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To: Personnel Committee

Date: 4 June 2014

Subject: Performance & Capability Policy

Classification: **Unrestricted**

SUMMARY: The report sets out improvements to the Council's Performance & Capability Procedure and asks the Committee to note the revised Policy and Procedure.

1. INTRODUCTION

- 1.1 Personnel Committee has previously received reports showing that the level of employee engagement within the Council has increased. It is understood that significant levels of motivation and engagement have a positive impact on performance and service delivery in an organisation.
- 1.2 The increasing level of engagement should be viewed in the context of other indicators to enable a clearer picture of how staff are performing in the organisation. The Council has seen a reduction in the level of sickness absence and staff turnover (outside of those resulting from reorganisations). There has also been a shift in the levels of performance recognised through TCP with more staff receiving "above achieving" and "outstanding" ratings than before. The level of employee performance can also be viewed in the context of the service customers receive and their feedback. Between the two employee engagement surveys in 2012 and 2013 the organisation saw the number of customer compliments increase and the level of complaints fall to its lowest level in four years.
- 1.3 In this context the Performance and Capability Procedure was reviewed to ensure that it was fit for purpose and continued to support managers and staff in dealing with poor performance and ill health cases.

2. BACKGROUND

- 2.1 The Council's Performance & Capability Policy and Procedure provides a fair and structured way of addressing issues relating to performance at work and capability due to ill health which impact on attendance at work. The aim of the policy is to enable the identification of performance and health issues and

work with the employee to improve or maintain their attendance and performance at an appropriate level. It is used to formally address:

- Performance issues unrelated to health
- Performance issues related to health
- Performance issues related to a job requirement or qualification
- Performance issues related to drugs and alcohol

The procedure was last significantly amended in 2006, but has been kept under review.

2.2 Kent County Council has worked hard to continually improve the levels of non-attendance due to sickness with HR working closely with management to support this initiative. At the end of March 2012 the Council averaged 7.8 days lost per fte (non-schools). This fell to 7.4 days at the end of March 2013 and is now at 6.84 days. The HR Advisory team have worked on, and continue to develop, a range of initiatives to support the organisation in the management of sickness levels.

2.3 The following table shows the movement over the last two years in TCP ratings. The percentage total of employees rated either above or outstanding has increased from 23.32% in 2012/13 to 32.47% in 2013/14.

Appraisal Ratings Distribution

	Outstanding	Above	Achieved	PIR
2012/13	2.50%	20.82%	75.29%	1.38%
2013//14	3.57%	28.90%	66.16%	1.37%

2.4 The level of performance case activity that HR supports managers to progress has been:

	2011-12	2012-13	2013-14
Performance – Ill Health	496	414	207
Performance – poor performance	101	88	60
Performance – other	10	4	2

The level of case activity is indicative of the work management and HR are undertaking to manage the issue. The fall in the numbers will be due to a range of factors but include levels of employee engagement, early intervention from managers, HR initiatives to support attendance management, wellbeing initiatives and the number of staff in KCC. The role HR has played in supporting management, and the initiatives introduced, have worked to encourage managers and build their confidence in managing performance in their teams. The revised Performance & Capability policy and procedure further builds on this.

3 Performance & Capability Policy

- 3.1 The Policy (appendix 1) and Procedure (appendix 2) were developed taking into account the view of HR, intelligence from HR's work with managers and the recognised trades unions. A number of changes have been made to the previous procedure to support the increasingly effective management of capability cases in the organisation. The changes are summarised below.
- 3.2 As with the Disciplinary procedure that Personnel Committee has agreed the Performance & Capability procedure is now split into two documents. One is a short document which sets out and makes clear what the organisation's policy is on managing performance & capability and the other document is the procedure which supports the delivery of the policy.
- 3.3 The other key changes are:
- Clarification has been provided that it is possible to have one capability meeting and one review meeting (as a minimum) before moving to a hearing. This helps managers in streamlining the process where applicable
 - In supporting managers to take the initiative in managing performance they now have to option to hold a capability review without HR present
 - A section on mutual terminations has been added
 - Clarification has been provided regarding gross incompetence
 - Additional information has been included regarding drug and alcohol issues
 - Reference to the format and content of hearings have been removed as they are now set out in a separate Hearings Procedure document

4 RECOMMENDATIONS

- a) Personnel Committee notes the improvements to the Performance and Capability Procedure.

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