

20 September 2016		ITEM: 9
Corporate Overview and Scrutiny Committee		
Employee Performance Review – 2015/16		
Wards and communities affected: N/A	Key Decision: Non-key	
Report of: Mykela Pratt, Improvement Manager		
Accountable Head of Service: Jackie Hinchliffe, Director of HR, OD & Transformation		
Accountable Director: Jackie Hinchliffe, Director of HR, OD & Transformation		
This report is public.		

Executive Summary

The performance framework is an integral part of the council's Organisational Development Strategy. It is a formal process conducted to help the council manage the performance of its employees against agreed strategic priorities and operational objectives, which are prepared annually then reviewed and monitored throughout the year. The importance of managers holding monthly individual performance sessions with staff remains high priority.

As a Gold accredited Investor in People (IIP) organisation, the council is committed to meeting staff performance and development needs. In our achievement of IIP Gold in 2016, the report noted the success of PDR completion rates at 98% across the organisation and that robust one-to-one's with staff as a key strength under our business priorities. Additionally the IIP report noted the ability to link development needs to PDR's and how we manage the process consistently across all council directorates.

It is to be celebrated that 87.1% of our workforce achieved an overall PDR rating of 1 or 2 meaning that their performance was exceeding expectations or on target respectively. Furthermore, 54.5% of those staff received incremental progression where it was due explicitly showing how we are able to reward positive performance in a robust but consistent and large scale way.

This positive recognition is further supported by the 2016 staff survey results which reflected the excellent completion rates for PDR's across the council alongside one-

to-one's, highlighting that managers are proactively taking responsibility for managing the performance of staff.

This report summarises key elements of the performance review structure and provides data on the performance of employees in the 2015/16 PDR year.

1. Recommendations

1.1 The Overview & Scrutiny Committee are asked to note the report.

1.2 Those directorates with lower compliance rates for the completion of one-to-one's and PDR's confirm action plans to ensure full compliance going forward.

2. Introduction and Background

The Process

2.1 Managing performance requires managers to regularly communicate with staff on how they are performing. In the council this happens through regular one-to-one meetings and the formal structured PDR process.

2.2 The council continues to maintain a set of Management Standards that summarise the important principles underpinning the PDR scheme. These are:

- Every direct report to have an annual PDR objective setting meeting by the end of May each year, a half-yearly progress meeting in October and an end of year review meeting by the end of February
- Ensure all information is recorded electronically using Oracle Performance Management
- Submit PDR ratings within the deadlines specified each year so that incremental progression or suppression can be processed
- Carry out at least nine one-to-ones with staff per year, separate to the 3 PDR meetings
- Make sure any PDR overall score of 4 is automatically referred to the Capability Policy & Procedure for appropriate management & monitoring
- Attend PDR training and any refresher courses or new training arising from changes to policy, as necessary.

2.3 The performance review process consists of objectives, behaviours and learning / development considerations.

2.4 Objectives are based on a 'golden thread' approach with those being set for Directors and Heads of Service around the Council Vision and Service Plans filtering down to the individual employees' role in achieving these aims.

- 2.5 An overall rating of between 1 and 4, with 1 being the highest, is given for the assessment of an individual's performance against their objectives. A rating of 'achieved', 'some development' or 'not achieved' is given against each behaviour depending on assessment of the extent to which it has been demonstrated.
- 2.6 Those awarded a 1 or 2 overall rating are awarded incremental pay progression where they are not already at the top of their pay band. Those awarded a 3 or 4 overall rating are not awarded incremental pay progression.

3. Incremental Progression Key Outcomes 2015/16

- 3.1 From 1804 employees, 1684 (93.3%) of these were processed in time for the April payroll run.
- 3.2 1572 employees (87.1%) received a rating of 2 or above, of these staff 857 (54.5%) were due, and as such have received, incremental progression.
- 3.3 41 employees (2.3%) are not performing at the required standard receiving a rating of 3 or 4 and as such have not received an increment where this would have been due.
- 3.4 Finance budget in the MTF5 that the value of incremental progression pay awards, including on costs, is circa £750,000.
- 3.5 The table included below shows a breakdown of numbers for those that received the different overall ratings and whether they were due an increment or not.

Corporate Response	Rating of 1	Rating of 2	Rating of 3	Rating of 4
Due an Increment	132	725	0	1
NOT due an Increment	63	652	40	0
Combined Total Ratings	195	1377	40	1
	10.8%	76.3%	2.2%	0.05%

4. Incremental Progression Key Outcomes 2014/15 for comparison

- 4.1 From 1643 employees, 725 of these were awarded an increment.

4.2 A further 678 employees (41%) received a rating of 2 or above, however these employees are not due an increment due to being at the top of their pay band.

4.3 33 employees (2%) were not performing at the required standard receiving a rating of 3 or 4.

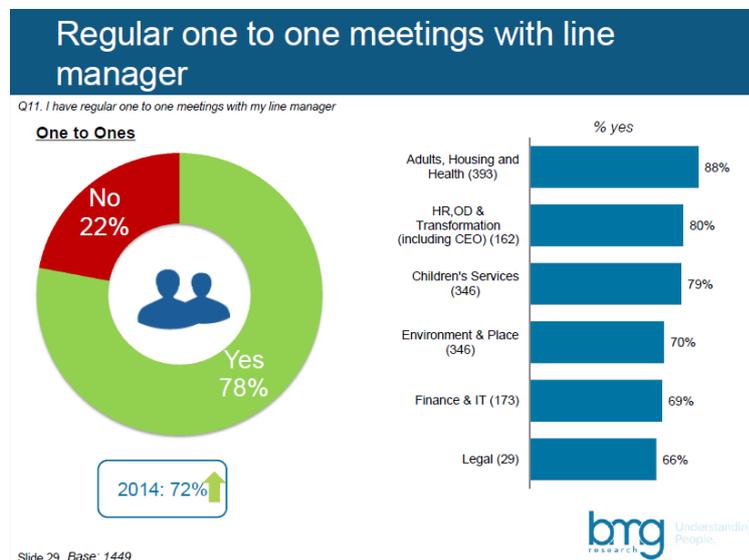
5. Quality of performance management

5.1 The staff survey is held every two years to provide a measure of staff engagement. Our PDR process remains one of our important workforce processes and is fundamental to our overarching performance.

5.2 This year we had an excellent response rate, with more than 1,400 surveys being completed, providing useful data on how the workforce is interacting with our key business processes.

5.3 The following chart indicates that 78% of those who responded are having regular one-to-one meetings with their line managers and 87% agree that they have had a formal appraisal meeting.

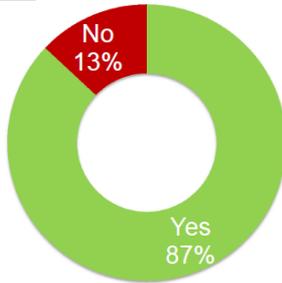
5.4 This represents excellent coverage of the process within the council. In addition 86% of respondents confirmed that their appraisal accurately reflected their performance.



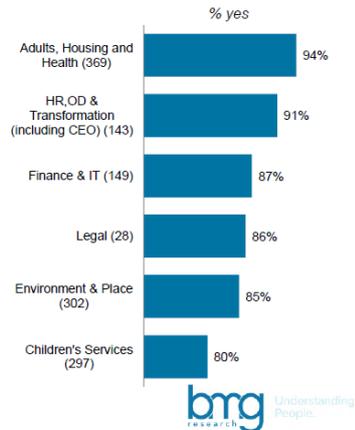
Had a PDR in the last 12 months

Q11. I have had an annual Performance Development Review (PDR) / appraisal with my manager within the last 12 months

PDR



2014: 71% ↑
Benchmark: 72% ↑



Slide 30 Base: 1288 Where been at the council long enough

bmg
research
Understanding
People.

6. Consultation (including Overview and Scrutiny, if applicable)

6.1 Not applicable

7. Impact on corporate policies, priorities, performance and community impact

7.1 Not applicable

8. Implications

8.1 Financial

Implications verified by: **Laura Last**
Senior Finance Officer – Management Accounts

The direct financial implications for this report relate to the costs associated with annual incremental progression linked to performance. However, the main focus for our performance management is about increasing performance. Successful use of our performance management system will enable us to improve our programme delivery, increase our employee engagement and productivity and make us better stewards of public funds.

8.2 Legal

Implications verified by: **Chris Pickering**
Principal Solicitor

Any performance standards need to be objectively justifiable if employment action is taken in response to them. This applies as much to the non-awarding of performance related pay as to disciplinary action for those employees whose performance is not to an acceptable standard. To be defensible, standards should be known and published as well as being measurable. This report sets out such an objective scheme.

8.3 **Diversity and Equality**

Implications verified by: **Becky Price**
Community Development and Equalities

The performance framework forms an integral process in how we manage and engage our total workforce. In so doing the council gives commitment to deliver a fair and consistent approach in the application of rules, policies and procedures of the system that we operate.

9. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Not applicable

Report Author: Mykela Pratt, Improvement Manager HR, OD & Transformation