



People, Performance and Development Committee
14 June 2017

Appraisal Completion Update 2016/17

Purpose of the report: Performance Management

To provide an update on the appraisal completion rates and distribution of appraisal ratings for performance year from 1 April 2016 to 31 March 2017. The report includes a comparison of the completion and distribution of appraisal ratings with the first year of implementation for the performance year from 1 April 2015 to 31 March 2016.

Recommendation:

That the People Performance and Development Committee notes that:

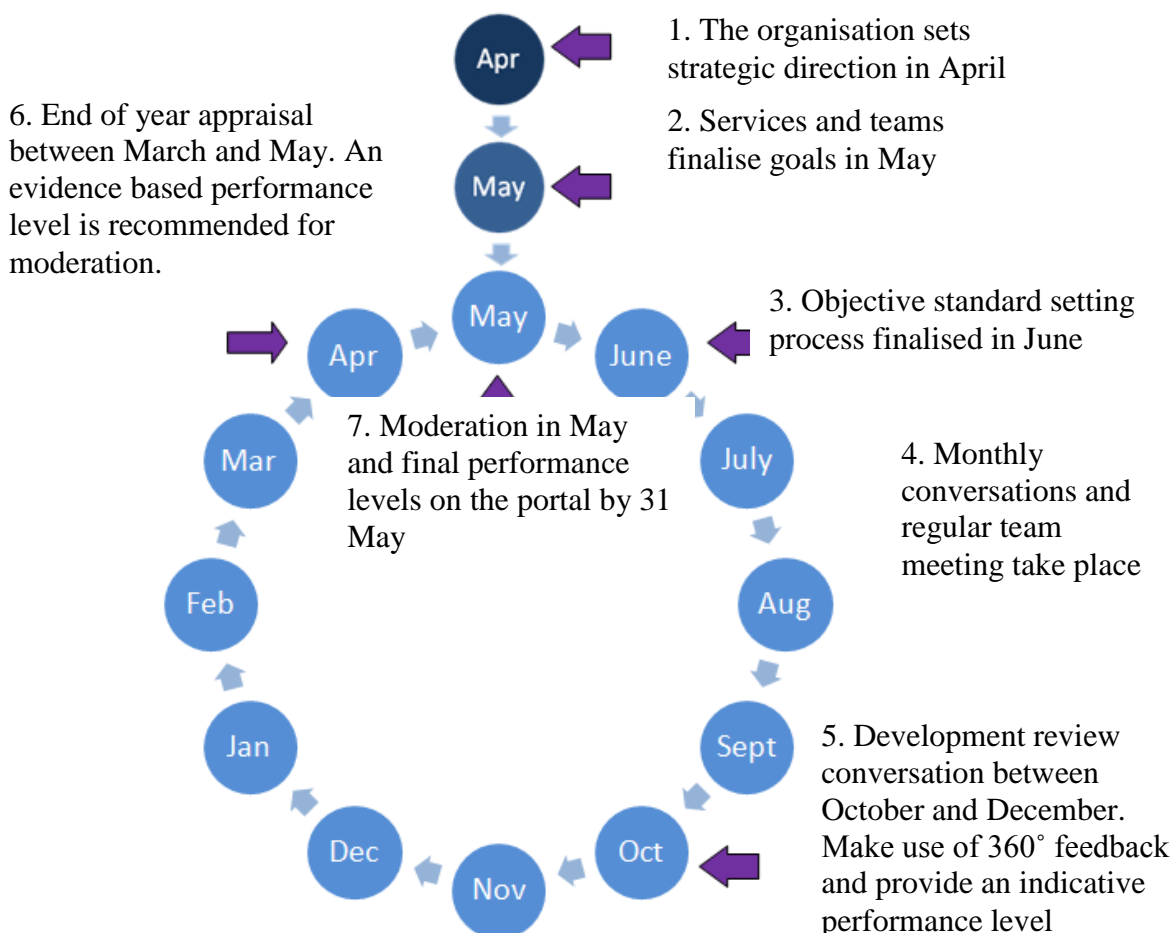
- I. the completion rate cent for eligible appraisals by 31 May deadline is **94.2 per cent**, with 0.9 percent still in progress and 4.9 per cent not yet completed;
- II. all appraisals are now completed within the same time frame by 31 May 2017; no extensions were offered and around an additional 700 individuals were appraised in the same timeframe as last year;
- III. the distribution of performance appraisal ratings falls within the guided distribution of 90:5:5 for successful: exceptional: improvement needed; and
- IV. 91.1 per cent of staff achieved a successful performance rating, 3.6 per cent of staff achieved an 'exceptional' and 3.0 per cent of staff have an 'improvement needed' rating (2.3 per cent were given 'not discussed' and will be changed when the appraisals are completed).

Introduction:

1. Surrey County Council (SCC) is a values led organisation with effective staff management is at the heart of the Council's culture which is delivered through its appraisal process. In 2016 the Council introduced an updated behaviours framework and created a link between appraisal and pay progression as part of the reward strategy agreed with Trade Unions.
2. The Council expects 100 per cent compliance with appraisal policy and every manager is required to have completed, moderated and logged all appraisals on the Surrey Access Portal (SAP) system by 31 May 2017.

Overview of the Appraisal process and performance levels

3. The appraisal year falls in line with the business planning cycle and follow on from the Strategic direction set in April. The previous years' objectives are reviewed with all staff and appropriate performance levels are given determined, moderated and recorded by 31 May each year.
4. The objectives are then set by June for the coming year and are reviewed between October and November with the support of 360-degree feedback where practicable. Regular monthly team meeting and conversation with individuals keeps the focus on performance.
5. To ensure fairness and transparency, the process includes a final moderation of performance levels given to all staff. Services also review objectives set for similar roles at the beginning of the appraisal year to encourage consistency in standards of performance required. The diagram below gives an overview of the appraisal process.



6. The Council will be successful when individual staff are successful so the aim for everyone is to do a great job to a high standard. On this basis, the appraisal process provides for three ratings of performance:
 - Successful,
 - Exceptional, and
 - Improvement needed.

7. Every individual must be given a level in accordance with their achievement against their service standards, objectives and the behaviours. The right support should be in place if the standards are not being met. The Council has set out a guided distribution for appraisal ratings; approximately five per cent will achieve an exceptional rating, five per cent will have improvement needed and 90 per cent will be successful. See summary of outcome ratings below.

1) Successful	2) Exceptional	3) Improvement needed	4) Not discussed
The majority of us will be successful , completing high quality work, delivering our objectives consistently for residents and role modelling the behaviors.	A small number of those achieving 'successful' may also experience a year where they have consistently delivered exceptional results and have had a significant and positive impact on others. For those who have really excelled themselves and the standards expected, the level 'exceptional' can be used to recognize their achievement.	This level will be given where an individual is not able to demonstrate they have met the requirements of the job they are employed to perform. There may be formal or informal measures already in place, appropriate to the improvement needed. Improvement measures should be in place to help the individual be successful as soon as possible. The effect of this performance level on pay is to pause any eligible pay increase until such time as the required improvement is made	This is given to someone as a temporary measure who is absent from their appraisal and it was not possible to reschedule before the deadline required by the service. An updated level of either successful, exceptional or improvement needed will be discussed when they return to work. The effect of this performance level on pay is to pause any eligible pay increase until such time as the appraisal can be completed

8. Managers who give 'improvement needed' can change this level to 'successful' when the individual has demonstrated and sustained the improvement required according to their improvement plan. This action allows the individual to receive any eligible pay increase they are entitled to from that point on wards. This provides an incentive for individuals to improve quickly.

9. Managers who give 'not discussed' are expected to have an appraisal discussion at a time that is appropriate for the individual. In the case of sickness it might not be appropriate to have the appraisal immediately, therefore any eligible pay increase will stay paused and then back dated.

Appraisal completion rates 2016/17

10. A summary of the organisational and directorate appraisal completion rates is included in the table below and a breakdown of the service completion is included as Annex 1.

Personnel Area	Not Completed	In Process	Completed
Adult Social Care Services	4.70%	0.24%	95.06%
Business Services	0.88%	0.69%	98.43%
Chief Executive Office	1.82%	0.00%	98.18%
Children Sch & Fam Service	6.55%	1.75%	91.70%
Customer and Communities	7.19%	0.00%	92.81%
Environment & Infrastructure	8.30%	0.35%	91.34%
Legal, Demo & Cultural Service	0.45%	0.28%	99.27%
Grand Total	4.90%	0.92%	94.18%

11. The total appraisal completion of 94.2 percent on the 31 May 2017 includes services granted an extension in 2016 who have now come in line with the rest of the organisation. This represents a good achievement given that all staff are now in the same timeline. There will be some staff where appraisals cannot be completed due to sickness absence. HR will continue to remind managers about completing appraisals and will expect outstanding staff appraisals to be completed by the end of June.
12. By way of comparison, the appraisal completion rate for the Council in 2015/16 was 100 per cent by 23 August 2016 (PPDC report 26 September 2016). A breakdown of the completion rate for each service in 2015/16 is included as Annex 2.

Appraisal distribution – 2016/17

13. A summary of the appraisal distribution rate is included in the table below and a breakdown of service distribution is included as Annex 3.

Personnel Area	Not Discussed	Improvement Needed	Successful	Exceptional
Adult Social Care Services	2.04%	2.65%	93.47%	1.84%
Business Services	1.69%	2.79%	90.84%	4.68%
Chief Executive Office	0.00%	0.00%	96.30%	3.70%
Children Sch & Fam Service	3.12%	5.04%	88.01%	3.83%
Customer and Communities	3.10%	3.10%	87.60%	6.20%
Environment & Infrastructure	0.69%	0.77%	92.37%	6.16%
Legal, Demo & Cultural Service	2.16%	0.51%	95.17%	2.16%
Grand Total	2.29%	3.01%	91.13%	3.57%

14. The overall distribution is within the guided distribution parameters for staff appraisals which suggest that approximately five per cent will achieve an exceptional rating, five per cent will have improvement needed and 90 per cent will be successful.
15. There is a variation between services which is to be expected and is reasonable. It is good to note that there is more consistency in the results and less variability between services than was the case last year. This improvement follows a due to the management review of last year's results.

- 16. By comparison the rating distribution for 2015/16 was 5.82 per cent exceptional, 94.17 per cent successful and 0.01% improvement needed by June 2017. (At 23 August 2016 improvement needed stood at 4.6%) A breakdown of distribution of ratings across each service for 2015/16 is included as Annex 4.

Conclusions:

- 17. At the end of the second year of the Pay and Reward Strategy Members can draw confidence from the fact that performance ratings are within the guided distribution patterns and the vast majority of staff have had an appraisal in line with the specified timeline. Officers continue to monitor and follow up where appraisals are outstanding in order to complete the process by 30 June 2017.

Financial and value for money implications

- 18. An embedded culture of performance management is an essential part of achieving value for money on behalf of Surrey residents.

Equalities and Diversity Implications

- 19. Annual appraisals are an essential way in which the Council ensures its values and behaviours are embedded across the organisation, as standard. Effective staff management and moderation of appraisal outcomes helps manage bias and ensure outcomes feel fair to staff.

Risk Management Implications

- 20. There are no specific risks associated with this report.

Next steps

- 21. HR will continue to embed a culture of quality performance appraisals as part of the implementation of the Pay and Reward Strategy.

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Annexes:

- Annex 1 - Services and directorate breakdown for Appraisal completion 2016/17
- Annex 2 - Services and directorate breakdown for Appraisal completion 2015/16
- Annex 3 - Service and directorate breakdown for Appraisal Rating 2016/17
- Annex 4 - Service and directorate breakdown for Appraisal Rating 2015/16

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