

Managing Underperformance Procedure

Introduction and Guiding Principles

Introductory Statement

I am pleased to introduce this guide to managing underperformance within Post Office Ltd. It is my belief that everyone wants to do a good job when they come to work. It is also my belief that with appropriate support and motivation all individuals should be able to perform to a good standard.

This guide has been developed following feedback from managers, front line individuals, employee support teams, and union representatives. We have also looked at good practice within the financial services sector.

In an increasingly competitive world we need to improve our performance just to stand still; given the pressures facing Post Office Ltd we know that we have to be able to perform at even better levels to compete in new markets such as financial services.

I would like to stress three important principles:

1. Performance management is critical to making the business successful
2. We will manage underperformance and not leave the individual unsupported
3. We will support people to achieve a good standard but they have to take responsibility for their own performance

Ian Anderson

Director Human Resources

Guiding principles

The aim of this approach is not to dismiss individuals but to improve their performance by informal and, if necessary, formal procedures. Dismissal will only take place as a last resort where, despite support provided, sufficient improvement has not been achieved and alternatives considered.

It is expected that with robust action plans clearly detailing the required standards and the specific actions and timescales involved, the vast majority of individuals will be removed from the process because their performance has sufficiently improved.

The process will not apply where other specific procedures exist:

- during trial
- conduct
- attendance

Managing Underperformance

Line manager responsibility

Line managers identify underperformers as part of their normal day-to-day performance management (of which The Performance and Development Review is a part).

Regular 1-2-1s are a key to good performance management. They should be held ideally monthly and must be held at least quarterly.

The first stage in managing underperformance is to ensure that the individual is fully aware of what is expected of them with regard to their:

- personal and business objectives (which should be consistent with stated business aspirations)
- job description and role within the business
- behaviour and attitude

Informal discussion

If it becomes apparent to a manager that a particular individual for whom they have line responsibility is not meeting the required standard of performance, either generally or in a specific area, the intention should be to resolve such matters through an informal discussion at a 1-2-1:

- state the performance required
- state the shortfall in performance
- reach agreement if possible on the shortfall in performance
- explore reasons for the performance shortfall
- agree actions and a timetable for improving performance

It is hoped that following an informal discussion the individual's performance will improve. Although informal, a note of the discussion must be recorded as part of the 1-2-1 process. It is expected that a line manager raising underperformance informally will ensure the individual is aware of the services of Employee Health Services and the regulations concerning the Disability Discrimination Act etc.

Formal procedures

If no improvement has been identified following an informal discussion, the individual must be notified of the intention to begin formal procedures by the line manager. It is not expected that the period between informal discussion and the formal process being started should be less than four weeks.

Individuals who are underperforming must be formally advised they are underperforming at a regular 1-2-1. It is not expected that an individual will be placed on the formal procedure without the performance issue having been raised informally at a previous 1-2-1.

Having explained to the individual that formal proceedings have been initiated, the line manager will then invite the individual by letter to a formal interview.

The formal interview

The individual will be invited to a formal interview which should take place within ten working days of them being advised that they are underperforming.

The individual must be advised of their right to be represented by a companion who may be a friend or union representative from the business. From the 1st October 2004, due to changes in the law employers must allow the companion to put the individual's case, to sum up that case, and to respond on their behalf to any view expressed at the interview. The companion may still confer with the individual during the hearing. The amended law also provides that the employer is not required to permit the companion to answer questions on the individual's behalf, address the hearing if the individual indicates that he does not wish the companion to do so, or use the powers in a way that prevents the employer from explaining his case or any other person from making their contribution.

The objectives of the formal interview are to:

- state the performance required
- state the performance shortfall
- demonstrate the shortfall with evidence and documentation (where available)
- reach agreement if possible on the performance shortfall
- explore reasons for the performance shortfall (including any external factors)
- agree a plan and timetable for closing the gap between the performance shortfall and the required standard
- include consideration of any mitigating factors
- remind the individual of the services of the Employee Health Services

At this formal interview the action plan must be agreed with input from the individual encouraged. Notes of formal interviews should be recorded, signed and agreed by both the line manager and the individual.

Action plan

The action plan sets out the required standards, the shortfall in performance and, most importantly, the clear steps/actions that will be undertaken by the individual and any support the manager will provide (for example coaching) to close the gap with agreed timescales for improvement.

This action plan must not be longer than 13 weeks, i.e. after 13 weeks the individual should have improved to the extent they are no longer underperforming or they will have progressed to second line manager involvement (see stage two). For absolute clarity the action plan may be shorter if the individual improves and maintains the required performance standard for four weeks when they will be removed from the process.

The emphasis is on supporting the individual to improve and to deliver the action plan.

The formal process stage one

At the first formal meeting the individual has the right to be accompanied by a friend from the business who may be their trade union representative (see formal interview section on previous page).

At stage one of the formal process for managing underperformance there are regular (at least monthly) formal meetings to review progress against the action plan between the line manager and individual.

At each meeting it should be recorded whether or not progress is being made.

Notes of the formal 1-2-1s should be recorded, agreed and signed by both the individual and the line manager.

At all stages the individual is to be advised of the services of the Employee Health Services and it should be recorded that these were offered.

If at the end of the agreed time for the improvement to be achieved the individual is performing to a good level, then they are removed from the process once they have shown they can sustain this performance level for a further four weeks.

It is accepted and must be recorded that as the individual has proven they can perform at a good level any future failing may be viewed as a conduct issue (subject, of course, to consideration of any mitigating factors).

The formal process stage two

At the end of the agreed timescale (no more than 13 weeks) if the individual has failed to close the performance gap or show substantial evidence of closing the gap, then the first line manager will call the individual into a formal meeting to discuss the consequences of their failure to improve.

The consequences will include automatic progression to stage two.

The second line manager becomes involved, and signs off the action plan.

The second line manager monitors progress over 13 weeks at their regular 1-2-1 with the first line manager.

The first line manager continues to hold regular (at least monthly) 1-2-1s with the underperformer.

At each meeting it should be recorded whether or not progress is being made.

Notes of these formal interviews at stage two must still be recorded and signed by the line manager who maintains the responsibility for holding 1-2-1s with the underperforming individual.

During the second stage, if the individual improves their performance to a good standard then they are removed from the process once they have shown they can sustain this performance level for a further four weeks.

(It is accepted and must be recorded that as the individual has proven they can perform at a good level any future failing may be viewed as a conduct issue subject, of course, to consideration of any mitigating factors.)

Final interview (consideration of dismissal)

If after this further 13 weeks (i.e. 26 weeks since the individual was formally placed on the process) the individual has failed to close the performance shortfall or show substantial evidence of closing the gap, then the individual will be formally invited to an interview with the second line manager. The second line manager will consider all of the available evidence and will make a decision regarding the individual's future employment with Post Office Ltd. At this interview the individual has the right of representation as previously detailed.

Any mitigating factors must be taken into consideration.

The second line manager will take into account the documented evidence from both the first and second stage of the formal process and will make a decision whether to dismiss or to consider an alternative action such as reduction in grade, or a move to an alternative role.

The individual will be notified of the second line manager's decision in writing with the reasons for their decision clearly explained within ten working days.

Appeal

There will be the right of appeal by the individual to a trained appeals manager who will undertake a rehearing of the case.

Appeals will be managed to the principles applying to the appeals processes within Post Office Ltd, the key principles being:

- the appeal is conducted out of the reporting line
- the appeal is a complete rehearing of the case
- the appellant has the right to representation (as previously detailed) and to see all documentation relating to their case

Performance and Development Review marking

The marking at the Performance and Development Review round must not be unexpected; as 1-2-1s during the year should have identified that an individual's performance was falling short of good. Those individuals marked as critical will be automatically placed on the process. Individuals receiving a two marking will be placed on the process at the line manager's discretion.

Right to representation summary

At 1-2-1s NO

Formal interview at the start of the process YES

1-2-1s to monitor action plan progress at stage one NO

Decision interview at the end of stage one YES

1-2-1s to monitor action plan progress at stage two NO

Decision interview at the end of stage two YES

Appeal YES

A. Invitation to Interview at the Start of the Formal Process

Dear Date

Managing Underperformance Procedure

On (date) we met to discuss your performance as part of your *1-2-1/formal performance and development review. I advised you at that time that your performance was giving cause for concern, and that your work would now be closely monitored to provide you with feedback and the opportunity to make the required improvement to a good standard. As discussed, I feel it is necessary to take this course of action because:

(Insert your reasons here. These should reflect the outputs of the conversation and explanation you have already provided. Draw out examples of where the individual has failed to deliver the requirements of their role, or objectives, or where they fall short of the capability requirements for the role.) Therefore you are now invited to attend a meeting between us on *(insert date, must be within 10 days of the date of this letter which should be sent within two working days of the 1-2-1/performance and development review where the individual has been formally advised they are to be placed on the managing underperformance process)* to discuss, develop and construct an action plan to support and encourage you to achieve a good standard of performance.

The action plan will, with input from us both, set out the shortfall in performance and the clear steps you need to take to give you the opportunity to improve your performance to a good standard. The action plan should be completed within 13 weeks, or sooner. Hopefully the actions identified will enable you to improve to a good standard, if this is achieved your performance will be regularly monitored for a further four weeks to ensure that you are able to sustain the improvement and you will then be formally removed from the process.

I will be monitoring your performance, giving feedback on the standards achieved and supporting you to improve, and we will meet regularly to discuss progress and any further actions we might need to take to support you. In return you will endeavour to achieve the actions on the plan to improve your performance. If at the end of the 13 weeks you are not achieving the standard you will be called to a further meeting where you have the right to be accompanied where the normal course of events will be for a further action plan to be developed and *(insert name second line manager)* will be kept informed of your progress against this new action plan. However you need to be aware that the consequences of not achieving a good standard will result in consideration being given to your future employment with Royal Mail Group and could result in relocation to an alternative role and/or a reduction in grade, or even dismissal.

You have the right of representation at the interview and therefore you are encouraged to be accompanied by a friend from the business, who may be your union representative. It is your responsibility to arrange representation. Please please remember that you also have the services of Employee Health Services available to you if you wish.

The action plan will be signed by both parties, and will cover:

- the required standards
- the shortfall in performance against these standards

- clear timescales, steps and measures including the detail of how to close the shortfall between good performance and current performance
- your reflections and contributions to the dialogue to close the gap between actual performance and the standard required
- coaching/training actions committed to by us both

I hope by taking these steps we can improve your performance to achieve a 'good' marking.

You should note and return one copy of this letter within seven calendar days and confirm your attendance at the interview.

A copy is enclosed for your retention.

Yours sincerely

Noted

Line manager Date

- Delete as appropriate

B. Summary Letter Recording Outputs of Interview at the Start of the Process

Dear Date

Managing Underperformance Procedure

On *(date)* we met to discuss your performance and agreed an action plan so that you could improve your performance to a good standard. I informed you that your performance was giving cause for concern, and that your work would be closely monitored to provide you with feedback and the opportunity to make the required improvement. *You were accompanied at this meeting by *(insert name)*.

As we discussed, I feel it necessary that we take this course of action for the following reasons:

(Insert your reasons here. These should reflect the outputs of the conversation and explanation you have already provided. Draw out examples of where the individual has failed to deliver the requirements of their role, or objectives, or where they fall short of the capability requirements for the role.)

The action plan has been drawn up based on our meeting, and makes clear the changes that are required to improve your performance to the required standard. It is your personal responsibility to do all you can to improve your performance and I will provide you with support and guidance to do this. The action plan is attached.

This action plan will be reviewed on a regular basis, at least monthly, for a maximum of 13 weeks at which time we will review your progress and decide if we can end the monitoring or whether further progress is needed. In this case you will progress to stage two of the procedure, which will involve monitoring your performance for a further period of 13 weeks in conjunction with *(name – 2nd line manager)*. If after 13 weeks your performance fails to improve, then consideration will be given to your future employment within Royal Mail Group.

I would like to remind you that the Employee Health Services are available if you feel that consulting them could be helpful to you.

You should note and return one copy of this letter within seven calendar days. A copy is enclosed for your retention.

Yours sincerely

Noted

(Name of line manager and title) Date

- Delete as appropriate

C. Action Plan Template

Specify the required standards.

Specify the shortfall in performance against the above standard.

What steps/actions have been agreed to close the gap between required performance and current performance. Complete in detail. (what, how, by when, what support to be given).

Individual's reflections on how to close the gap.

What coaching/training actions have been committed to by the manager and the individual.

What are the timescales, steps and measures.

Signatures of both parties.

Dated

Dated

D. Progression to Four week Monitoring Period Due to Meeting Good Standard

Dear Date

Managing Underperformance Procedure

You were placed on the Managing Underperformance Process on *(insert date of formal meeting)* when we agreed an action plan with your contribution and input to improve your performance to a good standard. I am pleased to advise you that you have now improved your performance to a good standard.

I am therefore placing you on a four week monitoring period, which exists to ensure that once you have demonstrated that you have met the requirements of the action plan and can perform at a good level, you must prove that you can sustain this for a further four weeks before being removed from the process completely.

I am hopeful that you will sustain the necessary level of performance for four weeks and be removed completely from the process. However I have to advise you that if you fail to maintain the good standard for four weeks you will be placed back onto the Managing Underperformance Process at the same point plus four weeks as when you were placed on the four week monitoring period.

We will continue to review your performance on a regular basis during the four week period referred to above.

Yours sincerely
Noted
(Line manager) Date

**E. Removal From Process Due to Good Performance
Being Maintained for Four Weeks**

Dear Date

Managing Underperformance Procedure

At your informal interview with me under the Managing Underperformance Procedure on (*date*) you were advised that your work performance was not up to an acceptable standard and that an improvement was needed.

We agreed together an action plan, with milestones, and this has been reviewed at our regular meeting. Having now reviewed your progress and all the documentation, I am happy to tell you that I consider that your performance has now reached the level required to perform the job in line with the requirements of Post Office Ltd, and that you will be removed from the Managing Underperformance Procedure.

Please note that, now you have achieved the required level of performance, any future recurrence of underperformance may be viewed as a conduct issue rather than a capability issue.

You should note and return one copy of this letter within seven calendar days. A copy is enclosed for your retention.

Yours sincerely
Noted
(*Line manager*) Date

F. Failure to Maintain Sustained Improvement for Four Weeks and Therefore Return to the Process

Dear Date

Managing Underperformance Procedure

Further to my letter dated (xxxx) when I informed you that you had demonstrated you could work to a good standard and would be monitored for a further four weeks.

I have to advise you that you have failed to maintain the required standard for four weeks and as a consequence you will be placed back on the managing under performance process at the same point , plus four weeks as when you were placed on the four week monitoring period.

Your previously agreed action plan will continue to apply and we will review this at our next one to one with me on (*date*).

Yours sincerely

Noted

(*Line manager*) Date

G. Invitation to Formal Interview at the End of Stage One to Consider Decision

Dear Date

Managing Underperformance Procedure

At your formal interview with me under the Managing Underperformance Procedure on *(date)* you were informed that your work performance was not up to a good standard and that an improvement in your performance was needed

We agreed an action plan to close the shortfall in your performance, and this has been reviewed at our regular meetings. Having now reviewed all the documentation, I consider that your performance is still below the level required to perform the job in line with the requirements of Post Office Ltd and shows no substantial evidence of closing the shortfall.

I would therefore like to invite you to an interview at *(time)*, on *(date)*, at *(location)* when we will discuss the next steps in the process.

Your performance will be monitored for a further period of no more than 13 weeks and we will again review and feedback on your performance at regular intervals. A new action plan will now be drawn up which will be agreed with *(2nd line manager)* who will be monitoring your performance with me over this extended period.

The reasons why I am taking this action are detailed below:

(Insert your reasons here. These should reflect the outputs of the reviews that have been conducted, the training/support provided and the failures/deficiencies in targets.)

I have to advise you that unless your standard of work performance improves to the required standard, it will be necessary to give serious consideration to your future employment with Royal Mail group.

Please remember that the Employee Health Services are available if you feel that consulting them could be helpful to you. You may also, if you have not already done so, wish to consult your Union representative. Please note and return one copy of this letter within seven calendar days. A copy is enclosed for your retention.

Yours sincerely

Noted

(Name of line manager and title) Date

**H. Formal Notification of Proceeding Onto Stage Two
Following Interview at End of Stage One**

Dear Date

Managing Underperformance Procedure

On *(date)* we met to discuss your performance as a result of you reaching the end of stage one of the Managing Underperformance Process without you demonstrating that you are capable of performing to a good standard.

In your case I have progressed you to stage two of the procedure, which will involve monitoring your performance for a further period of 13 weeks in conjunction with *(name – 2nd line manager)*. If after 13 weeks your performance fails to improve, then, as explained at your interview on *(date)* consideration will be given to your future employment within Royal Mail Group.

We reviewed your action plan as you have progressed to the second stage to give you every opportunity to be supported to make the necessary improvements in your role to enable you to improve your performance to a good standard.

As we discussed, I feel it necessary that we take this course of action for the following reasons:
(Insert your reasons here. These should reflect the outputs of the conversation and explanation you have already provided. Draw out examples of where the individual has failed to deliver the requirements of their role, or objectives, or where they fall short of the capability requirements for the role.)

The action plan has been drawn up based on our meeting, and makes clear the changes that are required to improve your performance to the required standard. It is your personal responsibility to do all you can to improve your performance and I will provide you with support and guidance to do this.

I would like to remind you that the Employee Health Services are available if you feel that consulting them could be helpful to you.

You should note and return one copy of this letter within seven calendar days. A copy is enclosed for your retention.

Yours sincerely
Noted
Line manager Date

I. Progression to Four Week Monitoring Period Due to Meeting Good Standard (During Stage Two)

Dear Date

Managing Underperformance Procedure

You were placed on the Managing Underperformance Process on *(insert date of first formal meeting)* when we agreed an action plan with your contribution and input to improve your performance to a good standard. I am pleased to advise you that you have now improved your performance to a good standard.

You were placed on the Managing Underperformance Process on *(insert date of formal meeting)* when we agreed an action plan with your contribution and input to improve your performance to a good standard. I am pleased to advise you that you have now improved your performance to a good standard.

I am therefore placing you on a four week monitoring period, which exists to ensure that once an individual has demonstrated they have met the requirements of the action plan and can perform at a good level, they must prove they can sustain this for a further four weeks before being removed from the process completely.

I am hopeful that you will sustain the necessary level of performance for four weeks and be removed completely from the process. However I have to advise you that if you fail to maintain the good standard for four weeks you will return to the Managing Underperformance Process at the same point plus four weeks as when you were placed on the four week monitoring period.

We will continue to review your performance on a regular basis during the four week period referred to above.

Yours sincerely
Noted
(*Line manager*) Date

**J. Removal From Process Due to Good Performance
Being Maintained for Four Weeks (During Stage
Two)**

Dear Date

Managing Underperformance Procedure

At your informal interview with me under the Managing Underperformance Procedure on (*date*) you were advised that your performance was not up to a good standard and that you needed to improve.

We developed together an action plan, with milestones, and this has been reviewed at our regular meetings. Having now reviewed your progress and all the documentation, I am happy to tell you that I consider that your performance has now reached the level required to perform the job in line with the requirements of Post Office Ltd, and you will no longer need to be monitored under the procedure.

Please note that, now you have achieved the required level of performance, any future recurrence of underperformance may be viewed as a conduct issue rather than a capability issue.

You should note and return one copy of this letter within seven calendar days. A copy is enclosed for your retention.

Yours sincerely

Noted

(*Name of line manager and title*) Date

K. Failure to Maintain Sustained Improvement for Four Weeks and Return to Process (During Stage Two)

Dear Date

Managing Underperformance Procedure

Further to my letter dated (xxxx) when I informed you that you had demonstrated you could work to a good standard and would be monitored for a further four weeks.

I have to advise you that you have failed to maintain the required standard for four weeks and as a consequence you will be placed back on the managing under performance process at the same point , plus four weeks as when you were placed on the four week monitoring period.

Your previously agreed action plan will continue to apply and we will review this at our next one to one with me on (*date*).

Yours sincerely

Noted

(*Line manager*) Date

**L Invitation to Interview on Future With the Business
at End of Stage Two**

Dear Date

Managing Underperformance Procedure

On *(date of first formal meeting – from letter B)* you were formally interviewed by *(insert name of immediate line manager)* under the Managing Underperformance Procedure and advised that your performance was giving cause for concern. An action plan to help support you make the necessary improvements was developed and agreed with your input and you were told that your performance would be monitored with regular reviews. You were also offered the services of the Employee Health Services.

As there was not sufficient improvement after 13 weeks you were then progressed to the second stage of the Managing Underperformance Process following a meeting on *(insert date)*. At this meeting you were advised that your work was still not meeting the required standards. You were also advised that your performance would continue to be monitored but not just by your own immediate line manager but also by myself as your second line manager and that, if you had not improved adequately by the end of the period, it would be considered necessary to give serious consideration to your future employment within Royal Mail Group. At that meeting a second action plan with specific supporting actions to help you to progress to a good standard was agreed between you and *(insert name of immediate line manager)*.

I regret to inform you that your performance has still not improved to a good standard, and as I explained in the letter *(date of letter H)*, under the Managing Underperformance Process as your second line manager I now have to give serious consideration to your future employment within Post Office Ltd.

The reasons why I am considering this action are:

(Insert your reasons here. These will reflect the actions taken since the progression to the second stage, and the failure to deliver against the action plan along with deficiencies in performance.)

I would like you to attend an interview with me at *(time)* on *(date)* at *(location)* *(at least seven working days notice to be given)* to put forward any reasons I should consider when making a decision to your future employment within Royal Mail Group.

You have the right to be accompanied at the interview and by a friend from the business, who may be your union representative. Please remember that you also have the services of Employee Health Services available to you if you feel that any health problem or domestic difficulty is impacting upon your performance at work.

Please would you sign and return this notification within seven calendar days. A copy is enclosed for your retention.

Yours sincerely

Noted

Second line manager – name/title Date

M. Notification of Decision Regarding Future

Personal in confidence

Dear Date

Managing Underperformance Procedure

Following the interview held on (*date*) at which your performance was discussed, I have now made a decision on your future employment with Post Office Ltd.

On the basis of the evidence presented, I have decided to
*terminate your services. Your last day of service will be
(*date*)/*reduce your grade to (*new grade*)/*appoint you to a new
role within Royal Mail Group as (*insert role and work location
etc....*) You will receive a variation to your contract of employment
effecting the date change from the date of the interview.

You are entitled to appeal against this decision under the
Managing UnderPerformance Process. If it is your desire to appeal
you must notify me in writing that you wish to appeal within seven
working days of your receipt of this letter.

I have decided this because (*give brief reasons for your decision*).

Please acknowledge receipt of this letter by signing and dating the
attached copy and returning it to me.

Yours sincerely

Receipt acknowledged Noted
(*Second line manager and title*) Date

- Delete as appropriate