

**HUMAN RESOURCES DIRECTORATE
PAY AND EMPLOYMENT UNIT**

**The Chief Executive of each HPSS
Organisation¹**

For Information

**The Chair,
Director of Human Resources
and Director of Finance in each
Organisation**

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Your Reference: **HSS (SM) 3/2008**

23 December 2008

Dear Colleague

**REVISED SENIOR EXECUTIVE CONTRACTS & PERFORMANCE
MANAGEMENT SCHEME FOR HSC APPOINTMENTS FROM 22 DECEMBER
2008**

1. This circular provides details of amendments to the employment contract and the performance management arrangements to be applied to Senior Executives' appointments in all Health and Social Care organisations made on or after 23rd December 2008. A Senior Executive is defined for this purpose as a Chief Executive, Executive Director and functional director who operates at board level within their respective organisation.
2. The revision to the employment contract and the performance management scheme will restrict future pay increase to within the limits set under Government pay policy. The Department has determined this circular for use by the current HSS Boards and Agencies and their successor HSC organisations. A direction has also been issued to the effect that these revised arrangements must also be applied to Senior Executives employed by HSC Trusts. **The revised arrangements will take immediate effect.**

¹ Health and Social Services Boards, HSC Trusts, the Central Services Agency (CSA), the Health Promotion Agency, the Northern Ireland Regional Medical Physics Agency, the Northern Ireland Guardian ad Litem Agency, the Northern Ireland Practice & Education Council for Nursing & Midwifery, Northern Ireland Social Care Council, the Northern Ireland Medical and Dental Training Agency and the Northern Ireland Health and Personal Social Services, Quality, Regulation and Improvement Authority.

SENIOR EXECUTIVE CONTRACTS OF EMPLOYMENT & PERFORMANCE MANAGEMENT SCHEME

3. A copy of the revised Senior Executive model contract is attached at Annex A to this circular. Each year the Minister will review the annual pay progression limit for the four performance assessment bands within the performance management scheme. From 1 April 2009 the annual pay progression increase for each of the performance bands will consist of two elements, a salary review element and a performance element. The salary review increase will be determined by the NHS Pay Review Body. The performance element will be the difference between the salary review increase and the staff in post limit set by HM Treasury. Details of the revised performance management scheme are attached at Annex B of this circular.

IMPLEMENTATION

4. Employers should ensure that:
 - (i) the revised model contract is used for all Senior Executive appointments made on or after 23rd December 2008, and
 - (ii) new Senior Executive staff appointed on or after 23rd December 2008 are aware of the revised performance management arrangements and the impact that these new arrangements will have on pay progression within future pay awards.

ENQUIRIES

5. Employers should direct enquiries about the content of this Circular to **Pay & Employment Unit, Room D 1, Castle Buildings, Belfast, telephone number 90522794.**
6. Employees should direct their personal enquiries to their employer.

FURTHER COPIES

7. Copies of this Circular can be obtained from the Department's extranet site at <http://extranet.dhsspsni.gov.uk>

Yours sincerely

Roseanne Owens

For **DIANE TAYLOR**
Deputy Director

MODEL PERMANENT CONTRACT

[NAME OF HEALTH & SOCIAL CARE EMPLOYER]

TERMS AND CONDITIONS OF EMPLOYMENT

NAME

ADDRESS 1
2
3
4

Dear

POST OF CHIEF EXECUTIVE/SENIOR EXECUTIVE

1. On behalf of the board of [Name of HSC Employer, hereafter referred to as the HSC employer] I am pleased to offer you the post of Chief Executive/Job Title of [Name of HSC Employer] with effect from [date to be inserted], on the following terms.
2. This offer of employment is subject to a satisfactory medical examination.

Continuity of Employment

3. See Schedule.

Probationary Period

4. Subject to satisfactory performance, your appointment will be confirmed after a probationary period of six months duration. If performance is not satisfactory your probationary period may be extended for a further six months. Your appointment can be terminated during the probationary period.

Scope of the Appointment

5. Your duties are set out in the job description, which accompanies this document. The job description will be reviewed periodically.

Continuation of Contract

6. Continuation of your appointment under this contract is subject to satisfactory performance. Your performance of the duties of the post and your progress in achieving a set of objectives will be reviewed at intervals of not more than 12 months in accordance with arrangements set down in the Senior Executive Performance Management Scheme as determined by the Department.

Accountable Officer Status (Applies to Chief Executive post only)

7. It is a fundamental condition of your employment that you are designated to carry out the duties of the Accountable Officer for the [HSC employer], in accordance with the Appointed Officer Memorandum, for the period of your appointment as Chief Executive. If, after due process and in the reasonable opinion of the board of [Name of HSC Employer] or the Accounting Officer of the Department of Health, Social Services and Public Safety you are no longer a fit person to carry out the responsibilities of an Accountable Officer, or it is in the public interest to do, your designation will be withdrawn.

Place of Employment

8. Your normal base will be [HCS's Headquarters/other]. You may, however, be called upon to serve at any location within the [HSC employer]'s area. You may also be required to travel within or outside of Northern Ireland in the performance of your duties.

Hours of Work

9. This post is full time and you will be expected to work such hours as are necessary for the full performance of your duties and responsibilities. For pay purposes the working week will be deemed to be thirty-seven and a half hours.

Remuneration

10. **The Department of Health, Social Services and Public Safety has determined a pay and grading scheme for [HSC employer] Chief Executives and Senior Executives. Your post grade and salary details are as set out in paragraph 6 of the Schedule. You will enter the scale at [£] and pay progression will be linked to performance as set out in the revised Senior Executive Performance Management**

**Scheme as determined by the Department on 23 December 2008.
Your salary will be paid monthly in arrears by bank credit transfer.**

11. If it comes to light that you have been paid incorrectly, then the [HSC employer] will take action to correct your pay. If you have been overpaid, then the [HSC employer] will discuss with you how to recover the overpayment.

Superannuation

12. This appointment is superannuable under the Health and Social Services Superannuation Scheme. Employees in the Superannuation Scheme are 'contracted out' of the State Earnings Related Pension Scheme (SERPS). If participating in the Superannuation Scheme your remuneration will be subject to deductions in accordance with the detail of the Superannuation Scheme. In addition, as a member of the Superannuation Scheme you will pay the lower rate of National Insurance Contributions. Further details on the Health and Social Services Superannuation Scheme are contained in the enclosed leaflet.
13. As membership of the HSS Superannuation Scheme is optional you may choose to make alternative provision by participation in the State Earnings Related Pension Scheme or in a personal pension scheme. If you exercise your right to participate in a personal pension scheme, the [HSC employer] (as your employer) will only pay the minimum contribution required by law.

Retirement Age

14. You are normally required to retire on reaching the age of [65] years.

Notice of Termination

15. The minimum period of notice that you are required to give is three months. In the event that the [HSC employer] terminates the contract, other than in circumstances covered by paragraph 4 or in the case of summary dismissal, you are entitled to receive three months notice in writing. This does not prevent either party waiving the right to notice, or from accepting payment in lieu of notice.

Expenses

16. Any payments made will be in accordance with the provision and rates as provided for and updated from time to time by the NHS Agenda for Change Terms and Conditions Handbook, or as determined locally by the [HSC employer] where applicable.

Sick Pay

17. Sick pay will be in accordance with the provisions of the NHS Agenda for Change Terms and Conditions Handbook. You may be required to be medically examined at any time during your employment by a doctor appointed by the [HSC employer].
18. If you are absent as a result of an accident involving a third party and you make a claim for and receive damages you will be required to refund to the [HSC employer] the sick pay received. In the event that the damages received are less than the sick pay received, the total damages must be refunded to the [HSC employer].

Annual Leave/Statutory and Public Holidays

19. Your annual leave entitlement is set out in the Schedule plus 10 statutory and public holidays. The leave year will run from 1 April to 31 March. The taking of annual leave must be approved in advance and will be granted subject to the exigencies of the Service. Up to five days leave may be carried forward from one leave year to another subject to the conditions set down in Section 13 of the NHS Agenda for Change Terms and Conditions Handbook.

Motor Vehicle Provision

20. You will be offered a leased car in accordance with the leased car provisions of Section 17 of the NHS Agenda for Change Terms and Conditions Handbook.

Other Conditions of Employment

21. In general the conditions of employment other than for remuneration and performance assessment are those laid down in the NHS Agenda for

Change Terms and Conditions Handbook which may be amended from time to time.

Confidentiality

22. Confidentiality of patient information and personal information on staff must be preserved at all times. Your appointment will involve you in the [HSC organisation's] commercial activities and other business matters. During and after the termination (howsoever arising) of your appointment with the [HSC employer] you will be subject to a duty of confidentiality in relation to any information of a confidential nature. You will not, except in the performance of your duties with the [HSC employer] or unless ordered to do so by a Court or Tribunal or at the request and direction of the Minister of Health, Social Services & Public Safety, divulge to any person in any manner whatsoever, any confidential information covering the business or transactions of the [HSC employer] and its activities and/or its patients or staff and you will use all reasonable endeavours to prevent disclosure of such information. Breach of this confidence may result in dismissal.

23. Where you believe that you are being required to act, or you believe that others are acting, in a way which is illegal, improper, unethical or which may involve possible maladministration you should report the matter forthwith to the Chairman and the full Board of the [HSC employer] and, where appropriate, to the Department of Health, Social Services and Public Safety.

24. All copyright, works, designs, text, records, administrative and financial material and systems made, written or designed or originated by you during the course of your employment with the [HSC employer] and in connection with your appointment with the [HSC employer] shall vest in the [HSC employer]. For the avoidance of doubt copyright as created by you outside working hours, on a private basis and not exclusively in relation to the [HSC employer] shall remain your own property with the agreement of the [HSC employer].

Data Protection

25. Information about you, your appointment and qualifications may be included in relevant computer files and manual records within the [HSC employer]. These files are registered for Data Protection purposes. Further information, if required, may be obtained from the (B/T/A) Human Resources Department.

26. You should also be aware that unauthorised disclosure of data could render you liable to civil action for damages.

Outside Employment and Financial Interests

27. You should not engage in any outside employment or in any activity which would in any way weaken public confidence or impair your usefulness to the [HSC employer] or in any occupation which might conflict with the interest of the [HSC employer] or be inconsistent with your position in the [HSC employer]. If you have any doubt about the propriety of engaging in any additional employment, or other activity, you should seek and accept the advice of the [HSC organisation].
28. You must declare to the [HSC employer] any financial interest or relationship you may have which may affect the [HSC organisation's] policies and decisions.

Gifts, Hospitality, Fees & Emoluments

29. You must not accept gifts or excessive hospitality in the course of your employment. The guidance contained in Departmental Circular HSS (GEN 1) 1/95 must be observed at all times. Any fees or emoluments received by you in the course of your employment under this contract shall, unless otherwise directed by the [HSC employer], be surrendered to the [HSC employer].

Personal Effects

30. The [HSC employer] cannot accept responsibility for articles belonging to members of staff lost or damaged, whether by fire, burglary, theft or otherwise, unless such articles have been handed over for safe custody and receipt obtained. You are therefore advised to make your own arrangements for appropriate insurance cover with an insurance company of your own choice.

Health and Safety

31. The [HSC employer] has a duty to ensure so far as is reasonably practicable, the health, safety and welfare at work of all its employees.

You must co-operate with the [HSC employer] so far as is necessary to enable compliance with that duty. You must also take reasonable care for the health and safety of yourself and the other people you come into contact with who could be affected by your work.

Disciplinary Procedures

32. In the event of misconduct or failure to perform you will be subject to the [HSC organisation's] disciplinary procedures. For further details contact the Human Resources Department.

Redundancy

33. In the event of termination of this contract by reason of redundancy you may be eligible for premature retirement with immediate payment of superannuation benefits and compensation if you are a member of the Health and Social Services Superannuation Scheme at the date of termination and meet the age and service requirements. Section 16 of the NHS Agenda for Change Terms and Conditions Handbook arrangements for Redundancy Payment and Compensation Benefits on Premature Retirement will apply where your employment is terminated by reason of redundancy or organisational change.

Grievance Procedure

34. Any grievance, which you may have, should be raised in accordance with the [HSC organisation's] grievance procedures. For further details contact the Human Resources Department.

Criminal Convictions

35. You are required to immediately notify the [HSC employer] if you are charged or convicted of any criminal offence.

Representation

36. You have the right to join a Trade Union.

Equal Opportunities Policy

37. The [HSC employer] is an equal opportunities employer and has specific statutory duties under Section 75 of the Northern Ireland Act. You as [job title] must ensure that the [HSC employer] complies fully with its obligations in this area.

Code of Conduct

38. You are required to comply with the Code of Conduct for HPSS Managers as set out in Circular HSS(SM) 4/2003. Failure to comply with this Code of Conduct may lead to disciplinary action under the [HSC organisation's] disciplinary procedures.

Acceptance of Terms and Conditions of Employment

39. If you agree to accept the appointment on the terms outlined in this document please sign the form of acceptance on both copies of the document and return one to me retaining the other as your personal copy.

Yours sincerely

**CHAIRMAN/CHIEF EXECUTIVE
[HSC employer]**

TO CHAIRMAN/CHIEF EXECUTIVE
[HSC employer]

ACCEPTANCE OF TERMS AND CONDITIONS OF EMPLOYMENT

I accept this appointment on the basis of the terms and conditions of employment contained in or referred to in this document.

SIGNED

DATE

NAME IN BLOCK CAPITALS

ADDRESS

JOB TITLE

COMMENCEMENT DATE

SCHEDULE TO THE [HSC employer] LETTER DATED []

1.	POST	Job Title
2.	DATE OF COMMENCEMENT	Commencement Date
3.	DUTIES	As per job description issued to you
4.	LOCATION OF POST	[HSC employer] Area Initially based at: Location
5.	HOURS OF DUTY	Chief Executives/Senior Executives are expected to work such hours as are necessary for the full performance of their duties and responsibilities.
6.	REMUNERATION	(a) Grade () (b) Salary scale: Min Sal – Max Sal per annum. (c) Entry point
7.	DATE OF COMMENCEMENT OF CONTINUOUS EMPLOYMENT	The date of commencement of your period of continuous employment is (date).
8.	ANNUAL LEAVE	Entitlement: () Annual Leave days (based on a five day week)
9.	PERIOD OF NOTICE	3 Months

SENIOR EXECUTIVES' PERFORMANCE MANAGEMENT SCHEME

Introduction

1. A robust system of performance management is essential to underpin the performance related salary progression for Senior Executives within the context of the pay and grading arrangements introduced by Circular HSS(SM) 3/2001. It is essential that salary progression is linked to performance and is clearly based on and related to improvements to services. When considering Senior Executives' performance employers must take full account of the progress made towards delivering strategic objectives including those stemming from the policy priorities and the key commitments being made by Government and the Department.
2. In order for Senior Executives to qualify for performance increases/non consolidated performance payments, performance management schemes should be in place before the start of the period during which performance is to be assessed. Within this Scheme some flexibility will be required for newly appointed staff.

Aim

3. The overall aim of paying performance increases/non consolidated performance payments to individuals is to:
 - Reward performance;
 - Reinforce the commitment of Senior Executives to the mission, values, strategies and objectives of the organisation and the HSC;
 - Deliver a clear and positive message about the performance expectations of the organisation;
 - Direct attention and endeavour to those areas which are critical to the success of the organisation by specifying performance goals and standards;
 - Emphasise individual performance as appropriate;
 - Provide the means of assessing development needs of the individual concerned; and
 - Improve the retention and recruitment of highly qualified and experienced staff.

Key Issues

4. The key issues of a successful Performance Management Scheme are:
 - There must be evident commitment to the Scheme by the Chair, Non-Executive Directors and Senior Executives within the organisation in order to monitor and support its use. This means that all of those

involved in the Scheme must be prepared to make the necessary time available to ensure its effective operation.

- Continuous assessment and mid-year reviews are part of the process, review should not be a once a year event.
- The Scheme must give individuals the opportunity to discuss and plan for their own development needs.

Roles

5. Department of Health, Social Services & Public Safety

The Department will expect the processes governing performance-related salary progression to be subject to the highest standards of governance locally. As Principal Accounting Officer, the Permanent Secretary will wish to be assured that the objectives and targets set for Senior Executives fully reflect those objectives and targets set in the Government's and Department's policy documents.

Board

The role of the Board of the organisation in the Scheme is to determine the strategic and operational corporate objectives of the organisation for the year ahead taking into account the parameters established by the Department and to incorporate them within its business or development plan. It is also to endorse all Remuneration Committee's recommendations relating to the Scheme.

Remuneration Committee

Notwithstanding the greater central role over some aspects of Senior Executives' remuneration, the Remuneration Committees will have a crucial continuing role in managing and overseeing the performance management process.

The role of the Remuneration Committee in the Scheme is to:

- Encourage effective appraisal of staff performance;
- Scrutinise the Senior Executives' performance objectives at the outset of the appraisal period to ensure that they are consistent and robust and reflect broad Government and Departmental priorities as well as local organisation priorities;
- Ensure that a robust performance appraisal process has taken place in line with the process set out in this Scheme;
- Monitor consistency of approach and standards of assessment across the range of Senior Executives being reviewed;

- Make a recommendation of the overall banding and award for Senior Executives for the reporting period taking account of Ministerial decisions on pay strategy.

Chair

The role of the Chair in the Scheme is to:

- Agree the Chief Executive's performance objectives;
- Carry out mid year review and continuous assessment by giving the Chief Executive ongoing feedback on performance;
- Complete final report on the Chief Executive's performance and recommend performance banding to the Remuneration Committee.
- Serve as a point of review for a Senior Executive who is not satisfied at the outcome of his/her performance assessment.

Chief Executive

The role of the Chief Executive in the Scheme is to:

- Agree individual performance objectives with the other Senior Executives;
- Carry out mid year review and continuous assessment by giving the other Senior Executives ongoing feedback on performance;
- Complete final report on the individual's performance and recommend performance banding to the Remuneration Committee.

Senior Executive

The role of the Senior Executive in the Scheme is to:

- Agree performance objectives in consultation with the Chief Executive;
- Participate in mid-year review and continuous assessment;
- Take responsibility for personal development in line with agreed objectives.

Performance Objectives

6. Performance increases/non consolidated performance payments must be linked to the employer's business or development plan. This plan will encompass objectives set out in the Government's and Department's current strategic documents, the objectives of which should be translated by Senior Executives into goals and constraints for their own functions and for those of their staff.
7. Individuals must be clear about the targets and standard of performance required and these should be agreed with them in advance. Each individual should be able to track his or her performance against those targets and standards throughout the period over which performance is

being assessed. There should be no surprises revealed when performance is formally assessed against objectives.

8. It is important to avoid short-term thinking. Long-term as well as short-term goals should be set.
9. All those involved in the Scheme should have an input into the determination of the critical success factors and performance indicators both for themselves and the organisation.
10. The prime purpose of an individual's performance plan should be to make clear and explicit the contribution that the individual has agreed to fulfil over the performance review period, and to identify steps to support individual development and achievement.

Personal Development Plans

11. In the same way that business planning is needed to provide direction for the business, careful planning is an essential element in personal development. Individuals perform better when they know clearly what they should be doing to be effective in their job. Alongside the setting of objectives, the individual's performance planning process should include dialogue to identify any training or development needed by the individual to deliver the agreed service for the period and to consider appropriate development for likely future roles within the HSC.

Review of Objectives and Progress

12. The responsibility for preparing an individual performance plan at the start of the performance year will be a joint one between the individual and his/her immediate line manager. In the case of the Chief Executive the Chair of the HSC organisation will fulfil the line manager role. Similarly, it will be a joint responsibility to ensure that appropriate face to face discussion takes place in the course of the performance period to support the performance review and appraisal processes. As a minimum this will require:
 - A meeting at the start of the period to discuss and agree objectives and targets for an individual performance plan and a personal development plan.
 - At least one mid-year meeting. This recognises that objectives are susceptible to changing circumstances and progress against them needs to be reviewed more frequently than once a year. Apart from reviewing whether the objectives and their relative priorities are still relevant, and agreeing adjustments to these if necessary, such meetings also provide the opportunity to address any difficulties that the individual or the line manager is encountering. However, it is also

important to keep in mind that difficulties or concerns should be addressed as soon as possible and not necessarily left to wait for a mid-year review meeting.

- An end-of-period meeting to review overall performance, including personal development, against the individual plan and discuss the individual performance for the year. This end of period meeting should coincide with the meeting to discuss and agree objectives and targets to prepare an individual performance plan and personal development plan for the following performance period.
- The Remuneration Committee to endorse objectives and agree performance ratings for all Senior Executives.

Evidence of Performance

13. Evaluation of performance should be based entirely on evidence of achievement of service or task objectives. Clearly therefore the outcome measures for each of the service objectives or targets will be the yardstick against which performance against these objectives must be evaluated.

Relating Pay to Performance

14. The performance of each individual will be assessed and rated each year in one of four bands according to how successfully objectives or targets have been met. Individual Performance Review band definitions are as follows:

Superior	An exceptionally effective performance demonstrating the highest level of achievement of all individual and organisational objectives and targets set.
Fully Acceptable	A positive, effective and creditable performance, fully attaining the level expected in achieving all objectives and targets set.
Incomplete	A positive and effective performance where some but not all objectives and targets set have been attained.
Unsatisfactory	Achievement is below that required. Weaknesses are apparent and some improvement is necessary to bring performance up to the level expected in the job.

15. **Each year the Minister will review the annual pay progression limit for the performance assessment bands set out in paragraph 14 above. The annual pay progression increase for each of the performance bands will consist of two elements, a salary review element and a performance element. The salary review increase will be determined by the NHS Pay Review Body. The performance element will be the difference between the salary review increase and the staff in post limit set by HM Treasury.**

16. Pay progression for performance will be consolidated for superannuation purposes up to the maximum of the range for the post. Once the range maximum has been reached there is no further consolidated pay progression. A Senior Executive who has reached the maximum salary for the range will however be eligible each year for a non-recurring performance payment, up to the amount of pay progression that is available normally for the banding awarded. These non-recurring performance payments are not superannuable. Where the annual increase set by the Minister includes a non-consolidated award for the "Superior" marking these payments are also not superannuable.

Superior Banding Proposals

17. A "Superior" banding performance award is an exceptional award and should only be given sparingly. Any decision to make such an award to any Senior Executive must be given careful consideration by the Chair and the Remuneration Committee. Expectations are that on average no more than 15% of all Senior Executive staff would meet the criteria for this category of performance award. This would normally mean that no more than one in each organisation would qualify for a superior performance award. **Under no circumstances should awards be considered that are outside the annual Ministerial limits determined by the Department.**
18. In line with the Principles of Corporate Governance HSC Chairs will be held personally accountable to the Department's Permanent Secretary for a "Superior" performance award. In instances where a "Superior" performance award is made the Chair will be expected to furnish, as part of the monitoring process, supporting reasons for any "Superior" performance award made.

Timing of Performance Review and Performance Awards

19. The annual performance review cycle will run from 1 April to 31 March each year linking with the organisational performance management cycle. Accordingly, performance awards are payable with effect from 1 April of the year immediately following the end of the performance review cycle.
20. End of year reviews should be completed as soon as is practicable following the end of the performance review period on 31 March each year. This process should coincide with the process of agreeing objectives for the current year. Once the performance assessment is carried out a performance banding recommendation should be made to the Remuneration Committee.
21. The Remuneration Committee will consider the performance assessments and make formal performance award recommendations to the Board. As the annual pay progression limits for the Scheme are set by Minister it will not be possible for the Remuneration Committee to complete the award

process until the Minister has agreed the annual limit. However, there is no reason to delay the initial assessment process and the setting of current objectives pending the Minister's announcement on the annual pay progression limits.

22. Once the process has been completed and the performance awards endorsed by the Board payment of the relevant pay increases should be implemented.
23. It is for employers to decide, within any guidance or Direction issued by the Department, how and when any non-consolidated performance payments should be paid (e.g. monthly, twice yearly, or annually).