

## **EMPLOYEE SIDE LIAISON PANEL – 24 Feb 2021**

## **HR COMMITTEE – 18 March 2021**

### **PERFORMANCE REVIEW REPORT**

#### **1.0 Introduction**

- 1.1 The Performance Review element of the HR Hub is the last part of the ITrent system to go live.
- 1.2 It provides statistical information and a number of reports are available to track progress of completion.
- 1.3 It should be noted however that the ITrent system is not a bespoke Performance Management System, it is an addition to an HR/Payroll system and therefore has many limitations.

#### **2.0 Background**

- 2.1 The Performance Review process has been live since July 2020. In order to assist with the implementation the HR team ran virtual training sessions and provided further guidance via a YouTube video.
- 2.3 The cycle is designed to be annual; It has been agreed that all employees should have an annual Performance Review.

#### **3.0 Current Situation**

- 3.1 The progress that has been made so far can be seen in the attached report at Appendix 1.
- 3.2 There are a number of reasons why not all reviews have been completed including timeframes, Covid and furlough.
- 3.3 This is considerable progress from where we were before using the Itrent system particularly the ability to track whether Performance Reviews had been completed.

#### **4.0 Way Forward**

- 4.1 The council is committed to moving towards a more performance based pay system which can recognise both the good and the bad (and the exceptional)

and in order to facilitate that we need an integrated system which allows for the following:

Easy access for all staff to have the ability through ICT to engage in the process

A timetable of performance reviews that ensures that the outcomes can feed easily into the increment process

A system to allow for moderation of scores – accepting that managers may score differently.

A system which can highlight where either the employee or manager is dissatisfied which can lead to a more meaningful discussion.

An ability to take into account the performance of the service as well as the individual.

- 4.2 If we chose to stay with the current system then working within the constraints that we have we can still make improvements in the following areas:

We can implement a timeframe for all review to be completed in the months of January and February. This would allow sufficient time for information relating to increments to be considered prior to April.

We can consider ICT options for making the system for accessible particularly for operational employees.

## **5. FINANCIAL IMPLICATIONS**

- 5.1 There are no immediate financial implications to this report.
- 5.2 However should the council decide to invest in a Performance Management System in order to fully obtain the benefits of true performance management of its' staff then a procurement exercise would need to be undertaken

## **6. CRIME & DISORDER IMPLICATIONS**

- 6.1 None

## **7. ENVIRONMENTAL IMPLICATIONS**

- 7.1 None

## **8. EQUALITY & DIVERSITY IMPLICATIONS**

- 8.1 The objective of having a good integrated Performance Review system would be to ensure that pay is fairly assessed for all staff at all levels within the authority

8.2 Any changes to a system would be assessed to ensure that no staff were directly or indirectly disadvantaged. An Equality Impact Assessment would be undertaken.

## **9. EMPLOYEE SIDE COMMENTS**

9.1 UNISON is Britain's biggest trade union, representing 1.3 million workers across both the public and private sector. As a union we have a long-standing recognition agreement with New Forest District Council (NFDC) and represent a significant proportion of the council's workforce.

9.2 The Performance Review is an existing element of the HR Hub which the council is now seeking to utilise. We therefore support the point made in item 2.3 that staff should receive an annual Performance Review and that this should be seen as an accepted part of someone's employment practice.

9.3 However, UNISON has a longstanding opposition to performance based pay and regrets the statement made in item 4.1 that the council is committed to such an approach. Our main concerns are as follows:

- It can seek to reduce a complex job, often involving conflicting objectives, to a few simple measures of performance
- It skews effort toward those dimensions of the work that are measured, while causing neglect of many equally important areas that are more difficult to measure (the ease of measuring quantity of work in contrast to the difficulty of measuring quality is a typical example)
- There is considerable evidence that performance related pay can have a demotivating effect on staff
- A tendency toward a narrow focus on short-term quantifiable goals can have a detrimental effect on the appraisal process, with attention diverted away from development needs and toward financial reward
- Inevitable variations in the grading of staff by different managers leads to perceptions of unfairness, discriminatory practice and resentment among staff
- Budgets can affect the proportion of staff an organisation permits to be graded highly, again leading to resentment and a drop-off in motivation
- It has a detrimental impact on teamwork, as individuals seek to drive up their performance grading at the expense of others
- It is a time consuming and costly bureaucratic burden on managers and employees
- It can be a highly subjective system that is open to the prejudice and bias of local managers. Consequently, it can discriminate against individuals and groups, thereby opening up an organisation up to an increase in discrimination and equal pay claims

9.4 Whilst we recognise that the council has been using some form of performance related pay to govern the award on annual increments, we are unclear exactly what criteria is used to reach this goal. For example, NFDC contracts state: "Within this Salary Band, subject to good performance, your

salary will rise by annual increments up to the maximum of the Band."  
However, how is Good performance measured under this system?

- 9.5 Furthermore, under item 4.1 there is no clear indication of any appeal process for those who feel that their annual review has not been carried out fairly or in line with a particular policy.
- 9.6 UNISON would therefore like to request more detailed discussions around the existing performance pay system and its current application before any further moves are taken.

## **10. RECOMMENDATION**

- 10.1 That the HR Cttee notes the progress of the Performance Reviews so far with the system in place, taking account of the current system limitations.