



Report to: Employment Committee 4 October 2011

Subject: Performance and Engagement

Report by: Head of Human Resources

1. Purpose:

To present how staff performance will be measured and improved through engagement and a revised performance and development review policy (PADR).

2. Recommendations:

It is recommended that Members:

- 2.1 Agree the attached PADR policy and approve the purpose and principles on which the future management of performance assessment and development will be based within PCC.
- 2.2 Commend the use of regular supervision or interaction between staff and managers to ensure both are fully aware of the quality of work delivered, the standards required and of any development needs.
- 2.3 Agree that the success of the implementation of this policy be reviewed on an annual basis and reported to Employment Committee.
- 2.4 Agree that each Head of Service must develop with their management team, and gain approval of their Strategic Director, a system suited to the needs of their service.
- 2.5 Agree that each Head of Service must devise a system of measures to ensure the quality of the method adopted which can be used to inform their Strategic Director and on an annual basis the Employment Committee.
- 2.6 Agree that the basis for the annual report to Employment Committee be the review undertaken by each Strategic Director and that each director will review quality from both the organisation and staff perspective.
- 2.7 Agree that the Employee Opinion survey continue to be undertaken biannually from within existing budgets as it remains a major source of feedback on staff satisfaction and employee engagement.

3.0 Principles and measurement of performance management across PCC

SDB have reviewed the current operation of the performance development review process and have concluded that change is essential to reflect the new

ways of working and to reflect the spirit of transformation. This is supported by the review undertaken with services and all Heads of Service have views on how this is best achieved for their service

- 3.1 SDB have concluded that Heads of Service should be free to design and operate their own scheme of performance and development management to meet the needs of their own service.
- 3.2 However within each design certain standards must be met:
 - At service level the outcomes for the organisation must be clearly stated.
 - Managers must be clear what is expected of them
 - Staff must be clear what is expected of them and they must be given feedback including:
 - Looking back at achievement and results over last 12 months
 - Expectations for the next 12 months
 - Development needs identified and how they will be met stated.
- 3.3 Managers will be held accountable for the successful operation of whatever system is put in place.
- 3.4 Managers will be expected to verify the successful implementation of the system in the next management level down. This standard will operate from Chief Executive and Strategic Directors down through all layers of management so that not just the completion of the process is reviewed but also the quality. This validation will incorporate annual performance and supervision in whatever guise it appears.
- 3.5 Managers will have the freedom to adopt any systems they choose but feedback received has indicated they are interested in the following options either as a main system or as a support mechanism. All have been agreed by SDB as suitable procedures and systems to adopt to ensure the quality of performance management is improved across PCC. This list is not exhaustive and managers should feel free to develop alternative systems if they best meet the needs of their service.

Typical tools used might include:

 - Review of any forms used to ensure they meet service needs
 - Use of individual meetings
 - Operation of “in the work” discussions
 - Continued use of support triads
 - Action learning
 - Mentoring
 - Coaching
 - 360 degree feedback
 - Employee opinion survey with adapted questions
 - Survey monkey questionnaires for each service.
 - Team management and objectives to support individual development

4.0 Background:

The existing policy has been in place since 2006 and when introduced it reduced the formality of the then existing process. Over the past two years the Governance and Audit Committee have monitored the percentage compliance focussing on the number of completed performance development reviews within each service. This has identified a great variance in performance between services and between different sections within some services.

4.2 A summary of that performance can be seen at Appendix 1. Whilst such feedback is of interest and reflects the targets within the corporate plan it does nothing to review the quality of the discussions between managers and staff. Consultation has been held with each Head of Service to identify their preference for the structure of any future performance management system. A review of each service's comments regarding current operation and possible future developments of PDRs is shown at appendix 2.

4.3 Whilst the style and structure of Performance management is set out in the current policy, it already allows each service to adopt a set of forms and style to suit their needs. It is only in the past few years such service based variations have been evident. Within Housing Management and more recently (last six months) a completely new system has been introduced within IS. In fact the two systems adopted represent two vastly different solutions, one very informal and the other very structured. However each reflects the management needs and service delivery requirements of the service concerned. These schemes are described in appendix 5.

5.0 Performance and Engagement

5.1 Members have recognised the importance of strong and effective performance management and have looked to monitor this over the past two years as part of the Governance and Audit programme. They have used the available performance targets as a means to evaluate compliance with the PDR process. However they should be advised that in order to maintain and improve both performance management and Employee Engagement the quality of the conversations held during the process need to be measured. It is the quality of the process that will affect the employee engagement and ultimately commitment to PCC and the quality of the work staff produce.

5.1 SDB have agreed to focus upon Employee Engagement to ensure the performance of the city council is maintained and where feasible improved during periods of continuing change and staff reductions such as we are currently experiencing. An engaged workforce leads to improved performance and efficiencies and such improvement will be maintained and enhanced by focusing on four areas: Leadership, Engaging Managers, Integrity and Voice.

5.2 **Leadership:** SDB have clearly stated the guiding principles for transformation

and are seen regularly delivering messages throughout the organisation, presenting blogs, setting the standard for managers and subject to the outcome of this report and policy setting the tone and standard for performance management. More recently round tables have been set up which help in showing visible and accessible leadership and voice for staff.

- 5.3 Voice:** A range of opportunities are now available to allow staff to express their views and give clear feedback to SDB and other managers. A fundamental route for this is the Employee Opinion Survey. This will continue to be funded on a biannual basis to inform the organisation on the success of the various innovations and activities to improve employee engagement and will be supplemented by any service level surveys. Pulse surveys will further supplement this. These are aimed at gaining feedback from a focused group of people on a limited number of topics on a regular basis and will allow SDB to gauge progress in terms of communication, engagement and in particular trust of staff. Finally employee voice will be evaluated and enhanced as their trust in the organisation grows. This will be further supported by staff confidence in the performance management process adopted.
- 5.4 Engaging Managers:** SDB have strongly endorsed the Leadership and Management Development programme (LaMP) part of which assists managers in developing the skills required to have challenging or crucial conversations which are at times needed during the management of staff. The quality, style and approach of managers forms an essential element of working to ensure staff and managers are engaged. This whole area impacts on the organisational culture and their approach to performance management from independent review through to team meetings and one to ones. Managers will also learn how to operate in the manner needed by the city council as we move forward to deliver the efficiencies programme.

The integral 360° feedback review element of the LaMP programme will not only measure performance metrics regarding the managers technical role it will also allow for engagement indicators to become a key measure of a manager's performance. Whilst this is initially a self managed process, any service that proposes to use behaviours and attitudes within their performance management process will find they can use it as a basis for any feedback questionnaire and the support triads set up within the LaMP programme can continue to support managers. A sample feedback form can be seen at Appendix 4.

This is a powerful tool as it allows managers to identify and address their own areas for development, a colleague coaches them through the process and a third colleague supports and mentors the coach as they develop their skills. Engaging Managers are at the heart of this organisational culture – they facilitate & empower rather than control or restrict their staff; they treat their staff with appreciation & respect & show commitment to developing, increasing & rewarding the capabilities of those they manage. The schemes adopted by services can if it is wished look to review these elements with the use of simple 360 degree feedback questionnaires, coaching, action learning and mentoring.

Engaging Managers index: 55.8%. This index is a combination of the responses to the employment satisfaction survey and the more we can improve this the better the performance we will get from staff. Indeed it has been proven that improving the engagement figures improves all round staff performance and productivity. This will be a focus for all managers as we progress through a period of continuous change.

5.5 Integrity It is imperative that staff believe what they are told by managers at all levels of the organisation. In particular the issue of regular messages from SDB and the Leader must not simply advise what is happening but also why the relevant decisions made have been utilised to address this area and the level of communication must be maintained. The effective management of each service's system will further prove the integrity of managers and compliance with their own systems. Such practical demonstration of management integrity helps ensure employee integrity is maintained at high levels.

6.0 Progression to measuring success

Whilst it must be recognised as just one tool that is available the use of surveys is an effective means of involving staff in the evaluation of any system introduced.

- 6.1 Use of survey monkey feedback on a service by service basis will allow an evaluation of the success of the endeavours to improve engagement and will be linked to the quality of the performance management process. Heads of Service will be in a position to undertake detailed analysis of any areas of poor results across their service and address them before the next annual round of performance management.
- 6.2 Performance management covers the annual process for an individual and may also incorporate team management and one to one processes so that a section or service's performance can also be addressed within a relatively short space of time.
- 6.3 Analysis of service wide performance management feedback and any development needs identified will also allow a service to offer improvement opportunities
- 6.3 The use of the Employee opinion survey on a biannual basis will allow a PCC wide view of staff satisfaction to be maintained and this will add to the monitoring of the overall management and performance management across PCC.

7 Next steps

- 7.1 All Heads of service will be required to develop a service based performance system to be adopted within their service.

- 7.2 All Heads of Service should be required to present their completed scheme to their Strategic Director by end December 2011.
- 7.3 All Strategic Directors should be required to approve the schemes proposed by each of their services by end January 2012.
- 7.4 HR should work with services to compile a full set of schemes and complete an EIA by the end March 2012
- 7.5 HR should collate paperwork for all schemes and place it clearly indexed on Intranet
- 7.6 All Heads of Service to operate a communication cascade to ensure all staff recognise the benefits of the scheme adopted and its relevance to the service they provide. February – March 2012.
- 7.7 Implementation April 2012
- 7.8 All Heads of Service must present to their Strategic Director the annual outcomes of their system by September annually to allow the review to be presented to Employment Committee late autumn on an annual basis.

8 Conclusions

Performance development is at the core of effective people management and is a key tool in improving employee engagement. Staff will better understand and support PCC policy decisions and service delivery choices if they are discussed more openly and the reasons for choices are given in more open two way feedback. Developing a system that suits their service will enable be more likely to will support its implementation.

Any use of surveys will provide a quality measure for monitoring and strategic directors and heads of service actively overseeing the whole process will improve the overall compliance and ensure each service adopted process meets their business needs. Although this may not be the only measure adopted.

Performance management remains essential for effective people management, quality of service and employee engagement. Managers must retain staff at the centre of service delivery plans and recognise it is through them that PCC can keep the customer at the heart of everything we do.

10 Equality Impact Assessment

To be completed before implementation of policy in April 2012.

11. Head of Finance Comment

There are no financial implications arising from the recommendations in this report

12. Head of Legal Services Comment

As a best value authority under Section 3 of the Local Government Act 1999, PCC is required to ensure economy, efficiency and effectiveness of use of its resources.

There may be legal implications arising from the recommendations, if so, these will be considered in consultation with the Head of Legal, Licensing and Registrars, Head of Human Resources and other relevant officers as required

Signature

Date

APPENDICES

Appendix 1 Information previously supplied to Governance and Audit Committee

Appendix 2 Feedback for Services

Appendix 3 IS PDR System

Appendix 4 Possible attitudes and behaviours and 360 degree questionnaire

Appendix 5 Description of the two service base performance management schemes

DRAFT PERFORMANCE MANAGEMENT POLICY

This policy applies to all employees other than those in schools

- Performance management is an essential element of people management within PCC and amongst the key activities involved are individual annual reviews, one to ones, supervision meetings and team meetings.
- Each service will develop a performance system to meet the needs of their service. This system must include measures incorporating quality.
- Employees will be informed and understand the process operated within their service.
- All managers must use the relevant performance management tools as adopted by their service.
- Each strategic director will satisfy themselves as to the validity of the proposed system before approving the process for each service and then monitor how each Head of Service within their Directorate ensures an effective process is operated.
- Each manager must be responsible for reviewing the manager below them to ensure quality and compliance.

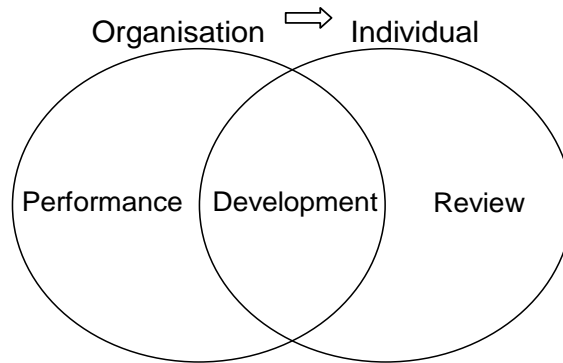
1. PURPOSE OF PERFORMANCE MANAGEMENT WITHIN PCC

The purpose of the performance and development review (PDR) system in Portsmouth City Council (PCC) is to maximise performance and support staff in service delivery whilst ensuring the systems adopted are best suited to individual service requirements. To ensure clarity the following definitions are to be used when operating this policy:

Performance: where the organisational aims and objectives are linked into an individual's objectives and work.

Development: will be based on the combined needs of the individual and service. This may be in the form of formal training, mentoring, work shadowing, secondments or developmental objectives. The solution offered will vary according to need.

Review: feedback and recognition must incorporate, what went well in the last year and what was achieved. Where objectives and targets were missed, were there any barriers to performance; how can these be managed most effectively? Were the development needs identified last year met?



- 1.1 Performance Management is about practical ways of improving how we do things in the organisation to achieve our objectives. In PCC the main objectives are given in the business plans of each service and the standards often set by government. However, performance management is not an end in itself, and the primary purpose of performance management is to improve services and quality of life for local people.
- 1.3 All PCC employees contribute to the achievement of the authority's objectives, whether directly involved in service delivery to the customer, or in supporting other services. PCC's objectives are only achieved when individual employees are also achieving their objectives and are supported to achieve those objectives.

2. PRINCIPLES

- 2..1 All Heads of Service will design and operate their own scheme of performance and development management to meet the needs of their own service as agreed by the relevant Strategic Director.
- 2..2 At service level the outcomes for the organisation must be clearly stated.
- 2..3 Managers must be clear what is expected of them and in turn be clear to their staff.
- 2..4 Staff must be clear what is expected of them.
- 2..5 All systems must look back at individual's achievement and results over last 12 months
- 2..6 All systems must contain clear expectations for the next 12 months
- 2..7 Development needs and how they will be met must be evident.
- 2..8 The performance review will provide feedback on the individual's performance, both in relation to objectives and, where possible, highlight ways in which PCC can aid their development.
- 2..9 Managers will be held accountable for the successful operation of whatever system is put in place.

2.10 Every manager will be expected to verify the successful operation of the system in the next management level below.

2.11 Each Head of Service will be required to demonstrate to their strategic director the successful operation of the scheme within their service.