

WIRRAL COUNCIL

CABINET 24TH JUNE 2010

REPORT OF DIRECTOR OF LAW, HR AND ASSET MANAGEMENT

PERFORMANCE APPRAISAL FOR THE CHIEF EXECUTIVE

Purpose of the Report

The purpose of the report is to recommend options for a Performance Appraisal process for the Chief Executive. The report covers the following:

1. The background to Performance Appraisal
2. The National Agreement reached by the JNC for Chief Executives' Appraisal with good practice guidance
3. Recommendations for a Performance Appraisal process for the Chief Executive at Wirral Council

Background

On Monday 2 November 2010 Council considered a Notice of Motion in relation to Council executive pay. As part of Council's decision on this Notice of Motion (Minute 59) it was resolved as follows:

- (5) *Therefore, Council instructs the Director of Law, HR and Asset Management to investigate best practice in other authorities before bringing forward proposals for amendments to the Council's Constitution which would review the role and responsibilities of the Employment and Appointments Committee with a view to setting up a clear member route for establishing:*
 - *Policy on senior officer pay (Chief Officers and Heads of Service), having regard to job evaluation, equal pay and other relevant HR policies of the Council*
 - *The establishment, maintenance and supervision of a performance framework for Chief Officers and Heads of Service*
 - *The carrying out (alongside the Leader and Deputy Leader of the Council) of Chief Executive Appraisals.*
- (6) *Council asks that these proposals are referred to both the Cabinet and to the Employment and Appointments Committee before any recommendations are made to Council.*

The proposed process in this report seeks to establish an appraisal process for the Chief Executive.

1. National Agreement

- 1.1 Under the terms of the agreement reached by the JNC for Chief Executives in April 2008 it was agreed as part of the national pay award that Chief Executives should be subject to an appraisal process.
- 1.2 To supplement the agreement the National Joint Secretaries issued guidance and this is highlighted in the report as a summary of good practice.

- 1.3 It is recommended that each authority will develop a process to suit their local circumstances.
- 1.4 Below is a summary of the guidance developed using good practice examples from other Councils, with recommendations at each stage.

2. Aim of the Appraisal Process

The aim of the appraisal process is to identify and clarify key objectives, priorities and targets and appropriate timescales for achieving them. The focus of the appraisal will be to agree what the Chief Executive should achieve personally over the next twelve months, identify the required standards of performance and provide feedback on performance against the targets set.

3. Developing a Process

An effective process involves:

- Identifying clear targets that are linked to the job and the organisation's key objectives for the year
- Agreeing what targets should be set for the Chief Executive
- Target should be SMART (specific, measurable, achievable, realistic and time bound)
- Agreeing how progress towards achievement of the objectives should be measured
- Identifying any development needs to assist in achieving the targets
- Monitoring progress
- Reviewing performance over the year, identifying areas for further development and setting new targets

4. Who should be involved?

The National Guidance recommends that the appraisal should be conducted by a small number of Members, possibly with an independent adviser to assist Members. The group of Members could form an Appraisal Working party taking into account that the Chief Executive is employed by the whole Council and not by the controlling group or groups.

RECOMMENDATION:

It is recommended that:

- (a) The appraisal is conducted by a working party agreed by the Employment and Appointments Committee.*
- (b) the working party is supported by an External Adviser to be appointed from a recognised National or Regional body such as SOLACE Enterprises or North West Employers' Association.*
- (c) the Appraisal process is agreed by the Employment and Appointments Committee.*

5. How does the process work?

- 5.1 Good practice appraisals cover three essential areas:

- Key accountabilities
- Objectives from the Corporate Plan
- Shared Feedback

5.2 The best systems involve the Chief Executive identifying what he/she sees as the important issues to be addressed and agreeing these with senior Members. To do this the Chief Executive's job should be broken down into its key accountabilities. These define the prime purposes and function of the job.

6. Key Accountabilities

6.1 The JNC Guidance suggests the following key accountabilities for a Chief Executive:

- Managing the political interface
- Managing the Council's resources
- Providing corporate leadership
- Developing external links/partnerships
- Promoting the Council
- Identifying opportunities for developing policy
- Ensuring implementation of the Council's policies across the whole Council

6.2 In addition, Members need to consider whether they wish to add additional (or alternative) key accountabilities for the Chief Executive, having regard to local, regional and national context. Areas for consideration might include the following:

- Managing performance and delivering efficiency and improvement
- Promoting high standards of Ethical Governance
- The Promotion of Democracy (following the 2009 Act)
- Strengthening the accountability to lead and facilitate working across the external interface

RECOMMENDATION:

That the Working party considers the key accountabilities as its first task, in discussion with the External Adviser and Chief Executive.

7. Identification of Objectives

7.1 The next stage is to identify objectives from the organisation's corporate objectives and priorities for the year and translate them into actions/targets. This should demonstrate how the achievement would be measured for each of the accountabilities. These would then be put to the Working party for discussion and agreement or addition of issues/targets/measures.

7.2 It is important at this stage to ensure that the principles of setting targets are agreed and understood.

RECOMMENDATION:

That the External Adviser, in discussion with the Chief Executive, draws up proposed targets for discussion with the Working party. The targets should be ambitious and challenging whilst reflecting the political mandate and capacity to deliver.

8. Feedback

The process will also provide an opportunity for the Chief Executive to receive feedback on performance. Using a 360 degree feedback tool, this will be a facilitated discussion based on the agreed accountabilities and corporate behaviours. The Chief Executive and Members will then agree any development needs and areas where support may be required.

RECOMMENDATION:

That the 360 degree feedback process is facilitated by the External Adviser with the Working party

9. Timing

The annual appraisal meeting should take place after the process for agreeing the Authority's corporate objectives/priorities. In many authorities the Chief Executive's appraisal starts the process for the whole organisational cascade of appraisals, e.g. Chief Executive's appraisal and targets feed into the Management Team objectives and targets.

RECOMMENDATION:

That the Performance Appraisal is carried out in September annually. This will enable the Corporate Plan to have been agreed and the outturn position for the previous year to be confirmed.

10. Confidentiality

The National Agreement recommends that the content of the appraisal process is confidential and would not be made available to Members outside the Working party. The fact that an appraisal meeting is due to be/has been held should be reported to Members.

RECOMMENDATION:

That the summary outcome of the Performance Appraisal is presented to the Employment and Appointments Committee as an exempt item.

11. Communication and Training

The first appraisal will only involve the setting of targets, as any review of performance without objectives/measures would be too subjective. The National Guidance recommends that Members involved should have a short briefing to ensure:

- (a) they understand their role
- (b) they understand the process and how it works
- (c) they feel confident to get involved

RECOMMENDATION:

That the Working party participates in a short briefing session with the External Adviser for the purpose of ensuring a consistency of understanding and approach.

12. Documentation

The National Guidance recommends that some simple documentation should be prepared which suits the authority and will act as a record and reference document. The authority may choose to use its existing staff appraisal scheme process and paperwork for the Chief Executive, as long as it meets the needs of Members and the Chief Executive.

RECOMMENDATION: *That*

- (a) the key issues exchange documentation is used as the basis for the discussion, with some amendments following the agreement to the process*
- (b) the documentation be signed off by the Employment and Appointments Committee*

13. Financial Implications

There are none identified in this report

14. Staffing Implications

There are none identified in this report

15. Equal Opportunities Implications/Health Impact Assessment

There are none identified in this report

16. Community Safety Implications

There are none identified in this report

17. Local Agenda 21 Implications

There are none identified in this report

18. Anti-poverty Implications

There are none identified in this report

19. Social Inclusion Implications

There are none identified in this report

20. Local Member Support Implications

There are none identified in this report

21. Background Papers

JNC for Chief Executives National Guidance – April 2008

RECOMMENDATIONS: *That*

- (1) having regard to the National Guidance:
 - (a) The appraisal is conducted by a working party agreed by the Employment and Appointments Committee*
 - (b) the working party is supported by an External Adviser to be appointed from a recognised National or Regional body such as SOLACE Enterprises or North West Employers' Association.*
 - (c) the Appraisal process is agreed by the Employment and Appointments Committee.*
- (2) the Working party considers the key accountabilities as its first task, in discussion with the External Adviser and Chief Executive

- (3) the External Adviser, in discussion with the Chief Executive, draws up proposed targets for discussion with the Working party. The targets should be ambitious and challenging whilst reflecting the political mandate and capacity to deliver
- (4) the 360 degree feedback process is facilitated by the External Adviser with the Working party
- (5) the Performance Appraisal is carried out in September annually. This will enable the Corporate Plan to have been agreed and the outturn position for the previous year to be confirmed
- (6) the summary outcome of the Performance Appraisal is presented to the Employment and Appointments Committee as an exempt item
- (7) the Working party participates in a short briefing session with the External Adviser for the purpose of ensuring a consistency of understanding and approach;
- (8) (a) the key issues exchange documentation is used as the basis for the discussion, with some amendments following the agreement to the process
(b) documentation be signed off by the Employment and Appointments Committee.

Chris Hyams
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and Organisational Development
June 2010