



## SALARY SYSTEM (INCLUDING PERFORMANCE REVIEW)

### Summary:

The purpose of this policy is to provide clear direction on Council's Salary System Structure and staff progression through Council Performance Review process.

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<b>Department</b>	Office of Chief Executive
<b>Policy Custodian</b>	Manager HR, Workforce Development & Safety
<b>Superseded Documents</b>	Salary System – 168/17
<b>Related Legislation</b>	Local Government (State) Award Local Government Act
<b>Delegations of Authority</b>	Manager HR, Workforce Development & Safety

### 1. Overview – Policy Objectives:

The policy/objective behind the salary system, is to take into account the priorities and concerns of the four (4) key stakeholders being the Employees, Management, Local Government NSW and the Community. In adhering to this principle, the objectives of the salary system are to:

- Be fair and equitable.
- Be aimed at providing quality and timely delivery of customer services which are cost effective and market competitive.
- Provide opportunities for progression based on performance and the gaining and using skills identified and used by the organisation.
- Be based on the principles, Banding and Grading enunciated in the NSW State Local Government Award.
- Provide flexibility for management and staff to maximise workforce productivity and reward high performance.

- Be market competitive in order to attract and retain employees, while being within Council's capacity to pay.
- Be supported by a training plan designed to develop skills required by Council so as to provide career path opportunities for Employees.
- Be consistent in rewards providing a fair level of job security for employees.
- Provide for individual recognition and rewards.
- Provide for employee participation and consultation.
- Be easy to understand and be communicated to all staff.

## **2. Scope**

### **Consultation**

Council as a party to the Award, which requires employee participation and consultation on salary systems, is committed to securing the benefits of structural efficiency through the establishment of these processes.

Based on principles also enunciated in the Award, Council has established a staff consultative committee to provide a forum for consultation between Council and its employees. Where practicable the committee will positively co-operate in the implementation of restructuring, ensuring the efficiency and productivity of the Council, and will participate in developing systems that provide employees with access to career opportunities and more fulfilling and varied work.

The size and composition of the staff consultative committee shall be agreed to by the Chief Executive, HR Management and the local union representatives as set out in the Committee's Constitution. Members of the staff consultative committee are required to undergo appropriate training and education to ensure effective participation in the consultative committee. The functions of the consultative committee shall be in line with the current award provisions.

Contributions to Structural Efficiency and the provision of an effective salary system will be achieved by the selection, funding and implementation, by Council, of an appropriate Job Evaluation and salary/Pay management system, comparable to other systems used by Local Government instrumentalities.

## **3. Accountability, Roles & Responsibility**

### **The Pay System**

#### **3.1 Introduction**

The Local Government (State) Award establishes the entry level rate of pay for each of the levels within the Award. The Tenterfield Shire Council Salary Structure has:

- Identified twenty five grades which are used to provide the entry level rates of pay for individual jobs;
- Been designed to conform with established bands and levels prescribed by the Award to provide for a simple hierarchy of entry levels which are easily understood and administered;
- Developed entry level rates of pay based on current market rates for similar size Councils;

- Developed performance steps which are based on increasing competencies and skills levels required by the job within each grade;
- Salary increments differentiated by skills and competencies will be outlined in the Tenterfield Shire Council Pay Rate Schedules, review and progression rules and Guidelines for Skills and Performance Appraisals.

In summary, the salary structure currently has 25 grades and 5 steps within each grade.

### **3.2 Appointment and Placement of New Employees**

In accordance with the Local Government Act, the Chief Executive approves the appointment of staff. Generally new Employees will be appointed between the minimum entry level and step 3 of the grade range depending on the skills and experience of the applicant. Appointment beyond this point will require the approval of the Chief Executive. New Employees will be appointed with a probationary period of three (3) months, with an initial assessment after 6-8 weeks. Where an extended period of training is required, this probationary period will be determined appropriately, e.g., 6 to 12 months.

After the three (3) months or appropriate probationary period, the employee will be assessed to establish whether they have achieved the competency level for the position to which they have initially been appointed. Where the individual does not prove to be competent, the Council will consider one or more of the following:

- Extension of the probation period;
- Further training;
- Termination.

### **3.3 Market Forces**

If a vacant position is identified where the salary for that grade is found to be insufficient to attract appropriate applicants for the position, then the relevant Chief or relevant Manager, after consultation with the Manager HR and Workforce Development, should submit a recommendation to the Chief Executive advising of the appropriate salary required for the position as determined by market forces. The recommendation should include a survey of current salaries being paid at other Councils of similar size and justification for establishing a higher salary due to current market trends and critical need for an appointment.

Decisions in this regard (to apply market forces) will be provided to the Consultative Committee for information.

### **3.4 Principles for Salary and Wages Review**

The following principles shall govern the administration of the skills and performance based salary structure:

- The process for the assessment of individual performance and skills will be as objective as possible, equitable and free from any bias and discrimination;
- The process of pay review will be objective and equitable and easily understood by staff; where appropriate Grades will be broad banded i.e. two consecutive grades joined together, to recognise and reward skill acquisition

at a higher level within the grading system e.g. a Plant Operator Grade 5 (Roller) gains an HR Licence and can operate a Water Cart Grade 6.

- The pay structure will recognise and reward performance and those skills which are held and used by staff in the workplace at Tenterfield Shire Council;
- The pay structure will provide for internal equity consistent with the structure established by the job evaluation process;
- Movement within the salary steps will be based on the acquisition of skills and competency in the application of these skills, in addition to performance;
- Skills development will be based on the needs of the Council, the job to be performed and the competency of the jobholder.

### **3.5 Assessment Criteria**

Positions will be assessed using the E-Comp Job Evaluation System V.20 for determining the band and level as described in the Award at the entry level only. E-Comp is one of the main Job Evaluation systems used by NSW Councils. Periodically HR, Workforce Development & Safety will benchmark the results produced with salaries and wages paid by similar Councils to cross validate evaluation outcomes and determine reasons for any differentials.

The Managers and Supervisors will be required to assess staff against the competency levels developed to determine the current level of competency and skill for the employee. Recommendations for competency level placement assessed by a Manager or Supervisor will then be submitted firstly to the appropriate departmental Chief, then through HR, Workforce Development & Safety for final determination by the Chief Executive.

Assessment Criteria are detailed in the procedures for all staff titled *Guidelines for Skills and Performance Appraisals*.

### **3.6 Skill Performance Based Salary Progression**

Progression through the salary system shall be based on the acquisition and use of skills except where skills based progression is not reasonably available to the position. Where skills based progression is not reasonably available to the position the provisions outlined in Section 3.7 shall apply.

The identified skill requirements together with the physical capability, qualification and licence requirements for positions are defined in the position's Skills Assessment Record.

Formal Skills Assessments, also having regard to, but not replaced by the Local Government Capability Framework, shall be completed annually during the last two quarters of the Financial Year (please refer to Appendix A for assessment process).

Increases in salary/wage as a consequence of the annual assessments shall be effective from the first pay period commencing on or after 1 April following the assessments. For assessments completed in the final quarter any increase arising from these will be handled retrospectively in back pay.

Progression through the salary levels within a Grade shall be annual and subject to the satisfactory acquisition and use of skills, as evidenced by the annual assessment. The performance component shall be in line with the job/Operational Plan KPIs for the position during the preceding 12 months and in line with Council's Operational Plan.

### **3.7 Performance Based Salary Progression**

Where skills based progression is not reasonably available within the salary range for the position, employees shall have access to progression based on the achievement of meaningful and relevant performance objectives and the Local Government Capability Framework.

Work plans (performance plans) for the next 12 months will be developed jointly at the annual review by the responsible supervisor and employee in line with the Monthly Operational Report.

The following methods will be adopted for establishing individual work plans:

**Managers** – the development of work plans based on the key accountabilities in the position description, and ongoing or planned activities which relate to the achievement of key performance indicators in the Operational Plan (MOR).

**Individual Employees** – the development of work plans based on the key accountabilities, in the position description, as they contribute to ongoing or planned activities as per Council's Operational Plan (MOR).

The development of individual work plans will involve:

- Reviewing the goals in the Operational Plan and position objectives;
- Joint development between the supervisor and the position incumbent (agreement) of the performance objectives and the specific related actions to be achieved, as recorded in the (Monthly) Operational Plan;
- Joint development between the supervisor and the position incumbent (agreement) on the performance measures and targets;

The work plans developed should be relevant and contain realistic and achievable performance objectives and measures.

Performance based salary progression will be dependent on the outcome of the following assessments:

- Consistent application of the job specific and common skills required to carry out the key accountabilities in the job description; and
- Achievement of the performance objectives, actions and measures as outlined in the agreed work plan.
- Completion of the objectives within the (Monthly) Operational Plan

### **3.8 Circumstances where Salary Progression may be Withheld**

Salary progression may be withheld, in accordance with the provisions of the Award, where any of the following circumstances are identified during the assessment year and/or at the time of assessment:

- The outcomes of the agreed Work Plan and/or the Operational Plan have not been achieved; or
- Where, by mutual agreement between the employee and management, it is determined that the employee is not required to participate in the development and acquisition of skills and qualifications as identified in the Work Plan developed as a result of annual assessment; or
- Unjustified non-participation in organised training; or
- Refusal to actively participate in the maintenance, development and acquisition of skills and qualifications as identified in the Training Plan developed as a result of annual assessment; or
- Where it is justified on grounds of discipline and/or performance which is being managed and documented through formal processes; or
- Where the agreed standards for performance objectives as outlined in the work plan have not been achieved.
- Where an employee may not be able to progress, the Training Plan developed at the annual assessment should explore opportunities to develop specific specialisations or higher level skills and qualifications applicable to the employee's area of work in an attempt to overcome the barriers of future salary progression.
- Where progression on the acquisition, application, maintenance and development of skills is no longer available, further progression will be based on the achievement of meaningful and relevant performance objectives relating to the position. Refer Section 3.7.
- The Chief Executive in consultation with the relevant Chief and/or HR, Workforce Development & Safety, may authorise additional progression where circumstances warrant it.

#### 4. Rules for Progression

- 4.1. Staff are entitled to be assessed for progression annually each financial year within the performance steps appropriate to the job classification provided they are able to demonstrate achievement of goals through performance and that they possess and are using the relevant competencies/skills at the prescribed level in the day to day course of their work with Council. There are five steps in each Grade, and progression is, if approved, is movement up "one step at a time". Only in exceptional circumstances will progression at a greater rate be approved and only with Review by HR and approval by the Chief Executive.
- 4.2. Where staff are required to perform higher duties from time to time, the staff member will be paid at entry level of the higher grade position, or if that is less than the current salary the next step up from the employees' current salary, of the acting higher grade position. The person acting in higher grades must have their higher duties allowance approved in writing by the respective departmental Manager **and** Manager HR, Workforce Development & Safety.
- 4.3 In some circumstances, generally at more senior levels, it may be more equitable to agree a flat weekly higher duties allowance. The rate should be

determined in consultation with HR, Workforce Development & Safety and at more senior levels with the approval of the Chief Executive.

## **5. Training**

In order to enable staff to gain higher level competencies, Council will provide suitable training, including compliance, licensing and regulatory training, which shall ensure that all staff have equitable access to any necessary competency based training both on and off the job.

A training plan will be developed annually in line with, and as a result of, the Skills Performance Reviews/Appraisals. The training should include corporate training, skills development and/or professional development, where such training and development will facilitate achievement of existing and future Council operations.

Council's training plan and budget will also be developed and implemented in accordance with the requirements of the Local Government (State) Award.

## **6. Position Evaluation**

Applications to alter or establish a Band or Level in which a position is currently placed may be tabled for discussion at the Consultative Committee where:

- All reasonable efforts to fill a position externally through advertisements have failed to attract a suitable applicant; and
- There is evidence to establish that the failure to attract suitable applicants for the position is the result of an inadequate level of remuneration; or
- A position is created as either a wholly new position or a redesign of an existing position.
- Where a position has been identified as being graded higher than appropriate for the skills and experience required for that position.

The E-Comp Job Evaluation System shall be used to determine the appropriate Band and Level for all new positions and for positions which have been redesigned.

## **7. Other Matters**

### **Performance Based Payment Bonus**

Council recognises the need to be able to reward staff for increased productivity and outstanding performance.

Performance based bonus payments, are a separate management issue with sensitive, including contractual, characteristics, and are therefore not currently included in this policy.

### **Pay Increases Arising From Enterprise Agreements**

Salary and wage increases resulting from implementation of an Enterprise Agreement are not included in this policy.

### **Salary System Review**

In order that the salary system continues to align with the needs of Council's Employees and the Community's expectations the system shall be reviewed at any time or at least every three (3) years.

**8. Related Documents, Standards & Guidelines**

*Annexure A: Guidelines for Skills and Performance Review/ Appraisal*

**9. Version Control & Change History**

Version	Date	Modified by	Details
V1.0	22/05/19	Council	Adoption of Original Policy (Res No. 92/19)

# **GUIDELINES FOR SKILLS and PERFORMANCE REVIEW/APPRAISAL ANNEXURE A to Policy Statement No. 4.190**

## **1. Scope**

These guidelines have been developed to meet Council's responsibilities under Clause 7 "Salary System" of the Local Government (State) Award which requires the employer to assess the skill competency of employees "at least annually or when they are required to use skills that would entitle them to progress in the salary system".

## **2. Appraisers and Assessors**

Staff will be assessed and appraised by their immediate supervisor and all assessments will then be reviewed by the Manager (where applicable). Training in Assessment techniques (at Certificate IV level) will be provided to assessors.

The relevant departmental Manager or Chief, based on reporting relationships, will further review the assessment and sign off on all assessments, with final approval resting with the Chief Executive. Approvals will be based on a summary Report developed and provided by HR, Workforce Development & Safety.

## **3. Frequency of Assessments**

A Formal Competency Assessment will be conducted every twelve (12) months, generally between 1 January and 31 March, or in some cases 30 June, of each year, before the commencement of the new financial year.

### **3.1 Eligibility**

All employees are to be included in the assessment/appraisal process, except:

- Permanent staff with less than six (6) months service;
- Employees acting in higher grade positions for over six (6) months of the assessment year;
- Trainees;
- Casual staff who are only called on less than 10 full days per year and/or have been employed by council for less than six (6) months.

## **4 Pay Progression**

### **4.1 Annual Competency Assessment**

Employees who are assessed as eligible for progression, following an annual assessment as part of the formal competency assessment, will be moved to the next identified step, where available, in the first full pay period on or after 1 April in the year of the assessment. If the employee is already on Skill Step 5 i.e., top of Grade, no move will be possible, unless Broad Banding has been identified and included in the Position Description for the role. Employees on final Top of Grade Skill Steps generally only receive progression/reward through annual Award adjustments (cost of living increases).

## 4.2 Employees on Higher Grade Pay

Staff acting in higher grade positions, shall receive the salary paid at the entry step for the grade that the staff member is acting in. If the current salary step of the staff member is attracting a higher salary than the entry step on the higher grade position, the staff member shall be paid the step above their current salary or at a skill step that is above the entry step (Skill Step 1) so that they get higher remuneration when acting in a higher grade position.

In some circumstances, generally at more senior levels, it may be more equitable to agree a flat weekly higher duties allowance. The rate should be determined in consultation with HR, Workforce Development & Safety and at more senior levels with the approval of the Chief Executive.

## 4.3 Competency (Skills Performance Based Salary Progression) System

- Employees must demonstrate they are fully competent in all areas of the identified competencies, including the organisational competencies of Customer Service, Team work and Work Health and Safety, to enable progression through each competency step. This includes competencies placed at a lower level than their current salary, unless an employee can produce evidence that clearly illustrates that the competency has no applicability to the position being assessed.
- The Local Government Capability Framework, as included in the review form, can assist with, but not replace, determination of levels of competency. The Framework highlights the capabilities that employees need to demonstrate publically, and in their day to day work, to achieve effective outcomes.
- In the case of a physical inability to perform a task, a medical report should be produced as evidence; however, Council may need to seek a second medical or specialist opinion, if necessary.

## 4.4 Performance Based System

The following methods will be used for establishing individual results to be achieved:

**Managers** – the development of work plans based on Operational Plan Objectives, Programs and KPIs as well as the key accountabilities in their position description. The Local Government Capability Framework will also be used to rate performance in each of the capability areas which include the **Personal Attributes**, such as managing self, resilience, integrity and accountability, **Relationships** – communication, engage, community and customer Focus, collaboration and negotiation, **Results** – plan, prioritise, problem solving, innovation and delivery and **Resources** – finance, assets, technology and information, procurement and contracts.

**Individual Employees** – the development of work plans based on the key accountabilities in their position description, as well as their contribution to ongoing or planned activities in Council’s Operational Plan, as recorded in the Monthly Operational Report.

Performance based salary progression will be dependent on the outcome of the following assessments:

- Consistent application of the job specific and common skills required to carry out the key accountabilities in the job description; and
- Achievement of the performance objectives, actions and measures as outlined in the Operational Plan.
- Assessed competence in the organisational competencies of Customer Service, Team work and Work Health and Safety and the Capability Framework.

## **5. Documentation**

- Prior to a competency assessment, the employee shall be provided with a copy of the current Annual Performance Review and Agreement and competency assessment criteria.
- The Manager HR, Workforce Development & Safety and the Supervisor shall hold a copy of the Agreement and the most recent competency assessment criteria for each employee.

## **6. New or Amended Competency Review**

The direct supervisor, in consultation with the job holder and the Departmental Chief or Manager shall review the competency assessment criteria to make certain they are relevant to the position, current, fair and equitable.

The Chief/Manager will confirm that the criteria to enable competency progression is:

- Consistent with competency criteria of other employees completing similar tasks.
- Consistent with the duties required of the employee under the organisational structure.
- Consistent with the Strategic Management Plan and the relevant section of the Operational Plan.

After the new or amended competency assessment has been completed, a copy shall be provided to the employee.

## **7. Appeals Process**

All appeals concerning the competency assessments shall either be dealt with in accordance with the Local Government (State) Award Grievance and Dispute Procedures or through discussion of the outcomes with appropriate management levels.

Council's grievance and dispute procedure adheres to the terms and conditions as set out in the Local Government (State) Award. This includes having a fair and equitable process agreeable to all parties and for Council to reach a timely and fair decision.

The Grievance Procedure is as follows:

1. The employee will provide a letter of notification (or Completed Grievance Form) to their direct supervisor detailing the nature of the grievance/dispute and the remedy sought.
2. Within two (2) days of receipt of the letter of notification/Form a meeting will be conducted between the employee(s) and their direct supervisor.
3. If no satisfactory resolution is reached the matter may be referred to the Departmental Chief or Chief Executive for further discussion that will include all relevant parties, including a HR representative.
4. If a solution is still not found, the Chief Executive shall provide a written response, which should include the reasons for not implementing any proposed remedy put forward in Stage 1.
5. Where a matter remains unresolved it may be referred to the employee's union delegate or representative, and by the Chief Executive or other authorised officer to the Association (Local Government NSW) for further discussion between parties.