



ALDHAM PARISH COUNCIL

PERFORMANCE MANAGEMENT POLICY

What is performance management?

Performance management describes the arrangements that employers use to maintain, and improve the performance of their workforce so that the organisation achieves its goals.

Most performance management arrangements involve:

- employees being set performance measurements
- meetings between a manager and each member of staff to discuss their performance
- assessing employees against their performance measures
- a record of performance being kept.

How this is done can vary widely, depending upon the particular needs of the organisation.

Why is managing performance important?

Good performance management is essential to get the best outcome for organisations and the workforce. If performance is not managed well, staff are unlikely to perform at their best.

Good performance management arrangements can help an organisation:

- motivate staff
- check that all staff are making valuable contributions towards organisational goals
- develop staff
- recognise and acknowledge the good work of employees
- deliver tasks and projects quickly and to required standards
- spot and improve poor performance.

However, it is important to keep the arrangements as simple as possible, so that managers and staff do not work around it.

Measuring staff performance

How performance is measured and assessed can be difficult for employers to get right. Staff should be set challenging performance measurements. This might involve setting your employees objectives and/or expected behaviours. What measurements you do set staff must be fair and must not be discriminatory.

For more information see annex 1

Maintaining effective performance management arrangements

Once performance management arrangements are in place, it is important that they are monitored and reviewed to ensure it is meeting the needs of the organisation.

For more information see annex 2

Developing staff

The development of staff should be an on-going consideration for employers and their managers. Managers should regularly talk with their team members about what opportunities may be available and listen to what sort of development they might be interested in.

How to get performance management right

Creating arrangements that best suit the needs of your organisation is clearly important. To help you achieve this, there are number of actions you, as an employer, should consider.

For more information see annex 3

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Annex 1

Measuring staff performance

Measuring staff performance is about reflecting on what your employees do (their work objectives) and how your employees do it (the behaviours they are expected to demonstrate when carrying out their objectives).

Considerations when setting performance measurements

You must ensure that performance measurements do not discriminate against employees because of their:

- age
- race
- sex
- gender reassignment
- disability
- religion or belief
- sexual orientation
- marriage and civil partnership
- pregnancy and maternity.

A common issue with performance measurements is where an employee with a disability could be disadvantaged.

Example 1: a call centre might partly measure staff performance on how compliant they are to the work schedule for being on the phone. An employee who has a disability that means they have to take frequent toilet breaks, could be unfairly disadvantaged by this unless reasonable adjustments are considered.

Example 2: an employee with autism may have highly-specialised skills that are important to the organisation. However, they may be identified as under-performing if the organisation sets universal objectives and give managers little or no flexibility to adapt them depending upon the needs of the employee.

You must make reasonable adjustments that will remove or minimise any disadvantage. This might require adjusting performance measurements slightly or providing additional support to make the measurements fair.

While it may seem easier to set the same objectives for all staff doing the same role, you should allow managers some flexibility to vary objectives where appropriate.

Setting objectives

Objectives (sometimes called targets or goals) are definable achievements that your employees are expected to accomplish. Objectives should be fair, accurate and reflect the tasks employees actually carry out. They should focus on areas where the employee has control over the outcome.

Job descriptions and team objectives can provide a good starting point in identifying what employees should be reasonably expected to achieve in their roles.

The clearer the performance measurements can be, the smaller the risk that disagreements or claims of unfairness will arise when performance is assessed.

As a guide, using the SMART objectives framework can provide a useful way to set clear performance measurements.

SMART objectives are:

- Specific - what exactly does the employee need to do?
- Measurable - how will the manager and employee know that it has been achieved?
- Achievable - while it should be challenging, is it something the employee is reasonably capable of achieving?
- Relevant - does it relate to the needs of the team/department/business?
- Timebound - when does it need to be achieved by?

Example: If an employer wants staff to answer customer queries as quickly as possible, a SMART objective could be to 'answer all customer queries within two working days'. An employer can then measure whether the employee is meeting their target of two days or not.

Agree objectives with each employee

Objectives should be agreed between managers and employees. This can help ensure:

- that measurements are relevant and appropriate to their roles
- employees understand what is expected of them
- there is agreement that measurements are reasonably achievable.

If a number of employees carry out similar tasks, it may be better for you to agree common objectives with these groups of employees.

Monitor and review objectives

If any additional tasks or special projects are given to an employee during the year, their manager should discuss and agree with them:

- additional objectives for this work
- whether existing objectives should be amended.

Setting behaviours

How an employee carries out their work can be as important as the end result. Behaviours (sometimes called competencies or standards) focus on how an employee should approach the work and duties that their role requires.

Example: a sales reps may have a sales target as their main objective but their employer may also expect them to show:

- customer care - by building rapport and trust with customers to encourage repeat business even if it means smaller sales initially
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- teamwork - by communicating with the wider team to ensure that orders can be fulfilled as promised.

Like objectives, behaviours should be agreed between managers and staff to ensure they are appropriate to the role and understood.

Example behaviours might include:

- leadership
- teamwork
- customer care
- promoting equality
- communicating effectively
- embracing change.

You should provide staff with clear guidance on how they are expected to demonstrate these behaviours. This could be done by creating a framework setting out positive and negative actions for each behaviour or by providing examples of what the employee is expected to demonstrate.

Example:

An employer that wants staff to communicate effectively might explain this behaviour as:

- speaking clearly and concisely to managers, colleagues and customers
- actively listening to managers, colleagues and customers and responding politely
- using appropriate body language and tone of voice whenever talking to managers, colleagues and customers
- keeping managers and colleagues informed about relevant work.
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Performance conversations

Discussing performance should be an essential part of any performance management arrangements.

Having time set aside for a meeting to review performance and agree plans moving forward can ensure that each employee is supported to meet their expected standards of performance.

An employee may consider these meetings to be their only opportunity to talk to their manager about issues they are having in work or at home that are affecting their performance, so managers should be prepared to handle these sort of conversations.

Meetings should be planned in advance, in private and free from interruptions.

Both the manager and employee should come prepared to discuss:

- what things have gone well during the year, and what has been more challenging.
- any concerns or areas where further help may be useful
- how they have performed against their performance measurements
- ways to build on their achievements next year.

Remember, these conversations should complement and support your aims for Maintaining effective performance management arrangements. See annex 2

Example: Performance conversations in an organisation that wants to prioritise staff development should spend:

- More time on discussing suitable development opportunities and considering the benefits this may bring.
- Less time on discussing performance ratings or rewards.

Regular catch-ups

On top of the more formal performance conversations, there should be regular informal catch-ups between managers and their employees. Talking regularly can help managers:

- identify and keep track of issues
- acknowledge good work and show that it is valued and appreciated
- raise potential issues before they become more serious
- provide the support staff need to improve and/or develop further.

It can also help your employees:

- feel valued and appreciated for their efforts
- learn how their performance could be improved
- feel able to approach managers for support when they need it.

These catch-ups do not have to take up much time. In most situations, they should be short and casual conversations that just check on how things have been going and whether anything could be improved.

Catch-ups can be a good opportunity to raise or follow up on any issues around performance and agree what can be done to support the employee to improve. Remember, there should be no surprises at the end of the year. Therefore issues should be discussed when they arise and not left until a formal performance meeting.

For regular conversations to take place, you should ensure that managers and staff have the time to have catch-ups and not leave them feeling overloaded.

Assessing staff against their performance measurements

The performance of staff should only be assessed (or self-assessed) against the performance measurements previously agreed and set.

Often the performance ratings for staff can be as simple as having 'met' or 'not met' the performance measurements for the role.

If there is a need for a wider range of ratings, for example to pay a higher bonus to the highest performing employees, there should be clear guidance about what each rating means and how they can be achieved.

The scoring of staff is usually decided by their managers who have received training on how to do it fairly and consistently. However, your process could involve the manager:

- deciding by themselves
- discussing it with the employee at the formal performance meeting
- deciding in partnership with another manager

Where there is concern or disagreement about how performance has been assessed, your employee should be encouraged to discuss this with their manager.

Talking about it should clarify why they have been scored in this way and allow them to challenge any area they believe to be unfair. If they are still unhappy after raising it with their manager, they should be able to raise the matter with a more senior manager or HR. This can ensure that staff are being assessed fairly, consistently and transparently across the organisation.

Keeping a record of performance

Keeping a record of your employees' performance can be important. It can:

- assist discussions between a manager and employee when they have performance-related meetings
- be used as evidence for promotion or other job opportunities
- be used as evidence in disciplinary related issues

Employees can worry that records are used as an audit trail in case of disciplinary issues. While it can be tempting to keep detailed records in case of future legal disputes, your records of performance should be appropriate to help you achieve the aims of your arrangements.

For more information see annex 3

Example: arrangements that want to celebrate good work might only require staff to record examples of work that they are proud of or consider to be examples of good performance.

Where concerns around performance arise, a manager may need to keep a record of this outside of the performance arrangements.

In most scenarios, keeping a record of performance should not be a difficult or time-consuming task. It can be online or offline but it needs to be quick and user-friendly.

For example:

- short bullet point examples of how the employee is doing against their performance measurements and
- a note summarising what was discussed and agreed at each performance-related meeting

Staff and managers should be given training and guidance on how to record performance so it is done consistently across the organisation.

If there is a specific document or online application that should be used, it should be easy to access and complete.

Remember, any records of performance must meet the organisation's GDPR (The General Data Protection Regulation) obligations.

Annex 2

Maintaining effective performance management arrangements

Workplaces are constantly adapting and evolving. It is important that you take steps to review your performance management arrangements and check that they are still appropriate for your organisation.

Monitor the arrangements

You should be monitoring your performance management arrangements each year to ensure that serious issues are not being missed.

Try to collect data that indicates how successful the current system is. This could include:

- the amount of completed records of performance
- the number of appeals or complaints about the arrangements
- how well documentation is being completed
- employee turn-over and absence levels

If you have an annual staff survey, you should include questions in it that provide insight into staff views on the arrangements.

Carrying out a formal review of the arrangements

Where concerns are identified, a more thorough review of the process may be required to properly understand the issues and consider how best they can be resolved.

A review may be necessary if:

- the vision or goals of your business have changed
- there have been changes to the structure or working practices of the organisation
- new technology is available that might improve your arrangements
- there are new ways of managing performance that might improve your arrangements

The review should confirm:

- how well your arrangements are meeting the business aims
- staff and managers views of the arrangements
- whether there are better ways of meeting the business aims
- potential ways to change the arrangements.

Data collected when monitoring the arrangements can provide initial insight into how successful the current process is, or what the issues may be. Your review should include the views of staff and their representatives.

For help on involving staff, follow the approaches outlined in engage and consult with staff and their representatives from our guidance on How to get performance management right.

How well are your performance management arrangements working?

To help you assess how well the arrangement are working you may want to consider these questions:

Aims:

- Have your aims changed? Think about any changes to:
 - the business - for example, the introduction of new technology
 - job descriptions - do they still accurately reflect what people do?
- Have you got the balance right between performance, disciplinary and wellbeing issues?

Values:

- Do staff surveys, team meetings or informal feedback indicate that your arrangements are still:
 - consistent?
 - fair?
 - transparent?

Staff involvement:

- If you review and amend the arrangements, how will you involve staff and their representatives?

Training:

- Due to staff turnover or internal progression, is refresher training required? Particularly in regard to discrimination issues and unconscious bias.
- Are line managers telling you that they have enough time and resources to manage performance effectively?
- When was the last time senior managers endorsed the aims and values of your arrangements?

Legal check:

- Are you confident your arrangements are not potentially discriminating certain staff?
- Do you have any relevant processes or agreements in place which you must follow if you want to change the arrangements?

Objectives and behaviours:

- Do individual objectives match the broader organisational goals and vision?
- Do behaviours feel appropriate in terms of wider customer and societal values? For example, is your workplace culture challenging gender stereotyping?

Does it feel right?

- Are relationships professional and amicable?
- How often are managers talking to their staff?
- What do the records tell you about how engaged staff are with the arrangements?

Annex 3

How to get performance management right

An organisation can want performance management arrangements for a variety of reasons.

To create arrangements that best suit the needs of your business, there are a number of actions you, as an employer, should consider.

Identify clear aims

The purpose of performance management can vary from organisation to organisation. As an employer, ask yourself if your aim is to:

- celebrate good work?
- reward employees?
- better meet your organisational goals?
- support and improve staff performance?
- develop your staff?
- identify and remedy problems with performance?

Most performance management arrangements have a mixture of aims, but it is important to get the balance right.

Example 1: if your main aim is to develop staff, then remember that this requires managers and employees to have honest conversations around performance, possible skills gaps and development opportunities. However, if your system is also used to decide pay and bonuses, employees may worry that admitting to any perceived shortcomings could risk their bonus. This can make performance conversations less open and effective than they should be.

Example 2: if your main aim is to use performance arrangements to increase productivity, then you will have to be clear about how organisational goals link to personal objectives. You will also need to consider how best to keep staff motivated. If you cannot guarantee pay increases, are there other ways to reward staff - for example, through a greater focus on work-life balance and wellbeing?

Recent Acas research 'Improvement required'? A mixed-methods study of employers' use of Performance Management systems found that employers can often make the mistake of wanting performance management arrangements to be all things to all people.

There can be a particular tension between the desire to have informal arrangements that encourage good relationships between managers and staff and formal systems that are used as an audit trail of someone's working life in the company.

Getting the balance right between 'people' and 'process' is often the most important factor.

Recognise your aims may change

The workplace is constantly changing and so over time the aims of your performance management arrangements may change too.

This might be because of:

- internal pressures - such as staff changes, skills shortages and changes in business priorities

- external pressures - such as economic environment, customer demand and changing technology.

Think about your organisation

The arrangements that work best for you depend upon the needs of your organisation. An engineering company will probably want to do things a little differently than an NHS Trust, for example. So it's worth spending some time thinking about:

What's more important: what we do or how we do it? A production line environment may place more emphasis on their workers outputs, while a customer facing business, such as retail, may consider the way things are done to be equally important.

What kind of arrangements would fit our size and structure? Smaller firms may like the idea of more informal arrangements based upon regular face-to-face contact between the employer and staff. Larger organisations will need to think about the number of teams they have, how hierarchical their management levels are and how they can best measure staff performance consistently across the organisation.

How will the performance arrangements complement other workplace policies? There are often overlaps between managing performance and managing absence, discipline, training and wellbeing. Often minor concerns around performance or attendance can be best resolved through informal performance catch-ups. However, serious issues might need to be dealt with separately through the organisations disciplinary procedures.

The key values of effective performance management arrangements

Acas research has shown that the values employers and staff consider most important to effective performance arrangements are:

- transparency
- consistency
- fairness.

Transparency

Transparency means being clear about the process, how decisions are made and giving employees the chance to raise concerns about any aspect of the system they are unhappy with. To do this, you need to clearly outline to staff:

- **how the system works in theory.** For example, the criteria against which assessments will be made, the type of ratings that can be given and how many meetings should take place.
- **how the system works in practice.** For example, what training will line managers receive, how will marks be reviewed and the system be monitored?

Being transparent includes managers being clear about any final rating or marking they give to employees, communicating their thinking with other managers, and explaining it to staff.

It also means that the rationale behind how any bonuses are awarded is clear.

Bonuses can be contentious if not properly explained to staff. For example, if the criteria is increased sales, then employees must be aware of this and clearly understand what is required from them to achieve their bonus.

Consistency

Inconsistent approaches to performance arrangements can lead to resentment and loss of morale and employee engagement. Typical barriers to a consistent system include:

- a **lack of clarity** as to how performance is measured or how frequently meetings will be held to discuss performance. For example, managers might interpret vague guidelines on how to set performance measurements in different ways, or meet one team member three times a year to discuss performance and another team member six times.
- providing **inadequate training** on how the arrangements should be approached. For example, without proper training, managers might assess and rate performance differently to one another or may not approach issues around performance in the same way, leading to unfair decisions being made.

Senior management and HR have a key role to moderate a consistent approach in the way managers behave and performance management is organised.

Fairness

Discussing performance can be very emotive. Many employees will feel that they are being criticised personally and not just being assessed as workers. You should therefore do your best to make staff feel like they have been treated fairly.

To ensure fairness, remember:

- **avoid surprises.** If your managers have a good rapport with staff then they should be discussing and addressing problems and giving praise along the way. It is usually unfair to surprise someone out of the blue. For example, concerns should be discussed when they arise and not left until the formal end of year performance meeting.
- **avoid favouritism.** The system and the manager should not be seen to favour one individual or team over another. For example, use objective criteria to measure people's performance. Ensure managers communicate and build relationships with the whole team.
- **avoid discrimination.** The arrangements must not unfairly disadvantage staff because of a protected characteristic. You should actively consider the diversity of your workforce and ensure the arrangements are fair to all. For example, an employer must make reasonable adjustments to remove any disadvantage where an employee with a disability is disadvantaged by performance measurements.

Any arrangements must not only be fair on paper but also feel fair to your staff too.

Engage and consult with staff and their representatives

There are occasions where you must consult staff and their representatives (where they exist). In regards to performance management, this is usually because:

- there is a relevant collective agreement that covers it in place
- of a requirement to inform and consult due to the ICE regulations

- the change might require a change to the terms of the employees' contracts.

However, even if it is not a legal obligation, it is still useful and good business practice to seek their views to help you design appropriate performance management arrangements.

Involving staff

Staff will usually know what issues already exist and have ideas about how things could be improved.

Their views can be gathered quickly and easily by:

- creating a staff survey
- having a discussion at a team meeting
- setting up an online forum or similar tool
- running focus groups with a representative mix of staff
- discussing proposals with an advisory group that includes staff from across the organisation.

Making staff feel involved in the design of new arrangements can help them engage with it. They are then more likely to want to work with their managers and colleagues to make them successful. You should regularly update staff on its progress, its benefits to them and what will be expected of them.

Working with trade union and employee representatives

Trade union and employee representatives can provide greater insight into issues that their members and colleagues are having with any existing processes you have in place. They may also be aware of how other organisations with similar needs and aims have approached performance management.

In workplaces where trade union and employee representatives exist, you should arrange meetings to discuss the design of the performance management arrangements and try to reach an agreement with them on its objectives and its design.

Reps can play a vital role in helping you get key messages about the new arrangements across to everyone.

Get senior managers on board

Any performance management arrangement will take up staff and management time and resource. For it to be effective, it needs to be supported from the top of the organisation.

You should get the commitment of senior managers from the outset.

Senior managers will need to accept that some working time will need to be dedicated to performance management. You may also need to work with them to make resource available so that managers and staff are not overloaded.

Senior managers play an important role in getting buy-in from across the organisation. If staff believe senior management are taking it seriously, they are more likely to as well.

Encourage your senior managers to champion the new arrangements by:

- being enthusiastic about the benefits it will offer staff
- encouraging staff to consider it an important part of their job
- regularly discussing the arrangements with managers that report to them
- being role models.
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Consider the skills and needs of managers

Managers play a critical role in performance management arrangements. They are the ones who will often get to know staff and find ways to motivate and engage them.

Training needs

To get the best out of the arrangements, your managers need to be trained on how to have clear and open conversations as well as on how the new arrangements are going to work. Further training may also be needed. For example, if managers are expected to assess the performance of staff, would they benefit from training in unconscious bias, which may help them do this more fairly?

Creating online guidance and resources, shared by managers and staff, can help create a sense of transparency and openness, and reduce concern around the new arrangements.

Resource requirements

The greatest barrier to effective performance management arrangements is often time. Ensuring that managers have the time for performance meetings may be the single most important thing you do.

Many processes fail because a manager has more important duties. For example, personnel meetings are often seen as less important than business meetings. However, making your performance management systems work should be an equally important objective for all your managers.

If more management resource is required than is currently available, you should consider reducing the size of teams or reducing the other duties your managers carry out.