

Chapter 10

Performance Management and Development

Central Government

Performance Management and Development

10.1 In 2010, approximately 36,400 staff were employed in the civil service. The related pay bill, was around €1.7 billion. The effective management of civil service human resources is critical, if the State is to maximise value in the form of directed, focused activities from its workforce.

10.2 In May 2000, agreement was reached between civil service management and unions⁸⁸ on the implementation of a Performance Management and Development System (PMDS). Under this system, each employee's role and development needs are reviewed annually by his/her manager. The process is designed to help establish a shared understanding between the jobholder and the supervisor of the performance standard to be achieved and how it is to be achieved. The establishment of each jobholder's role profile in this way seeks to link an individual employee's objectives to the business plans of the unit in which he or she works.

10.3 Following a formal review of the initial phase of implementation of the system⁸⁹, the PMDS process was revised under the terms of a further management/union agreement in May 2005. This had the objective of integrating PMDS with other civil service human resource processes. Accordingly, the revised arrangements provided for each staff member's individual performance to be linked with the awarding of pay increments, eligibility for promotion and advancement to higher scales within existing grades. This direct linking of aspects of reward and career advancement to performance appraisal makes it important to ensure, both from the viewpoint of individual fairness and system effectiveness, that

- performance ratings are awarded on a consistent basis
- the award of pay increments is effectively linked to the rating results
- the system is used to address and enhance performance and aid individual development interventions.

10.4 The introduction of PMDS was part of a wider human resource management (HRM) change that included devolution of more autonomy and responsibility for the management of staff to local managers. Features of this devolution included giving departments more control over the recruitment, promotion and placement of staff in order to ensure that the skills and competencies required by departments are met. At workplace level, managers were assigned increased responsibility and accountability for HRM functions such as management of annual leave and flexitime.

10.5 At national level, the Department of the Taoiseach and the Department of Finance shared responsibility for development and oversight of implementation of the PMDS. On 4 July 2011, all central responsibility for PMDS was transferred from these two Departments to the Department of Public Expenditure and Reform, which now has responsibility for all issues relating to civil service remuneration and employment⁹⁰. Responsibility for the application of the PMDS within individual civil service departments⁹¹ lies with the HRM function.

⁸⁸ Changes to terms and conditions of employment for Civil Servants are agreed by a representative body made up of management and staff representatives. This is known as General Council. Three General Council Reports preceded implementation and enhancements of the PMDS since 2000. The reports have been underpinned by provisions in successive social partnership agreements.

⁸⁹ Mercer Human Resource Consulting, June 2004.

⁹⁰ The Department of Public Service and Reform is attributed with responsibility for PMDS matters, except where it is necessary in the interests of greater clarity to refer to the Department of Finance, which had earlier responsibility.

⁹¹ The term department includes all central Government departments and offices.

Chapter Focus

The chapter reports the result of a review which sought to establish

- the consistency and quality of the PMDS assessment process
- the extent of timely compliance with PMDS
- whether pay increments are effectively linked to appraisal results and appraisals are carried out on all staff
- how well the system is contributing to competency development and performance improvement.

Assessment of the way in which objectives, workloads and competencies were allocated to jobholders was not included in the scope of the chapter.

10.6 The main elements of the review were

- analysis of annual returns by departments submitted to the Department of Public Expenditure and Reform around April each year reporting on the results of the PMDS process for the previous calendar year. This process commenced for the first time in 2009 and data for 2007 and 2008 was requested.
- interviews with the HR managers in four departments⁹² to establish how PMDS is being implemented at individual department level
- a sample-based review of cases in four other departments⁹³ where pay increments were due to be awarded to establish compliance with PMDS requirements
- a focus group discussion to obtain the views of personnel managers in relation to ratings, consistency, underperformance and competency development.

10.7 A consultant⁹⁴ assisted my office in establishing criteria for this review.

10.8 The titles of departments used in this report are those that pertained at the time the matters reported on were surveyed or examined.

Consistency of Performance Assessments

10.9 The 2004 review of the operation of the PMDS concluded that there had been difficulties with the rating system applied in the initial years of operation of the system, and that a more robust rating system was required. In response to the findings, General Council Report 1452 (agreed in May 2005) set out a revised rating system to be applied in carrying out the assessment of individual performance. The five-point rating scale proposed in the report (see

10.10 Figure 43) was designed to reflect the full spectrum of performance that is typically found in civil service departments.

⁹² Courts Service, Department of Enterprise, Trade and Employment, Department of Health and Children, Department of Social Protection.

⁹³ Department of Agriculture, Fisheries and Food, Department of Justice and Law Reform, Department of Community, Equality and Gaeltacht Affairs, Department of the Taoiseach.

⁹⁴ The consultant was Dr Gerry McMahon.

Figure 43 Expected Distribution of Assessment Ratings

Rating	Description	Suggested rating distribution
5	Outstanding: the role holder has substantially exceeded standard in all role requirements and performance has been consistently exceptional	0 -10% of staff
4	Exceeds required standard: the role holder has fully met all role requirements to the required standard and significantly exceeded the standard in some respects	20-30% of staff
3	Fully acceptable: the role holder has met all of the role requirements to the required standard and performance is at a fully acceptable level	40-60% of staff
2	Needs improvement: the role holder has met some role requirements to the required standard but performance has fallen short in some respects	10-20% of staff
1	Unacceptable: the role holder has met few of the role requirements and performance falls clearly short of the required standard	0-10% of staff

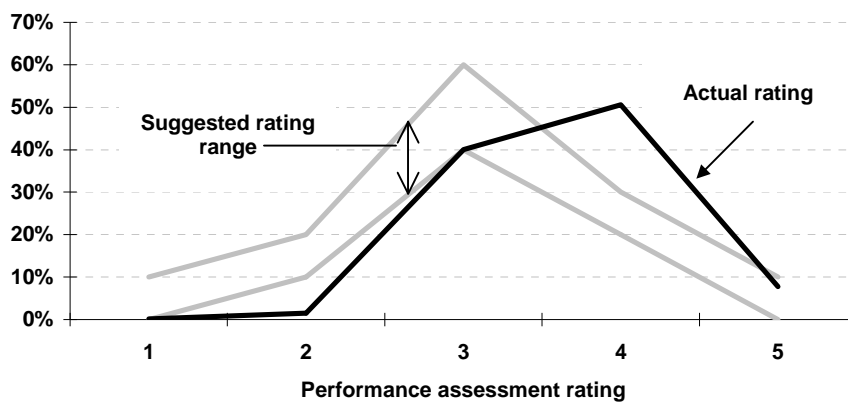
Source: Appendix, General Council Report 1452

10.11 In addition to providing a description of the rating assessment that is associated with each of the rating levels, the General Council Report included a suggested rating distribution to assist managers when making assessments. The suggested distribution was not based on firm empirical evidence about expected performance. Instead, it is intended to illustrate a broad pattern at organisational level. The report emphasised that each job-holder must be assessed on an individual basis and on their own merits, and that (individual) expected performance must take into account the usual range of factors such as skills, experience and time in the job.

10.12 The assessment form used to record the performance rating assigned also requires a narrative assessment to be provided. This is partly intended to refer to any factors outside the control of the job-holder which impacted on the individual’s performance.

10.13 The audit reviewed the outturn ratings based on data collected by the Department of Public Expenditure and Reform for the years 2007 to 2009. The distribution of the average ratings for the three years is depicted in Figure 44, and compared with the rating distribution pattern suggested in Report 1452.

Figure 44 Performance Assessment Rating Outturn, 2007 to 2009^a



Source: Analysis of departmental returns to Department of Finance

Note: a Results shown are based on the assessment ratings recorded for around 19,000 staff on average each year 2007 to 2009 inclusive.

10.14 The rating pattern indicates that more staff than that suggested by the General Council Report were awarded ratings at the higher end of the scale and fewer at the lower end.

10.15 This skewing was also noted in each of four departments examined as part of this review. In those cases, the skewing was even more pronounced. Approximately 60% of staff in the departments examined were rated at '4' (higher than the 50% generally) and less than a third were rated a '3' (less than the 40% shown in Figure 44).

Consistency Checks

10.16 Departments, through their HRM functions, are expected to ensure that the system is applied in a consistent, fair and equitable manner across all staff in the organisation and to monitor the actual ratings awarded over time.

10.17 Two departments reported that they complete consistency checks on a sample of ratings⁹⁵. In addition to this internal review, one department also examined the distribution of ratings and recommended that managers consider a proposed rating in the context of the wider workplace functional area in which the jobholder is placed before awarding the individual a rating.

10.18 The audit noted examples of actions taken by departments to ensure consistent assessment, including

- Managers assigning ratings to staff in a section meet to agree an approach to completing annual reviews and to discuss the distribution of ratings to ensure it stays within the General Council distribution.
- Issuing examples of narratives to accompany ratings to senior managers, to ensure higher quality narratives (Department of Enterprise, Trade and Employment)
- Management Advisory Committee members meeting collectively to consider ratings for Principal Officers, and Principal Officers meeting to discuss the distribution of ratings for Assistant Principals (Department of Health and Children).

Review Process

10.19 PMDS also incorporates a system of formal review in cases where jobholders are dissatisfied with the performance assessment proposed by their manager. The reviewer must be of a higher grade than the manager who gave the original rating.

10.20 The role of reviewers as set out in the initial General Council agreement establishing PMDS indicates that, as well as the role they play in the event of differing views arising between jobholders and managers, they should

- be proactively involved in the development of the PMDS, including reviewing role profiles to ensure that they are consistent, fair and relevant to the needs of their business unit
- ensure consistency and correct application of the PMDS to a high standard and coach managers to develop their feedback skills.

⁹⁵ The Department of Enterprise, Trade and Employment and the Department of Social Protection.

10.21 The audit found that the role of reviewer in departments is generally not a permanent designated role and fulfils no role outside of dispute resolution. By not having a designated formal reviewer for each section/division, it is difficult for the role to have a positive input into the consistency of the operation of PMDS.

10.22 The focus group of personnel managers were generally agreed that jobholders perceived ratings less than '4' in a negative light and, from the managers' perspective awarding those ratings, was regarded as bothersome in terms of the consequential burden of justifying the rating to the employee, sometimes involving appeals processes but also in the negative atmosphere generated in the workplace as a result.

10.23 Some members of the group noted a general expectation on the part of jobholders that ratings should not disimprove over time or with promotional advancement. This appeared to be counter intuitive to what might be expected in career progression in that a newly promoted jobholder is normally training and developing to be effective at the new grade and, therefore, would not normally immediately be at a standard equivalent to that at which they were in their previous position.

Conclusion – Rating Consistency

The results of PMDS assessments suggest a risk that underperformance is not being identified and, consequently, is not being adequately addressed. They also suggest that pay and advancement decisions may not reflect actual performance. However, this risk may need to be examined in a wider context and it would be desirable to attempt to establish whether in the context of the civil service the suggested pattern in General Council Report 1452 applies in fact and, if so, to address the consistency of awards.

It might also be useful to consider the scale itself since department Personnel Managers surveyed as part of this examination generally considered that a '3' grade is a negative rating in the view of their staff. In addition to this, where appeals were made to a reviewer, they noted that jobholders were appealing ratings of '3' or '4' as opposed to appealing ratings at the lower end of the scale.

To ensure ratings are applied in a consistent, fair and equitable manner across all staff in the organisation, departments should monitor the actual ratings awarded over time and ensure that the in-built review function is operating.

In general, the review of rating consistency should be followed by communication of the results and implications to managers and jobholders. Potential ways of addressing consistency are

- ensuring that the numerical rating aligns with the description of the performance captured on the review form
- examining the overall distribution against the expected pattern
- periodic review of the scale and ratings distributions to ensure they reflect the current work arrangements.

Views of the Accounting Officer

10.24 It is the opinion of the Department of Public Expenditure and Reform that the way in which objectives, workloads and competencies are allocated to jobholders is a critical element of fairness and consistency. It states that this has a direct bearing on how easy or difficult it may be for a jobholder to achieve their goals and therefore get a higher rating.

Compliance with PMDS

10.25 Analysis by the Department of Public Expenditure and Reform of the PMDS returns from departments indicates that, at the time they reported, PMDS annual reviews for 2009 had been completed for just 56% of staff across departments. This was down from the 70% average completion rate reported in respect of 2007 annual reviews.

10.26 As Figure 45 indicates, there was considerable variation between departments in the reported rate of completion of the 2009 annual review forms. This varied from full or almost full compliance in a number of offices of central government to a rate of just 18% in the Department of Social Protection, where industrial relations difficulties resulted in non-completion of the reviews⁹⁶.

10.27 The timeframe in which the results data has to be returned to the Department of Public Expenditure and Reform is a source of difficulty for the reliability of any PMDS compliance rate calculated based on the returns. The data reported by the Department for the period 2007 to 2009 was collated in the first quarter of each succeeding year. For 2007 (the first year for the collection of data), returns had to be made by February 2009. Departments report an increase in the compliance rate as the year progresses and as increment dates take effect. In recognition of this, the Department of Public Expenditure and Reform extended to 15 April 2011 the date for return of results for 2010. Thus, the data reported represents completion rates at the reporting date, and not the final rate, which continues to be updated over the year.

Conclusion – Compliance with PMDS

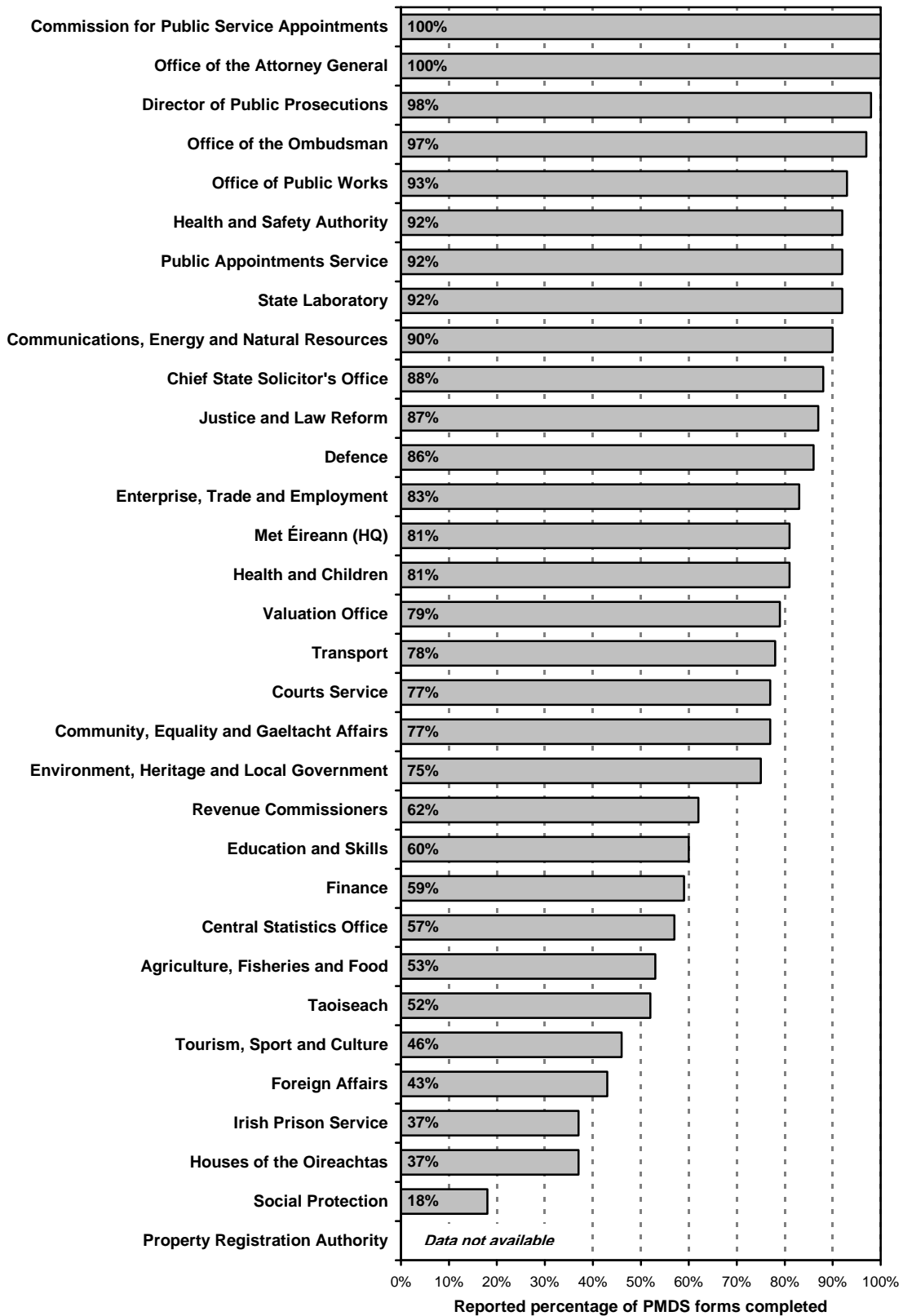
Point in time surveys by the Department of Finance suggest that there are delays in completion of assessments and that this had deteriorated somewhat in 2009. In that year, the overall compliance rate was 56%.

Views of the Accounting Officer

10.28 The Accounting Officer of the Department of Public Expenditure and Reform stated that his Department is taking steps to improve compliance and consistency, primarily by gathering data on compliance with a view to publishing the rates of compliance by departments and offices across the civil service. He has reported that compliance has increased by 13% in 2010.

⁹⁶ 60% of the Department's staff were affected by the industrial action, and there is a considerable improvement in compliance since, rising to 80% for 2010.

Figure 45 Reported Percentage of 2009 PMDS Annual Reviews Completed, by Department/Office^a



Source: Departmental returns to the Department of Public Expenditure and Reform (then part of the Department of Finance)

Note: a Some department titles have changed due to reorganisations since the data was compiled. The original department name has been used.

PMDS and Award of Increments

10.29 Most civil service salaries are based on grade-specific pay scales, with a number of pay increases (increments) payable, usually at yearly intervals. Increments awarded or due for payment across the civil service as a whole are in the order of €40 million a year.

10.30 Up to 2005, recommendations for the award of pay increments were based on individual reviews that were additional to the PMDS assessments, with sick leave and attendance records also being taken into account in the final decision. Since 2005, the award of pay increments to civil servants has been conditional on the prior completion of a PMDS annual review and on receiving a minimum rating of '2' in the annual PMDS review assessment. As before, the individual staff member's sick leave and attendance records continue to be taken into account in the increment award decision.

10.31 Apart from the risk that annual increments of pay may be given in instances of poor performance due to 'assessment rate inflation', the Department of Public Expenditure and Reform's analysis indicating just 56% compliance with PMDS reviews gave rise to a risk that awards of incremental pay increases might have been made even in the absence of appraisal. I considered it important to review whether and to what extent that risk may have actually materialised.

10.32 The audit examined the procedures for awarding increments in four departments. In those four departments annual reviews and ratings were checked for all staff that were due an increment in May 2010 (see Figure 46). Overall, the audit found that almost all increments awarded were supported by prior annual reviews. In 9% of the cases examined, payment of the increment was delayed because the PMDS annual review form had not been completed. Two thirds of these delayed increments were paid by July 2010. The remainder of the delayed cases were paid by end 2010, with one exception which was paid in February 2011. In a further 7% of cases, the increment was withheld because of an unsatisfactory sick leave record. In 1.2% of the cases examined, increments were withheld as PMDS reviews had not been completed.

Figure 46 PMDS Annual Review Compliance for Award of May 2010 Pay Increments – Selected Departments^a

Department	Increments due for payment in May 2010	Annual review completed and increment paid on due date	Increment delayed because		Increment not paid; PMDS review not completed
			PMDS review not completed on time	Excess sick leave	
Justice and Law Reform	112	107	3	–	2
Agriculture, Fisheries and Food	108	73 ^b	18	16	1
Taoiseach	11	10	1	–	–
Community, Equality and Gaeltacht Affairs	11	11 ^b	–	–	–

Notes: a Some department titles may have changed due to reorganisations since May 2010

b One person was paid an increment without prior completion of a PMDS assessment.

10.33 The audit noted some systematic issues

- There is a risk in instances where payment systems are not driven by authorisations from the human resource function that pay increments would be paid without appraisal or where appraisals do not warrant it. In the Department of Community, Equality and Gaeltacht Affairs⁹⁷, payment of increments was not withheld if a rating was not available. The practice was that the Personnel Unit subsequently followed up for a completed annual review form and associated rating. The Department informed me that a formal system was introduced in November 2010, whereby payment of increments was withheld if a PMDS rating was not available for an officer.
- There should be consistency in the definition of the rating period. Until 2011, the Department of the Taoiseach did not operate PMDS on a calendar year. Instead, it operated the system on a different timescale for each individual jobholder. Furthermore, the PMDS reviews were not effectively synchronised with the timescale for payment of increments. As a result, some of the increments paid in May 2010 were based on PMDS assessments carried out in April/May 2009. At the start of 2011, following an internal review, the Department harmonised the operation of PMDS across all Divisions to ensure that, in future, the same review period will apply for all Divisions and staff.

10.34 It was also noted that in the Department of Social Protection, the award of increments, while still subject to the manager's written confirmation of satisfactory performance, was not predicated on prior compliance with PMDS. Accordingly, most of the increments that were awarded to staff are paid in the absence of completed PMDS annual reviews. The Department has stated that it is taking steps to strengthen its PMDS.

10.35 Not all staff are eligible for a pay increment each year e.g. staff at the maximum point of the relevant payscale. Even where an increment is not payable, it is desirable that the performance management process should continue to function in such cases.

10.36 Overall, the focus group convened to discuss PMDS expressed the view that both jobholders and managers found it was time-consuming to comply with the paperwork requirements and the process. A simpler system was advocated⁹⁸.

10.37 The focus group opinion was that, in areas of the civil service that are customer-facing, completion of the PMDS process was not regarded as a priority due to pressures for service provision. What was also evident from the group discussion was that compliance was very significantly driven by the requirement for completion of reviews before pay increments could be awarded. It was also apparent to the group that those who were on the maximum point of their scale were not incentivised to complete the PMDS process. Their experience was that, in non-completed cases, most of these could be attributed to those who are no longer receiving increments.

⁹⁷ The functions of the Department of Community, Equality and Gaeltacht Affairs transferred to six different departments following the reconfiguration of Government departments in 2011.

⁹⁸ The Department of Public Expenditure and Reform is moving to extend electronic processing of PMDS forms throughout the civil service.

Conclusion – PMDS and Pay Increment Awards

Completed appraisal forms are part of the substantiating documentation for certain pay awards. Consequently, it is important that they be in place in all cases. Audit sampling found that almost all increments awarded in May 2010 for four departments were based on current appraisals. There are some financial risks that arise out of practices that permit automated payment of pay increments or the basing of awards on appraisals completed more than 12 months previously. Departments should review their procedures to eliminate these risks.

While audit sampling indicates high compliance with reviews in advance of payment of increments, there remains a residual risk that the samples reviewed were not representative since Departments operate independent systems of payment and human resource management. Accounting Officers should consider asking their internal audit functions to review compliance periodically. It is also desirable to adjust the design and timing of surveys in order to get a more representative snapshot of compliance.

Views of the Accounting Officer

10.38 The Accounting Officer acknowledged the residual risk that the results of sampling of compliance with year-end reviews may not be representative as departments operate independent payment and HR systems. He also stated that the award of an increment was, at least in some cases, based on an unrealistic rating and it was likely therefore that increments were being paid even where there was a problem with performance.

Impact on Performance

10.39 An underlying rationale for performance management systems is the belief that worker performance can be positively influenced and that resources and time devoted to the process will yield a payback in enhanced productivity and effectiveness, except in cases where underperformance is persistent to the point that it manifests as ongoing failure to meet specified, realistic objectives and standards.

10.40 To assist in assessing whether PMDS is contributing to performance improvement and staff development two factors are key

- whether jobholders have or can develop the competencies necessary to carry out their work to the required standard
- to what extent under-performance is identified and managed.

Development of Staff Competencies

10.41 The business objective that underpins investing time in identifying and addressing development needs of staff is to ensure that they are equipped with the behaviour, abilities, knowledge and skills required to do their job well, to provide the highest quality of customer service and to realise their potential. Identification of specific development needs of an individual and agreeing ways to address those needs rests in the first place with the jobholders and their line managers.

10.42 In PMDS, each role profile identifies competencies required to carry out the job. Development of those competencies over a period can lead to development of the capability of the organisation as the competencies are practised. This mutual relationship between personal performance and organisational performance is at the core of PMDS.

10.43 A competency framework was developed to guide staff in the identification of the competencies required for an individual job, and of the areas where an individual post holder required development. The framework, which distinguished between job-related knowledge, skills and behavioural competencies, is summarised in Annex A.

10.44 The Department of Finance carried out an online survey of all civil service staff at the end of 2009 and the beginning of 2010, to ascertain their attitudes as to how PMDS was being operated. The overall response rate achieved was 20%. The methodology used and the low level of response may mean that the opinions expressed cannot be regarded as representative of the views of civil servants as a whole. In practice, those with the strongest views (for or against PMDS) are most likely to have responded. Nevertheless, the responses provide useful indicators of areas where there is scope for improvement to be made to the system.

10.45 The survey found that

- 63% of respondents believed that competencies relevant to their jobs had been identified in the PMDS process.
- Around half of the respondents felt that the training options identified for them were linked to the identified competencies.
- A similar percentage reported that the training needs identified for them were acted upon.

10.46 Only 40% of respondents reported that they had discussed with their manager whether they were operating at the required standard of proficiency or whether they fell short of it. At the senior management levels, the percentage dropped to 36%.

10.47 When competency gaps are identified, the challenge is to address them in an effective manner. In general, deficits in knowledge and skills can be addressed more easily than deficiencies in some behavioural competencies, such as conceptual thinking and interpersonal understanding.

10.48 Certain good practice approaches to addressing the development of competencies of individuals are suggested in Figure 47.

Figure 47 Good Practice for Competency Development

In each cycle, focus on two or three development areas, picked with an eye to the critical competencies for the job

Relate the development emphasis to the capacity of the jobholder vis-à-vis the demands of the job on the basis that competence development, and how it is to come about, will vary from individual to individual and situation to situation.

Agree how development will be recognised when it happens.

Encourage personal ownership of development through action research and other self-monitoring and evaluation techniques or methods.

While individual ownership of development must be encouraged, at the same time there needs to be review mechanisms. Consequently, there is a challenge for jobholders and their managers alike to ensure that, once competencies have been identified for development, there is a relevant monitoring framework that will allow progress to be charted in that development.

Source: Consultant – Dr. Gerry McMahon

10.49 In practice, the development of staff through identification of skills and behavioural competencies to be worked upon can only be effectively addressed as part of an interactive ongoing process where formal appraisal is only one, albeit important, element.

10.50 The focus group regarded the aspects of PMDS relating to competency development as very conceptual in character with limited practical application in the context of the civil service. Some reservations were expressed by the group that the selection of behavioural competencies for development was a 'box-ticking' exercise and that there should be more emphasis on the development of skills. The group also said that it was very difficult to identify whether softer skills had been enhanced as a result of specific training as distinct from technical skills which were more easily demonstrated.

10.51 While training courses are provided with the intention of developing a jobholder, in some cases it is difficult to make the direct link between improved performance and courses undertaken. Departments keep records on attendance at training courses, but no work has been undertaken to assess the output in terms of positive impact on an individual, team or organisational performance. It would be worth exploring whether indicators can be developed to measure the return from investment in staff development or training for softer skills such as communication.

Managing Underperformance

10.52 The utility of the PMDS as a driver of performance is influenced by the extent to which it effectively addresses underperformance. The Department of Finance's 2009 survey found that only 18% of respondents felt that their departments were managing underperformance appropriately.

10.53 A rating of '1' or '2' could be classed as signifying underperformance of the staff member receiving the rating. While the proposed distribution for PMDS assessment ratings indicates that as many as 30% of staff could be rated a '1' or '2', the results over the period 2007 to 2009 show that less than 3% of staff have been rated at these levels. This outcome may indicate that underperformance is not being identified and consequently not being addressed.

10.54 The audit found that some departments have taken steps to address underperformance. Measures noted in the course of this audit review include

- The Department of Social Protection has issued formal guidelines and an information pack to support managers. This is available on its intranet. The guidelines provide clarity about the process which managers can, and should, employ when managing underperformance, and dissemination makes the process transparent to those potentially affected by it. In a pilot exercise the Department of Social Protection also incorporated punctuality, timekeeping and attendance into the PMDS process. In deciding annual performance ratings, the Department seeks to take account of these measures of performance, but with limited success. The Department stated that while there were some positive indicators in the pilot study from the inclusion of these elements in the assessment of performance there had not yet been agreement on their formal adoption.
- In the Department of Enterprise, Trade and Employment, an information and training programme for staff is currently being finalised. A pilot training course was provided to managers who had experience of managing underperformance and the feedback provided at the end of the course was used to inform and further develop the guidelines and training. Additional feedback was obtained through a consultation process with managers and staff of the Department. Training for managers will include preparation for meeting with staff when dealing with difficult issues.
- In the Department of Health and Children, an office notice was issued to all managers highlighting the need to address underperformance in a consistent manner across all divisions. Managers were advised that a rating should accurately reflect performance, that if there are issues with performance that these should be well flagged during the year, and that managers should give explanations to staff in areas where they fall short of expected performance.

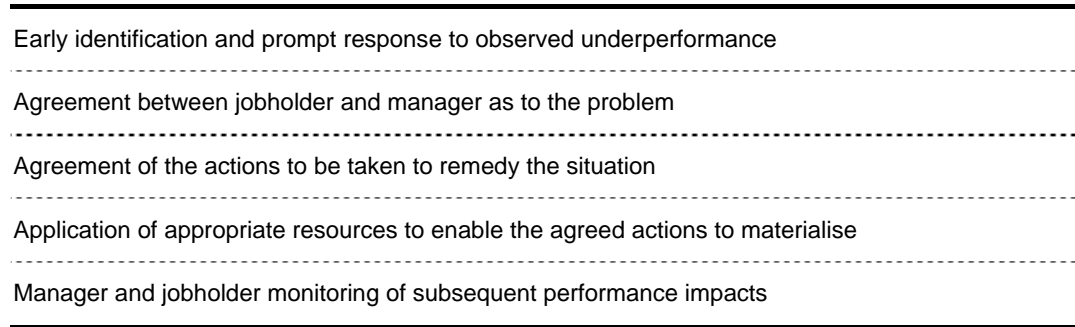
10.55 Managing underperformance is a shared responsibility. It is the line manager's responsibility to proactively address underperformance problems arising within their area. On the other hand, it is the responsibility of the jobholder to engage with the manager and to work towards an agreed solution where underperformance has been identified and documented.

10.56 The focus group were quite definite that the issue of under-performance is a serious issue for the civil service. The group were generally agreed that under-performance was not being addressed and set out a number of key observations related to this matter.

- There is a legacy problem to deal with in that some under-performing employees have been carried by other employees and their under-performance continues.
- Under-performance had not and is not being addressed at an early enough stage in an individual’s career and this is having a negative knock-on effect throughout their working life.
- Top civil service management is not supporting managers in dealing with under-performance and so there is little incentive for these managers to address the problem.
- When managers receive an under-performing employee into their work area there is often no written evidence to prove the under-performance because this has not been recorded by previous managers – this can prove to be a barrier to raising the issue effectively when the employee has been transferred.
- Managers see a significant personal and administrative ‘burden’ attached to addressing under-performance.

10.57 An important element in addressing underperformance is to distinguish those individuals who can be assisted in achieving greater proficiency over time from those where there are potential disciplinary issues. In the case of the former, timely actions and agreement on issues between the parties are core elements for the management of underperformance. It may often be possible to achieve a successful resolution to underperformance issues through a personal development plan, tailored to the particular work situation. A desirable general framework for successful management would exhibit these elements.

Figure 48 Good Practice Approach to Managing Underperformance



Source: Consultant – Dr. Gerry McMahon

Upward Feedback

10.58 Arrangements for the provision of upward feedback to managers were introduced in 2002. Upward feedback is designed to provide an opportunity for jobholders to constructively comment on how they are being managed, the running of the work unit and how PMDS is implemented.

10.59 Upward feedback was reviewed in four departments. It was found that

- In the Courts Service, no formal upward feedback provision is in operation but the Service stated that it appeared to take place informally. Training was provided to staff for upward feedback but implementation stalled due to industrial action and it was never followed up. It also stated that in 2011 a new management programme had been introduced which encouraged managers to seek feedback from staff on a number of areas including how they were managed, team performance, staff initiatives and dealing with performance issues. Formal introduction of upward feedback was under review.

- In the remaining three departments reviewed, the annual review form includes space to record whether upward feedback was provided. In practice, the Department of Health and Children does not record instances or content of feedback. It is the policy in both the Department of Enterprise, Trade and Innovation and the Department of Social Protection to record instances of upward feedback. In the Department of Social Protection, there are no recorded instances of upward feedback having been given. On the other hand the Department of Enterprise, Trade and Innovation report that 64% of staff have given upward feedback, which ranges from 52% at Clerical Officer and equivalent grades up to 79% at Principal Officer and equivalent grades.

10.60 Generally, the focus group believed jobholders were reluctant to give upward feedback to their managers due to personal inhibitions. The more junior the grade of the jobholder, the less likely were they to give upward feedback.

Conclusion – PMDS and Performance

Surveys by the Department of Finance raise questions about whether the competencies being identified in the course of the PMDS process related to the job and the effectiveness of development follow up where competencies were identified. It would be useful to evaluate the impact of development initiatives on team performance.

Only 19% of respondents to the survey felt that their department was managing performance appropriately.

The distribution of ratings indicates that a very low percentage of staff are rated in the two lower bands. This suggests a risk that underperformance is not being tackled.

Views of the Accounting Officer

10.61 In commenting on the report, the Accounting Officer of the Department of Public Expenditure and Reform noted that the most important measurement of effectiveness of a performance management system was how well the system was contributing to performance improvement and staff development.

10.62 He stated that the Mercer Evaluation of PMDS in 2005 assessed the extent to which PMDS was contributing to improved individual performance and therefore organisational performance. The survey covered specific criteria including the PMDS process, implementation, effectiveness, fairness and consistency, whether training and development needs are met and how performance is assessed. The Department repeated this survey in 2010. He stated that the responses in the survey had given the Department a good indicator of how well PMDS was working and that the findings had informed the development work currently being undertaken to improve PMDS.

10.63 The Accounting Officer also informed me that the Public Service Agreement 2010 – 2014 and associated Civil Service Action Plans set out the measures to be taken by the Department of Public Expenditure and Reform to address the main difficulties with PMDS. These include

- increasing the focus on tackling underperformance through providing training and guidelines on how to address underperformance to HR and training units in all departments /offices
- introduce measures to strengthen links between PMDS and the disciplinary process
- pro-active monitoring of and promotion of better technical structures for the completion of PMDS throughout the civil service.

10.64 Measures addressing the objectives has been approved by the Minister and a letter setting out proposals for PMDS has been issued to Secretaries General in June 2011. Negotiations with unions on strengthening PMDS have commenced.

10.65 The Accounting Officer stated that changes to PMDS will happen on a phased basis.

- The first stage includes streamlining the civil service PMDS to make it a more useful tool for managing performance, introducing a sanction for non-compliance of managers with PMDS and developing a more proactive role for the Department of Public Expenditure and Reform in supporting HR units in promoting and strengthening performance management.
- The second phase will see the development of a framework for fairness and consistency in relation to ratings and development of guidelines and tools for HR units and managers to continue supporting a performance management culture.

10.66 Certain measures to tackle underperformance have already been rolled out. Focus group sessions were held in November 2010 to identify how to address underperformance. Workshops were held in March 2011 with HR units to train staff on tools for managing underperformance, and guidelines were published in May 2011 on ways in which to tackle underperformance, including the use of the (civil service) Disciplinary Code in this process. It is intended that departments will roll out training on how to manage underperformance to line managers.

10.67 Finally, steps were taken to improve compliance and consistency by gathering data on compliance with a view to publishing the rates of compliance by departments and offices across the Civil Service. A year-on-year increase in compliance of 13% recorded in 2010 shows that there has been some success in this area.

Conclusion

The distribution of personal ratings set out for the civil service in 2005 was designed to reflect an expected 'norm'. This has not turned out to be the case. More higher ratings and fewer lower ratings are being awarded by managers than expected in the 2005 norms.

Appropriate and effective competency development is critical to organisational success. PMDS has now been in operation in the civil service for over ten years and its implementation entails a significant resource commitment. It may be timely to conduct a rigorous review of how well this aspect of staff development has worked and how the process may be improved for organisations and staff alike. More thought also needs to be given to the development of the specific competencies that will positively impact on performance.

The relatively low number of ratings awarded at the bottom end of the scale may indicate unaddressed underperformance.

The Department should consider reviewing whether the existing PMDS processes for dealing with underperformance are sufficient and if they distinguish adequately those cases that may be dealt with through a personal development plan from those requiring some disciplinary actions. Consideration might be given to the provision of a more structured personal development process whereby managers and jobholders affected by underperformance can seek to avoid the path to disciplinary procedures.

In the absence of an agreed approach to the management of underperformance, there is a risk that it would become embedded in an organisation's culture.

Annex A The PMDS Competency Framework

The competency framework developed for use in the context of PMDS distinguishes between

- **Knowledge** – the knowledge or information required by a post holder in order to do the job. This includes information about a case or situation being dealt with, as well as specialised knowledge such as relevant legislation or required educational or professional qualifications.
- **Skills** – the things a post holder needs to be able to do in the specific job e.g. use of a computer system, how to perform a specific form of analysis, ability to drive or to speak Irish. Skills can often be developed through formal training, through guidance from a coach or through practice on the job.
- **Behaviour** – ways the post holder acts in the work context that influence the effectiveness of his/her performance. Seventeen behavioural competencies were identified as being of relevance generally in the civil service environment. These were grouped into four general behaviour areas, as set out below.

<p>Personal Effectiveness</p> <p>Self confidence</p> <p>Achievement drive and commitment</p> <p>Initiative</p> <p>Teamworking</p> <p>Communications</p>	<p>Group and Interpersonal Effectiveness</p> <p>Networking and influencing</p> <p>Interpersonal understanding</p> <p>Customer service</p> <p>Managing and developing people</p> <p>Leadership</p>
<p>Managing for Results</p> <p>Managing budgets and resources</p> <p>Information seeking and management</p> <p>Concern for clarity and work quality</p>	<p>Thinking and Problem Solving</p> <p>Analytical thinking</p> <p>Conceptual thinking</p> <p>Decision making and judgement</p> <p>Specialised expertise</p>

