" element of the PDR will be kept separate and not be taken into account in assessment for bonus. The annex to the guidelines explains how the bonus arrangements will fit in with the PDR system. These guidelines will be reviewed and revised as necessary in 2005 when the PPAF (Police Performance Assessment Framework) system has been further developed. The intention is that from 2006 onwards, bonus schemes will operate by reference to PPAF assessments of force performance as well as to PDRs.
3. The term "exceptional" in paragraph 1 above must always be understood in the context of all chief police officers in the UK, not just those in a single force. It follows that if schemes are designed and applied properly, only a relatively small minority of chief police officers in any year will qualify for bonus payment.

Scheme framework

4. In 2005/6, local schemes should measure or assess performance and competencies through the PDR, under two factors:
 - PDR key personal objectives will continue to be agreed in line with the Home Office guidance on PDRs for chief officers. There will normally be between four and six key personal objectives and no more than ten. These objectives must reflect national and local policing plan and priorities and any national work of a significant nature. They must be SMARTER objectives (*see Annex 1*) which capture the essence of what the reviewer expects the chief officer to achieve over the coming year, with a particular emphasis on the chief officer's personal contribution to improving the force's performance. The key personal objectives must be defined in such a way that at the end of the year it will be obvious whether they have been Achieved, Exceeded or Not Achieved. One of these key personal objectives must relate to crime reduction*; and another must relate to diversity. All the key personal objectives must be quantifiable and assessment of whether they have been achieved, exceeded or not achieved must use PPAF data where appropriate.
*See paragraph 10 of Annex 1 for guidance.
 - The twelve ACPO competencies set out in the national competency framework for chief police officers (HO circular 27/2003). Each of these will need to be assessed in relation to each chief officer by the reviewer and marked as Exceeded, Achieved or Not Achieved. Guidance on competency assessment is at Annex 1.

These factors will need to be brought together in an overall PDR assessment of A, B or C, taking account of any change in the postholder's key personal objectives over the bonus period. In connection with who is to decide on PDR assessments, the Government has signalled in the White Paper (Building Communities, Beating Crime) that it intends that police authorities will take on the lead responsibility for chief constables' PDRs. Details remain to be confirmed, but whatever arrangements are in place, the police authority (preferably through a small Remuneration Panel or equivalent) must agree with the overall PDR assessment for all officers included in the bonus scheme. If the chief officer concerned is dissatisfied with his or her initial overall PDR assessment, they may make representations to the police authority.

5. The police authority, having consulted the HMI, will then consider those whose overall PDR rating is A for bonus payment. Once it has been decided that a bonus should be paid to an individual, the police authority will need to decide how much should be paid. Generally speaking, no bonus should be less than 5% of pensionable pay. How much more than 5%, within the ceiling appropriate to the rank as laid down in the PNB agreement, will be for the police authority to decide. There must be a clear and recorded rationale for decisions on whether to pay bonus to individuals and, if so, by how much.
6. There should be no presumption that because an individual received a bonus in a previous year, he or she should receive one again as a matter of course. Each bonus must be earned afresh for the year in question.
7. Bonus payments are to be calculated by reference to pensionable pay over the period that the individual is eligible to participate in the bonus scheme. The calculation needs to be based on average pensionable pay through the bonus period to reflect the impact of pay rises part way through the period.
8. The bonus payments themselves are non-pensionable and taxable. They should be paid as a single lump sum.

Eligibility

9. All chief officers are eligible to participate in this scheme, but those chief officers in post on 1 April 2004 may choose not to participate. Those appointed to a chief officer post after that date are obliged to take part, except for ACCs and Commanders not yet at the top of the pay scale. Those chief officers who are in post on 1 April 2004 but are subsequently promoted or transferred to another chief officer post on or after 1 April 2005 are obliged to take part.
10. Assistant chief constables and commanders will (subject to the proviso in paragraph 9) participate in the bonus scheme once they have been at the top of their pay scale for at least six months. For example, an ACC who reaches the top of the ACCs' scale on 1st September 2005 would be the subject of a bonus decision for the period ending 31 March 2006; thereafter the bonus cycle would be annual. An ACC reaching the top of the scale on 1st January 2006 would not be eligible for bonus in relation to the 2005/6 bonus year.
11. The same six-month principle as in paragraph 10 above should apply to all promotions and to transfers in the same rank between forces.

Confidentiality

12. The overall PDR assessment and any bonus payment must be kept confidential to those members of the police authority involved in assessment and bonus decisions, the officer concerned, the clerk to the police authority and the relevant HMI.

PNB monitoring

13. The PNB will monitor the application of this agreement but any reporting by the PNB of the results will be presented in such a way as to avoid the identification of individuals.

Scotland and Northern Ireland

14. Separate arrangements, based on the principles of these guidelines will be agreed by the interested parties in Scotland and Northern Ireland.

Chief Officers seconded out of force

15. The principles of these guidelines will also apply to chief officers seconded out of force.

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ANNEX 1

GUIDANCE ON CHIEF OFFICER PERFORMANCE AND DEVELOPMENT REVIEWS (PDRs) IN RELATION TO BONUSES AND PAY PROGRESSION ARRANGEMENTS

1. The guidance in this Annex develops the guidance contained in Home Office Circular 27/2003 – Performance and Development Reviews for Chief Officers – and should be read in conjunction with that guidance.
2. The purpose of this guidance is to ensure that chief officer PDRs are able to support the new pay arrangements for chief officers, as both progression through the payscale (for ACCs) and the payment of bonuses are based on assessment of performance through the key personal objectives and competencies elements of chief officer PDRs.

Overview

3. In order to inform decisions on progression and bonuses an overall PDR assessment must be decided. There are 3 assessments that can be given; A, B or C.
 4. These assessments will be based on an overall assessment of the chief officers performance as demonstrated through their PDR and it is therefore important that the PDR is properly drawn up and effectively represents the work of the chief officer.

Key Principles

5. The principal aim of the PDR continues to be to foster and support the performance of individual chief officers. It is for this reason that chief officer performance pay is based on the key personal objectives and competencies elements of the PDR.
6. PDRs must be carried out fairly and objectively irrespective of gender, ethnicity, sexual orientation or any other irrelevant factor.
7. Personal objectives must be SMARTER (specific, measurable, achievable, realistic, time limited, evaluated and reviewed) and reflect policing plans and priorities, National and local.
8. Chief officers and their reviewers should continue to seek to reach decisions on the objectives and assessment of objectives and competencies in the PDR through agreement and as a result of regular discussion and review. Self assessment by chief officers will continue to be the basis for assessment and review.

9. The PDR cycle will continue to be based on the financial/business year.

Action required

At the beginning of the reporting year

10. The chief officer and their reviewer should agree key personal objectives as set out in HO circular 27/2003. Where appropriate these objectives should also include any national responsibilities. There should usually be between 4 and 6 key personal objectives and no more than 10 as set out in HO circular 27/2003. Other objectives may be included but it is the key personal objectives that will be used to inform the decision on the overall assessment. Key personal objectives must reflect Service and force priorities as set out in the National and local policing plans. As well as the requirement for all chief officers to have one diversity objective all chief officers must have at least one crime reduction objective that covers how the post holder contributes to and/or facilitates National and Local crime reduction plans. Both of these must be identified as key personal objectives.

11. HO circular 27/2003 requires that all objectives should be SMARTER. This is extremely important to ensure that there is no doubt at the end of the reporting period whether or not the objective has been achieved and is particularly so as decisions on pay are to be based on this assessment. For example, objectives need to be Achievable and should therefore take account of the resources needed to deliver them, and Measurable and should therefore take account of force performance. Their achievement should be capable of being assessed and measured objectively using agreed data and information.

12. It is important that at the beginning of the reporting period the chief officer and their reviewer consider the ACPO competencies listed on the PDR form and how they will be reviewed and assessed.

During the report period

13. In line with HO circular 27/2003, progress against key personal objectives must be regularly reviewed and at least one mid year review must take place. Any reviews must ensure that these objectives are still relevant and therefore that decisions at the end of the year are based on proper consideration and appropriate evidence. During this review the competencies must also be considered.

At the end of the reporting period

14. In line with HO circular 27/2003 the chief officer must consider their performance against their key personal objectives and competencies. They should then discuss with their reviewer their self assessment and seek to agree an overall assessment.

Objectives

15. Each key personal objective must be considered to decide whether it has been Achieved, Not Achieved or Exceeded. Objective, agreed, national and other data including PPAF data must be used wherever appropriate. So for example the objective relating to crime reduction must be assessed using the PPAF crime reduction data. An exceeded assessment should only be given where performance against the targets/ standards set is significantly better than that required for an achieved assessment. It is important that the objectives have been clearly articulated at the beginning of the reporting period and reviewed and changed as necessary to reflect changing priorities and circumstances.

Competencies

16. Each of the ACPO competencies must also be considered to decide whether it has been achieved, exceeded or not achieved. This decision must be based on objective data and information clearly evidenced. It is therefore important that the basis on which this will be assessed has been established at the beginning of the reporting period and regularly reviewed.

Overall assessment

17. The chief officer and their reviewer should then agree an overall assessment based on the individual assessments for the key personal objectives and competencies as follows:

A:

A significant number of key personal objectives must be assessed as exceeded and no objectives must be assessed as not achieved and a significant number of competencies must be rated as exceeded and no competencies must be assessed as not achieved. The Crime Reduction and Diversity objectives must be Exceeded.

B:

All key personal objectives must be assessed as at least achieved and a significant number of competencies must be assessed as at least achieved.

C:

does not meet the requirements of A or B above.

18. All the key personal objectives and all the competencies are considered as part of this assessment and therefore they must be clearly and carefully identified and agreed at the beginning of the reporting period and regularly reviewed.