



SCOTTISH EXECUTIVE

Health Department
Workforce Directorate

Dear Colleague

PERFORMANCE MANAGEMENT ARRANGEMENTS FOR STAFF IN THE EXECUTIVE COHORT

1. Introduction

1.1 This letter announces revised requirements for the performance management of staff in the Executive Cohort.

1.2 The requirements are mandatory for staff in the Executive Cohort employed by NHS Boards and Special Boards and should be read in conjunction with the following:

[HDL\(2002\)64](#), which introduced new arrangements for the appraisal of staff on Executive and Senior Manager pay ranges;

[HDL\(2006\)23](#), which introduced revised pay arrangements for staff in the Executive Cohort (and [HDL\(2006\)59](#), which introduced similar arrangements for staff in the Senior Management Cohort); and

[HDL\(2006\)54](#), which announced the creation of the National Performance Management Committee (NPMC) and described its role.

1.3 The purpose of this letter is to:

- Update HDL(2002)64 to take account of the changes to the pay and performance management arrangements for the Executive Cohort;

28 February 2007

Addresses

For action

Chairs and Chief Executives of Health Boards and Special Health Boards

For information

Members of the NHS Scotland
Scottish Partnership Forum

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- Set out a timetable of required actions by Board Remuneration Committees and the National Performance Management Committee; and
- Provide a process and documentation for Boards to maintain auditable records of decisions taken.

1.4 The requirements of this letter, including the scoring system, timetable and documentation in Annexes 1, 2 and 3, should be introduced in full from the beginning of the performance year 2007/08. They do not require to be applied retrospectively to the performance year 2006/07 although assessments of performance in 2006/07 will be subject to the timetable in Annex 2.

1.5 The performance management of staff in the Senior Management Cohort is the responsibility of Board Remuneration Committees. Whilst the specific requirements of this letter are not mandatory for staff in the Senior Management Cohort, the principles are commended to Boards for use in their performance management.

1.6 NHSScotland possesses considerable skill and expertise in objective setting and appraisal. It is not the purpose of this letter to provide guidance on good practice in this area, but the Department has developed a manual of good practice, which is being issued separately to Boards, and which can be used for training, development and reference purposes.

2. **Objective Setting**

Setting and agreeing performance objectives remains a key element of the performance management system for staff in the Executive and Senior Management Cohorts. It is the responsibility of Board Remuneration Committees to ensure that this is done in a systematic and consistent manner and that proper records are maintained.

Remuneration Committees should ensure that the following requirements are satisfied:

1. Objectives should relate to the performance period April to March and must link directly to the Board's organisational objectives as expressed in the Local Delivery Plan, HEAT Targets, or other appropriate strategic or corporate plans;
2. Objectives should follow the "SMART" principle and should number between 8 and 12.
3. The objectives of all members of the Executive Cohort must involve a significant contribution at national and/or regional level;
4. Each set of objectives must include service and behavioural outcomes, the balance between each to be determined locally. Behavioural outcomes should refer as appropriate to those outlined in "Delivery Through Leadership: NHSScotland Leadership Development Framework".
5. Each individual objective must be weighted to reflect the agreed importance, expected complexity and degree of challenge in meeting the objective. Objectives should not be weighted equally;
6. Performance indicators should be agreed at the same time as objectives.

3. **Personal Development Plans**

Agreement of a Personal Development Plan and completion of the relevant documentation is an integral part of the performance management system. Individual Personal Development Plans should be agreed taking account of the required service and behavioural outcomes in the agreed objectives and performance in the preceding year.

4. **Reviewing Performance**

It is the responsibility of Remuneration Committees to ensure that the performance of all staff in the Executive and Senior Management Cohorts is formally assessed at the end of the performance period. The NPMC will work with Chairs of Remuneration Committees to help ensure that skills and competencies in this field are maintained and developed.

The critical elements of the appraisal process are as follows:

1. Assessment of performance must be systematic, evidence-based, and properly recorded. The scoring system at Annex 1 should be used to demonstrate this, but it should always be remembered that the final assessment of performance should be arrived at by informed judgement and not mechanistic adherence to a scoring system;
2. Boards may seek input from the NHSScotland Chief Executive, the appropriate Director at the Department or the relevant Chair of a National Committee in relation to the performance of staff in relation to national objectives, and this will be provided on request;
3. The basis for all judgements as to whether individual objectives were satisfactorily achieved, exceeded or not achieved, must be recorded;
4. Employers should take steps where appropriate to seek input from host organisations, where staff are on secondment, and should make a reasonable assessment of the opportunity available to perform at a satisfactory level for staff who have been in post for only part of the year;
5. All performance appraisals must be reviewed by someone acting in a “grandparent” role.
6. The performance appraisals of staff in the Executive Cohort must be treated as provisional until NPMC has considered and reported on the overall pattern of performance assessments for all staff in the Cohort.

5. **National Performance Management Committee**

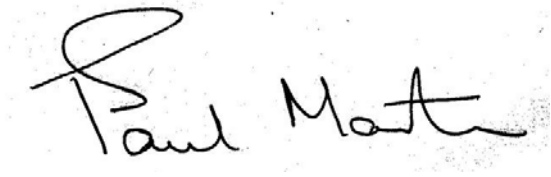
The overall role of the NPMC was described in [HDL\(2006\)54](#) and further clarified at a series of seminars for Remuneration Committee members in November and December 2006:

1. NPMC will require details from Boards of the outcome of their performance assessments for all staff in the Executive Cohort in accordance with the timetable at Annex 2. It will then review this information before seeking to provide the assurances to Ministers necessary for performance-based increases to be authorised for payment from 1 October;
2. NPMC will obtain feedback on the performance of Health Boards from the outcome of Delivery Plans, the broader conclusions from Annual Reviews and periodic reports from Boards;

3. Any initial action or dialogue considered necessary by NPMC following receipt of the provisional annual appraisals will be carried out on its behalf by SEHD officials. This will leave NPMC members free to be involved in matters that can not be resolved by officials;

4. If, after direct NPMC intervention, agreement cannot be reached, the Chairman of the Remuneration Committee will be advised that the Board would be excluded from the formal assurance required by Ministers from NPMC and the matter will be passed to the Chief Executive, NHSScotland.

Yours sincerely

A handwritten signature in black ink that reads "Paul Martin". The signature is written in a cursive style with a large initial 'P'.

PAUL MARTIN

Chief Nursing Officer and Interim Director for Workforce

APPENDIX

DIRECTION FOR PERFORMANCE MANAGEMENT ARRANGEMENTS FOR STAFF IN THE EXECUTIVE COHORT

NATIONAL HEALTH SERVICE (SCOTLAND) PERFORMANCE MANAGEMENT ARRANGEMENTS FOR STAFF IN THE EXECUTIVE COHORT DIRECTION 2007

1. The Scottish Ministers in exercise of powers conferred on them by Section 105 (7) of, and paragraph 5 of Schedule 1, paragraph 7 of Schedule 5 and paragraph 6 (1) of Schedule 7A of the National Health Service (Scotland) Act 1978 (as amended) hereby give the following Direction.
2. This Direction may be cited as the Performance Management Arrangements for staff in the Executive Cohort Direction 2007 and is given to Health Boards and Special Health Boards, hereinafter referred to as “employing authorities”.
3. Employing authorities should comply with the requirements set out in this letter and its Annexes.

Signed by authority of the Scottish Ministers

A handwritten signature in black ink that reads "Elinor Mitchell". The signature is written in a cursive, slightly slanted style.

Elinor Mitchell
Associate Director for Workforce
A member of staff of the Scottish Executive

St Andrew's House
EDINBURGH
28 February 2007

SCORING SYSTEM

1. Each objective must be assigned a weighting to reflect the agreed importance/ expected complexity in relation to the others and the degree of challenge likely to be faced.
2. A total of 40 points should be allocated between all objectives and the weighting for each should not be equal.
3. Objectives and the weightings assigned to them may be reviewed and changed by agreement in the course of the performance period.
4. When performance against the agreed objectives is being assessed, an achievement rating should be allocated to each objective as follows:-

<i>Performance</i>	<i>Rating</i>
Clear evidence that objective has been substantially exceeded	5
Clear evidence that objective has been exceeded	4
Evidence demonstrates that objective has been fully achieved	3
Evidence falls short of demonstrating full achievement	2
Evidence falls substantially short of demonstrating full achievement	1

5. The weighting for each objective should be multiplied by the agreed achievement rating and these scores added together to give a total score from a maximum of 200. This score is then used to indicate an overall performance rating for the member of staff as follows:

<i>Achievement Score</i>	<i>Rating</i>
70 or less	Unacceptable
71 to 99	Incomplete
100 to 140	Fully acceptable
141 to 170	Superior
171 or more	Outstanding

6. The final assessment of performance should always be made by informed judgement but, where a performance rating which differs from that indicated by the above process is being proposed, the reasons for this must be recorded.

PERFORMANCE MANAGEMENT TIMETABLE

ACTION	DATE
• Agree Corporate objectives in light of LDP and HEAT Targets	30 April
• Complete appraisal interviews for preceding year	31 May
• Agree individual objectives for current year	31 May
• Complete Personal Development Plans	30 June
• Achieve Remuneration Committee sign off to appraisal outcomes for preceding year and objectives for current year	30 June
• Submit reports to NPMC with provisional performance ratings	31 July
• Consideration by NPMC of provisional performance appraisal assessments	30 September
• Effective date for payment of performance based increases	1 October
• Complete mid year reviews	30 November

PROCESS AND DOCUMENTATION

1. Board Remuneration Committees are responsible for ensuring that the entire performance management process is conducted in a systematic manner and that all decisions are recorded and auditable.
2. The undernoted documents are provided in order to assist Remuneration Committees in this task. The completed documentation should be retained on file for audit purposes and may be requested by NPMC in individual cases.

Document 1 Performance Plan and Personal Review

Document 2 Personal Development Plan

Document 3 Summary

NHS SCOTLAND - PERFORMANCE PLANNING AND PERSONAL DEVELOPMENT SYSTEM

Performance Plan and Personal Review - Document 1

Page ___ of ___

Name: _____ Designation: _____

1. Objective no. _____ of _____ Supports corporate objective(s) _____		
2. Agreed outcomes (including timescales)	3. Actions	4. Personal progress review (to be completed for review meetings)
		5. Weighting:

NHS SCOTLAND - PERFORMANCE PLANNING AND PERSONAL DEVELOPMENT SYSTEM

Personal Development Plan - Document 2

Page— of—

Name: _____

Designation: _____

Identified Development Need	Training or Actions to be taken and date	Desired outcomes	Personal progress review

Evaluation Summary - Document 3

Name: _____ Post: _____

Performance period: _____

Objective (number each objective)	Weight (out of 40)	Achievement Rating* (1,2,3, 4 or 5)	Achievement Score (weight x rating)
	Total 40		Total

***Achievement Rating**

- 5 = clear evidence that objective substantially exceeded
- 4 = clear evidence that the objective has been exceeded
- 3 = evidence demonstrates that objective has been fully achieved
- 2 = evidence falls short of demonstrating satisfactory achievement
- 1 = evidence falls substantially short of demonstrating full achievement

70 or less	Unacceptable	<input type="checkbox"/>
71 to 99	Incomplete	<input type="checkbox"/>
100 - 140	Fully acceptable	<input type="checkbox"/>
141 - 170	Superior	<input type="checkbox"/>
171 or more	Outstanding	<input type="checkbox"/>

General Comments

Reviewee's Comments	Signed
	Date

Reviewer's Comments	Signed
	Date

Grandparent's Comments	Signed
	Date