Community Counts
Milnbank
Housing Association
53 Ballindalloch Drive, Glasgow G31 3DQ

TO:	Governance Sub-Committee
PREPARED BY:	Linda Sichi (Deputy CEO)
SUBJECT:	REVIEW OF PERFORMANCE MANAGEMENT POLICY
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PERFORMANCE MANAGEMENT POLICY

HAPPY TO TRANSLATE

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PERFORMANCE MANAGEMENT POLICY

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1. MILNBANK HOUSING ASSOCIATION (MHA) STRATEGIC OBJECTIVES

MHA's mission is to provide excellent homes and services in a thriving community. We believe that people living in the MHA community should:

- Have warm, safe, and affordable homes, and receive excellent services from MHA.
- Live in neighbourhoods that are clean and well cared for, with real community pride.
- Have access to opportunities and services that promote a good quality of life.

2. MHA's VALUES

Working as 'One Milnbank' so that we offer the same quality of services, support and housing to all tenants and residents.

3. LEGAL & REGULATORY COMPLIANCE

The Board of Management leads and directs MHA to ensure good outcomes for its tenants and other service users. The Scottish Housing Regulator's Regulatory Framework Financial & Regulatory, Standard 3 states that the Association manages its resources to ensure its financial well-being and economic effectiveness, while maintaining rents at a level that tenants can afford to pay. MHA adheres to all relevant legal employment requirements associated with this policy.

4. POLICY INTRODUCTION

4.1 Performance Management (PM) is an integrated approach enabling managers to set targets, measure and review performance and re-define goals and starts from the first day of a new employee. It gives clear indications whether the activities undertaken both by the organisation and individuals are achieving the organisation's key objectives.

4.2 The term PM is often associated with managing underperformance and as such, has a negative association. However, this is only one aspect of PM. It is best defined as day-to-day people management and monitoring progress towards achieving objectives. Managing performance is a fluid process between employees and their line managers as well as certain periodic events like appraisals and performance reviews, rewarding performance and managing underperformance. PM is not a distinct process, it joins elements of various processes and concepts such as goals, tasks and competencies.

5. PRINCIPLES OF PERFORMANCE MANAGEMENT

5.1 Organisational performance is not something that stands still for any successful business, it adapts to changes in the environment, customer demands, political and economic factors, new technology and competition. These aspects help businesses to survive and ultimately constantly grow and adapt to the changing environment and providing services that customers find good value for money.

5.2 Another significant benefit of having organisational performance is that it helps to cultivate a culture of high performance and continuous improvement. If leaders are ambitious and continually strive to improve, set ambitious goals which flow through the organisational hierarchy, the culture becomes imbedded into every level and aspect of the Association. If all employees are encouraged to think innovatively about the business needs and are recognised for good ideas, it helps to build a culture of continuous improvement throughout the Association.

6. MEASURING & MANAGING ORGANISATIONAL PERFORMANCE

6.1 There are many ways of measuring organisational performance, the more popular being Return on Investment (ROI) and Balanced Scorecards.

6.1a - **Return on Investment (ROI) -** is used to evaluate efficiency of an investment or to compare the efficiency of several different investments. ROI measures the amount of return on an investment relative to the investment cost. It is measured as a percentage, it can be easily compared with returns from other investments, allowing organisations to measure various investments against each other.

6.1b - Balanced Scorecards (BS) - are about ensuring that all four perspectives are considered and results for all of them form an overview of business performance. The four key aspects of BSs are:

(1) Financial – How do we add value for customers whilst controlling costs?
(2) Customer – Who do we define as our customer?
(3) Internal Process – To satisfy customers whilst meeting budgetary constraints, at what business process must we excel?
(4) Employee Learning & Growth – How do we enable ourselves to grow and change, meeting ongoing demands?

6.2 Other Performance Measures of organisational performance include income and expenditure budgets, year on year growth and customer opinion surveys.

6.3 MHA shall adopt the measure(s) that work well for the Association and facilitate continuous improvement. The measures will relate to overall organisational performance, plus teams and individuals. The measures used will be simple enough for everyone to understand and relate to in terms of individual contribution.

6.4 MHA will set strategic goals to determine the expectations of what needs to be achieved. This then flows to all teams and individuals. PM allows individuals to identify direct links between their efforts and achieving MHA goals. This is to create a sense of personal contribution and ability towards MHA's success. On the other hand, individuals should be able to see that any lack of personal effort affects the overall MHA performance.

13. ELEMENTS OF PERFORMANCE MANAGEMENT

7.1 There are several tools and interventions that line managers can use to manage performance. Whilst fluid PM happens daily, there are also some mechanisms, through which individual and team performance can be managed. The following people processes are all part of PM and are outlined:

7.2 **Recruitment -** is not typically viewed as part of the PM process. However, it links into it, as it is difficult to manage performance of existing employees if original selections decisions were not correct. If a candidate is selected who lacks the required set of skills and experience for the job, it will be more difficult and time consuming (and sometimes impossible) to steer them towards the desired level of performance. It may also be difficult to align their behaviours with MHA values. It is, therefore, beneficial to spend time designing selection tools and making the right decisions. If there is no suitable candidate, it may be more beneficial to restart the recruitment campaign rather than appoint someone who does not match the job or fit well into the organisation.

7.3 **Induction -** An employees' PM starts with their induction. Most new employees are enthusiastic and optimistic about the future as they have made a conscious choice to apply for a job and successfully competed against other candidates. To help maintain this initial enthusiasm, MHA line managers will carry out an employee induction.

7.4 **Fluid Performance Management -** This is a day-to-day interaction between employees and managers, leading to achieving MHA goals and standards through efforts of employees. This is supported by daily management of activities, including allocating tasks to individuals and teams, discussions around how they are to be achieved (behaviours) and feedback. This is an essential part of PM as it provides opportunities to coordinate individual and team efforts to achieve desired results. It also gives people early feedback, so they know whether they are performing well and if not, any changes required.

7.5 **Feedback -** is a way of helping employees to learn as it is designed to achieve a specific change in an employee's behaviour by addressing the issue. Good feedback should be positive and, if required, deliver constructive criticism. Examples include delivering balances news (positive and weaknesses), be descriptive as to what area needs improvement, be clear and concise so the employee is aware of having done or not done a task, and line managers should clearly state the reasons why the issue is an issue, so they understand what needs to change any why.

In MHA, it's generally the same line manager who has day-to-day management responsibility and is also responsible for appraisals, discipline and grievance and other people management processes. There are several tools and interventions that managers can use to manage performance (e.g. SMART targets).

8. MANAGING INDIVIDUAL PERFORMANCE

8.1 The Role of the Board and Senior Managers - The process of PM starts at Board level as they determine what MHAs goals and objectives are for performance which is subsequently passed to managers to translate into operational objectives, targets and set achievable timescales. These are cascaded to teams and individuals and what resources and support they will require.

8.2 The Role of Line Managers - is to cascade the organisational, and team goals to individuals. It is also to support employees in achieving these through making appropriate resources and help available.

In practice, the managers' job is done through carrying out appraisals and performance reviews, giving regular feedback, supporting and coaching and managing underperformance. The most important is the day-to-day management, clear and relevant communication and regular feedback. They should also delegate tasks to individual team members and coordinate daily. In all cases, to avoid any confusion, it must be made clear to all employees who they report to and what their objectives are.

Managers should lead by example and need to be aware of how their own behaviours and attitudes influence teams and individuals they manage. A good relationship between employees and their line manager is also often reflected in a level of performance people offer in their jobs. A relationship based on mutual trust, honesty and care is one of the main factors that motivate people to do a good job.

8.3 The Role of Employees - All employees need resources to do their job plus support and supervision from their line manager. MHA encourages employees to highlight this as they are best placed to ask for training and support as they should realise their own performance gaps and development needs.

MHA is of the view that there is more of an opportunity to improve performance from an employee who lacks certain skills or knowledge compared to someone whose attitudes and values do not match MHA culture. It is very important that any selection process considers not only the easy to measure skills, knowledge and experience but, also values and attitudes. Displaying the values and attitudes are important when MHA are considering promoting staff into management positions. (e.g. a manager who displays attitudes which do not match MHA values can easily confuse and demoralise their team). MHA will challenge poor attitudes as prompt feedback provides the best opportunity for individuals to correct their behaviour and can help to avoid potential conflicts.

Although there are not always going to be development opportunities for employees, MHA still encourage employee development plans (e.g. to help the employee to achieve the agreed objectives, getting involved in new aspects of team working). MHA aims to address staff development

needs through staff appraisals, training course, on the job training, job shadowing etc.

9. MANAGING UNDERPERFORMANCE - INDIVIDUALS

9.1 There may be situations where employees have been supported through their induction, performance reviews and appraisals and still do not achieve the expected level of performance. Line Managers would be expected to start the process of managing underperformance.

9.2 Underperformance should never be ignored as this can send signals to all employees which could ultimately effects morale, a culture of poor performance, high absenteeism and high turnover. Early intervention by the line manager should take place as this gives more opportunity to resolve issues. Managers who ignore unsatisfactory performance will not help the individual or their team, as delayed interventions can escalate interpersonal conflicts and result in more formal approaches being required to address problems.

9.3 Process

The aim is to support employees to achieve the expected level of performance. The line manager should identify any reasonable support that may be useful and suitable to encourage improvements in performance. However, it is ultimately down to the employee to improve to an acceptable level. It is also not incumbent on MHA to provide endless forms of support and patience.

9.3.1 - The process starts from having an informal meeting, during which the line manager should explain exactly what aspects of performance are unsatisfactory, what targets and standards are expected and within what timescale. The line manager should encourage employees to explore what could be preventing them from achieving what is required and then explore together how such gaps can best be addressed. They may simply need to reorganise the workload, get help to understand how to prioritise their work, identify a training need or personal circumstances.

The manager should establish whether the underperformance is of a "cannot do" or "will not do" nature. Whilst the former is a problem of capability and can be addressed by an underperformance management process, the latter is an example of misconduct and should be dealt with by a disciplinary process.

9.3.2 - The outcomes from a performance review will be confirmed in writing so that both parties are clear about the expectations. The targets and standards set during the meeting should then be reviewed within a reasonable timescale. If they have been achieved, no further action needs to be taken although a discussion around the issues is still recommended to determine whether further targets need to be set and performance monitored, any support needed and ensure that both have a clear understanding of expectations. (Appendix A)

9.3.3 - If the results are not satisfactory, reasons for this should be discussed and new targets and standards set. This would again be confirmed in writing with clear expectations of tasks and behaviours explained. The employee should be informed that continued underperformance may lead to formal disciplinary action. Where further review(s) shows unsatisfactory results, the line manager may decide to instigate the formal process and invite the employee to a disciplinary hearing.

9.3.4 - The first level of discipline is usually a formal performance improvement note, which is equivalent to a written warning. Even though this is part of a formal disciplinary process, targets and standards of expected performance must still be set and reviewed, with a view to supporting the employee to achieve the desired performance level.

9.3.5 - It is important to review performance in advance of the warning expiring to determine whether there have been improvements made. If there is no improvement, the line manager should instigate further disciplinary action.

It is acceptable for employers to issue various levels of warnings, demote and dismiss for underperformance. The process of managing starts in an informal way and even with formal disciplinary action commencing, it would usually be the lowest level of discipline. Dismissals and demotions should only be applied either where there is a current final written warning on the employee's file or where the underperformance was gross and posed significant risk to the employee, other people (colleagues, customers, etc) or MHA and its reputation.

9.3.6 – Employees have the right to appeal against a decision MHA makes at a formal meeting relating to your unacceptable performance. In these cases, the appeal will be dealt with by a different manager to the person who deal with the matter initially.

10. MANAGING UNDERPERFORMANCE - TEAMS

10.1 The same principles apply to managing teams as to individuals. Good communication, feedback, recognition and tackling underperformance are all elements of this.

10.2 There are different approaches to team underperformance. Staff can get demoralised when they observe some of their colleagues underperforming and this is not challenged by management.

10.3 As the team objectives need to be achieved regardless, individual underperformance puts a strain on other team members. Line managers inaction towards individual underperformance, misconduct or poor attendance eventually results in the rest of the team losing confidence and disengaging with MHA. It is very important that whilst teams are given varied levels of autonomy to self-manage, individual underperformance is identified and challenged by managers.

10.4 Line managers must provide real-time feedback to their team to ensure consistent progress and achieve organisational objectives. Regular feedback helps reduce any dubiety and anxiety. Frequent and real-time recognition gives a morale boost, whilst constructive feedback provides an opportunity to address concerns. Negative feedback should be given in a constructive way, giving the employee suggestions for improvement to help prevent serious consequences.

10.5 Utilising Strengths and Weaknesses within teams: MHA line managers should take time to get to know individual employees and understand strengths and weaknesses within the teams. While it may be necessary, for achieving acceptable standard of performance in the job, to help individuals improve, it is more practical and far more effective to utilise strengths. This helps to secure the best results for MHA; it also enhances job satisfaction. Everyday observations should help managers discover this and discussions during appraisal meetings could also be very helpful.

10.6 Recognition and Rewards: Good results should be communicated to the whole team. It may be appropriate to recognise individuals whose contribution to success was significant. Line Managers should carefully consider individual contributions as it can be the case that the more vocal of the group get recognised whilst quieter team members go unnoticed. Where incentives are used, line managers must ensure that everyone in the team understands the criteria for which decisions are based on.

11. CREATING A CULTURE OF HIGH PERFORMANCE

11a. The level of performance helps to make an organisation successful. Therefore, high level performance should be a consistent focus of MHA. It will be highlighted, encouraged and rewarded at all levels. Line Managers must lead by example in their attitude towards MHA values and be inspirational. Communication about MHA's overall performance will be transparent and visible to everyone. Successes will be celebrated and rewarded whilst underperformance tackled.

11b. An essential element of a high-performance culture is that every employee is encouraged to strive for improvement and bring ideas forward. To do this, staff need to be comfortable that managers will take their ideas seriously. Employees should be encouraged to excel in customer service. To achieve this, staff need to be empowered to make essential decisions and be comfortable to speak to their line managers about how their teams' work is organised, what helps and what hinders, what frustrates them and the customers, what the competitors are doing more/better, etc.

11c. A high-performance culture requires constant nurturing to maintain high levels of morale and productivity. MHA will constantly observe environment and change, including customers' expectations, competitors' activities, technology and political and economic frameworks.

11d. MHA is aware of providing good value to customers and that our processes are efficient. This means that employees' jobs may regularly change but, staff accept it as part of the culture (although initial resistance can be expected and must be handled well). It can be highly rewarding, leading to great results for MHA and a high level of engagement and satisfaction for all individuals involved in it.

12. EQUALITY & HUMAN RIGHTS

MHA's is committed to equal opportunities, and we will respond to the different needs and service requirements of individuals, and we will not discriminate against any individual for any reason outlined in Equality & Human Rights Legislation.

13. DATA COLLECTION

MHA will manage all personal data in accordance with our obligations under the GDPR regulations and the Association's Policy.

14. POLICY MONITORING & REVIEW

The Performance Management Policy will be reviewed by the Governance Sub-Committee annually or in line with EVH updates, or as otherwise deemed necessary.

Milnbank Housing Association
53 Ballindalloch Drive, Glasgow G31 3DQ

PERFORMANCE REVIEW ACTIONS

Employee Name: Insert Name	**Date of Meeting:** Insert Date
Background: Insert the details of the unacceptable conduct/performance/attendance	
Required Standards: State what standards are required	
Support: State what support/training/supervision will be given by you/the organisation (if applicable)	
Timescale for Improvement: State the timescale in which you wish to see improvements by (if applicable)	
Potential Consequences: State what the potential consequences are, if there is no improvement	

Review: Insert date of review (if applicable)
Issued By: Manager Name: ……. Signature: ……
Employee Employee Name: ……. Signature: ……