



## **EMPLOYMENT COMMITTEE – 23 MAY 2024**

### **PERFORMANCE AND PRODUCTIVITY**

#### **REPORT OF THE DIRECTOR OF CORPORATE RESOURCES**

##### **Purpose**

1. The purpose of this report is to provide the Employment Committee with an overview of how performance and productivity is managed within the context of the employment relationship across the Council. There are a wide range of factors which impact both performance and productivity, but with the expansion of flexible and hybrid working, both elements have come under increased focus recently.

##### **Policy Framework and Previous Decisions**

2. Performance management within each of the Council's services ensures that each department meets its own objectives, as set out in individual departmental plans. Each departmental plan is aligned to the County Council's Strategic Plan.
3. There are a range of HR policy and guidance documents which support this report, which are listed below. No changes are proposed to any of these.
  - a. Managing performance policy, procedure & guidance,
  - b. Probation policy, procedure & guidance (a separate policy is in place for Social Workers completing their assessed & supported year in employment),
  - c. Annual performance review guidance,
  - d. Supervision guidance,
  - e. Leadership behaviours framework,
  - f. Managers' charter.

##### **Performance management approach**

4. Performance management is the way in which managers seek to maximise the value employees create. It is the sum of processes and actions that seek to maintain and improve both team and individual employee performance in line with the Council's departments, service strategies, and planned objectives.
5. Across the Council, the performance management of employees is centred on successful people management and fostering a positive culture using the corporate values, which are:
  - a. Positivity – we find the best way to get things done and aspire to be the best we can. We deliver quality services and inspire others to deliver results.
  - b. Trust and Respect – we take ownership and accountability for our actions. We value diversity. We're inclusive and listen to the views of others.
  - c. Flexibility – we adapt to support the needs of the business. We work creatively, collaboratively and support our colleagues.

d. Openness and Transparency – we are honest with the people we work with and serve. We share information and communicate clearly.

6. People managers are central to good performance management, and the way in which they foster a successful relationship between themselves, and employees who report to them, is key to individual employees performing to their best ability. Successful people management is a collective group of practices. Consistent two-way communication between employees and line managers which supports employees to understand the relationship between their individual objectives and the organisations, departments, and service objectives, is essential. Part of the relationship is about providing constructive and motivating feedback to support continual improvement, and also holding employees to account in relation to the achievement of their objectives.
7. The appendix sets out an outline of a performance management framework which will be published on the Council's intranet. It details the context and key resources that managers should access, understand and use to manage the performance of their staff. There is nothing new in the framework, but this report seeks to explain how the elements fit together and how leaders and managers should be using them.

### **Organisational context**

8. It is important for individuals and teams to understand how their performance contributes to the purpose and objectives of the whole organisation. Line managers are responsible for ensuring that they understand the Council's Strategic Plan and how the whole Council is performing against the objectives and measures.
9. The Council publishes its Annual Delivery Report on the County Council website. This sets out the achievements against the Council's Strategic Plan, together with the Performance Compendium which benchmarks the Council against other comparators across a range of performance indicators.
10. These two documents provide managers with the necessary context to be able understand the overall performance of the Council, and where their services fit. The information contained in the two reports provides insight into the challenges relating to delivery of services against the ever-growing financial pressures.

### **Department and service context**

11. All departments produce annual business plans which set out their objectives, aligning these to the strategic plan. Each business plan is published on the intranet and managers should ensure they understand the plan for their own department and any other departments which are their internal customers. Business planning guidance is also available on the intranet.
12. Heads of Service produce service plans to align with department business plans. These are local plans and will contain specific targets and actions which managers can use to track team performance against key performance indicators, and to set individuals performance objectives.

### **Performance management actions**

13. There are a range of people related performance management tools to support managers and employees to set expectations, monitor progress and achieve results. These are:
- a. One-to-one's (supervision) – conversations should embrace the corporate values and are an opportunity for the management of performance and relationship building. Focus should be placed on managing objectives and agreeing required outcomes that are clearly defined.
  - b. Annual performance review – a seasonal opportunity to review past and present performance as well as provide a forward-looking assessment of the employee's future needs and potential for development.
  - c. Leadership behaviours framework – sets out the key knowledge, skills and behaviours needed to be effective in leadership roles.
  - d. Managers' charter – outlines the expectations for basic people management for individuals and teams.
  - e. Smarter working resources – learning & development resources to support managers and team with their collaboration and connection, having impactful meetings, leadership in a hybrid working environment, smarter working practices and to help teams work at their best in a hybrid model.

### **Addressing underperformance**

14. There will be occasions where individuals do not meet the expectations that are required of them in respect of their performance. In the first instance, these issues should be raised in one-to-one meetings in order that corrective actions can be taken. Where individuals do not improve to the required standard, this should be addressed within the managing performance policy and procedure, or the probation policy and procedure if they are still within their probationary period.

### **Productivity findings and considerations**

15. There are many reasons why performance and productivity are impacted at different levels. However, given the focus on flexible and hybrid working, it is useful to set out some wider context and research.
16. The Chartered Institute of Personnel and Development (CIPD) published a report in May 2023 on flexible and hybrid working practices. The report details that 38% of organisations say that more home or hybrid working has increased productivity / efficiency. 49% said there had been no impact on productivity / efficiency. 13% said it has decreased their organisation's productivity. 46% of employees perceived that employees in their organisation were more productive when they worked from home or in a hybrid way.
17. The same CIPD report detailed the wider impact of hybrid working. Employers are most likely to say it has created a positive impact on attraction and retention (+60%), the ability to attract from a wider geography in the UK (+62%), ability to recruit a more diverse workforce (+53%), and employee financial wellbeing (+53%).
18. A study by Stanford University of 16,000 workers over nine months found that working from home increased productivity by 13%. This was attributed to more calls per minute, together with fewer breaks and sick days.

19. Studies have shown that there can be fewer distractions working from home and this can support productivity. However, if work is routine, home distractions are more likely to negatively impact productivity.
20. Through the Council's own hybrid journey, what has been clear is that having the right technology, office environment, leadership, performance management practices and employee engagement has been essential to making the hybrid working model successful.

### **Summary**

21. The performance and productivity framework in the appendix sets out the Council's approach to performance management within with context of the employment relationship. The report highlights the organisational and departmental contexts in which performance management activity takes places and details the actions which are expected, together with the exceptional circumstances when underperformance should be managed. Information from research into the impact on productivity is set out for information.

### **Recommendations**

22. The Committee is asked to note the contents of this report.

### **Background papers**

23. None.

### **Circulation under the Local Issues Alert Procedure**

24. None.

### **Equality Implications**

25. There are no equalities implications arising directly from this report.

### **Human Rights Implications**

26. There are no human rights implications arising directly from this report.

### **Officer(s) to Contact**

Gordon McFarlane  
Assistant Director (Corporate Services)  
Tel: 0116 3056123  
Email: [gordon.mcfarlane@leics.gov.uk](mailto:gordon.mcfarlane@leics.gov.uk)

Andrea Denham  
HR/OD Business Partner  
Tel: 0116 3055261  
Email: [andrea.denham@leics.gov.uk](mailto:andrea.denham@leics.gov.uk)