

REVISED PERFORMANCE MANAGEMENT (APPRAISAL) SCHEME AND DRAFT PERFORMANCE RELATED INCREMENTS (PRI) POLICY

To: Regulatory & Support Services Committee

Date: 13th April 2015

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1.0 ISSUE

- 1.1 To propose the introduction of a revised Performance Management (Appraisal) Scheme, incorporating a new policy on Performance Related Increments (PRI) as detailed in Appendix 1.

2.0 RECOMMENDATION

- 2.1 That the Regulatory & Support Services Committee recommends to Full Council the adoption of the revised Performance Management (Appraisal) Scheme with immediate effect and the Performance Related Increments (PRI) Policy with effect from 1st April 2016.
- 2.2 That Members endorse the draft response to UNISON, subject to the decision of Full Council, which will be tabled at the meeting.

3.0 BACKGROUND

- 3.1 The introduction of Performance Related Increments was originally proposed as part of the 'root and branch' review of services and staffing at East Cambridgeshire District Council in January 2014, but was not progressed any further at that time. Historically, progression through incremental spinal column points has been automatic, with increments awarded on a time served basis until the maximum spinal column point has been reached. The aim of the proposed policy was to award increments based on the overall rating from the annual appraisal.
- 3.2 In December 2014, it was agreed with the Chairman of the Regulatory and Support Services Committee that the original draft policy should be reviewed in the context of a full review of the Council's existing Performance Management (Appraisal) Scheme.
- 3.3 The review was conducted in consultation with the Chairman of the Regulatory and Support Services Committee, the HR Member Champion and Management Team.
- 3.4 The key findings from the review of the existing appraisal form were as follows:
- That the effectiveness of the appraisal process could be improved through the measurement of behaviours (performance requirements) in addition to SMART performance indicators.

- That the number of SMART performance indicators should be reduced and refocused on corporate and service priorities together with any important work/projects/standards that the postholder will be required to meet during the appraisal year.
- The design of the form should encourage open and honest dialogue in relation to performance; identifying an individual's strengths and areas for improvement, with a direct link to the training and development plan for the postholder.
- The Appraiser's line manager should also be able to review the content of the appraisal form, provide further feedback on performance and behaviour, recognise key achievements and add any additional comments that they may wish.
- That Mid Term Reviews should be reinstated to formally review progress against performance indicators and requirements and review the training and development plan. This meeting will also provide an opportunity to agree new or amend existing performance indicators if an element of the target may have changed due to unforeseen circumstances (e.g. legislation implemented later than expected).

3.5 The key findings from the review of the original PRI Policy were as follows:

- That 70% of existing staff would be at the top of their pay scale by 1st April 2016 and consideration should be given to rewarding high performance of these staff.
- Only provisional ratings should be awarded during the appraisal process by the Appraiser and Appraiser's line manager.
- That a moderation panel would be required to review provisional ratings to ensure that there has been a consistent and fair approach to the awarding of ratings across the Council. The panel would also be responsible for the monitoring of decisions made for equality purposes.
- That the rating matrix should be reviewed to take into account the introduction of performance requirements (assessment of behaviours).

3.6 The attached draft Guide to the Council's Performance Management (Appraisal) Scheme has been developed taking into account all of the key findings from the review. The guide provides a clear explanation of the Council's appraisal process and provides additional guidance to help managers set SMART performance indicators and assess the new performance requirements (both general and management).

3.7 The revised Performance Management (Appraisal) and proposed introduction of the Performance Related Increments Policy has been consulted upon through the Joint Consultative Committee (JCC). Unison has requested that their response to the proposal is attached to the report for Members information (Appendix 3). In summary, Unison accepts that the current Performance Management (Appraisal) Scheme is no longer fit for purpose and support the proposed changes to the appraisal form and process, but does not support the proposed introduction of performance related increments. Unison's view is that increments should continue to be paid automatically each year to acknowledge the increased knowledge and experience that a long term serving member of staff brings to the authority, reflecting the added value of more experienced employees. The introduction of performance related increments would also constitute a change in terms and conditions of employment for existing staff and

whilst Unison is fundamentally against such proposals, the local branch may reconsider its position if the award of an increment was granted for performance rated as 'Good', as well as 'Excellent' and 'Outstanding'. The Council does not support this proposal and wishes to implement the scheme, subject to the agreement of Full Council, as originally proposed. The Council's draft response to Unison's letter will be tabled at the meeting.

- 3.8 As the Council has not been able to reach a collective agreement with Unison on the proposed introduction of performance related increments, the Council will need to seek agreement with individual members of staff, in particular, those that are not at the top of their existing salary scales. If agreement can not be reached with individual staff then the Council will need to serve notice to terminate the existing contracts and offer re-engagement on the new terms and conditions of employment.

4.0 ARGUMENTS/CONCLUSIONS

- 4.1 The review of the existing appraisal scheme identified a number of improvements that would increase the effectiveness of the process and add value for both the appraiser and appraisee.
- 4.2 The review of the original PRI Policy has identified a number of improvements to ensure that the scheme is implemented fairly and consistently across the organisation.
- 4.3 The proposed appraisal scheme is in keeping with schemes operated by other local authorities.
- 4.4 Training will be provided for all Council employees on the new Scheme and PRI Policy.
- 4.5 The revised scheme and PRI Policy will be reviewed by the Regulatory and Support Services Committee (quarterly during the first year) to ensure that the scheme is consistently applied, working effectively and complies with any relevant legislation and/or guidance.

5.0 FINANCIAL IMPLICATIONS

- 5.1 There will be no restriction applied (ie. quota) on the number of people that can achieve either an 'Excellent' or 'Outstanding' rating. The budget for incremental progression will continue to be based on the number of staff eligible for an increment in that particular year, together with an enhancement to cover the lump sum payments of 1% of basic salary for 'Outstanding' performance. The actual cost will be based on individual performance as assessed through the performance appraisal process and subject to the final decisions made by the Moderation Panel.

6.0 APPENDICES

- Appendix 1 – A Guide to the Council's Performance Management (Appraisal) Scheme and draft Performance Related Increments (PRI) Policy
- Appendix 2 - Equality Impact Assessment – Initial Screening

Appendix 3 - Letter from Unison dated 27th March 2015

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
Examples of Performance Appraisal Schemes operated by other local authorities.	Room 127 The Grange, Ely	Kathy Batey HR & Facilities Services Manager (01353) 616320 E-mail: kathy.batey@eastcambs.gov.uk