



**PORT OF LEITH**  
HOUSING ASSOCIATION

# **PERFORMANCE AND RECOGNITION MANAGEMENT POLICY & PROCEDURES**

<b>V2 Draft Date</b>	24/11/17
<b>V3 Draft Date</b>	01/02/18
<b>V4 Draft Date</b>	06/07/18

## DOCUMENT MANAGEMENT & VERSION CONTROL

<b>Policy Owner</b>	Head of Organisational Development & ICT
<b>Document Author(s)</b>	Corporate Services Manager Head of Organisational Development & ICT Operational Management Team
<b>Review Cycle</b>	3 yearly
<b>Next Review Date</b>	December 2020
<b>Approval Level Required</b>	Group Audit Committee
<b>Key Stakeholders to be consulted</b>	<ul style="list-style-type: none"> <li>• PoLHA Leadership Team</li> <li>• PoLHA OMT</li> <li>• Supervisor Level Staff</li> <li>• All staff</li> </ul>
<b>Communication &amp; Awareness Raising Methods</b>	<ul style="list-style-type: none"> <li>• Operational Management Team Briefing Session</li> <li>• Policy made available on CONNECT</li> <li>• All staff e-mail informing staff of availability &amp; location</li> <li>• Departmental managers to update employees at team meetings</li> </ul>
<b>Identified Training Requirements &amp; Methods</b>	N/A
<b>The Policy has a direct link to the following PoLHA policies and procedures</b>	<ul style="list-style-type: none"> <li>• Job Evaluation Policy &amp; Procedures</li> <li>• Recruitment Policy &amp; Procedures</li> <li>• Grievance Management Policy &amp; Procedures</li> <li>• Disciplinary Management Policy &amp; Procedures</li> <li>• Performance Improvement Management Policy &amp; Procedures</li> <li>• Absence Management Policy &amp; Procedures</li> </ul>
<b>This policy complies with the requirements of these legal and/or regulatory documents</b>	N/A
<b>Equality Impact Assessment (EIA) Status</b>	An Equality Impact Relevance Assessment was conducted by the Head of Organisational Development & ICT who found no evidence of any risk that the content of this document would

	have any unfair discriminatory impact on any one from a group with protected characteristics. The EIA Record is filed with the Policy Administration Coordinator.
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### CONSULTATION COMPLETED

Who	Date
Supervisor level staff	
PoLHA OMT	
Leadership Team	

### APPROVALS:

Who	Date
PoLHA Leadership Team	
Group Audit Committee	

### REVISION TRACKING

(This details minor changes to content or format carried out between full reviews but does not detail changes between versions during development or a full review)

Revision Date	Part of doc revised	Change made	Rationale for change	Approved by
01/02/18	5.4.1	Altered text to provide a trigger time limit of 12 weeks to lose entitlement to incremental salary increase rather than a % sliding scale relating to amount of time absent	Sliding scaled deemed too awkward to manage and acceptance that absences of 12 weeks or more are a rare occurrence in the organisation	LT
15/10/18		Amendments made after HoCS/LT/OMT agreement.		LT

## **1. POLICY STATEMENT**

- 1.1 Port of Leith Housing Association (PoLHA) recognises that highly skilled, experienced and motivated staff are essential to enable the delivery of its services and are essential to its growth and success.
- 1.2 The Association is committed to ensuring that a fair and motivating approach is being taken by management in developing and assessing the performance of staff and recognising them for that performance.
- 1.3 The Association monitors salary levels in the housing and any other appropriate sectors to ensure that its offered salary levels minimise any risk to its ability to recruit and retain good quality staff.
- 1.4 The Association will ensure salaries remain competitive in the market place by benchmarking periodically as required.
- 1.5 Progression through pay grades is linked to a staff member's performance in the role they are recruited to carry out until they reach the top point of the grade for the role.
- 1.6 This policy sets out the framework and procedures under which managers are expected to deal with performance management and how this links to individual's pay management.
- 1.7 This policy applies to all Association staff with exception of the Chief Executive. The remuneration arrangements for this role are dealt in line with the Association's *Chief Executive's Remuneration Management Policy*.

## **2. RESPONSIBILITIES UNDER THE POLICY**

### **2.1 *PoLHA Board***

- 2.1.1 The PoLHA Board is accountable for ensuring the Leadership Team have put an appropriate Performance and Pay Management Policy in place and are ensuring it is up to date at all times.
- 2.1.2 The PoLHA Board is accountable for setting an appropriate budget sum to reflect agreed changes to salary grade levels as part of the annual budget setting process.

### **2.2 *Group Audit Committee***

- 2.2.1 The Group Audit Committee will be responsible for scrutinising reports on the benchmarking research carried out regarding salary levels and making recommendations to the PoLHA Board about the positioning of the organisation's salary levels based on this information and adjust the remuneration levels of roles as required to ensure the risk of being unable to recruit and / or retain good quality employees due to uncompetitive salary levels is minimised while maintaining affordability for the Association.

## **2.3 Leadership Team**

- 2.3.1 The accountability for the development, implementation and monitoring of the policy rests with the Leadership Team who will ensure that all managers undertaking Performance Management Reviews are appropriately trained to do so.
- 2.3.2 The Leadership Team will also be accountable for ensuring appropriate salary benchmarking takes place and results are effectively conveyed to the Group Audit Committee to enable good decision making about the management of salary levels.

## **2.4 Reviewers**

- 2.4.1 Managers of managers/supervisors will be required to act as “Reviewers”. The role of Reviewer is to examine the records of the appraising manager / supervisor and assure themselves that the decisions being made regarding interim and final performance ratings are based on sound and properly recorded evidence and consistent with the principles of the system.
- 2.4.2 In the event a “Reviewer” has any concerns about an appraising manager’s records and/or decision they will be responsible for ensuring these concerns are properly addressed and if necessary escalated with the guidance of an appropriate member of the organisation’s Corporate Services Team.

Reviewers will also act to mediate any disagreements between managers and appraisees about performance rating decisions. In the event agreement cannot be reached through mediation the Reviewer will make a decision on the performance rating which will be a final decision. Any disagreement with this decision by a Reviewer from a member of staff will be dealt with using the Association’s Grievance Procedure. The staff member will need to declare a grievance of being unfairly dealt with by their line manager and the Reviewer and provide evidence of this in writing to the Head of Organisational Development & ICT or other appropriate member of the Leadership Team.

## **2.5 Corporate Services Team**

- 2.5.1 The Corporate Services Team is responsible for providing advice, guidance and support to managers in the application of this policy and procedure.

## **2.6 Line Managers**

- 2.6.1 Line Managers are defined as those individuals who have members of staff formally reporting to them as set out in the PoLHA Organisation Chart. This will cover supervisor level staff up to members of the Leadership Team.
- 2.6.2 Line Managers are accountable for ensuring the application of this policy and following the procedures in a consistent, informed, fair and equitable manner.
- 2.6.3 Line Managers are accountable for ensuring current and accurate Job Descriptions are in place for all roles they manage.

2.6.4 Line Managers are accountable for ensuring employees are aware of the standards they are expected to achieve in the workplace both in terms of work outputs and behaviour and recording this using the current templates set up by the organisation.

2.6.5 Line Managers are accountable for organising, carrying out and recording performance management meetings with their direct reports in line with the framework set out in this document.

## **2.7 *Employees***

2.7.1 Employees are required to take an active role in the performance management process specifically preparing for review meetings by considering their own performance and engaging in the meetings with their managers.

## **3. PERFORMANCE MANAGEMENT FRAMEWORK**

### **3.1 *Performance Management Cycle***

3.1.1 The Association's Performance Management Cycle will run from 1 January – 31 December.

### **3.2 *Key Principles of The System***

3.2.1 The system is predicated on the fact that up to date and robust Job Descriptions are in place for all roles required in the business.

3.2.2 The setup of a documented Performance Management Plan will be the starting point of the performance management process and the work to populate this document will be done at the start of each annual performance cycle ie January / February each year. Performance Management Plans must be recorded in the current template in use.

3.2.3 During the Annual Performance Management Cycle managers and their staff are expected have a minimum of five meetings of the following types:

- 1 job role and annual performance plan review meeting
- 1 Formal Performance Review meeting
- 2 x interim review meetings
- 1 x Annual Appraisal Meeting

Managers and their staff may decide more meetings are required and this is open to the judgement of the individuals involved.

3.2.4 All meetings held as part of the Performance Management Process must be recorded by the Manager using the current Performance Review Meeting Record template. These records need to capture key issues and feedback given and received, agreements made and instructions given. The content of these records will be the key source of evidence for determining whether an

individual has met the standards required of them and what performance rating they should be awarded at the Performance Cycle end.

3.2.5 At Formal Assessment Meetings managers will provide appraisees with an indicative interim performance rating for the period from the start of the Performance Management Cycle to the date of the review meeting.

### 3.3 ***Performance Assessment Categories***

3.3.1 The Association will use a three level Performance Evaluation Framework which is set out in the table below.

<b>Performance Category</b>	<b>Reason for applying</b>	<b>Explanatory Notes for when this performance category would be applied</b>
Developing Performer	The appraisee is new to the role and their performance and behaviour standards are at a level that would be reasonable to expect in relation to their development in the role.	Employee is new to the post or performance is below expected levels for reasons beyond their control. Development areas have been identified by the manager and are being worked on.  This describes someone who may be meeting the requirements of the role in part but is not consistently delivering to the required standards for tasks and behaviours (a written Induction Plan is in place and not yet fully completed)

<p>Under Performer</p>	<p>The appraisee has not, over the review period, demonstrated the level of competence which should be reasonably expected</p>	<p>The appraisee has not applied their knowledge or skills to deliver work of the standards expected of the role holder and/or have behaved in ways which have not matched the values and expectations of the Association when carrying out the role.</p> <p>This category describes someone who is failing to meet the agreed work output quality standards and/or behaviours in their role, after being provided with appropriate support.</p> <p>The application of this category means that significant improvement is required within a specified period to maintain employment (a written Performance Improvement Plan is in place or needs to be put in place immediately)</p>
<p>Successful Performer</p>	<p>The appraisee is doing the job to the required work output quality and behavioural standards consistently</p>	<p>Employee's performance has consistently met expectations in relation to objectives and ongoing work responsibilities.</p> <p>Their behaviour has been consistent with the Association's values and the standards expected of the role holder.</p> <p>This describes a consistently effective performer against agreed work output quality standards, set objectives and who demonstrates the required behaviours.</p> <p>This is the benchmark level of performance for everyone if we are to drive solid performance across the Association.</p>



## **4. PAY MANAGEMENT FRAMEWORK**

### **4.1 *Salary Grade Structure***

- 4.1.1 The Association operates a salary structure consisting of a set of grades with each grade having a three-point incremental pay spine with a Start Point, Increment and the Top Point.
- 4.1.2 Each role is subject to the application of the organisation's Job Evaluation Policy and Procedures and as result of that placed in a grade which covers roles adjudged to be of a similar size. Further details of this can be found in the *PoLHA Job Evaluation Policy & Associated Procedures* document.

### **4.2 *Managing Pay Offers at Time of Appointment***

- 4.2.1 Posts will be advertised showing the salary range of the grade at which the post is placed. Adverts should state that placing in the range will be negotiated at time of offer by the recruiting manager.
- 4.2.2 Recruiting managers will aim to appoint an appropriate candidate at the Start Point of the salary grade wherever it is possible to do so and this should always be the first offer made unless it is clear during the selection process this is inappropriate.
- 4.2.3 The advice of the Corporate Service Manager or in their absence the Director of Finance and Corporate Services must be sought before any offer above the Start Point is made, to ensure any potential risks to the business are considered.
- 4.2.4 Where the starting salary is proposed to be above the Start Point but no more than the Incremental Point of the salary band then this must be agreed with the Recruiting Manager before an offer is made.
- 4.2.5 Appointments being considered above the Incremental Point of the grade must be authorised by the appropriate member of the Leadership Team.

### **4.3 *Progression Through Pay Grades***

- 4.3.1 Each grade within the Association's Grading Structure is sub-divided into three points through which any employees will move to reach the top of the respective grade.
- 4.3.2 Progression through these points, within each pay band, will be conditional upon individuals evidencing that they have demonstrated the required level of competence in their performance.
- 4.3.3 For employees new into a post their first appraisal will be carried out on or as near to the 12 month anniversary of them being in post. The Manager in liaison with their Reviewer will decide if incremental movement should be applied at this point. The Annual Appraisal will then fall back into the normal review cycle ie November / December. This will mean that the employee will have a slightly longer review cycle in the second appraisal year but there will have been opportunity for a review of their performance.

4.3.5 Managers will recommend what movement any member of staff not at the top of their scale will make. The constraints around these choices are set out in the table below.

<b>Manager's Assessment of Performance Category</b>	<b>Employee's Salary Position</b>	<b>Manager's Choices</b>
Under Performer	Any salary position	1. Salary frozen at current pay until performance issues resolved
Developing Performer	Between Start Point and Incremental Point but not yet on Incremental Point	1. Maintain salary position 2. Move to Incremental Point
Developing Performer	At or above Incremental Point	1. Maintain salary position 2. Move to Top Point
Successful Performer	Between Start Point and Incremental Point but not yet on Incremental Point	1. Move to Incremental Point 2. Move to Top Point
Successful Performer	At or above Incremental Point	1. Move to Top Point

Line managers will need to establish a clear case for moving anyone below the Incremental Point straight to the Top Point of the salary scale and will be required to consult with OMT members before doing so (either through an OMT meeting or by e-mail).

#### **4.5 Employees Reaching the Top of Their Grade**

4.5.1 Once the employee reaches the top point within the grade for the post the employee will remain there, unless the role is re-graded, or the employee applies for a role on a higher or lower grade.

### **5. RECOGNITION SYSTEM**

5.1 The Association's Recognition System is a mechanism that is used at the discretion of line managers throughout the appraisal year to show appreciation for a member of staff who has given exceptional performance, effort, commitment, who has *gone the extra mile*. The system will be used to show appreciation as close to the time of the event as possible. This should not replace but enhance the occasions when a 'thank you' or 'well done' statement from line managers is prompted.

5.2 The recognition system allows for managers to draw from a budget established by the Association to purchase small gifts and is intended for managers to use flexibly

in recognising teams and/or individuals within the guidelines as set out at **Appendix 1**.

## **5. OTHER FACTORS AFFECTING PAY & PAY MOVEMENT**

### **5.1 Temporary “Acting Up” Roles**

5.1.1 Staff members who accept the offer of temporarily carrying out a more senior role than the one for which they have been employed will be given an *Acting Up Allowance*.

5.1.2 An “acting up allowance” will be paid which will equate to the difference between the post holder’s current salary and the start point of the salary grade of the role to be done. In the event this payment results in a less than 5% increase in the employee salary then an “acting up allowance” of 5% of the employee’s salary will be paid instead.

5.1.3 An individual will have their performance, when employed in an “acting up” capacity, measured against a revised Performance Management Plan set up at the outset of the appointment by the responsible line manager.

5.1.4 Any individual who is being paid an “acting up allowance” must, after a maximum of three months, have their performance reviewed. If they are failing to perform at a “*successful performer*” level against their revised Performance Management Plan they should be returned to their substantive post and other arrangements made by management to resolve any staffing issues.

### **5.2 Temporary Additional Responsibility Enhancements**

5.2.1 Where an employee is asked to temporarily take on additional responsibilities from a higher graded role for a minimum 4 week period, but is not fully acting in that higher graded role, the Departmental Director is authorised to agree a “*responsibility payment*”.

5.2.2 Responsibility Payments **should not**, be any more than 4.5% of the individual’s current salary.

5.2.3 An individual in receipt of an “additional responsibility payment” will have their performance assessed against a revised Performance Management Plan set up at the outset of the temporary period by the responsible line manager.

5.2.4 Any individual who is being paid an “additional responsibility allowance” must, after a maximum of three months, have their performance reviewed. If they are failing to perform at a “*successful performer*” level against the amended Performance Management Plan they should be returned to their substantive post and other arrangements made by management to resolve any staffing issues.

### **5.3 Effect of Placement on Association’s Capability Management Process**

5.3.1 Any employee who is being managed, or has been managed at any point, under the Association’s Capability Management Process during the Performance

Management Cycle will not be entitled to any movement from their current salary level within the salary grade where they are not at the Top Point of their scale.

5.3.2 Where an employee has been managed under the Association's Performance Improvement Process during the Performance Management Cycle. But has successfully be returned to normal performance management they will receive any percentage increase applied by the Association to allow for annual market alignment.

5.3.3 Where an employee is currently being managed under the Association's Capability Management Process at the time of the annual appraisal then their salary will be frozen at its current level until they have been returned by their manager to normal performance management when, from the date of return, any percentage increase to staff salaries made for annual market alignment will be applied.

#### **5.4 *Effect of Disciplinary Interventions on Pay Movement***

5.4.1 Where a member of staff has been found to have committed an act of misconduct under the Association's Disciplinary Process, the Hearing Officer may choose, as part of the disciplinary action being taken, to remove eligibility to incremental pay progression for the performance year during which the misconduct took place. However, a cost of living award should be applied. The employee should be informed of this in writing.

#### **5.5 *Effect of Maternity / Paternity / Adoption Leave on Pay Movement***

5.5.1 Where an employee is on maternity / paternity / adoption leave, the employee will still receive their incremental pay progression on the due date unless any concerns have previously been raised about their performance or that they were not demonstrating the required knowledge and skills. Managers should obtain expert advice from the HoOD / CSM on the potential risks associated with withholding increments in these circumstances and any decision should be subject to regular review.

### **6. *POLICY & PROCEDURE EFFECTIVENESS ASSESSMENT CRITERIA***

The effectiveness of this Policy will be evaluated using the following criteria:

- the level of staff satisfaction with the Association's pay levels
- the level of perceived fairness and transparency of the system
- the level of applications for vacant roles recruited to
- the level of retention of existing staff within the Association

Data for the above will be collected through regular staff engagement measurement processes and by the Corporate Services Team who will collate such data on an annual basis and report it to management.

## **EMPLOYEE RECOGNITION SYSTEM GUIDELINES**

### **1. INTRODUCTION**

- 1.1 The aim of these guidelines is to try to ensure consistency and transparency in the use of the employee recognition system
- 1.2 The Association has established an annual budget to enable managers to do things to recognise members of staff either individual or as teams who they consider have made a significant contribution to the work of the organisation in some way.

### **2. PRINCIPLES FOR THE USE OF THE RECOGNITION SYSTEM**

- 2.1 The budget allocated for the recognition system is not intended for general team building events (this would usually be covered by training); for welcoming new staff; celebrating personal events (birthdays/babies etc) or for an 'add-on' to corporate events/Christmas celebrations
- 2.2 It should be recognised that it is not a 'given' that all staff (or indeed any) will necessarily receive a recognition in any financial year. Managers should consider the merits of using this and not view it as having a pot of money that has to be spent regardless of circumstances.
- 2.3 What form that a recognition should take will be at the discretion of the line manager making it and should be dependent on their understanding of how individuals or teams would best be motivated, how they would like to be recognised and whether this would be in public or in private.
- 2.4 If this involves taking a member of staff out for lunch, this should be considered work time and the manager should pay for their own lunch

### **3. BUDGET FOR RECOGNITION**

- 3.1 An amount will be made available in each PoLHA Annual Budget deemed to be adequate to cover a reasonable amount of cost which the organisation will meet in any given financial year.
- 3.2 It will be monitored by the Finance Manager who will report usage levels and balances to the Association's OMT who will have accountability for managing its use.
- 3.3 In the event there are issues with the amount of budget available this will be handled through the Association's normal budget re-forecasting mechanisms

### **4. ACCESSING BUDGET**

- 4.1 The simplest way for managers to access their 'pot' is to submit an expenses claim, identifying the expenditure as 'recognition pot', which will help the finance team to monitor managers' budgets. An exception to this would be if managers chose to order online, in which case the company credit card could be used.

## **5. MONITORING**

- 5.1 To monitor use and to ensure consistency, managers will revisit the guidelines on a 6 monthly basis at an OMT meeting and share their experience of the use of their 'pot'.