**Performance Management Guidance and Framework**

**Policy Number: G08**

| Prepared By | Corporate Services | | |
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HAPPY TO **TRANSLATE**

# Contents

## 1. Context

### 1.1 Introduction

This Performance Management Framework details the importance that the Group puts on improving the services that it provides to customers, service users and other stakeholders.

It is important that everyone who works for the Group recognise that they have a responsibility to improve performance at some level. So that everyone understands their responsibilities this framework and guidance has been developed to:

- Clearly set out the principles behind performance management.
- Establish a clear approach to performance management that will apply at all levels of the organisation.
- Clarify what this approach will mean at a number of key levels in the organisation.
- Set out actions that need to be achieved to support performance improvements in the organisation.

We currently have the following in place:

- A corporate strategy, which provides an overarching strategic framework for co-ordinating people and resources.
- Department/Project Delivery plans
- Performance reports for the Board
- Our Road to Success - Annual Appraisals, six monthly reviews and regular one to one meeting for all staff

Effective performance management requires not only good management processes and systems but also an organisational culture that supports these systems and integrates them into the day-to-day work. Performance Management allows staff to understand what is expected from them and how they fit into the overall framework.

### 1.2 What is performance management?

From the Group's point of view the purpose of performance management is to improve the quality of services delivered to both the organisation's customers and the communities it serves.

Action may be at individual, team, service, corporate or community level. Improvement to outcomes should benefit customers but does not always mean increased service levels — sometimes better outcomes can mean delivering better value for money. Reducing levels of service in one area may free up resources to be used more effectively elsewhere.

Fundamentally, performance management is about the organisation asking itself, and answering, a series of questions.

- What are we here for? What do we value?
- What do our customers need and want?
- What opportunities do we have to deliver it?
- What challenges or risks do we face? What constraints or obstacles?
- What do we want to improve about how we work?
- What do we want to achieve?
- How are we going to get there?
- Whose job, is it?
- How will we know if we are succeeding?
- Are we on track?

- If not, why not? What are we going to do about it?

Common characteristics of performance management are:

- Robust performance information (including customer satisfaction data not just performance indicators).
- Can-do culture inspired by strong leadership.
- Agreed lines of individual accountability.

Effective performance management requires:

- Deciding and communicating what needs to be done (aims, objectives, priorities, and targets).
- A plan for ensuring that it happens (improvement plans).
- Checking if this has been achieved (performance measures).
- Information reaching the right people at the right time (performance reporting), so decisions are made, and actions taken.

This is often described as a cycle of **Plan-Do-Check-Review**.

## 1.3 Performance Culture

A good performance management culture is one in which people seek out, adopt, and deliver good practice. It is a culture in which every person in the organisation understands the vision and priorities and their own role in helping to achieve these. It is the opposite of a culture in which everybody carries on doing the same things in the same way because that is the way they have always been done.

In summary a performance culture is one in which:

- **Culture is driven from the top.**
  Whilst it is everyone's job to manage performance, a performance culture must be driven by the Groups leaders. Performance management not only requires appropriate information but a strong and visible commitment at a senior level so that it is clear to all staff that performance is 'everybody's businesses.

- **There is a recognition of the need to change.**
  Responsibility for managing performance must be owned. Everyone must accept their role in managing performance and take action to ensure improvement.

- **There is a strong focus on performance and a real desire to improve.**
  In order for a performance culture to be fully embedded there must be a willingness to assess performance robustly, acknowledging success and supporting further improvement if needed. Strong leaders and managers must be clear about what kind of performance they expect and communicate the importance of everyone's contribution towards meeting corporate and community ambitions.

- **Customers are at the heart of everything.**
  Performance needs to be considered in the context of delivering outcomes and achieving customer satisfaction. Monitoring indicators are only one measure of how we are doing and should be considered alongside other factors such as inspection findings, audit outcomes and customer satisfaction surveys to ensure that the whole picture is considered.

- **Constructive challenge and open debate are the norm. The emphasis is on finding solutions, not apportioning blame.**
  The culture must encourage a positive approach to performance management so that under performance is reported in an open and honest way to ensure that appropriate action can be taken. The hard systems, processes, and data that we employ, are inseparable from the soft aspects such as culture, leadership, and learning; one does not work without the other.

- **External comparison and challenge is invited.**
  Performance will be benchmarked against relevant external organisations to learn good practice at least annually but more frequent when information is available. The Group should set stretch targets where possible.

## 1.4 Related Group Policies
- Performance Management Policies
- Staff Performance Appraisal System Guidance (ROAD to Success)


## 2. Performance Frameworks

## 2.1 Performance Management Framework

There is no single definition of what a performance management framework should or should not contain, but the most widely accepted framework defines five essential building blocks. Figure 2 illustrates the framework.

To work effectively, the five blocks must all be in place, be fully integrated and be embedded in the management of the organisation at all levels. If essential parts of the framework are not working well, it is likely to have consequential effects elsewhere. There is a natural sequence in which each of the building blocks needs to be addressed. For example, it is difficult to design an effective individual performance plan if meaningful business targets have not been set.
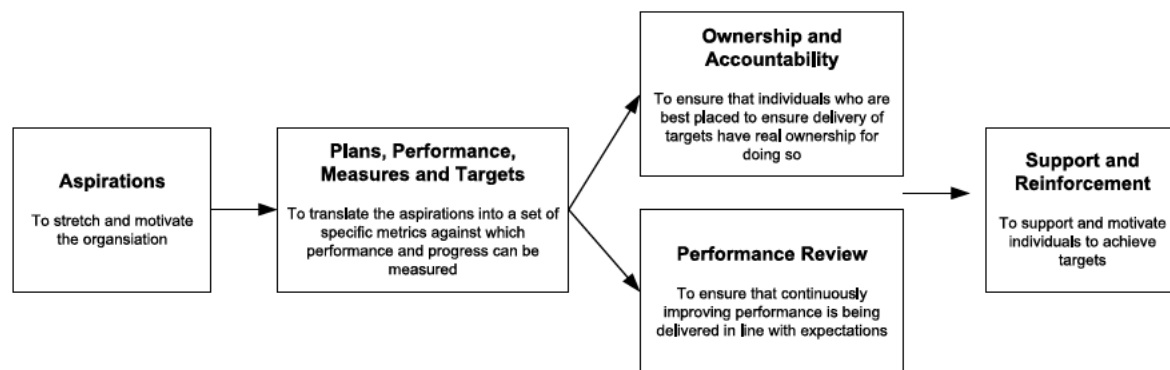


Figure 2: Performance management framework


## 2.2 What can go wrong?

Some of the common problems that impede effective performance management are:

- Thinking it will be easy. It is not. Effective performance management needs commitment, rigour, creative thinking, determination, tough decision-making, patience, resilience, an open mind, a thick skin, a clear focus on outcomes, time, and resources
- Thinking it is something you do in addition to the "real work." **This is the real work.**
- Sidelining it – making it the responsibility of one person or team.

- Focusing too much on the mechanics of the system rather than on the purpose – to help to improve services.
- "Paralysis by analysis" – too much information.
- Failure to understand the different working processes and practices of different parts of the organisation.
- Expecting the system to do the hard thinking.
- Not being prepared to tackle difficult performance issues.
- Not keeping the system under review.
- Failing to invest the necessary resources in support, training, and communication.
- Failing to involve staff or prepare them for change.

## 3.    CVG Performance Framework

## 3.1    Annual Planning Overview

At the heart of the organisation's performance management arrangements is the annual business planning process. This process is illustrated in Figure 3 below:
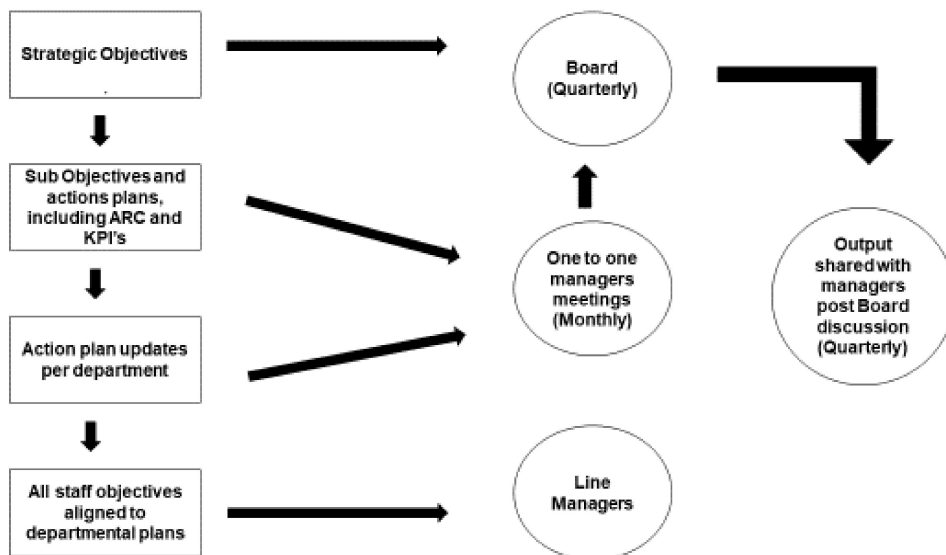


On an annual basis Executive Team in conjunction with the Managers review our objectives and agree the priorities and Key Performance Indictors (KPI's) targets with the Board. These are then reviewed on a quarterly basis.

Any risks to the Group in meeting its objectives are analysed using various risk registers as part of CVG's Risk Management Policy. A risk analysis also forms part of the business plan.

Figure 4 illustrates how the annual planning process ensures that individual objectives and targets are clearly focused on achieving the organisation's overall aims.
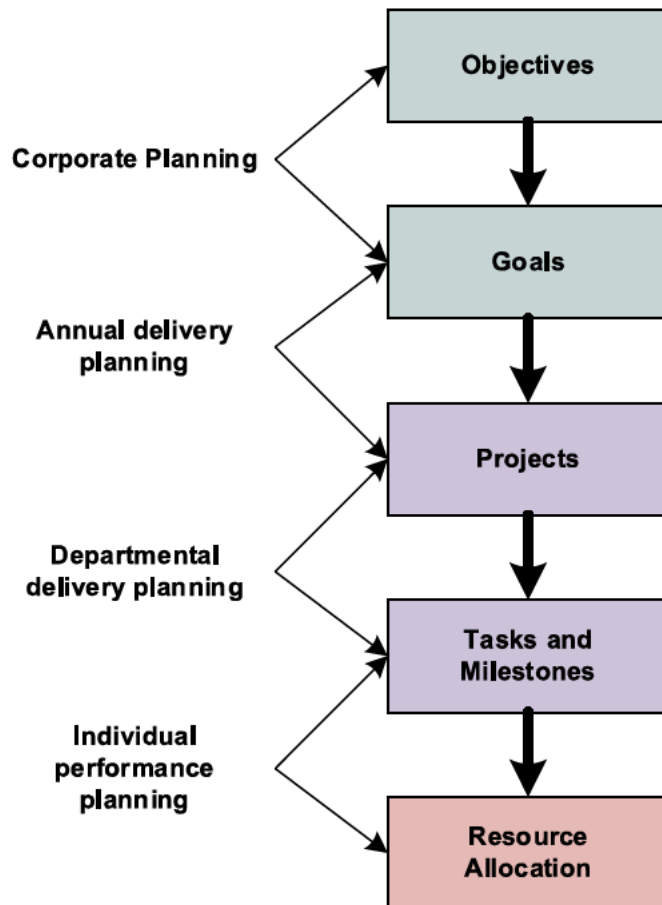
Figure 4: Illustrating the link between individual tasks and overall objectives – The Golden Thread

## 3.2   Performance Review

### Overview
The review process follows a reverse path to the planning process. Reviews start at the lower level (Appraisals and 1 to 1 meetings between staff members and their managers) and cascade upwards through team meetings to management reviews and Board meetings.

Appraisal reviews are carried out throughout the organisation so that all staff are involved in reviewing progress and performance and feel connected with the overall objectives of the organisation.
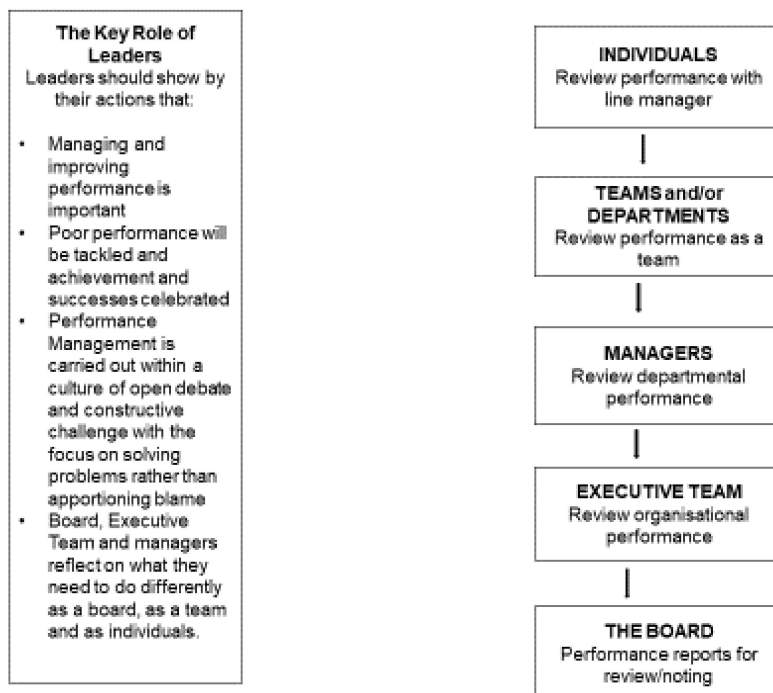
Figure 5: Performance review cascade

## Purpose

The purpose of this process is to review progress and performance against the Delivery Plans to ensure action is taken to achieve the best possible performance for the organisation.

## Objectives

- To identify where progress and performance is not on track to achieve planned performance levels and to take action to get performance on track
- To identify successes (and failures) and what has been learnt from them
- To identify the main objectives to be delivered in the forthcoming period
- To identify the main obstacles to delivery in the forthcoming period
- To put team performance in the context of the overall aims of the organisation
- To share learning and context within and across teams
- To increase and share the cross-functional understanding of organisation wide performance.
- To challenge teams to greater levels of performance
- To celebrate success and recognise the achievement of teams and individuals.
- To report on progress and performance to customers and other stakeholders

## Who and when

As a minimum, structured performance reviews take place quarterly. More frequent reviews may be appropriate for certain areas and at certain times.

- Individual performance reviews would be on a more regular basis, typically monthly, but in some cases more frequently.
- Team meetings are held monthly involving all team members.
- Executive Team would typically monitor and review performance on a quarterly basis, after all team meetings have taken place.
- The Board will receive performance indicators for review and discussion on a quarterly basis.

## 3.3    Individual Performance Management

The tasks that individuals need to achieve, in order for the organisation's objectives and goals to be achieved, perform an integral part of the targets set during the Annual Appraisal Process in July.

The one-to-one review meeting is also the means through which the manager formally carries out his/her line management responsibilities in respect to the Group's Appraisal process, ROAD to Success.

It is stressed that the structured one-to-one meeting is an addition to, not a replacement for, the daily feedback, coaching and guidance that a manager provides.

Full details of the individual performance review process can be found in the Staff Appraisal Framework.


## 3.4    Team Performance Review

**Participants**
Team Reviews where applicable are always conducted in a group setting and tend to be structured by functional team/cross functional team and/or department/directorate. They usually form part of a regular team meeting.

**Scope**
The Team Review reviews progress and performance against all aspects of the team's projects and tasks:
- Any performance indicators (KPI's) and their associated targets
- Any team projects, tasks, and milestones
- Any other local performance measures
- To put in place and establish monitoring mechanisms for remedial action.
- To learn from problems (and successes)
- To look ahead to risks and challenges in the next period and put in place action to address them.


## 3.5    Management Teams

On a monthly/quarterly basis Managers will prepare detailed reports on their Performance Indicators including a commentary on areas of concern as well as highlighting good performance. This should also focus on actions that will be taken to improve performance with timescales for implementing.

Highlights of these KPI's will be summarised in a report by Corporate Services Officer which will be presented at the Managers meeting before being presented to the Executive Team and ultimately reported to the Board. Managers should then feed back to their teams on this report at team meetings. Performance results will also be published on the staff intranet.

At this stage, the main objectives are to:

- review corporate projects, key performance indicators.
- identify actions to be taken by team members to address identified issues.
- identify and address any cross-functional and organisation-wide issues arising from the team performance reviews
- as necessary, decide the relative priorities for action, and the required resources
- agree recommendations, if any, to be put to the Board

- agree messages to be communicated to staff, such as, congratulations on achievement, priorities for the next period.

Review and discussion will focus on those areas causing concern (having a red traffic light) or those of potential concern (having an amber traffic light). Success and achievements will also be highlighted and celebrated where appropriate (green traffic light).


## 3.6    Executive Team

Each month/quarter The Executive Team will be provided with a summary of the Group's KPI's for analysis and discussion.

At this stage, the main objectives are to:
- review corporate projects, key performance indicators.
- identify actions to be taken by team members to address identified issues.
- identify and address any cross-functional and organisation-wide issues arising from the team performance reviews
- as necessary, decide the relative priorities for action, and the required resources
- agree recommendations, if any, to be put to the Board
- agree messages to be communicated to staff, such as, congratulations on achievement, priorities for the next period.

Review and discussion would focus on those areas causing concern (having a red traffic light), or those of potential concern (having an amber traffic light). Success and achievements will also be highlighted and celebrated where appropriate (green traffic light).

## 3.7    Board Review

Each quarter the Board will receive a summary report on progress and performance against the organisational KPI's and business plan action plans. A detailed performance report will be submitted annually including a review of the Annual Return on the Charter

The objectives of the summary report are:
- to highlight:
  - o   achievements in the period reported on
  - o   areas of under-performance and the remedial action being taken to get performance on track.
  - o   risks and challenges in the coming period and action being taken to address them
- as necessary, to make recommendations for approval. This might include recommendations for
  - o   allocating additional resource or re-allocating resources
  - o   exceptional action to address a particular issue.
  - o   a change to a previously agreed target or timescale where circumstances make the original target or timescale no longer realistic.


## 4    Recording KPIs and Performance

## 4.1    Decision Time

Decision Time is our technology partner and provides strategic performance software to create, map and monitor tasks and KPIs against organisational objectives. This allows individual ownership on KPIs, whilst being able to view progress, collaborate and plan easily.

We can set and monitor targets and KPIs on a simple dashboard and define our metrics, success criteria and produce clear RAG rated reports when required. Decision Time allows us to quickly see how the organisation is performing against strategic goals.

Decision Time keeps people accountable by generating early warnings, automatic email alerts and ability to track progress.

**Policy Change History**

| Version | Substantive Change | Author of Change | Approval | Date | Website |
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| 1.0 | New front cover & version history applied | A Cavinue | | 13/02/23 | Y |
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