

Performance management

1 . Reviews and appraisals

Performance reviews are a chance to discuss someone's work, including:

- what they are doing well
- any areas for improvement
- whether they need more support or training
- their career and any development objectives

They are sometimes known as 'appraisals'.

Employers should conduct performance reviews on a regular basis for anyone with the [legal status of employee](#). It's a good idea to do them at least once a year.

Someone is not likely to be an employee if they're:

- an agency worker
- a casual worker
- on a zero-hours contract

Employers might choose to conduct performance reviews for those with the [legal status of worker](#). This could help maintain good working relationships and support workers to develop.

How to review performance

How employers review their employees' performance will be different depending on the needs of their organisation.

Performance reviews might be based on a combination of things, like whether an employee is:

- meeting or has met any agreed objectives
- demonstrating the right behaviours in their work
- following an agreed development plan if there is one, for example by doing any ongoing training

They can help resolve any performance issues, by giving employees a chance to ask for support.

It's important to keep a written record of what is discussed. This should be shared with the employee afterwards.

Alongside more formal performance reviews, managers should still talk to employees informally about their performance on a regular basis. For example, through:

- sharing regular feedback
- coaching

- regular check-ins, sometimes known as one-to-ones

Setting objectives

Objectives should be fair and reflect the employee's usual tasks and workload. But they might also stretch them to develop in certain areas.

It's a good idea for objectives to be:

- specific – by being clear about what the employee will actually do
- measurable – so you know whether they've been achieved
- achievable – they should be realistic
- relevant – to the employee's job and responsibilities
- time-bound – with a reasonable time-frame for achieving them

These are also known as 'SMART objectives'.

Example of a SMART objective

An employee sets an objective with their manager to reduce how long they take to respond to customer emails. They agree to:

- reduce the time taken to respond by 48 hours
- do this over the next 3 months

They talk to their manager about how to achieve this. They decide to:

- send automatic responses to confirm they've received the email
- use templates to reduce the time it takes to write a response

The employee discusses the progress of this objective with their manager in regular check-ins. They also agree to review it together at the end of the 3 months.

2. Problems with an employee's performance

If there are problems with someone's performance at work, employers should try to understand why.

Performance issues might be to do with:

- capability – someone's ability to do their job
- conduct – someone's behaviour at work

What kind of problem it is affects how employers should respond.

Supporting someone to improve

Employers should take steps to try and help someone to improve, before starting a formal disciplinary procedure.

These steps are sometimes called a performance management procedure. They are mainly used for those with the [legal status of employee](#).

Someone is not likely to be an employee if they're:

- an agency worker
- a casual worker
- on a zero-hours contract

To help maintain good working relationships, employers might want to use the same procedure for anyone with the [legal status of worker](#).

It's important for employers to keep a record of any conversations they have with employees about performance.

If it's a capability issue

It's a capability issue if the problem is with the employee's ability to do something.

In this case, their employer could help them improve by offering:

- support, for example through coaching or mentoring
- training

Employers must provide 'adequate resources' to enable an employee to do their job. This might include giving them training.

Reasonable adjustments

If an employee has a disability, employers must make reasonable adjustments. These are changes that remove or reduce a disadvantage related to their disability.

Sometimes, capability issues might be resolved by making reasonable adjustments. For example, giving someone who is dyslexic more time to do written tasks.

[Find out more about reasonable adjustments](#)

Performance improvement plans

If informal steps don't work, employers could consider setting up a performance improvement plan (PIP). This is sometimes called a training or development plan.

Performance improvement plans should set out:

- specific objectives for the employee
- a reasonable timeline to meet them
- any further support or training they need

Employers should talk to the employee about the plan to make sure they understand it. It's also a good idea to share a written record with them.

If the employee does not improve

The employer should make clear what will happen if the employee does not make the required improvements.

This could be:

- an extension to the timeline in the performance improvement plan – if they improve but not to the level agreed in the plan
- a final written warning, followed by a dismissal if the issue continues

The employer can only dismiss them if they follow a fair procedure. Dismissal should be a last resort.

[Find out more about dismissals for capability](#)

If an employee is off sick

If sickness prevents an employee from doing their job, their employer should take steps to support them back to work.

This might include:

- making changes to their role
- using a phased return to work

Dismissing someone because their illness prevents them from doing their job should be a last resort.

If their illness might be classed as a disability, their employer must do everything they reasonably can to support them.

Find out more about:

- [sickness and ending employment](#)
- [capability and performance when someone is disabled](#)

If it's a conduct issue

It's a conduct issue if the problem is with the employee's behaviour, rather than their ability to do the job. Employees usually have more control over conduct issues.

Some examples of conduct issues include:

- calling in sick when they're not genuinely ill
- being absent without permission
- not following health and safety guidelines, if they've been trained in and understand them
- 'insubordination' – for example, refusing to do work
- bullying

Employers should still talk to employees informally first if there are problems with their conduct. This can help to:

- resolve the problem more quickly
- avoid formal procedures

This is unless the issue is more serious, sometimes known as 'misconduct' or 'gross misconduct'. In this case, the employer might need to start a formal [disciplinary procedure](#).

3. Dismissals for capability or conduct

To dismiss someone because of a conduct or capability issue, employers must follow a fair procedure. They must do this for those with the [legal status of employee](#).

Someone is not likely to be an employee if they're:

- an agency worker
- a casual worker

- on a zero-hours contract

The fair procedure must be in line with the [Acas Code of Practice on disciplinary and grievance procedures](#). An employment tribunal will take this into account in any relevant claims.

The Acas Code of Practice mainly applies to employees. But employers could choose to follow it for those with the [legal status of worker](#). This might help to keep good working relationships.

Before dismissing someone because of a capability issue

If it's a capability issue, employers should support employees to improve first. Dismissal should be a last resort.

Employers must provide 'adequate resources' for an employee to do their job. This might include giving them training.

In some cases, it might be clear that an employee is unlikely to reach the standard needed to do the job. Or they might not improve even after their employer gives them more support and training.

If this happens, employers should try:

- changing their current duties, if possible
- finding a different role for them, if there is one

The employer should discuss and agree any changes to the employee's role with them.

If there's no other suitable role, the employer might be able to dismiss them. But they must have evidence of:

- the employee's poor performance
- any steps taken to support them to improve

What counts as evidence

Examples of evidence might include:

- records of regular, fair performance reviews showing consistent performance issues
- performance improvement plans showing a failure to improve
- complaints from other colleagues or customers

Following a fair procedure

Employers must follow a fair procedure to dismiss employees.

It's likely that this will be a disciplinary procedure. But some employers might have a separate 'capability procedure'.

Whatever procedure is used, it must be in line with the Acas Code of Practice on disciplinary and grievance procedures.

[Find out more about following a fair disciplinary procedure](#)

If someone cannot do their job because of a disability

In certain situations, employers might be able to dismiss someone who cannot do their job because of a disability. But they must make sure they do all they reasonably can to support the person first.

By law (Equality Act 2010), an employer must not dismiss or discipline someone just because they're disabled.

This is a complex area of law. If employers do not follow the law, it could be disability discrimination.

[Find out more about managing capability and performance for disabled employees](#)

4. Performance-related pay

Some employers use 'performance-related' pay to encourage and reward good performance at work.

Examples of performance-related pay include:

- annual pay rises linked to individual performance
- commission
- bonuses for meeting certain targets or objectives

Making fair decisions

Employers should be careful with how they use performance-related pay. The process for deciding who gets a pay rise should be fair and objective.

Employers must avoid treating people 'less favourably' because of a protected characteristic. This could be discrimination.

If it isn't used in a fair way, performance-related pay can have an impact on working relationships.

If workers do not think it's being used fairly, there's a risk that they will be:

- less motivated
- dissatisfied at work
- more likely to leave

Find out more about:

- [types of pay rise](#)
- [bonuses](#)
- [commission](#)