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cc. Mr Trevelyan  
Mr G T Morgan  
Mr Wilson  
Mrs Strachan  
7 July 1986  
Mr Weller  
Mrs Farbans  
Mrs Brock  
Sir George Metelky  
Mr Barr (DOE)

info  
consultants  
report

Dear Ken

APPRAISAL OF PERFORMANCE AND POTENTIAL IN THE SENIOR OPEN STRUCTURE

As you know we have been consulting heads of department together with a sample of Grade 2 and Grade 3 staff on the basis for a new appraisal scheme for the senior open structure which would encourage more positive management and place greater emphasis on performance assessment. I now attach our report on the consultative process together with our proposals for developing the existing system of appraisal in the senior open structure. Briefly we are proposing that Grade 2 and Grade 3 staff - like staff at lower levels - should be required to set objectives in Forward Job Plans and be given feedback interviews on their performance, and that a common appraisal form should provide for comments on job weight and an overall performance marking.

2. We propose that the common form should formally be introduced in 1987 (after the draft at Annex 1B of our report has been tested in a dummy run) but Forward Job Plans should be prepared in advance as a basis for performance assessments in 1987. For 1986 we recommend that some improvements should be sought in reports, notably separation of the assessments of performance and promotability, some comments on job weight and an overall performance mark. Appropriate guidance would be provided, covering inter alia job weight and the problems of objective-setting.

3. Since colleagues will need a little time to consider these proposals and consult their PEOs and other senior staff we do not now intend to discuss them at the Permanent Secretaries' meeting

on 9 July. We are sending copies of the report on the consultative process to Grade 2 and 3 staff who participated in the survey and to the CCSU. Further copies are available if you would like them for your other senior colleagues.

4. Copies of these papers go to those on the attached list.

*Yours ever*

*Anne*

MANAGEMENT IN CONFIDENCE

CIRCULATION LIST FOR PERMANENT SECRETARIES (PS) MEETINGS

Sir Robert Armstrong GCB CVO	Cabinet Office
Sir Michael Franklin KCB CMG	MAFF
J Hibbert Esq	Cabinet Office (CSO)
Miss A E Mueller CB	" " (MPO)
Sir Angus Fraser KCB TD	Customs and Excise
Sir Clive Whitmore KCB CVO	MOD
J N H Blelloch Esq CB	"
Sir David Hancock KCB	DES
Sir Michael Quinlan KCB	Employment
P L Gregson Esq CB	Energy
T M Heiser Esq CB	DOE
A G Manzie Esq CB	" (PSA)
Sir <i>Patrick Wright</i> KCMG	FCO
Sir Kenneth Stowe GCB CVO	DHSS
C W France Esq	"
Sir Brian Cubbon GCB	Home Office
A M W Battishill Esq	Inland Revenue
Sir Derek Oulton KCB	Lord Chancellor's Dept
Sir Robert Andrew Esq KCB	NIO
K P Bloomfield Esq CB	"
Sir Crispin Tickell KCVO	ODA
Sir George Engle KCB QC	Parliamentary Counsel
Sir William Fraser GCB	Scottish Office
Sir Brian Hayes KCB	DTI
Sir Alan Bailey KCB	Transport
Sir Peter Middleton KCB	Treasury
F E R Butler Esq CVO	"
Sir Geoffrey Littler KCB	"
J B Bailey Esq CB	Treasury Solicitor
R A Lloyd-Jones Esq CB	Welsh Office

PROPOSALS FOR AN APPRAISAL SCHEME IN THE SENIOR OPEN STRUCTURE

Note by the Cabinet Office (Management and Personnel Office)

Introduction

1. In his letter to Permanent Secretaries of 27 February, Sir Robert Armstrong said that the Cabinet Office (MPO) would be drawing up proposals for more structured and formalised methods of appraising performance at Grades 2 and 3.

2. The prime purpose of the new appraisal scheme is to encourage positive management of staff in the senior Open Structure, to improve their performance, and to provide SASC with more consistent information. Now that the Government has decided to go ahead with discretionary increments for Grades 2 and 3, the system will also provide an input to decisions on their award.

Consultative process

3. All Grade 1 and Grade 2 heads of department were consulted, as well as a sample of 23 other Grade 2s and 24 Grade 3s. These were selected to cover all departments at each grade and to cover the main specialisms.

4. The interviews were carried out by a Project Team which reported to a Steering Group chaired by Miss Mueller. Sir George Moseley was a member both of the Project Team and the Steering Group, and Mr Burr was invited to join the Steering Group. All those seen were sent in advance a consultative paper and draft forms which set out the main elements of the proposed scheme. The main issues examined during the consultations were how to define objectives at senior levels and the extent to which they should be linked to departments' planning and budgeting systems; openness; self-appraisal; the treatment of job weight; the award of an overall performance mark; and whether a common form should be used. Three elements were defined as essential parts of the new scheme if it was to be effective: objective-setting by job holders; separation of performance appraisal and promotion assessment; and feedback of the appraisal of performance.

Findings and Recommendations

5. A full account of the results of the consultative process has been prepared, copies of which are enclosed. We propose to send copies also to all others who took part. Permanent Secretaries may wish to give the document a wider circulation than this: further copies are available from PM Research Branch, Cabinet Office (MPO), telephone 233 5946.

(i) Objectives

6. Whilst the majority of interviewees were in favour of a process of objective setting either because it was a natural adjunct to the department's top planning system or because it was a useful discipline in its own right, there was also concern about the problems involved. A substantial minority of the sample thought that it would be difficult to set objectives against which their work over the next year could be assessed for a variety of reasons, for example that the job was reactive or advisory or constantly changing. Some people found it difficult to distinguish between personal objectives and those of their command as defined in the context of their department's planning system, while others thought that the link should not in any case be close.

7. Although objective-setting will always be difficult to apply in most Grade 2 and 3 jobs, the evidence from a number of sources confirms that people over a wide range of grades and jobs like to be clear about what they are expected to do, and to know the criteria by which they will be judged. Appraisal systems for senior staff ought to be consistent with those for staff below them. In objective-setting there is an obligation on managers to transmit clear signals about priorities, so that staff can translate the broad aims into individual job plans. Objective-setting at senior levels is a key part of this process and there is no difficulty which applies at these levels which does not apply to some jobs lower down.

8. We recommend therefore that a Forward Job Plan, with provision for objective-setting, should be a requirement of the appraisal scheme, as part of an evolution towards a more results-based, participative style of appraisal. Even if the early attempts are rough and ready,

time and experience should help to develop the process so that it becomes a more informative and useful instrument of management. It should however be left to departments to decide the timing of the annual appraisal process, and the way in which objectives at this level should complement the departmental planning.

(ii) Self-appraisal and Openness

9. Most people regarded self-appraisal of performance in relation to the Forward Job Plan as a useful exercise, but some had doubts about formalising it as a step in the appraisal process.

10. There was general support for the principle of feedback being given on performance, particularly from Grade 3s, but differing views on how it should be done. Most people were against openness of the promotion assessment form, although they thought that a general indication should usually be given if requested.

11. Feedback is essential in a scheme designed partly to maintain and improve standards of performance. An annual interview would be regarded by some members of the senior Open Structure as too formal. However, instances were found where line managers were certain their staff knew the manager's view of their performance when in fact they did not. An annual interview would provide the right opportunity for job holders to discuss any changes in the job over the year, and to comment on their own activities, as well as to hear their manager's views. Another item on the agenda would cover any action on the career development front (whether posting, training or other action) which either party wished to set in motion. We recommend that such an interview should be mandatory. Given the variation between departments in the practice of open appraisal at lower levels, we also recommend that departments should publish their own rules on openness for Grades 2 and 3 which should, as a minimum, ensure that the contents of the performance assessment are open to the job

(iii) Job Weight

12. There was widespread acceptance that an assessment of job weight should be included, though many thought that it would be difficult

to measure in relation to the concept of an average for the grade, particularly for specialists.

13. We recommend therefore that a description of job weight should be included, specifically to throw added light on the assessment of performance, and on decisions on postings and promotion. Job weight will also, of course, be a factor in the award of discretionary pay.

(iv) Use of an Overall Performance Mark

14. The use of a five point rating scale was accepted by the majority, although a few would have preferred there to be three points only. The introduction of an overall performance mark will undoubtedly make the appraisal more pointed, and we recommend its introduction, using a five point scale.

(v) Overall Acceptability

15. In spite of some reservations, therefore, the majority of those consulted were in favour of the proposals in principle, though for differing reasons: some saw it as a useful management tool for improving individuals' performance, while others only recognised benefits for central career planning. The reservations were mainly due to concern that the MPO might produce a scheme that would be inflexible, too elaborate, too formal, and which would take up too much time. Grade 3s were generally more enthusiastic than Grade 2s.

16. In order to gain acceptance the scheme must, accordingly, allow departments flexibility in the way they carry out the objective-setting and appraisal processes subject to the basic requirements discussed above, on which careful, but simply expressed guidance will be required

(vi) A Common Form

17. The general view was that common forms provided by the MPO would be acceptable if they allowed sufficient room for adjustments at the margins, and were short and simple.

18. Revised FJP and appraisal forms are at Annex 1. We recommend that departments should, if they wish, adapt the FJP form to fit in with their own management needs, but should regard the appraisal form as the MPO's minimum requirement for central career management purposes.

Reporting Arrangements for Grade 2 and 3 Heads of Departments

19. We recommend that the management benefits of the appraisal scheme should apply pari passu to Grade 2 and 3 heads of departments. The introduction of discretionary pay provides an additional reason for including them. Annex 2 lists the posts concerned and suggests reporting lines for them. It is accepted that these can create some problems of both principle and practice, though corresponding arrangements were introduced for Grade 3 heads of departments\* for the award of performance bonuses.

Reporting Arrangements for Grade 4s

20. Grade 4s are not strictly covered by the arrangements for the senior Open Structure or by those for Grade 5s and below. If they were brought into the new scheme, formal consultation with the CCSU, which has negotiating rights up to Grade 4, would be necessary. We recommend therefore that the nature of the reporting arrangements for Grade 4s should continue to be left to departments' discretion.

Test and Introduction of the New Appraisal System

21. Before introducing a revised scheme along the lines proposed, it will be important to try out the forms and to develop simple but effective guidance notes. A dummy run covering the reporting aspects of the scheme involving all departments, would put back the succession planning timetable by at least 2 months beyond the normal completion date of 1 October, and mean that the appraisal reports were being prepared at a generally less convenient time, after the end of the summer break. Limiting the dummy run to a few volunteer Grade 2s and 3s would still mean that the new instructions would not be ready before the date when most departments are beginning to get their reporting arrangements in train.

22. We recommend therefore that a more measured dummy run of the forms and associated guidance, covering Forward Job Plans, appraisals, and feedback interviews, should be conducted during the latter part of this year, reporting on a Grade 2 and a Grade 3 in each main

\*with the exception of the Chief Charity Commissioner.



department, so that the new arrangements can be properly launched early next year in good time for the 1987 succession planning round. A simple review would be made of the first full year of operation.

23. In the meantime, we recommend that improved reports should be sought as part of the 1986 round, asking for a clear separation between performance and promotability, comments on job weight, and an overall performance mark, but without the need to construct, retrospectively, Forward Job Plans for the period in question, and without, at this stage, introducing formal arrangements for self-appraisal and openness.

#### Conclusion

24. Permanent Secretaries are invited to:

(a) agree the proposals for the appraisal scheme as set out particularly in paragraphs 8 (Forward Job Plan), 11 (feedback interview and open performance appraisal), 13 (description of job weight), 14 (overall performance mark) and 18 (a common form);

(b) agree that Grade 2 and 3 heads of departments should be covered by the scheme (paragraph 19 and Annex 2), and that the nature of the reporting arrangements for Grade 4s should continue to be left to departments' discretion (paragraph 20); and

(c) agree that there should be a dummy run of the forms and guidance in the latter part of this year, leading to full introduction in 1987, but that in the meantime improved reports should be sought as part of the 1986 succession planning round (paragraphs 22 and 23).

Cabinet Office

7 July 1986

FORWARD JOB PLAN

DEPARTMENT \_\_\_\_\_

NAME: \_\_\_\_\_ GRADE: \_\_\_\_\_

TITLE OF JOB: \_\_\_\_\_

PERIOD OF PLAN: \_\_\_\_\_

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PURPOSE OF JOB:

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RESOURCES MANAGED (Staff, Running Costs, Programme expenditure):

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MAIN DUTIES (Specifying broad percentages):

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OBJECTIVES (eg Tasks to be completed, Levels of performance sought, Personal contributions etc. Be as specific as possible without selecting artificial targets.)

DEPARTMENT: \_\_\_\_\_

A. PERSONAL PARTICULARS

Name: \_\_\_\_\_ Grade: \_\_\_\_\_

Date of Birth \_\_\_\_\_ Seniority date: \_\_\_\_\_

Post held: \_\_\_\_\_

Date of taking up present post: \_\_\_\_\_

Period of Report from: \_\_\_\_\_ to \_\_\_\_\_

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B. PERFORMANCE ASSESSMENT

1. **Appraisal of Performance:** In narrative form, consider the results achieved during the reporting year with particular reference to the agreed objectives in the Forward Job Plan. Highlight aspects of performance which have contributed to these results, for example: skills in the management of human and financial resources; application of intellectual skills; oral presentation skills; drafting skills; active pursuit of objectives; and application of professional knowledge and skills.

**2. Job Weight**

In relation to the average for the grade, how demanding has the job been in terms of, for example, political sensitivity, the management charge, the exercise of specialist skills, and the intensity of the effort required? Have there been particularly significant obstacles to overcome?

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**3. Overall Assessment of Performance**

This overall rating should be related to actual performance. Any mitigating circumstances should be noted below.

Outstanding	Significantly above requirements of the grade	Fully meets normal requirements of the grade	Not fully up to requirements of the grade	Unacceptable
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1

2

3

4

5

Mitigating circumstances (eg ill health, newness to the task and circumstances outside the control of the job holder);

Signature \_\_\_\_\_ Grade \_\_\_\_\_

Name (in capitals) \_\_\_\_\_ Date \_\_\_\_\_

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**4. Countersigning Officer's Comments (where appropriate)**

Signature \_\_\_\_\_ Grade \_\_\_\_\_

Name (in capitals) \_\_\_\_\_ Date \_\_\_\_\_

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Name \_\_\_\_\_

Period of Report: from \_\_\_\_\_ to \_\_\_\_\_

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**C. PROMOTION ASSESSMENT**

**1. Appraisal of Personal Qualities and Abilities**

Write a short pen picture containing an assessment of the personal and intellectual qualities of the job holder plus a view of their interpersonal, professional and managerial capabilities and a comment on physical and mental stamina. You may also choose to consider such facets as leadership, adaptability, and breadth of vision.

**2. Promotability**

Comment here specifically on the potential to perform duties of the next grade, drawing attention to the nature of any limitation on the type of post.

Signature \_\_\_\_\_ Grade \_\_\_\_\_  
Name (in capitals) \_\_\_\_\_ Date \_\_\_\_\_

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**3. Countersigning Officer's Comments (where appropriate)**

Indicate whether you agree with the Reporting Officer's assessment and add any comments of your own about the officer's potential.

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**4. Promotion Mark**

Record here the promotion mark, as defined in the MPO's succession planning instructions.

Signature \_\_\_\_\_ Grade \_\_\_\_\_  
Name (in capitals) \_\_\_\_\_ Date \_\_\_\_\_

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SUGGESTED REPORTING LINES FOR GRADES 2 AND 3 HEADS OF DEPARTMENTS

Departments with Grade 2 Heads

Reporting  
Permanent Secretaries

Crown Estate Office	MAFF
Crown Office	Scottish Office
Department of National Savings	Treasury
Export Credit Guarantee Department	DTI
Government Actuary's Department*	Treasury
Government Communications Headquarters	FCO
HMSO	Treasury
Land Registry	Lord Chancellor's Department
Lord Advocate's Department	Scottish Office
Office of Arts and Libraries	Cabinet Office
Office of Fair Trading	DTI
OPCS	DHSS
Registry of Friendly Societies	Treasury

\*UIPP(H)

Departments with Grade 3 Heads

Central Office of Information*	Treasury
Charity Commission*	Home Office
Intervention Board for Agricultural Produce	MAFF
Law Officers' Department	Treasury Solicitor
Ordnance Survey	DOE
Privy Council Office	Cabinet Office
Public Records Office	Lord Chancellor's Department
Royal Mint	Treasury
Scottish Courts Administration	Scottish Office

\*UIPP(L)