

Title of Report:	Employee Performance Management: Revised Policies and Procedures
Report to be considered by:	Personnel Committee
Date of Meeting:	9th February 2015
Forward Plan Ref:	PC2928

Purpose of Report:

To seek approval for the introduction of performance grades at appraisal for all corporate employees.

To seek approval for the use of a competency framework for all corporate employees as part of the appraisal process.

To seek approval for the introduction of a new 'enhanced support' procedure for employees who are underperforming but who fall short of the requirements of the formal capability procedure.

Recommended Action:

To approve the changes to the Employee Performance Management Procedure and for the implementation of the Enhanced Support Procedure, with effect from 1st April 2015.

Reason for decision to be taken:

The Leader of the Council and the portfolio holder for Human Resources want to introduce a system of performance grades for employees. It is expected that this will allow performance to be linked to reward in the future.

Other options considered: not to introduce performance grades at appraisal

Key background documentation: None

Published Works: None

The proposals will also help achieve the following Council Strategy principle:

CSP8 - Doing what's important well

The proposals contained in this report will help to achieve the above Council Strategy priorities and principles by:
providing clear feedback to employees on their performance, and a strategy for supporting those who are underperforming to improve to a satisfactory level.

Portfolio Member Details	
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Date Portfolio Member agreed report:	29/01/15

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Implications

Policy:	Approval is sought for a change to policy on employee performance management; to introduce the use of performance grades at appraisal, and to introduce an enhanced support procedure for underperforming employees.
Financial:	none
Personnel:	See policy implications
Legal/Procurement:	none
Property:	none
Risk Management:	none

Is this item relevant to equality?	Please tick relevant boxes	Yes	No
Does the policy affect service users, employees or the wider community and:			
• Is it likely to affect people with particular protected characteristics differently?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Is it a major policy, significantly affecting how functions are delivered?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Will the policy have a significant impact on how other organisations operate in terms of equality?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Does the policy relate to functions that engagement has identified as being important to people with particular protected characteristics?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Does the policy relate to an area with known inequalities?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
Outcome (Where one or more 'Yes' boxes are ticked, the item is relevant to equality)			
Relevant to equality - Complete an EIA available at http://intranet/EqIA			<input type="checkbox"/>
Not relevant to equality			<input checked="" type="checkbox"/>

Is this item subject to call-in?	Yes: <input checked="" type="checkbox"/>	No: <input type="checkbox"/>
If not subject to call-in please put a cross in the appropriate box:		
The item is due to be referred to Council for final approval		<input type="checkbox"/>
Delays in implementation could have serious financial implications for the Council		<input type="checkbox"/>
Delays in implementation could compromise the Council's position		<input type="checkbox"/>
Considered or reviewed by Overview and Scrutiny Management Commission or associated Task Groups within preceding six months		<input type="checkbox"/>
Item is Urgent Key Decision		<input type="checkbox"/>
Report is to note only		<input type="checkbox"/>

Executive Summary

1. Introduction

- 1.1 Employee performance management (EPM) is an important tool to ensure that employees are focussed on activities and targets that support the Council to achieve its aims and its statutory responsibilities.
- 1.2 The Council's current EPM policy and procedure has been in place since 2006. Recently, some members of the Executive (including the Leader and the portfolio holder for Human Resources) have met the Head of HR to discuss moving to a system of performance appraisal which could ultimately be linked to reward.
- 1.3 This process will begin by introducing an appraisal process for all employees which allocates a performance grade of 1-5 (with 1 being unsatisfactory and 5 being excellent).
- 1.4 Human Resources has therefore revised the Employee Management Procedure used for all employees (apart from schools), with effect from 1st April 2015, and developed a new Enhanced Support Procedure to support employees who are underperforming.

2. Proposals

- 2.1 Personnel Committee is asked to approve:
 - (1) The introduction of performance grades at appraisal for all employees;
 - (2) The introduction of a competency framework for employees and managers which will be used as part of the appraisal process;
 - (3) The introduction of a new appraisal form;
 - (4) The introduction of a new Enhanced Support Procedure to provide extra help for employees judged to be underperforming but not meeting the criteria for the formal Capability Procedure; and
 - (5) A revised Employee Performance Management Procedure that takes account of points 1-4 above.

3. Equalities Impact Assessment Outcomes

- 3.1 This item is not relevant to equality.

4. Conclusion

- 4.1 These proposals will improve the quality of employee performance management in the Council, by providing graded feedback on work performance to all employees, and additional support to those who are underperforming to help them reach a satisfactory level of performance.

Executive Report

1. Introduction

- 1.1 Employee performance management (EPM) is an important tool to ensure that employees are focussed on activities and targets that support the Council to achieve its aims and its statutory responsibilities.
- 1.2 The Council's current EPM policy and procedure has been in place since 2006. It applies to all employees, excluding those working in schools, and provides for;
 - (1) An annual appraisal which considers performance over the previous 12 months, sets objectives to be achieved over the next 12 months, and reviews learning and development needs and how these will be met.
 - (2) A six month review at which the manager meets the employee to review progress, and revise objectives if necessary.
 - (3) In between these dates, managers and employees are expected to meet regularly (once every four to six weeks) for 'one-to-one' or 'supervision' meetings.
- 1.3 In 2012, a new approach to appraisal was introduced for senior managers (CDs, HoS and those reporting to HoS) which introduced weighting of objectives and scoring of performance for the first time. New forms were introduced to record the appraisal discussion and scoring.
- 1.4 Since then, some members of the Executive (including the Leader and the portfolio holder for Human Resources) have met the Head of HR to discuss moving to a system of performance appraisal for all employees which could ultimately be linked to reward.
- 1.5 Human Resources has therefore designed a new corporate appraisal form, to be used for all employees with effect from 1st April 2015, which requires the appraiser to allocate a performance grade. The EPM procedure has been updated to reflect the new approach. In addition, a new procedure has been designed to provide enhanced support to employees whose performance is less than satisfactory but is not poor enough to require the use of the formal capability procedure.

2. New appraisal form and performance grades

- 2.1 The appraisal form (see appendix A) has been completely revised. It takes account of feedback from senior managers on the form introduced in 2012, and of the elected members' desire to see performance graded for all staff.
- 2.2 Most sections have room for comments from both the appraiser and the appraisee. This means that the form can be completed in draft before the meeting, if either or both want to, to help guide the discussion.
- 2.3 Performance is appraised against achievements, taking account of objectives set at the previous appraisal or at the six-month review and any other significant achievements in the year, and also against a set of competencies (see section 3) agreed for all WBC employees and managers.

2.4 An overall performance grade is allocated as follows;

5 – Excellent performance; The employee has achieved or excelled on all* his/her objectives, achieved more outside those objectives, has improved his/her knowledge and skills, and has demonstrated competencies in line with the WBC framework.

4 – Good performance; The employee has achieved all* of his/her objectives, has improved his/her knowledge and/or skills, and has demonstrated competencies in line with the WBC framework.

3 – Satisfactory performance; The employee has achieved most of his/her objectives (including the most important), and has demonstrated competencies in line with the WBC framework.

2 – Underperformance; The employee has achieved some of his/her objectives but not the most important ones.

1 – Unsatisfactory performance; The employee has failed to meet most or all of his/her objectives and/or has failed to meet the minimum performance standards expected in the job role.

2.5 If a grade of 2 is allocated, no incremental increase will be paid; the Enhanced Support Procedure (see section 4) will be implemented. If a grade of 1 is allocated, no incremental increase will be paid; the formal Capability Procedure will be implemented.

2.6 New objectives are set and given either a High or Medium priority. The form is designed to encourage the setting of SMART objectives (i.e. specific, measurable, achievable, relevant, and time-bound).

3. Competency framework

3.1 Objectives set at appraisal describe what is to be achieved. Competencies set out how they should be achieved. Many organisations use competencies to guide employees and their managers with regard to the behaviours and skills that are expected of them. The competency framework is a useful tool when determining objectives and learning and development needs as it can be used to identify gaps in expectations that need to be addressed.

3.2 The competency framework designed for WBC is very simple. Divided into eight broad areas, it has a set of expectations for all employees (e.g. 'Display respect for customers/clients/colleagues' or 'Seek opportunities to improve skills and understanding') and an additional set for managers (e.g. 'Expect, encourage and support high standards of performance from team members'). It was designed in HR based on research into competency frameworks in other organisations and taking account of the Council's aims and objectives.

3.3 The framework has been the subject of consultation with the trade unions and with Corporate Board and Corporate Management Team.

4. Enhanced support procedure

- 4.1 The Enhanced Support Procedure is new (see Appendix B). It has been designed to address the new performance grade category of 2. These are employees whose performance at appraisal is assessed as less than satisfactory ('underperformance'), but does not meet the criteria for the formal capability procedure. Those who are not already at the top of the grade will not receive an incremental increase from 1st April.
- 4.2 The Enhanced Support Procedure will help employees whose work performance is dipping below a satisfactory level to raise their performance to be at least satisfactory. The procedure should be used in a positive way to encourage and support employees to improve their performance. Employees will have up to a year of structured additional input to help them raise the standard of performance.
- 4.3 If an employee is judged at the six-month review to have improved to at least satisfactory, the increment withheld at the start of the year may be reinstated (but not backdated) for the rest of the year.
- 4.4 The key difference between this procedure and the formal Capability Procedure is that the Capability Procedure may lead to dismissal if performance does not reach a satisfactory level within a limited timescale (up to 13 weeks with a potential extension of six weeks). If an employee's performance on the Enhanced Support Procedure is judged to have dropped to the extent that it meets the criteria for the Capability Procedure, then the manager will need to swap to that procedure to deal with the matter.

5. Training on the new process

- 5.1 Workshops have been scheduled between January and March 2015 for all appraisers to receive training on the use of the new form, the competency framework and on allocating performance grades at appraisal. A pilot session in December provided useful feedback to inform the workshop content and format. The workshops will be delivered by HR.
- 5.2 An e-learning package is being developed for us by our e-learning partner, Learning Pool, and will be available in January for all appraisers who are unable to attend the classroom sessions or who want to refresh their understanding..
- 5.3 A communications strategy will be launched to explain the new forms to appraisees before they have their next appraisal.

6. Recommendations

- 6.1 Personnel Committee is asked to approve:
- (1) The introduction of performance grades at appraisal for all employees;
 - (2) The introduction of a competency framework for employees and managers which will be used as part of the appraisal process;
 - (3) The introduction of a new appraisal form;

- (4) The introduction of a new Enhanced Support Procedure to provide extra help for employees judged to be underperforming but not meeting the criteria for the formal Capability Procedure; and
- (5) A revised Employee Performance Management Procedure that takes account of points 1-4 above.

Appendices

Appendix A - New Appraisal Form

Appendix B - New Enhanced Support Procedure

Appendix C - revised Employee Performance Management Procedure

Consultees

Local Stakeholders: None

Officers Consulted: Corporate Board, Corporate Management Team

Trade Union: Unison, GMB