

Dear Colleague

PAY AND CONDITIONS OF SERVICE

- 1. EXECUTIVE PAY ARRANGEMENTS**
- 2. PROFESSIONAL/MANAGEMENT
TRANSITIONAL ARRANGEMENTS**

Summary

1. This letter announces the new pay arrangements for senior managers employed by Trusts, Health Boards, the CSA, the State Hospital, Health Education Board, Scottish Council for Postgraduate Medical & Dental Education, Clinical Standards Board for Scotland, the Scottish Health Technology Assessment Centre and the Scottish Ambulance Service hereinafter referred to as employing authorities. The arrangements are mandatory for all employers with effect from 1 April 2000.

General and Senior Managers Pay

2. The General and Senior Manager Pay arrangements set out in MEL(1993)114 and subsequent circulars are closed with effect from 1 April 2000. All general and senior managers employed on general and senior manager terms and conditions will transfer to the new "Executive Pay Arrangements", "Professional/Managerial Transitional" Arrangements or other Whitley Council pay scheme.

3. Staff transferred under the arrangements set out in this circular will be given protection under the arrangements outlined in the Organisational Change Policy Statement in MEL(1999)7 which has recently been extended by MEL(2000)22 to cover organisational change until a revised policy document is prepared or no later than 31 March 2001.

2 May 2000

Addresses

For action

Chairmen and General Managers,
Health Boards, Common Services
Agency, State Hospital, Health
Education Board for Scotland,
Clinical Standards Board for
Scotland, Scottish Ambulance
Service, Scottish Health Technology
and Assessment Centre and
Scottish Council for Postgraduate
Medical and Dental Education
Chairmen and Chief Executives,
NHS Trusts

For information

Chief Executive, NBS

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a.

Executive Pay Arrangements

4. The Executive Pay arrangements cover the posts of senior management staff in the NHSiS. This will encompass the Chief Executive; Executive Directors, other Directors (including Medical Directors) and all senior managers and whose posts have been evaluated by the Central Evaluation Committee at a total no less than 614 job units.

5. The main components of the new Executive Pay arrangements are:

5.1 the pay and terms and conditions of service for the Executive group in NHSiS Trusts are brought under Ministerial Direction with effect from 1 April 2000. The arrangements detailed here are therefore mandatory for Trusts. Health Boards, including Special Health Boards, are also under the same Direction and the arrangements are mandatory for them. A Direction is attached as Annex A to this MEL;

5.2 the Executive Pay and terms and conditions arrangements will be the same for Trusts and Health Boards;

a. 5.3 all posts covered by the Executive Pay Arrangements are subject to evaluation by the Central Evaluation Committee, which will be responsible for the management, maintenance and integrity of the job evaluation process;

b.

c. 5.4 the pay ranges are set for 2000/2001 and will be reviewed annually. The effective date for any agreed extension following review of the ranges by Ministers will be 1 April in the year of the review;

5.5 details of the new arrangements are set out in Schedule 1 along with provisions for placement of post holders into the new ranges. Table A provides the new salary levels effective from 1 April 2000 for posts of 614 job units and above;

a. 5.6 a feature of the new arrangements will be guaranteed progression through the pay range subject to the fully acceptable performance of the individual. Details of the interim performance management arrangements for 1 April 2000 to 31 March 2001 are given in Schedule 1 Appendix 1;

a. 5.7 introduction of a model contract with maximum of six months notice period and standard Whitley arrangements for terms and conditions of service including removal expenses and lease car arrangements. Authorities are reminded that the use of Fixed Term Contracts is not appropriate for this group of senior staff.

Professional/Management Transitional Arrangements

6. The Professional/Management Transitional Arrangements cover those senior managers in the current General and Senior Manager grades 0 to 4 who are not eligible for inclusion in the new Executive Pay Arrangements and whose posts have been evaluated at less than 614 job units. These transitional arrangements are holding arrangements pending any agreement

on the implementation of Agenda for Change. These arrangements are open only to those senior managers transferring from the General and Senior Managers Pay arrangements.

7. The Professional/Management Transitional Pay arrangements have been agreed and are detailed in Schedule 2. The main components of the arrangements are:

7.1 the pay and terms and conditions of service for the Professional/Managerial Group in the NHSiS will be brought under Ministerial Direction with effect from 1 April 2000. The arrangements detailed here are therefore mandatory for Trusts. Health Boards, including Special Health Boards, are also under the same Direction and arrangements are mandatory for them. A Direction for the transitional arrangements is attached as Annex A;

7.2 the Professional/Management Transitional Pay terms and conditions arrangements will be the same for Trusts and Health Boards;

7.3 pay ranges 0 to 4 of the current general and senior managers pay scheme will be used for the Professional/Management Transitional Arrangements and extended by Ministerial Direction in line with the Administrative and Clerical Whitley Council cost of living increases. The pay ranges shown in Table B include an extension of 3.25% and are payable with effect from 1 April 2000;

7.4 individual progression through the pay range will be subject to fully acceptable performance;

7.5 conditions of service will be aligned to the Administrative and Clerical Whitley Council, apart from holiday entitlement and hours of work which will be protected.

Transfer to an Appropriate Functional Whitley Council Grade

8. As an alternative to transferring to the Professional/Management Transitional Pay arrangements, affected staff may elect to transfer to an appropriate functional Whitley Council Grade. Where this option is exercised the assimilation arrangements in paragraph 10 of Schedule 2 to this MEL must be followed.

Action

9. Chairs and members of Remuneration Committees of employing authorities to:

a. 9.1 apply the requirements of the circular and agree local implementation arrangements as appropriate. These implementation arrangements will include the appropriate local use of the transitional arrangements;

9.2 set and monitor the performance management arrangements for those in the Executive Pay Arrangements, in line with the Guidance on the interim arrangements at Schedule 1 Appendix 1;

9.3 attend seminars on the Executive Pay Arrangements. It is expected that there will be representation from all Boards and Remuneration Committees.

10. Chief Executives and General Managers to:

10.1 ensure all staff under their command within the current General and Senior Manager Pay arrangements transfer to the new Executive Pay Arrangements, Professional/Management Transitional Arrangement or other Whitley Council pay scheme;

10.2 ensure transferred staff receive appropriate protection under the arrangements in the Organisational Change Policy Statement (MEL(2000)22).

11. This MEL should be copied locally as required and to members of the Local Partnership Forum.

Yours sincerely

GERRY MARR

Director of Human Resources

DIRECTION EXECUTIVE PAY & TERMS & CONDITIONS OF SERVICE**NATIONAL HEALTH SERVICE (SCOTLAND)
EXECUTIVE PAY AND PROFESSIONAL/MANAGEMENT TRANSITIONAL
ARRANGEMENTS (REMUNERATION AND CONDITIONS OF SERVICE
DIRECTION): 2000**

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 to the National Health Service (Scotland) Act 1978 ^(a) hereby give the following direction:-

1. This Direction may be cited as the Executive Pay and Professional/Management Transitional Arrangements (Remuneration and Conditions of Service) Direction 2000 and is given to Trusts, Health Boards, the Common Services Agency, the State Hospital, the Health Education Board for Scotland, the Scottish Council for Post Graduate Medical and Dental Education, the Clinical Standards Board for Scotland, the Scottish Health Technology Assessment Centre and the Scottish Ambulance Service, hereinafter referred to as the “employing authorities”.
2. The provisions of this Direction apply from 1 April 2000 to general and senior managers of employing authorities who are remunerated in accordance with the General and Senior Managers' (Remuneration and Conditions of Service) Direction 1993.
3. The General and Senior Manager Pay arrangements set out in MEL(1993)114 and subsequent circulars are cancelled and replaced by the pay ranges and terms and conditions of service set out in Table A to this Direction and Schedules 1 and 2.
4. The Executive Pay Arrangements by ranges and terms and conditions of service for posts of 614 job units according to the Hay job evaluation system and above are set out in Table A and Schedule 1.
5. The Professional/Management Transitional Arrangement pay ranges for posts below 614 job units according to the Hay job evaluation system are set out in Table B and Schedule 2.

Signed by the authority of the Scottish Ministers

GERRY MARR
Director of Human Resources
A member of staff of the Scottish Executive

St. Andrews' House
EDINBURGH
April 2000

^(a) 1978 c.29: section 105(7) was amended by the Health Services Act 1980 (c.53) (“the 1980 Act”), Schedule 6, paragraph 5, and Schedule 7 and by the Health & Social Services and Social Security Adjudications Act 1983 (c.41), Schedule 9, paragraph 24 and Schedule 29(1); Schedule 1 was amended by Schedule 6 paragraph 7 and also by Schedule 7 of the 1980 Act, Schedule 5 paragraph 7 was amended by Schedule 6 paragraph 8(3) and Schedule 7 of the 1980 Act, Schedule 7A paragraph 6(1) was amended by the Health Act 1999.

EXECUTIVE PAY ARRANGEMENTS

PAY RANGES FROM 1 APRIL 2000

Level	Job Units (min)	Maximum	Minimum £	Maximum £
Level 1	2,141	2,550	84,150	112,200
Level 2	1,801	2,140	73,631	98,175
Level 3	1,508	1,800	63,112	84,150
Level 4	1,261	1,507	55,223	73,631
Level 5	1,056	1,260	47,334	63,112
Level 6	880	1,055	41,417	55,223
Level 7	735	879	35,501	47,334
Level 8	614	734	31,063	41,417

TABLE B**TRANSITIONAL ARRANGEMENTS FOR FORMER SENIOR MANAGERS
REMAINING OUTWITH THE NEW EXECUTIVE PAY ARRANGEMENTS****PAY RANGES FROM 1 APRIL 2000**

GRADE	JOB UNITS		PAY RANGES	
	Min	Max	Minimum	Max
4	519	613	24,367	32,573
3	439	518	21,302	28,475
2	371	438	18,650	24,931
1	314	370	16,471	22,018
0	269	313	14,879	19,889

EXECUTIVE PAY ARRANGEMENTS PAY AND CONDITIONS OF SERVICE

General

1. The new Executive Pay arrangements along with the Professional/Management Transitional Arrangements replace the previous General and Senior Manager Pay arrangements from 1 April 2000. **The General and Senior Manager Pay arrangements set out in MEL(1993)114 and subsequent circulars are closed from 1 April 2000.** All staff currently employed under the General and Senior Manager Pay arrangements will transfer to either the new Executive Pay arrangements, Professional/Management Transitional arrangements or other Whitley Council pay scheme.

2. The effective implementation date for the new Executive Pay arrangements is 1 April 2000.

3. The new Executive Pay arrangements are mandatory for all employing authorities in the NHSiS. Employing authorities are reminded of their responsibility for ensuring the proper use of public money and that it is the responsibility of the Boards of Trusts and Health Boards and their Remuneration Committees, to oversee the local operation of these new arrangements. The deliberations of the Boards of Trusts and Health Boards and the Remuneration Committee must be subject to normal arrangements for internal and external audit.

4. Employing authorities are responsible for putting in place transitional arrangements for those members of staff formerly covered by the General and Senior Manager Pay arrangements whose posts are below the threshold of 614 job units. Detailed guidance on these transitional arrangements is given in Schedule 2.

Policy Objectives

5. The new arrangements have the following policy objectives:

a. 5.1 to ensure that pay and benefit arrangements for executives and senior managers in the NHSiS are demonstrably fair in comparison to other groups of health service staff and can be publicly supported while at the same time offering a fair reward that will recruit, retain and motivate these key managers;

a. 5.2 to ensure that pay and benefit arrangements for executives and senior managers are compatible with Government and Scottish Executive policy on public sector pay and benefits and that the resources for patient care are maximised;

a. 5.3 to ensure that pay progression is subject to rigorous performance management and appraisal arrangements that follow the nationally prescribed format and are robust in their direct linkage to the improved performance of the employing authority in the delivery of patient care and other services.

Corporate Governance

6. It is the responsibility of the Chair of the employing authority to ensure that the Board and the Remuneration Committee members understand their role and responsibilities.

a. 6.1 the guidance contained in the following documents remains in force and should be applied to the new Executive Pay and Professional/Management Pay arrangements:

Greenbury Report

The NHS in Scotland – Corporate Governance Code of Conduct; Code of Accountability for Health Boards; Code of Openness.

MEL (1996) 49 Conditions of Service for General and Senior Managers: Termination Settlements;

6.2 a series of workshops covering the new arrangements and the role and responsibilities for Chairs and members of Boards and Remuneration Committees will be available. It is expected that all chairs and members will attend;

6.3 pay and Conditions of Service arrangements should be subject to normal internal and external audit arrangements.

Scrutiny of management costs

7. The numbers and pay arrangements for executive and senior managers in the NHSiS are likely to continue to be the subject of scrutiny by Audit Scotland, MSPs and auditors. The proper control of management costs must therefore continue to be demonstrated by all employing authorities. For this reason, once authorities have set their new management structures, the Management Executive expects there to be no growth in the numbers of staff subject to these executive pay arrangements.

7.1 the intention is to keep management costs under control and to reduce these wherever possible. However, it is recognised that there may be limited occasions where an employer will wish to change the responsibilities of a senior post or have need to create a new post;

7.2 in such cases the new or revised job description must always be submitted to the Central Evaluation Committee as soon as the local evaluation committee has reached an evaluation. Full reasons for the revision or new post must be submitted to the Central Evaluation Committee. No post will be advertised internally or externally, at a specific salary until the written evaluation has been received from the Central Evaluation Committee;

7.3 where the post involves revised duties, the replacement post is not expected to increase the overall numbers.

Performance Pay arrangements

8. A new system for Performance Management is under discussion and will be the subject of a separate MEL in due course towards the end of this year. For the Performance Year 1 April 2000 to 31 March 2001 the interim arrangements in Appendix 1 to this Schedule will apply.

Annual review of the pay ranges

9. The pay ranges for 2000/2001 are set as in Table A of the Direction. Adjustment to the pay ranges is at the discretion of the Ministers. Ministers will review the ranges annually, normally with effect from 1 April in any year. The Review for the year 2000/2001 has been undertaken. The next review is due with effect from 1 April 2001.

Contracts of Employment and Conditions of Service and any other benefits

10. Conditions of service for senior managers are governed by the arrangements set out in the model contract for Chief Executives issued on 16 February 1999 as amended by the letter 5 July 1999. The Health Boards General Managers model contract was issued on 28 June 1999. All conditions of service and other benefits will be covered by the appropriate Whitley Council agreements for Administrative and Clerical Staff and the General Whitley Council. Arrangements for leased cars are covered by Section 24 of the General Whitley Council. The Board/Remuneration Committee is required to approve the lease car arrangements for those subject to the Executive Pay arrangements.

The new Executive Pay arrangements

11. Staff subject to the new Executive Pay arrangements:

11.1 staff employed in the management of the NHSiS at a senior level. This will normally encompass the Chief Executive; Executive Directors, other Directors and all senior managers whose posts have been evaluated by the Central Evaluation Committee and which have a total of no less than 614 job units;

11.2 the post holder is expected to contribute to the overall achievement of the objectives of the employing authority and **must be** subject to a rigorous scheme of performance management.

12. **The main elements of the new Executive Pay arrangements**

12.1 there will be eight pay ranges as shown in Table A. The top pay range has a maximum of £112,200;

12.2 post holders will be assigned to the appropriate range for their post in accordance with the job units agreed for the post by the Central Evaluation Committee;

12.3 progression through the appropriate range will be by predetermined percentage steps and **will only be available to post holders whose performance fully meets the predetermined performance management criteria;**

12.4 the percentage steps for fully acceptable performance are set at 6%;

12.5 within the appropriate range for the post, pay progression in respect of fully acceptable performance will be consolidated for superannuation and other purposes. Pay cannot be consolidated above the maximum for the post;

12.6 once the range maximum is reached there is no further performance pay progression.

13. **Payments for Superior Performance - Lump sum Bonus Payments**

13.1 those few post holder(s) who achieve superior performance, in accordance with the laid down performance management criteria are eligible for an additional **non consolidated** lump sum payment in respect of performance in the reporting year. This lump sum payment **cannot** be consolidated for superannuation purposes. It is paid for **one year only** and must be re-earned each year;

13.2 employing authorities will be responsible for determining the percentage payment that will be available to an individual for the non consolidated lump sum amount subject to a maximum of 4% set nationally. No individual can therefore earn more than a maximum of 10% of their current consolidated salary in any reporting year;

13.3 a non consolidated lump sum bonus can be earned at any point within the assigned range for the post (provided that such a payment does not take the individual's salary beyond the maximum for the range). Of critical importance will be that any such payment can be fully supported in writing by demonstrable superior performance in accordance with the performance management guidance in the Appendix to this Schedule.

14. **The arrangements for assignment to position in range**

14.1 posts have been/will be assigned, by job units, to the appropriate range by the Central Evaluation Committee, in the first instance;

14.2 post holders in Trusts who were subject to special transitional arrangements for assignment to range will not now change their position in the new ranges;

14.3 all other post holders will on first assignment, enter by one of the following:

14.3.1 enter the assigned range by level transfer where their current salary is 'within' the new range;

14.3.2 enter at the minimum of the new range where their current salary is below the minimum of the new range;

14.3.3 by a promotion increase of up to 4% of the new range in those exceptional circumstances where the Board/Remuneration Committee have

clear evidence that a substantial increase of responsibility is involved and where the use of 14.3.1. or 14.3.2. does not recognise the promotion element;

14.3.4 for candidates recruited externally by open competition it will be for the Board/Remuneration Committee to determine the entry point to the assigned range where the minimum of the range will not secure the preferred candidate. The Board/Remuneration Committee must ensure that in so doing due account is taken of the availability of suitable internal candidates and the need not to differentiate unfairly with other staff in the same range.

Directorate of Human Resources
April 2000

PERFORMANCE MANAGEMENT AND EXECUTIVE PAY

INTERIM GUIDANCE

General Principles

1. Ministers and the NHSiS Management Executive are committed to the development of rigorous performance management arrangements for executives and senior managers in NHS Trusts and Health Boards (including Special Health Boards) within the context of the new Executive Pay arrangements structure introduced through this MEL under Ministerial Direction. In return for a fair and guaranteed reward to executives and senior managers under these new arrangements, Ministers require to be confident that the management of the performance of senior staff in the NHSiS is properly handled. It is essential that pay is paid for performance and for getting results and is clearly based on and tied to improvements in patient care. When making decisions on their top managers' performance NHSiS employers must take due account of the progress made towards delivering the modernisation agenda and Ministers' priorities agenda for the health service.
2. There must be a consistent and robust process and system of performance management across the Service in order to implement effectively remuneration arrangements for this group of staff. Most importantly, such a process is necessary to review and monitor individual and team performance and provide a basis for developing individuals and teams to address the increasingly challenging managerial agenda in modernisation of the NHSiS, with the ultimate aim of improving services to patients and the health of the population.
3. A working group including executive and non-executive directors of Health Boards and Trusts has been established under the Chairmanship of Gerry Marr, Director of Human Resources, to oversee the development of the new performance management arrangements. Pending the completion of this project the following interim arrangements have been agreed for NHSiS employing authorities to manage the performance-related elements of pay for staff in the new Executive Pay arrangements in the year 2000/2001.
4. It is recognised that NHSiS employing authorities across Scotland have, in recent years, adopted widely varying local arrangements for individual and team performance review and the management of performance and performance-related pay for senior managers. It is also recognised that the past year has seen much structural change and associated job changes in many authorities. It is assumed however that for the purposes of reviewing individual performance, personal objectives linked directly to improved patient care will have been set with managers, in accordance with the requirements of their current pay arrangements. It is accepted that these objectives will require to be the basis of the performance assessment for the year to 31 March 2000.
5. The new performance management system will emphasise a need to balance behavioural requirements with task completion in setting objectives which have a clear link to improving patient care and services to patients, and will reinforce the importance of including maintenance, as well as development activities in an individual's annual objectives.

These factors should therefore be borne in mind in terms of both the assessment of 1999/2000 performance and the setting of objectives for 2000/2001.

6. The required behavioural competencies for Chief Executives and Executive Directors are reflected in the competency framework which underpinned the selection process for Trust Executives, together with those now identified in the work being undertaken by the Strategic Change Unit (SCU) on Executive and Leadership Development. The SCU is currently working on the development of a "Critical Behaviours Framework" for other NHS managers. The documents relating to executive competencies referred to above should be readily available locally within Trusts. Otherwise copies are available from the SCU. Health Boards will adopt the same framework for their purposes.

Performance Rating

7. The detailed processes which have been used by NHSiS employing authorities to determine the overall performance ratings and PRP of individual senior managers will also vary considerably. These interim arrangements therefore include the following simple rating system, the aim of which is to ensure a degree of consistency of approach and which should be adaptable for all existing arrangements.

8. In the new Executive Pay arrangements there will be four performance levels in accordance with the following definitions:

Superior

a. The individual regularly exceeds all short-term objectives, makes excellent progress towards long-term objectives and demonstrates high levels of the appropriate behavioural competencies in the achievement of objectives and day to day contact with others. Research evidence indicates that robust performance assessment would place no more than 15% of a population of managers in this category.

Fully Acceptable

a. The individual consistently meets and occasionally exceeds all short-term objectives, and makes satisfactory progress with all long-term objectives. They will have a clear understanding of the appropriate behavioural competencies and the application and development of these can be identified in the achievement of objectives and in day to day contact with others. It can be expected that approximately 65% of managers would fall into this category

Incomplete

a. The individual meets most short-term objectives and makes adequate progress with long-term objectives. May fall short of demonstrating application of the appropriate behavioural competencies but there is evidence of understanding the importance of these and commitment to personal development. It would be expected that around 15% of a managerial group would fall into this category.

Unsatisfactory

The individual would fall short of the standard required for “incomplete”. Active steps should be taken to address the poor performance associated with this rating. It would be expected that not more than 5% of managers would fall into this category.

9. The annual salary increases payable in respect of each of the performance ratings are as follows:

Superior

A predetermined consolidated pay increase of 6% plus up to 4% as a non consolidated, lump sum bonus (subject to not exceeding the range maximum).

Fully Acceptable

For which the predetermined consolidated increment of 6% will be paid up to the maximum of the range. Where there is insufficient “headway” between an individual’s salary position in the range and the maximum to allow a 6% increase, a reduced percentage will be paid to bring the salary up to the maximum. Where in such cases there is a subsequent range uplift within the year the percentage already paid will be increased to the full 6% level, or to the range maximum, whichever is less.

Incomplete

For which a restricted consolidated increase of 2% will be paid. Where there is insufficient “headway” between an individual’s salary position on the range and the maximum to allow a 2% increase, a reduced percentage will be paid to bring the salary up to the maximum. Where in such cases there is a subsequent range uplift within the year the percentage already paid will be increased to the full 2% level, or to the range maximum, whichever is less.

Unsatisfactory

For which no salary increase will be payable.

Management

10. Whilst no standard appraisal documentation will be issued to support the implementation of these interim guidelines, it is obviously important to seek to achieve as much consistency as possible in the application of the arrangements. There must therefore be written evidence of the basis for allocating performance ratings to individuals and this must be made available to the Board/Remuneration Committee. The objectives should be about getting results and improvement in the delivery of patient care and incorporate explicit, measurable, qualitative and/or quantitative standards and achievement against those standards must be explicit and demonstrable and tied to improvement in patient care. If, for example, an individual receives a “superior” performance rating, the areas in which

objectives have been exceeded should be clear. Similarly, the basis for an “unsatisfactory” performance rating must be readily understandable.

11. All employing authorities are required to seek the opinion of the Management Executive in writing prior to final determination that a Chief Executive/General Manager or Executive Director’s performance warrants the “superior” performance rating. In seeking the Management Executive’s opinion the superior performance rating must be backed up by the written evidence on which the Remuneration Committee made its decision. For all other staff subject to the Executive Management Pay arrangements a “superior” performance rating must be agreed by the full Board.

12. A phenomenon which commonly occurs in performance management systems is an apparent “clustering” of high performers at the top-most levels of the organisation. There is no logical basis for this and Trusts and Health Boards should expect to see the 15% or so of managers who are accorded the highest performance rating being comprised of managers at different levels and functions of the managerial population, including medical directors.

13. If, in any performance review cycle, an employing authority considers that it is appropriate to award “superior” performance ratings to more than 15% of the executives and senior managers covered by the new Executive Pay arrangements, it will be necessary for the documentation supporting these performance ratings to be reviewed by the NHSiS Management Executive **before** implementation of the performance-related salary increases.

14. In the past there have been occasions when executives of employing authorities have been accorded high individual performance ratings despite the fact that key organisational targets have not been met. The new performance management arrangements will seek to create clear links between individual and organisational performance. Under these interim arrangements, Remuneration Committees must examine critically individual performance ratings against the evidence of overall organisational performance. It is unlikely that any authority unable to meet its main service or financial targets or which has lengthy waiting lists in the priority areas or which otherwise fails to demonstrate due care in the delivery of patient services will be in a position to justify any superior performance ratings and fully acceptable will require careful scrutiny.

15. It is expected that all new performance management arrangements, including these interim ones for managerial staff, will build on the excellent practice already established in many Trusts of ensuring that the performance review process is a vehicle through which personal development is focused and encouraged. It is therefore expected that one of the products of the process should be a personal development plan for all executives and senior managers included within these arrangements, as is required by MEL(2000)11 issued on 14 March 2000 and “Learning Together”.

16. The NHSiS Management Executive will expect the processes governing executive and senior manager remuneration, from the job evaluation process to the allocation of grades and starting salaries and subsequent performance-related salary progression, to be subject to the highest standards of governance locally and this will be robustly audited. Notwithstanding the greater central control over some aspects of executive remuneration, there will be a crucial continuing role for Trust and Health Board Remuneration Committees

in managing and overseeing the performance management processes for executives and senior managers in their respective authorities.

Directorate of Human Resources
April 2000

TRANSITIONAL PAY ARRANGEMENTS FOR FORMER SENIOR MANAGERS REMAINING OUTWITH THE NEW EXECUTIVE GROUPING

Transitional Arrangements for Staff on Senior Manager Grades below the threshold for inclusion in the new Executive Pay Arrangements

1. With effect from 1 April 2000 entry to the General and Senior Manager grade structure is closed and all staff will be transferred to the new Executive Pay arrangements, Professional/Management Transition Arrangements or other Whitley Council pay scheme. The existing calibration and numbered grades 0–4 are retained for those already in the senior managers pay structure and are subsumed in the “Professional/Managerial Transitional arrangements” pending any agreement on the implementation of Agenda for Change.
2. From 2000/2001 the Transitional Professional/Managerial Grade pay ranges will be extended by Ministerial Direction in line with cost of living increases agreed for the Administrative and Clerical Whitley Council scales. A 3.25% extension to the pay ranges for 2000/2001 has been added to the current 0 to 4 General and Senior Manager pay arrangements and is included in the ranges in Table B.
3. In line with Whitley grade structures, the agreed annual cost of living uplift should be applied as an inflationary increase to individual salaries.
4. Individual progression through the relevant salary range will be by predetermined steps of 4%, subject to fully acceptable performance. This is in line with the anticipated approach of Agenda for Change in linking salary progression to satisfactory individual performance/competency. The incremental level of 4% reflects the fact that incremental steps within the Administrative and Clerical Whitley Council pay spine are typically around 4%. There will be no pay progression beyond the maximum of the range, but staff at the maximum will receive the benefit of the annual inflationary pay awards.
5. The scope to be awarded additional payments for superior or outstanding individual performance is discontinued.
6. The underlying principles in the interim guidance on the assessment of performance, Appendix to Schedule 1, also apply to the determination of salary progression for staff in the Transitional Professional/Managerial Grade structure.
7. Conditions of service for this Group are those of the Administrative and Clerical and General Whitley Councils, except for annual leave entitlement and hours of work which will be protected during the transition period.
8. Staff in the group subject to the transitional arrangements who currently enjoy a salary range maximum or a “spot” salary above the maximum of the nationally determined salary range for the Senior Manager grade appropriate to their job size will be allowed to retain the higher range maximum or “spot” salary on a “no detriment” basis (i.e. with cost of living improvement) pending the implementation of “Agenda for Change”.
9. Individuals subject to the transitional arrangements who currently enjoy more favourable conditions of service which may be regarded as contractual should have these

reviewed by the Remuneration Committee with a view to their conditions being regularised over time.

Right to Transfer to an Appropriate Functional Whitley Council Grade

10. Individuals should have the right to opt to transfer to an appropriate Functional Whitley Council grade. Where this option is exercised, the following assimilation arrangements should apply:

10.1 the appropriate Whitley grade should be identified by reference to Hay job evaluation where a job unit calibration exists for the grade structure in question. Where such a calibration does not exist, the grade should be assigned on the basis of the Whitley grade definitions, **not** comparable salary levels;

10.2 the point of entry to the new salary scale would be the spine point next above the individual's existing salary (assuming this is not equal to a spine point, in which case that would be the assimilation salary);

10.3 there should be no retrospective adjustment of the individual's salary in the existing range prior to transfer to the new salary scale, or enhanced placing in the new scale, to redress perceived loss of salary progression whilst under the Senior Manager pay arrangements;

10.4 the incremental date for the purposes of assimilation would be regarded as the date from which the annual award of Performance Related Pay (PRP) would have been effective in the former Senior Manager or Transitional Managerial/Professional grade;

10.5 to avoid some transferees substantially benefiting from assimilation to the next above spine point while others do not, transferees' incremental dates should be deferred in proportion to the amount of salary increase received. For the purpose of deferring the incremental date the following formula should be used:

Amount the new spine point
exceeds the previous salary

$$\div \quad \quad \quad \times 365 = \quad \quad \quad \text{Number of days}$$

incremental date should
be deferred

amount of next increment due
on the new scale

10.6 if the salary in the existing grade of a prospective transferee is above the maximum of the salary scale for the appropriate Whitley Council grade the individual should transfer to the Whitley grade and retain the existing salary on a "mark-time" basis (i.e. without improvement) until this is overtaken by the normal maximum of the Whitley grade;

10.7 the conditions of service for transferees to the Whitley Council grade structure should be the normal conditions of service for the grade, except that, where the annual leave allowance for the new grade is less than that enjoyed in the former Senior Manager grade, the higher annual leave allowance should be retained in the year of transfer. In the following leave years the leave allowance should be reduced by 2 days per year until the normal Whitley leave entitlement is reached;

10.8 staff in the Transitional Professional/Managerial Grade structure may opt to transfer to an appropriate Whitley Council grade at any time during the transitional period leading up to implementation of Agenda for Change. However no transferee should benefit from both a performance-related increase in their former grade **and** an increment in their new Whitley grade within the same financial year;

10.9 some employing authorities have previously agreed and implemented local arrangements for the transfer of Senior Manager grade staff to appropriate Whitley Council grades. The above recommendations, if accepted and promulgated, will not be relevant to such transfers that have already taken place.

Protection Arrangements to Apply to Senior Managers whose Posts are affected by Organisational Change

11. Some staff in Senior Manager grade posts will have been, or will become, displaced as a result of management restructuring arising from the reconfiguration of NHS Trusts or internal restructuring of Health Boards in response to “Designed to Care”. Where such staff are appointed or assimilated to a lower grade post and are protected under the “no detriment” provisions of the national Organisational Change Policy, they should be treated as if they continued to hold their grade on a substantive basis. This should be subject to agreement by the individual not to unreasonably refuse an alternative post graded substantively at the same or a higher level.

12. Where a member of staff in a Senior Manager or Transitional Professional/Managerial grade whose post has not changed is allocated a substantive grade with a lower salary range maximum as a consequence of a review of the job evaluation of the post the individual should be allowed to retain the original grading on a personal, “no detriment”, basis for as long as they remain in the post. This should be subject to agreement by the individual not to unreasonably refuse an alternative post substantively graded at the same or a higher level.

Directorate of Human Resources
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