



tie limited

**APPRAISAL & DEVELOPMENT
REVIEW (ADR)**

OPERATING MANUAL

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tie ADR Operating Manual 2005.doc

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Appraisal and Development Review (ADR) Operating Manual – 2005 (Revised 020704)

1. Background and Training and Development Policy

The ADR and bonus incentive scheme was presented to and approved by the **tie** Remuneration Committee on 20th April 2004. This manual describes the process for evaluation of staff performance against targets set and the resulting calculation of the bonus incentive achieved. This manual should be read by all staff and line managers along with the **tie** Training and Development Policy.

2. ADR Guidelines

The appraisal programme is established so that staff performance can be measured and evaluated towards a staff training and development programme. In addition, all staff will have a bonus opportunity which will vary according to position.

3. Bonus Incentive

Table 1

Level	Bonus opp'y as % of base (A)	Corporate Bonus as % of (A)	Achievement Bonus as % of (A)	Contribution Bonus as % of (A)
3				
1				
Chief Executive	15%	100%	0%	0%
Directors (members of Executive Board)	15%	35%	35%	30%
Head of and Management (All levels)	10%	25%	45%	30%
Administration (all levels)	5%	14%	56%	30%

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3.1 Corporate Bonus

- The payment of the corporate bonus will be calculated according to achievement vs. defined corporate targets.
- Corporate targets are identified for successful completion by **tie** as a whole during the bonus year. These include project delivery targets for all major workstreams, but also objectives relating to process improvement.
- The proportion of the corporate bonus will vary directly according to level as shown above, and form 100% of the bonus entitlement of the Chief Executive.

3.2 Achievement bonus

- The payment of the achievement bonus will be calculated according to achievement vs. personal objectives, this will be reflected in the assessment of individual's personal objectives.
- Personal objectives are set by direct reference to the corporate targets and are signed off by individual employees. At least one personal objective is set based on the training & development plan of the individual employee.
- The proportion of the achievement bonus will vary inversely according to level as shown above.

3.3 Contribution bonus

- 30% of the bonus will be awarded at the discretion of the Executive Board according to effort, impact and adherence to qualitative attributes.
- Those who do not exert themselves and do only what is required will receive no reward.

4. Performance vs. Corporate Targets = Corporate Bonus

tie has developed the following corporate targets for the delivery and support of Projects in 2005. The weighting shown below will be applied.

Table 2

	Ref	% Weighting
1.	To support the Parliamentary process and aim to complete the Final Stage debates for tram lines 1 and 2 by year end, within budget.	AM 10%
2.	Establish a detailed programme to appoint System Design, Technical Support Services and Joint Revenue Setting Consultants by July, agree terms for a joint PU diversion contract and progress detailed design in line with budget and programme.	AM/IK 15%
3.	To design the tram procurement process, secure funding and be ready to appoint the contractors within two months of Royal Assent, within budget.	AM/GB/IK 10%
4.	To complete the construction of Ingliston Park and Ride with a view to successful opening by end of June 2005, within revised budget.	AM 0%
5.	To introduce an EARL bill to the Scottish Parliament before the summer recess 2005, including the establishment of tie as promoter. Achieve this to agreed specification and budget.	PP/SC 15%
6.	To establish tie as promoter for EARL, taking a visibly effective lead in promoting the bill through the Scottish parliamentary process.	PP 5%
7.	To produce, by end-May 2005, a programme for SAK with associated budget and target delivery date that are agreed by SE and Clacks, and ensure that by end-December 2005, the project is on course to meet both budget and target delivery date.	PP/RH 10%
8.	To take forward all the necessary statutory and technical work for the proposed FETA road user charging scheme for implementation on 1 st April 2006, within budget.	AM 5%

70%

Project support

1.	To facilitate successful integration of activities with CEC and TEL through regular TEL Board meetings, with effective input from TEL on transport integration and the new transport model development for input to the business case in Spring 2006	AM 10%
2.	To finalise the structure of tie in the context of the emerging Transport Scotland agency.	MH 5%
3.	To implement "the tie way" project management regime for all tie projects by June and to implement a quality auditing regime with a view to seeking external accreditation in the first quarter of 2006.	AM 5%
4.	To facilitate progress in the active promotion of One-Ticket to assume a greater market share, including trains. (n.b. control of project is with One-Ticket Ltd.)	SL 5%

25%

% score against the corporate targets will be assessed out of the maximum possible of 0 by the Executive Board and the results presented to the **tie** Remuneration Committee for approval.

This score will be used to calculate individuals' corporate bonus according to Table 1 above
 Corporate % score x bonus opportunity x corporate bonus% x base salary
 (see example table below)

Example Table:

- Corporate bonus = 80%
- Bonus Opportunity = 10%
- Corporate Bonus % = 25%
- £30,000 salary

Table 3

Corp score % A	Bonus opp % B	Corp Bonus % C	Base salary D	Corporate Bonus A*B*C*D
80%	10%	25%	£30,000	£600.00

5. The ADR Form

The ADR should be completed electronically. To assist with this, a template (tieADR2005.doc) is available. This is held in the shared directory:

G:\35 HR\TRAINING & DEVELOPMENT\04 TRAINING & DEVELOPMENT\B ADR Form

In the interests of treating the achievements of all staff on an equitable basis, the following guidance is offered to appraisers when determining the quantitative aspects of the ADR review.

6. Assessment of objectives (by Appraiser): Section 1 – “Objectives for Year”

1.1 Performance Vs. Personal Objectives = Achievement bonus

Personal objectives have been agreed in relation to the corporate targets defined above.

Each objective will be scored and an average score calculated towards qualification for the bonus payment. The score marking is set out as:

- 3 = excelled at objective, 2 = met objective, 1 = not quite met, 0 = well short of objective
- The achievement bonus payment will be calculated as follows:

Average score/3 x bonus opportunity x achievement bonus% x base salary
(see example table below)

- Where the average score is 1 or less no achievement bonus payment will be made.

Note¹: When an objective has been scored as 1 (not quite met) consideration should be made as to whether there were any mitigating circumstances outwith the Job Holder's control and therefore, after discussion, a score of 2 might be awarded.

Note²: **Section 1** should be completed by the Appraiser and given to the Job Holder in advance of the appraisal interview.

Example Table 4:

- No. of objectives = 6: total achievable score = 18
- Bonus Opportunity = 10%
- Achievement Bonus % = 45%
- £30,000 salary

Table 4

No Objectives	Total achievable score	Total score achieved	Average score	Average score /3 A	Bonus opp % B	Achv Bonus % C	Base salary D	Achievement Bonus A*B*C*D
6	18	18	3	100%	10%	45%	£30,000	£1,350.00
		15	2.5	83.3%		45%		£1,125.00
		12	2	66.7%		45%		£900.00
		6	1	33.3%		0%		£NIL

7. Assessment of qualitative attributes (by Appraiser): Section 2 – “Assessment of Qualitative Attributes”

14.2 Performance vs. Qualitative Attributes = Contribution Bonus

The programme is established so that 30% of the bonus budget will be awarded at the **discretion** of the Executive Board according to effort, impact on **tie** and adherence to qualitative attributes as follows.

To aid this, the extent to which each attribute is demonstrated will be recorded as follows:

- A = conspicuous, B = fully satisfactory, C = adequate, D = inadequate, requires action

Because of the discretionary approach, it is not intended to apply a wholly mechanical approach to the formulation of this bonus. It is proposed that outstanding individuals may qualify for more than 100% of this component of the bonus provided that that aggregate contribution bonus budget is not exceeded.

Assume the individual is awarded 90% = contribution bonus of $90\% \times 30\% \times 10\% \times \text{£}30,000 = \text{£}810$

Note¹: If you observe a significant difference between a Job Holder's self appraisal and that which you have given, discuss that with your own Manager to confirm or refine your view before meeting the member of staff.

Note²: **Section 2** should be completed by the Appraiser and given to the Job Holder in advance of the appraisal interview.

8. Qualitative Attributes / skills / qualities / behaviours that are valued at tie

To assist in the assessment of the Qualitative attributes the following evaluations should help to score the Job Holder.

	Attributes	Skills & qualities
1	Personal integrity	Be ethical, trustworthy, consistent, lead by example, and possess inbuilt concept of quality and reliability
2	Attitude to change	Be open minded, flexible, adaptable, creative, proactively strive to do things better
3	Getting the job done	Focus on objectives, take personal ownership for action and decisions, act on own initiative, exercise good judgement, view mistakes as learning experiences, go extra mile to get job done
4	Interpersonal skills	Invite, welcome and give constructive feedback, respond well to criticism, develop relationships and partnerships, interact well with others, show consideration to others including respect for their time, look for successes to applaud, be fair but firm with non performers
5	Teamwork	Work cooperatively internally and externally, share information, prepare well for meetings, relate well with people
6	Communication skills (verbal)	Speak clearly and concisely, listen well, use appropriate communication medium
7	Communication skills (written)	Write clearly and concisely, good presentation in letters and reports
8	Organisation skills	Be well organised, plan time effectively, be persistent in flagging potential problems before they become crises
9	Customer focus	Respond well to internal and external customers, and focus on their needs
10	Value orientation	Be cost conscious, focus on eliminating wasteful activities

11	Leadership	Management of peers, example set.
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9. Overall Bonus Award

The overall bonus award is calculated as the total of the above three bonus components.

i.e. = £600 + £1,125 + £810 = £2,535 out of total possible £3,000.

All bonus awards will be calculated, and compared in aggregate to the bonus budget for 2004. Any across-the-board adjustment to the awards in light of the bonus budget will be recommended to and approved by the Remuneration Committee.

10. Assessment of Objectives (by Job Holder): Section 6 – “Self Appraisal”

The Job Holder should already have a copy of their objectives. If not, a copy should be made available before the interview. **Section 6** should be completed by the Job Holder and given to the Appraiser in advance of the appraisal interview.

11. Personal Development plan (by both Appraiser & Job Holder): Section 3

During the interview process the Appraiser and Job Holder should discuss and agree on a personal training and development for the coming year. Particular focus should be made to any weaknesses identified during the assessment of attributes. **Section 3** should be completed and form the Training & Development Plan. See **G:\35 HR\TRAINING & DEVELOPMENT\04 TRAINING & DEVELOPMENT\A Operating Manual**

12. Reaction to appraisal review (By Job Holder): Section 4

The Job Holder should record their reaction to the outcome of the appraisal. **Section 4** should be completed.

13. tie management sign-off (By Appraiser & Appraiser’s manager): Section 5

The Appraiser should complete the sign-off the appraisal, along with names of any contributory sources (if applicable). The Appraiser’s manager should then make any comments as necessary. A copy of the completed appraisal form should be given to the Job Holder and a copy filed in the Job Holder’s personnel file.

14. Half Year Assessments

14.2 Objective

The objective of the half year assessment is to allow the opportunity for Appraiser and Job Holder to review and record the status of the Job Holders annual objectives and their progress against target dates. It is **NOT** an opportunity to revise the target date of the objective. Any request to revise target dates **MUST** be presented to the Executive Board for approval.

Note: Although a formal half year assessment is required Appraiser and Job Holder should be encouraged to review objectives on an ongoing basis.

14.2 Half Year Assessment of Objectives (by Appraiser): Section 1 – “Objectives for Year”

As the assessment is specifically to evaluate the Achievement Objectives and training needs status it is not necessary to perform the complete review process as outlined in 6 and 7 above.

14.3 Process/Timetable

14.3.1 At the Half Year Assessment the Achievement Objectives should be reviewed along with target dates to record the progress status of the objective against target. **Section 1** of the ADR Assessment form should be completed by the Appraiser in consultation with the Job Holder.

14.3.2 A record of the status should be recorded against each objective under heading of “6 month Assessment – “

14.3.3 Training & Development Requirements should also be reviewed. (**Section 3**)

14.3.4 A copy of the ADR form and Training requirements should be passed to The Executive Administrator for action and filing.

14.3.5 All reviews should be completed by end of June.

15. Annual Timetable

15.1 Annual Appraisal Review Process Steps

Step	Description/Action	Month
Step 1	Setting & Approving New Corporate Targets	December
Step 2	Setting & Approving New Achievement Objectives	December
Step 3	Business Plan Approval by CEC	December
Step 4 & 5	Staff Assessment Interviews on previous years Achievement Objectives	January
Step 4 & 5	Staff agreement of new years Achievement Objectives	January
Step 6	Bonus Payments Remuneration Committee approval	February
Step 7	Bonus Payments Communication to staff	February
Step 8	Payroll Bonus payments	February
Step 9	Half year assessments	June/July
Step 10	Year end Appraisals prep	December

