



# SCOTTISH EXECUTIVE

---

Health Department  
Workforce Directorate

Dear Colleague

5 April 2006

---

## **PAY AND CONDITIONS OF SERVICE EXECUTIVE MANAGERS COHORT**

### **Addresses**

### **Summary**

#### For action

1. The arrangements set out in this HDL are mandatory and apply to staff in posts nominated for the New Executive Managers Cohort and accepted for entry to the Cohort by the Felt Fair Panel and agreed by Health Boards, other than Directors of Public Health and Medical Directors who have their own pay arrangements. Information about the Felt Fair appeal process was issued on 16 March.

Chairs and Chief Executives of Health Boards, NHS National Services Scotland, State Hospital Board for Scotland, NHS Health Scotland, NHS Quality Improvement Scotland, Scottish Ambulance Service, NHS Education for Scotland, NHS24, National Waiting Times Centre Board.

2. This HDL sets out revised pay arrangements and transition arrangements to the revised pay arrangements for those staff in posts included in the Executive Managers Cohort together with a model contract which is mandatory for all these staff. The revised pay arrangements apply from 1 October 2005.

#### For information

Members of the NHSScotland Scottish Partnership Forum and Local Partnership Forums.

---

3. In order to transfer to the revised pay arrangements executive managers will have to sign up to the model contract. Executive managers who decline the new model contract will remain on the current pay arrangements which may not be subject to future pay inflation adjustments.

#### **Enquiries to:**

Bill Welsh  
Scottish Executive Health Department  
Workforce Directorate  
Ground Floor Rear  
St Andrew's House  
EDINBURGH EH1 3DG  
Tel: 0131-244 2492  
Fax: 0131-244 2837  
E-mail:  
[bill.welsh@scotland.gsi.gov.uk](mailto:bill.welsh@scotland.gsi.gov.uk)

---

4. A letter has been issued today advising on how it is proposed to take forward the pay arrangements for senior managers subject to the current Executive Managers Pay Arrangements but not included in the new Executive Managers Cohort.

### **Executive Managers Review**

5. The Executive Managers Review Report was completed last summer and the recommendations accepted by the Department and Ministers. The key recommendations from the Report are set out in Appendix 1.

## **Revised Pay Arrangements**

6. The revised pay arrangements have been agreed by the Scottish Executive Management Group Remuneration Sub-Group who are responsible for public sector pay.

7. The Scottish Executive Management Group Remuneration Sub - Group has agreed that the future pay for the new Executive Cohort should be determined by reference to the “*Public not for profit sector outside London*” set of pay comparators. This should enable the pay arrangements to maintain appropriate comparison and pay competitiveness. Future pay and inflation proposals will still however require to be agreed with the Sub - Group and will be subject to Ministerial Direction.

8. Details of the revised arrangements are set out in Appendix 2. For ease of reference the key elements are:

- Creation of a National Performance Management Committee to ensure Ministers and the public can have confidence in the robustness of the performance management and appraisal process across Scotland and ensure increases in pay are merited and made only on evidence based performance.
- New Executive Managers Cohort of around 300 based on their responsibility to the organisation for strategic policy or operational delivery.
- Pay for performance with a new five point performance scale with more robust definitions.
- Pay for performance based on combined personal and organisational performance.
- Change from 8 to 9 pay ranges with in some instances recalibration of the HAY points for access to a range. The ranges are from A (lowest) to I (highest), with set 3.5% spine points.
- Transitional pay arrangements which provide for a slide across to the nearest higher pay spine point.
- One off non consolidated payment to those managers who are effective or above and are at or near the maximum of their current pay range as compensation so that they receive payment for what they would have received had the pay inhibitor not been in place in 2005/06.
- The first pay for performance under the revised arrangements will be from 1 October 2006, based on performance in the period 1 April 2005 to 31 March 2006.

## **Felt Fair Approach**

9. The Felt Fair Panel recommendations have been generally accepted by NHS Boards on the premise that an appropriate appeal process is developed. This has been completed and issued on 16 March. The Felt Fair Panel’s recommendations have been adopted to determine the new Executive Managers Cohort. Additions/deletions to the Cohort can be made in accordance with the appeal mechanism. Each NHS Board has a copy of the Felt Fair Panel report which should be made available to staff on request.

## **Model Contract and Leaders/Managers Code of Personal Governance**

10. A model contract is attached which is mandatory for all members of the Executive Managers Cohort. Each manager will be required to accept the model contract before they can transfer to the revised pay arrangements. However, the model contract may only be offered to individuals whose current post has been evaluated or approved by JMEC (see para 14).

## **Performance Management and Appraisal Arrangements**

11. Revised performance management and appraisal arrangements are being prepared and will be consulted on during April, following which a separate HDL will be issued.

## **Leadership and Development**

12. Leadership and development is being taken forward through the implementation of the Leadership and Development Framework and will feature as part of the performance management and appraisal arrangements HDL.

## **National Performance Management Committee**

13. Nominations for membership of the National Performance Management Committee have already been called for and further information about the full membership and its work will be made in the next few weeks.

## **Job Evaluation**

14. Job evaluation for posts will continue to be made under the current arrangements and be subject to the HAY system. The Joint Monitoring & Evaluation Committee (JMEC) will therefore continue to function and that NHS Boards must ensure that regional evaluation arrangements are put fully in place. The model contract may only be offered to individuals whose current post has been evaluated or approved by JMEC. This will mean some posts will require to be evaluated locally or by JMEC, those evaluated locally will require to be submitted to JMEC for approval.

## **Medical Directors**

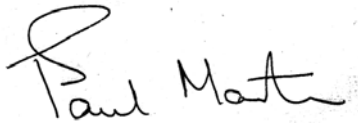
15. Pay for Medical Directors is currently the subject of discussion with the Scottish Association of Medical Directors and it hoped to be able to publish details of their pay arrangements shortly.

**Action**

16. Chairs and chief executives should:

- ensure the terms of the direction at Annex A and Schedule 1 are actioned in their employing authority;
- ensure that regional evaluation arrangements are put fully in place and posts are approved by JMEC as appropriate;
- ensure this HDL is copied to the local partnership forum for information.

Yours sincerely

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

**PAUL MARTIN**

Chief Nursing Officer and Interim Director of Workforce

## ANNEX A

### **DIRECTION FOR EXECUTIVE MANAGERS COHORT PAY ARRANGEMENTS & TERMS AND CONDITIONS**

#### **NATIONAL HEALTH SERVICE (SCOTLAND) EXECUTIVE MANAGERS COHORT PAY (REMUNERATION AND CONDITIONS OF SERVICE) DIRECTION 2006**

1. The Scottish Ministers in exercise of powers conferred on them by section 105(7) of, and paragraph 5 of Schedule 1, paragraph 7 of Schedule 5 and paragraph 6(1) of Schedule 7A to the National Health Service (Scotland) Act 1978 (as amended) hereby give the following direction.
2. This Direction may be cited as the Executive Managers Cohort Pay (Remuneration and Conditions of Service) Direction 2006 and is given to Health Boards, NHS National Services Scotland, the State Hospital Board for Scotland, NHS Health Scotland, NHS Quality Improvement Scotland, Scottish Ambulance Service, NHS Education for Scotland, NHS 24 and National Waiting Times Centre Board, hereinafter referred to as "employing authorities".
3. Employing Authorities should apply the provisions detailed in Schedule 1 to this Direction.

Signed by authority of the Scottish Ministers



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

St Andrew's House  
EDINBURGH  
5 April 2006

## **Revised Executive Pay Arrangements for the Executive Managers Cohort**

### **Executive Managers Cohort**

1. The posts included in the new Executive Managers Cohort are those shown in the Felt Fair Panel Report. Posts may be added only if they have been approved for inclusion through the appeal process and have been properly evaluated. Posts may be removed on request from NHS Boards to the Health Department.

### **Model Contract**

2. In order to transfer to the revised pay arrangements managers will have to sign up to the model contract (see Appendix 3). Any manager who declines to sign the model contract should remain on their current pay arrangements which may not be subject to future inflation increase. In addition, the model contract may only be offered to individuals whose current post has been evaluated or approved by JMEC. This will mean some posts will require to be evaluated, those evaluated locally will require to be submitted to JMEC for approval. *For monitoring purposes, NHS Boards should provide the Department with a Remuneration Committee report on progress with the revised arrangements, this should include data on the number of managers who have and have not signed up to the model contract.*

### **Performance**

3. Performance for 2005/06 will be based on combined personal and organisational performance. Personal performance will be assessed in accordance with the five point rating and definitions in paragraph 4 of Appendix 2.

### **Pay for Performance**

4. Pay for performance will be in accordance with paragraphs 7 to 9 of Appendix 2. The first pay for performance under the revised pay arrangements will be from 1 October 2006.

### **Revised Executive Pay**

#### ***HAY points recalibration, new grading and correlation to the old grading***

5. The HAY points recalibration takes effect from 1 October 2005, new grading and correlation to the old grading is shown in Table 2.

#### ***Transfer arrangements***

6. Managers who sign up to the model contract should transfer with effect from 1 October 2005 to the appropriate grade and spine point on the revised executive pay scales set out in Table 1 and in accordance with the transition arrangements set out in paragraphs 10 to 12.

7. The lowest two spine points in each pay range are transitional only and should be used as stated in paragraph 12 of Appendix 2. New appointments may be made to the transition spine points until they are phased out on 1 October 2007.

***Non consolidated payment on transfer (does not apply to managers on protection)***

8. This is a one off non consolidated payment to certain managers who transfer to the revised pay arrangements. Payment is outlined in paragraphs 13 to 16. The payment is non consolidated and non-pensionable and must not be added to consolidated pay to determine the placement on transfer to the nearest spine on the revised pay arrangements. Payment should be made on agreement to the model contract and appropriate and approved JMEC evaluation.-

***Managers on protection***

9. These arrangements apply to managers on protection. Managers on protection are managers whose current post when evaluated or approved by JMEC produces a score that would result in a lower grade on the previous grading arrangements, i.e. as determined by NHS MEL(2000)25, this includes managers who are in posts that are in interim organisational structures or posts that have still to be evaluated or approved by JMEC.

10. Managers on protection will transfer as shown in paragraphs 17 to 21 of Appendix 2.

11. Managers on protection who sign the new contract and transfer will not be eligible for the 4% non consolidated payment.

**Promotion and Acting**

12. Promotion will normally be rewarded with the addition of one spine point on the new grade or placing on the minimum of the scale (including transitional points) if the increase to post holders's previous salary is greater than the equivalent of one increment.

**Additional Payments**

13. In general there should be no additional payments, however, in certain circumstances such as a manager taking on a higher grade post on a temporary basis or undertaking additional work in a different NHS Board, an additional payment may be paid. In these cases the Department should be asked for its view and advice will be provided on a case by case basis.

### Executive Managers Review Recommendations

1. **Revised performance management arrangements for the new Executive Cohort.** This will build on the provisions of NHS Circular HDL(2002)64 to ensure effective and consistent appraisal and development planning to reflect performance for NHS Board, regional and national contribution. A development and assessment programme will be required for all appraisers and appraisees to use the performance management/appraisal process effectively.
2. **A new National Performance Management Committee to ensure pay progression reflects real achievement and contribution to patient care.** For all on new Executive pay it will provide guidance and oversee the process to ensure challenging targets for service contribution and consistency of assessment of performance with consequent consistency of pay increases.
3. **Support for career development of Executives** by creation of a national mechanism for coordinating and supporting development of senior executives and linked to local development arrangements for other senior managers. This will also facilitate assessing potential for appointment to other posts. This investment is considered an integral part of implementing the Leadership Development Framework. A “Leaders of Tomorrow” programme should be developed and information gathered to identify the talent pool within the service.
4. **A new standard contract of employment for Executives to reflect corporate NHSScotland responsibilities while remaining employed by NHS Boards.** These contracts will facilitate effective utilisation of the skills and experience available for the benefit of NHSScotland as a whole.
5. **The new Executive Cohort should include Chief Executives, other Executive Directors, and senior managers who head up major strategic or operational functions and are direct reports to the Chief Executive. Also direct reports to Chief Operating Officers, Divisional Chief Executives and equivalents where they have overall responsibility for major areas of patient services.** The rationale for this distinction is that as many staff as possible should be included in Agenda for Change but for a limited group their performance is so critical to the overall performance of the service that they should be included in the national performance management arrangements. There are also a small number of posts Agenda for Change is unable to cover.
6. **Revised executive pay arrangements to be implemented following the introduction of revised performance management arrangements and consistent with pending development of Agenda for Change.** Executive Pay ranges to be more closely aligned to the appropriate public sector comparators and Agenda for Change. Executive pay ranges to be on a single pay spine, with the potential consolidated progression and non-consolidated bonuses solely determined by assessed performance. Flexibility within the pay spine is proposed to allow temporary supplements to be paid for undertaking work in addition to, or instead of, the appointed role.



### Revised Executive Managers Cohort Pay Arrangements

#### Pay Ranges

1. The revised pay ranges apply from 1 October 2005 and are set out in Table 1 attached. The HAY points for access to a range is set out in Table 2. In some instances the HAY points have been slightly recalibrated from the corresponding range under the previous arrangements to maintain the levels relativity between Boards and integrity of the job evaluation system. It is not anticipated that anyone should drop down a grade as a result of the recalibration, but, should this happen the individual should be protected and transfer to the appropriate range as though the recalibration had not occurred. The revised arrangements have nine pay ranges A to I with 3.5% spine point differentials. The bottom two spine points in each pay range are temporary spine points to enable managers to transfer from the old arrangements to the next highest spine point under the new arrangements.
2. Placement in a pay range is by job evaluation using the current HAY system with movement through the pay range based on performance.
3. New appointments placement within the pay range should normally be to spine points in the lower half of the pay range, including the transitional spine points until they are phased out by 1 October 2007. Any placement to a spine point in the upper half of the pay range must have the approval of the NHS Board Remuneration Committee and be reported to the Board. Appointment to a spine point in the upper half of the pay range should be exception rather than the rule and the reasons for it fully evidenced.

#### Performance Management

4. Performance management is through a five point rating system for personal appraisal performance. In recognition of their strategic or operational leadership and impact on the organisation, those in the Executive Managers Cohort, will have their personal performance combined to the organisation's performance to determine their overall performance. How this will be carried out will be explained in greater detail in the Performance Management and Appraisal HDL which will issue shortly. The Executive Managers' Cohort performance will be monitored through the new National Performance Management Committee to ensure the arrangements remain robust and are not diluted. The Minister will continue to determine the pay range uplift by direction, following appropriate consultation with the Scottish Executive Management Group Remuneration Sub Group. The five point rating, definition and proposed pay for performance is:

1. *Unsatisfactory*: Misses most targets
2. *Incomplete*: Misses some targets without counterbalancing with over-achievements
3. *Complete*: Balances shortfalls with over-achievements
4. *Superior*: Meets all targets and exceeds most
5. *Outstanding*: Substantially exceeds all targets.

5. Application of the appraisal arrangements will be explained in the HDL on Performance Management and Appraisal which will issue shortly. Training in using the process will be provided and all stakeholders and managers are expected to attend. As an indicator of where we expect managers to be placed using these definitions, the vast majority of managers will be expected to fit into the *Complete* category with only an exceptional few being *Superior and even fewer Outstanding*.

6. The National Performance Management Committee will have the important role of ensuring the performance management process is consistently and rigorously applied across NHSScotland. Its remit and membership is still being decided, including how mandatory the Committee's views are to be on NHSScotland employers.

### **Performance Pay**

7. The first performance appraisal using the new arrangements should be for the period 1 April 2005 to 31 March 2006. This will result in the first pay for performance under these arrangements from 1 October 2006. The five point rating and definition for performance is explained above. For performance pay, the following is proposed (it will still be for Ministers to determine the uplift):

*Unacceptable*: no increase, (0%, reduction in real pay terms).

*Incomplete*: inflation uplift only.

*Complete*: inflation uplift plus a consolidated increment.

*Superior*: inflation uplift, plus consolidated increment plus non consolidated bonus increment.

*Outstanding*: inflation uplift plus consolidated increment plus two non consolidated bonus increments.

8. Non consolidated performance increments (one off payments) may be paid at any consolidated spine point on a pay range provided the appropriate performance marking has been attained. This does not however apply to the top two (shaded) spine points in each pay spine which are only available as non consolidated payments. The highest consolidated spine point is that just below the shaded spine points, for example in Pay Range A, spine point 35.

9. Any inflation payment, progression through a pay range and pay for performance can only be paid on evidence based performance. This will require an agreed set of objectives for the performance year and clear evidence that the objectives have been attained. It will be for each NHS Board Remuneration Committee to determine whether anyone appointed after the start of a performance year can have sufficient evidence of performance to be given a performance marking. As a rule of thumb, it should be possible to give a reasonable evidence based performance marking for anyone appointed between 1 April and 30 September. It may also be reasonable to provide a performance marking for anyone appointed between 1 October and 31 December but it is unlikely that they can have sufficient evidence to be given an *Outstanding* or even *Superior* marking. An evidence based performance marking for an appointment after 31 December may attract an *Incomplete* marking.

## Transition Arrangements

### *Transfer to the revised pay arrangements*

10. In order to transfer to the revised pay arrangements managers will have to sign up to the model contract (see Appendix 3). Any manager who declines to sign the model contract should remain on their current pay arrangements which may not be subject to future inflation increase. In addition, the model contract may only be offered to individuals whose current post has been evaluated or approved by JMEC. This will mean some posts will require to be evaluated, those evaluated locally will require to be submitted to JMEC for approval. *For monitoring purposes, NHS Boards should provide the Department with a Remuneration Committee report on progress with the revised arrangements, this should include data on the number of managers who have and have not signed up to the model contract.*

11. Under the transition arrangements managers will transfer over from their current consolidated pay to the nearest higher spine point under the revised arrangements in Table 1. No-one however may transfer to either of the two shaded spine points at the top of each pay range. As the spine points have 3.5% differentials this means that managers will transfer over to the revised pay arrangements with anything from an increase of 0% to just under 3.5% depending on their current place in the pay range and its relativity to the nearest highest pay spine point on the revised pay arrangements.

12. The bottom two shaded spine points are transitional spine points designed to ensure that no-one is overly advantaged as a consequence of introducing the revised pay arrangements and receives more than 3.5% on transfer. It is intended that they will be removed over two years. For example a manager on level 8 at the bottom of the pay range at £35,928 at 1 April 2005 would move to Grade A, transitional spine point 46 and receive £36,803 with effect from 1 October 2005. The next pay for performance is due on 1 October 2006 at which time it is expected that there will be an addition for inflation. It is anticipated that all but a few managers will be complete or above and that they will receive inflation plus a consolidated increment. In these circumstances the manager will receive an inflation increase and move to the next spine point which is 45. By 1 October 2007 no one should be on the transition spine points.

### *Non-consolidated payment on transfer (does not apply to managers on protection)*

13. When the Executive Managers Review began it was expected that the revised pay arrangements would have been in place by now. In recognition of this it is proposed to partially remove the pay inhibitor to allow for the payment of up to a 4% non consolidated payment to be made in certain circumstances. To get the full additional 4% payment a manager will require to have had an **effective or above** performance marking for their performance in 2004/05. Under the current arrangements managers at the top of their pay range at 31 March 2005 will have received only the 2% inflation increase from 1 April 2005 and nothing for performance. The one off non consolidated payment will be based on the salary at 31 March 2005. The payment is non-pensionable and must **not** be added to consolidated pay when transferring to the revised pay arrangements.

14. For example, a manager on level 4 on a salary of £83,493 at 31 March 2005 and with an *Effective* marking for performance during 2004/05 would have received a 2% increase for inflation to £85,163 at 1 April 2005. Under the transitional arrangements in paragraph 13 they would receive on agreement to the model contract a 4% one off non consolidated payment based on the salary at 31 March 2005 of £3339.72.

15. There may also be some managers who have an **effective or above** performance marking for their performance in 2004/05 and who were near the top of their pay range at 31 March 2005. In these circumstances they will have received the 2% inflation increase and some part of the 4% additional consolidated pay, taking them to the current maximum of the pay range. In these cases, the manager may receive as a one off non consolidated payment the difference between what they received as a consolidated payment and what they would have received had the maximum pay inhibitor not been in force. The payment is non pensionable and must **not** be added to consolidated pay when transferring to the revised pay arrangements.

16. For example, a manager on level 4 on a salary of £81,000 at 31 March 2005 and with an *Outstanding* marking for performance during 2004/05 would, if the inhibitor had not been in operation, have received a consolidated pay increase of 6% taking them to £85,860. However, as the pay inhibitor was applied, this would mean the salary would have been capped at the maximum for level 4 of £85,163. Under the transitional arrangements in paragraph 15 they would be eligible for the difference between the capped consolidated pay of £85,163 and the amount they would have received of £85,860, giving a non consolidated transitional payment of £697.

### ***Managers on protection***

17. These arrangements apply to managers on protection. Managers on protection are managers whose current post when evaluated or approved by JMEC produces a score that would result in a lower grade on the previous grading arrangements, i.e. as determined by NHS MEL(2000)25, this includes managers who are in posts that are in interim organisational structures or posts that have still to be evaluated or approved by JMEC.

### ***Managers on protection at the maximum of their protected scale***

18. Managers on protection who are currently on the maximum of their protected scale will move across to the revised pay arrangements on a personal pay basis to the nearest higher pay spine point, this is the maximum personal spine point. They will remain on that spine point with eligibility for an inflation uplift, unless their performance is rated as unacceptable when no inflation uplift will be paid. Managers on protection who sign the new contract and transfer will not be eligible for the 4% non consolidated payment.

### ***Managers on protection below the maximum of their protected scale***

19. Managers on protection who are currently below the maximum of their protected scale will require to have two spine points identified under the revised pay arrangements:

- The nearest higher spine point to their current salary of their protected scale. This is the spine point to which they will transfer.

- The nearest higher spine point to the maximum of their protected scale. This is the maximum personal spine point that can be progressed to.

20 The manager will transfer to the revised pay arrangements to the nearest higher spine point and will progress to the maximum personal point through the annual performance arrangements. Managers on protection who sign the new contract and transfer will not be eligible for the 4% non consolidated payment.

21. For example, a manager who is identified as protected on level 3 and whose salary is £85,000 would transfer to Grade F, spine point 21, £87,188. The maximum of level 3 is £97,329 and the nearest higher spine point under the new scale is spine point 17, £100,050, this becomes the maximum personal spine point that can be progressed to while on protection. No non consolidated pay can be earned above the maximum personal spine point.

### **Promotion and Acting**

22. Promotion will normally be rewarded with the addition of one spine point on the new grade or placing on the minimum of the scale (including transitional points) if the increase to post holders's previous salary is greater than the equivalent of one increment.

### **Additional Payments**

23. In general there should be no additional payments, however, in certain circumstances such as a manager taking on additional work on a temporary basis or in a different NHS Board, an additional payment may be paid. In these cases the Department should be asked for its view and advice will be provided on a case by case basis.

**TABLE 1**

**REVISED EXECUTIVE PAY ARRANGEMENTS EFFECTIVE 1 OCTOBER 2005**

Pay Scales									
Spine Point	Grade I	Grade H	Grade G	Grade F	Grade E	Grade D	Grade C	Grade B	Grade A
1	£173,485								
2	£167,619								
3	£161,950								
4	£156,474								
5	£151,183	£151,183							
6	£146,070	£146,070							
7	£141,130	£141,130							
8	£136,358	£136,358							
9	£131,747	£131,747	£131,747						
10	£127,292	£127,292	£127,292						
11	£122,987	£122,987	£122,987						
12	£118,828	£118,828	£118,828						
13	£114,810	£114,810	£114,810	£114,810					
14	£110,927	£110,927	£110,927	£110,927					
15		£107,176	£107,176	£107,176					
16		£103,552	£103,552	£103,552					
17		£100,050	£100,050	£100,050	£100,050				
18		£96,667	£96,667	£96,667	£96,667				
19			£93,398	£93,398	£93,398				
20			£90,239	£90,239	£90,239				
21			£87,188	£87,188	£87,188	£87,188			
22			£84,239	£84,239	£84,239	£84,239			
23				£81,391	£81,391	£81,391			
24				£78,638	£78,638	£78,638			
25				£75,979	£75,979	£75,979	£75,979		
26				£73,410	£73,410	£73,410	£73,410		
27					£70,927	£70,927	£70,927		
28					£68,529	£68,529	£68,529		
29					£66,211	£66,211	£66,211	£66,211	
30					£63,972	£63,972	£63,972	£63,972	
31						£61,809	£61,809	£61,809	
32						£59,719	£59,719	£59,719	
33						£57,699	£57,699	£57,699	£57,699
34						£55,748	£55,748	£55,748	£55,748
35							£53,863	£53,863	£53,863
36							£52,042	£52,042	£52,042
37							£50,282	£50,282	£50,282
38							£48,581	£48,581	£48,581
39								£46,939	£46,939
40								£45,351	£45,351
41								£43,818	£43,818
42								£42,336	£42,336
43									£40,904
44									£39,521
45									£38,138
46									£36,803

**TABLE 2****HAY RECALIBRATIONS AND OLD AND NEW CORRELATION**

<b>Old GM and SM Grades</b>	<b>Former Exec Pay levels</b>	<b>Job Units</b>		<b>Revised Exec Pay Grades</b>	<b>Recalibration</b>	
		<b>Min</b>	<b>Max</b>		<b>Min</b>	<b>Max</b>
	<b>1+</b>			<b>I</b>	<b>2585+</b>	
<b>12</b>	<b>1</b>	2141	2550	<b>H</b>	<b>2285</b>	<b>2584</b>
<b>11</b>	<b>2</b>	1801	2140	<b>G</b>	1801	<b>2284</b>
<b>10</b>	<b>3</b>	1508	1800	<b>F</b>	1508	1800
<b>9</b>	<b>4</b>	1261	1507	<b>E</b>	1261	1507
<b>8</b>	<b>5</b>	1056	1260	<b>D</b>	1056	1260
<b>7</b>	<b>6</b>	880	1055	<b>C</b>	880	1055
<b>6</b>	<b>7</b>	735	879	<b>B</b>	735	879
<b>5</b>	<b>8</b>	614	734	<b>A</b>	614	734

**MODEL CONTRACT FOR MEMBERS OF THE EXECUTIVE MANAGERS COHORT**

Ref:

Date:

Name

Address

Dear

**APPOINTMENT AS [enter post]**

This document constitutes a contract of employment between yourself and NHS (insert name of Board) (hereinafter referred to as ‘the Board’) regarding your appointment as (enter post) which commenced on [insert *date*].

This contract details the Contractual Terms and Conditions of Service applicable to the post. It also constitutes the written statement which the employer is required to provide in terms of current employment legislation.

**1. GENERAL**

Your Terms and Conditions of Service will be as determined by NHSS. The scope of the appointment is laid out in the Job Description which forms part of this contract. The Job Description is intended to be indicative and will be reviewed periodically. In performance of your duties you will be responsible to (enter the name of the accountable person, for the Chief Executive of the NHS Board, this will be the Chair of the Board and also Chief Executive of NHSS for their responsibilities as Accountable Officer for the Board and for any National activities). You will be required to sign up to and adopt the Leaders’/Managers’ Code of Personal Governance, a copy of which is attached as an Appendix to this contract.

**2. CONTINUOUS EMPLOYMENT**

For the purpose of determining your continuous period of employment in terms of current employment legislation, employment under the provisions of this contract is continuous with previous employment within the National Health Service which has been continuous since [*date*].

**3. [ACCOUNTABLE OFFICER STATUS (APPLIES TO THE BOARD CHIEF EXECUTIVE APPOINTMENT ONLY)]**

It is a condition of your employment that you are designated by the Chief Executive of NHSS) as Accountable Officer for the Board, and that you will continue to be so designated for the period of this appointment. In the event that your designation as Accountable Officer



is withdrawn by the Chief Executive of NHSS then your appointment as Chief Executive will ordinarily be terminated as stated in the Accountable Officer memorandum.

It is a further condition of your employment that during this appointment you carry out the duties of Accountable Officer in relation to the Board in accordance with the Accountable Officer memorandum.]

#### **4. PLACE OF EMPLOYMENT**

Your normal base will be [*place*]. You may be invited to undertake work in other parts of the NHS in Scotland on a permanent or temporary basis for career development purposes or to fill an appointment to meet the needs of NHSScotland. This will always be agreed with you and your NHS employer and transfer will be voluntary.

You may be required to travel within Scotland/UK in the performance of your duties.

#### **5. TENURE OF EMPLOYMENT**

Subject to the provisions elsewhere in this contract this appointment is on a permanent basis.

#### **6. NATIONAL AND REGIONAL RESPONSIBILITIES**

The postholder will be expected as a normal part of their responsibilities to undertake a supplementary role at national (NHSS) and regional levels. This will be described in general terms in the job description and agreed and assessed annually as part of the performance management and appraisal arrangements. Regional activities should be in line with the governance arrangements set out in Regional Planning Circulars.

#### **7. HOURS OF WORK**

This post is full time. For pay purposes the working week will be deemed to be [*37.5 hours or as appropriate for less than full time*].

#### **8. REMUNERATION**

Pay arrangements for the executive managers cohort are subject to Direction by Ministers as set out in [reference to Directions].

The post is set at [*grade*] within the Executive Pay arrangements which attracts a basic salary range of [*£- £*] and your salary on [*1 October 2005 or on appointment*] will be [*figure*].

Performance management arrangements and pay progression will be subject to Direction by the Scottish Ministers as set out in [*reference*] and guidance from the Scottish Executive Health Department.

The salary will accrue on a day to day basis and will be payable monthly in arrears by bank credit transfer.

Directions and guidance are available from the NHS Board Directorate of Human Resources.

## 9 SUPERANNUATION

This appointment is superannuable under the NHS (Scotland) Superannuation Scheme. Employees in the NHS Scheme are 'contracted out' of the State Earnings Related Pension Scheme (SERPS). If participating in the NHS Scheme your remuneration will be subject to deductions in accordance with the detail of the Scheme. In addition as a member of the NHS Scheme you will pay the lower rate of National Insurance Contributions.

As membership of the NHS (Scotland) 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. If you exercise your right to participate in a personal pension, the Board as your employer will normally only pay the minimum contribution required by law.

## 10 EXPENSES

The Board will refund to you such sums as will cover all expenses reasonably incurred by you on the Board's business. Any payments made will be in accordance with the provision and rates as provided for and updated from time to time by the UK Staff Council as shown in the Agenda for Change NHS Terms and Conditions of Service Handbook. Expenses claimed will require to be evidenced in such a manner as the Board determines (for the Chief Executive it must be authorised by the Chair of the Board).

## 11 SICK PAY

Sick pay will be in accordance with the provisions of the UK Staff Council. Medical certificates will be required as appropriate in accordance with local policy.

If your absence is, or appears to be, occasioned by actionable negligence of a third party in respect of which damages are, or may be, recoverable then all sums paid by the Board will constitute loans to you and you will immediately notify the Board of the relevant circumstances of any claim, compromise settlement or judgement made or awarded in connection therewith and will give the Board all such particulars of such matters as the Board may reasonably require and will, if the Board requires, refund to the Board such sum (not exceeding the lesser of: (a) the amount of damages and (b) the sums advanced to you in respect of the period of the incapacity) as the Board may determine.

## 12. ANNUAL LEAVE/STATUTORY AND PUBLIC HOLIDAYS

Your annual leave entitlement will be **[enter appropriate Agenda for Change number of days]** including statutory holidays. The leave year will run from 1 April to 31 March.

Annual leave will be subject to approval by your line manager (for the Chief Executive, this will be by the Chairman) and will be granted subject to the exigencies of the Service. Leave will not normally be carried forward from one leave year to another. Where, however, leave remains outstanding at the end of the leave year as a result of pressure of work your line manager (for a Chief Executive, the Chair) may authorise a carry forward of up to and including five days.

### **13 MOTOR VEHICLE PROVISION**

Subject to your holding a current full driving licence and to it being required for the purposes of fulfilling your role, the Board may provide you with a motor car in accordance with the Leased Car provisions determined by the Remuneration Committee. If a leased vehicle is not taken, travel expenses will be reimbursed in accordance with the provisions of the UK Staff Council.

### **14 OTHER CONDITIONS OF EMPLOYMENT**

Other conditions of employment will be those laid down and amended from time to time by the UK Staff Council and as set down in the Agenda for Change NHS Terms and Conditions of Service Handbook.

### **15. CONFIDENTIALITY**

Confidentiality of patient information and personal information on staff must be preserved at all times. Your appointment will also involve you in Board's commercial activities and other business matters. During and after the termination (howsoever arising) of your appointment with the Board 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 Board or unless ordered to do so by a Court or Tribunal or at the request and direction of the Minister or his/her agents, divulge to any person in any manner whatsoever, any confidential information covering the business or transactions of the Board and its activities and/or its patients or staff and you will use all reasonable endeavours to prevent disclosure of such information except where required by Freedom of Information Legislation.

You are protected by the provisions of the Public Interest Disclosure Act 1998. You will normally be required to draw any concerns about any activity of the Board to the attention of the Chief Executive (for the NHS Board Chief Executive, the Chair and the full Board). However, if this is inappropriate for any reason or does not resolve the matter satisfactorily you should immediately inform the Chair (for the NHS Board Chief Executive, the Chief Executive of the NHSS should be informed).

### **16 INTELLECTUAL PROPERTY/COPYRIGHT**

All intellectual property, 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 Board and in connection with your appointment with the Board shall vest in the Board.

### **17 OUTSIDE EMPLOYMENT AND FINANCIAL INTERESTS**

Whilst in the employment of the Board you must obtain prior written approval of the Chief Executive (for the Chief Executive, approval must be obtained from the Chair of the Board) in order to take up any other additional paid employment. You should not engage in any outside employment or in any activity which would in any way conflict with the interest of the Board or be inconsistent with your position in the Board, e.g. impact on fulfilling your

responsibilities. You must declare to the Board any financial interest or relationship you may have which may affect the Board's policies and decisions.

## **18 ACCEPTANCE OF GIFTS AND HOSPITALITY**

You must not accept excessive hospitality or gifts in the course of your employment. You should adhere to the terms of the Board's Standards of Business Conduct.

## **19 PERSONAL EFFECTS**

The Board cannot accept responsibility for articles belonging to members of staff that are lost or damaged, whether by fire, burglary, theft or otherwise, unless such articles have been handed over for safe custody and receipt obtained, while in the workplace or outside the workplace on work related business. You are therefore advised to make your own arrangements for appropriate insurance cover with an insurance company of your own choice.

## **20 REPRESENTATION**

You have the right to join and remain a member of a Trades Union or professional body. Similarly you also have a right not to join a trades union or professional body should you so choose.

## **21 HEALTH AND SAFETY**

The Board has a duty to ensure so far as is reasonably practicable, the health, safety and welfare at work of all its employees. Each employee is also under a duty whilst at work to take reasonable care for the health and safety of themselves and of others, as regards any duty imposed on the Board to co-operate with the Board so far as is necessary to enable compliance with that duty.

## **22 DATA PROTECTION**

Information about you, your appointment and qualifications may be included in relevant computer files within NHSS/Board. By your execution of this agreement you give explicit consent to any processing by the NHSS/Board of any personal data or sensitive personal data relating to you for the purpose of employment in accordance with the terms of the Data Protection Act. You also grant your consent to the disclosure by NHSS/Board of such data to third parties in the event that such disclosure is required for the proper conduct of the NHSS/Board.

## **23 DISCIPLINARY PROCEDURES**

In the event of misconduct you may be liable to disciplinary action in accordance with the Board's Employee Conduct procedures which should also set out the appropriate appeal mechanism. (For the Chief Executive, disciplinary action short of dismissal can be taken by

the Chair. In such circumstances you will have the right to appeal against any disciplinary action to the Non Executive Directors of the Board. Where dismissal may be an option, the Boards disciplinary procedure should include the ability to appeal to the Chair and Non Executive Directors of the Board. In any case of appeal against dismissal by reason of conduct a majority of the Chair and Non Executive Directors will determine whether the termination will be a summary dismissal (i.e. without notice) or with notice).

## **24 TERMINATION**

If the contract of employment is terminated by the Board for any reason other than gross misconduct (i.e. Capability, Redundancy, Statutory Bar, or some other Substantial Reason) such termination shall be with notice.

The contract will terminate at normal retirement age. You will have the right to work beyond at the discretion of the Board in accordance with the Board's retirement policy.

Your appointment as (enter post) may be terminated if you commit any serious breach of any of the provisions of your appointment; are guilty of gross misconduct or wilful neglect in the discharge of your duties; become insolvent, bankrupt or have an interim order made against you under the Insolvency Act 1986 or compounded with the grant of a trust deed for the benefits of your creditors; or are convicted of a criminal offence (other than an offence which in the opinion of the Board/NHSS does not compromise your position).

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 NHS (Scotland) Superannuation Scheme at the date of termination and meet the age and service requirements. The UK Staff Council Arrangements for Redundancy Payment and Compensation Benefits on Premature Retirement will apply where your employment is terminated by reason of redundancy or organisational change.

## **25 NOTICE**

The minimum period of notice that you are required to give is (*enter the appropriate amount between 3 to 6 months*). [ **Any notice period above 3 months must be explicitly approved by the Board's Remuneration Committee.**] In the event that the Board terminates the contract with notice you are entitled to receive (*enter the appropriate amount between 3 to 6 months*) notice in writing. This does not prevent either party waiving the right to notice, or from the Board making a payment in lieu of notice. The Board may elect to terminate immediately and pay you in lieu of notice, or in lieu of the balance of your notice period. This clause is without prejudice to any right you may have under employment legislation.

## **26 EMPLOYEE CONCERNS PROCEDURE**

Any grievance which you may have should be raised in the first instance with your line manager under the Board's employee concerns procedure (for the Chief Executive, the Chair. If the matter remains unresolved you may raise your grievance with the Non Executive Directors. This does not affect your right to raise issues of concern with the Chief Executive of NHSS at any time.).

## **LEADERS'/MANAGERS' CODE OF PERSONAL GOVERNANCE**

**As a NHS Scotland Leader/Manager I will:**

- **Pursue service excellence** by
  - ❑ ensuring patients'/clients' needs are at the centre of decision-making
  - ❑ seeking to protect patients/clients and staff from clinical and environmental risk
  - ❑ encouraging service excellence and supporting changes to make this a reality
  
- **Act with integrity and probity** by
  - ❑ communicating with openness and honesty in all matters including handling complaints and giving feedback to staff
  - ❑ ensuring confidential and constructive communication
  - ❑ managing resources and financial risk effectively and efficiently
  - ❑ ensuring personal integrity and probity at all times
  - ❑ seeking to protect patients/clients and NHS resources from fraud, inducements and corruption
  
- **Account for my own and my team's performance** by
  - ❑ taking responsibility for my own and my team's performance
  - ❑ complying with all statutory requirements
  - ❑ providing appropriate explanations on performance
  - ❑ acting on suggestions/requirements for improving performance
  - ❑ supporting the Accountable Officer of my organisation in his/her responsibilities
  
- **Engage appropriately with others in decision-making** by
  - ❑ ensuring that patients, the public, staff and partner organisations are able to influence decision-making in relation to NHS services
  - ❑ supporting effective and informed decision-making by patients about their own care
  - ❑ seeking out the views of others and building mutual understanding
  - ❑ ensuring clarity and consistency in relation to dual accountability
  
- **Develop my team and myself** by
  - ❑ building and developing effective teams, supported by appropriate leadership
  - ❑ instilling trust and giving freedom to staff/partners to make decisions within authority
  - ❑ being aware of and taking responsibility for my behaviour and continuous personal development as a NHS manager, to ensure my fitness for purpose

*Form of Acceptance*

**I, [name], hereby accept the Terms and Conditions of the Contract set out above including the Leaders'/Managers' Code of Personal Governance set out in the Appendix. I accept that this Contract replaces any Contract with any predecessor of the Board and/or any Terms and Conditions of Employment previously in force.**

*SIGNED* ..... *DATE:* .....

*NAME IN BLOCK CAPITALS* .....

**Signed On Behalf Of the Board**

..... **Date:** .....

## **EXECUTIVE MANAGERS PAY: Q & A**

### **Q1. Who does the recently issued HDL apply to?**

It applies to around 280 managers whose posts have been accepted by the Felt Fair Panel as meeting the criteria for entry to the new Executive Managers Cohort.

### **Q2. How do I know if I am in the new Executive Managers Cohort?**

Your employer will be able to advise you whether your post is included in the Cohort.

### **Q3. I am not included in the new Executive Managers Cohort, what is going to happen to me?**

You will remain on your current pay arrangements meantime while testing is completed to see how senior managers would fare should they transfer to AfC. Once the testing is complete a decision will be taken on the most appropriate transfer, either mirrored Executive Pay or AfC.

### **Q4. When will I hear the results of the AfC testing?**

The outcome from the testing should be known by the end of July and will be shared with Chairs, SPRIG and MSG during August. The Department has undertaken to give a final decision in September.

### **Q5. I am not in the Cohort, how do I appeal?**

You should speak to your NHS Board, to be eligible for entry your post will require to meet certain criteria. If they think your post is eligible it will be for them to apply for the post to be included. This should be sent either to the Felt Fair Panel or Felt Fair Appeal Panel.

### **Q6. When do the revised Executive Pay arrangements apply from?**

The revised arrangements take effect from 1 October 2005.

### **Q7. Why have you chosen the “Public not for profit sector outside London” as the pay comparator?**

The Executive Managers Review Group decided this was the most appropriate comparator and no one said they thought a different comparator should apply during the consultation process.

### **Q8. Do I have to agree to the model contract before I am allowed entry to the revised pay arrangements?**

Yes, this is a pre-requisite of the process.



**Q9. I am not prepared to agree to the model contract, what happens to me?**

If you do not agree to the model contract you will remain on your current pay. This may not however be increased in line with inflation.

**Q10. How will I transfer to the revised pay arrangements?**

You will transfer to nearest higher spine point on the new pay arrangements. For example, a manager on level 6 earning £52,253 would transfer to spine point 35 Grade C to £53,863.

**Q11. Why have you introduced transitional spine points?**

These are two temporary spine points at the bottom of each Grade. They are there to ensure that managers at the bottom of the scale transfer to the revised pay arrangements on a similar basis to other managers and do not unduly gain as a result. These spine points will be removed on 1 October 2007.

**Q12. Will I be eligible for a non-consolidated payment on transfer?**

This is a one off payment. Provided you are not on personal protection as defined in paragraph 17 of the HDL, and that you have an effective or better performance marking and are at or near the maximum for your pay range you will be eligible for the payment.

For example for someone **on the maximum**, a manager on level 4 on a salary of £83,493 at 31 March 2005 and with an *Effective* marking for performance during 2004/05 would have received a 2% increase for inflation to £85,163 at 1 April 2005. Under the transitional arrangements they will receive on agreement to the model contract a 4% one off non consolidated payment based on the salary at 31 March 2005 of £3339.72.

For example for someone **near the maximum**, a manager on level 4 on a salary of £81,000 at 31 March 2005 and with an *Outstanding* marking for performance during 2004/05 would, if the inhibitor had not been in operation, have received a consolidated pay increase of 6% taking them to £85,860. However, as the pay inhibitor was applied, this would mean the salary would have been capped at the maximum for level 4 of £85,163. Under the transitional arrangements they are eligible for the difference between the capped consolidated pay of £85,163 and the amount they would have received of £85,860, giving a non consolidated transitional payment of £697.

**Q13. Why can't I add the non-consolidated payment to my consolidated pay before I transfer to the revised pay arrangements?**

This is one off non-consolidated payment designed to encourage transfer to the revised arrangements.

**Q14. I do not want to agree to the contract can I get the non-consolidated payment?**

No.

**Q15. How do I know if I am on personal protection?**

Managers on protection are managers whose current post when evaluated or approved by Joint Management Evaluation Committee produces a score that would result in a lower grade on the previous grading arrangements, i.e. as determined by NHS MEL(2000)25, this includes managers who are in posts that are in interim organisational structures or posts that have still to be evaluated or approved by JMEC.

**Q16. I am on personal pay protection, what happens to me?**

**If you are currently on the maximum of your protected scale** you will move across to the revised pay arrangements on a personal pay basis to the nearest higher pay spine point, this is the maximum personal spine point. You will remain on that spine point with eligibility for an inflation uplift, unless your performance is rated as unacceptable when no inflation uplift will be paid. You will not be eligible for the 4% non consolidated payment.

**If you are currently below the maximum of your protected scale** you will require to have two spine points identified under the revised pay arrangements:

- The nearest higher spine point to your current salary of your protected scale. This is the spine point to which you will transfer.
- The nearest higher spine point to the maximum of your protected scale. This is the maximum personal spine point that can be progressed to.

Managers on protection who sign the new contract and transfer will not be eligible for the 4% non consolidated payment.

For example, a manager who is identified as protected on level 3 and whose salary is £85,000 would transfer to Grade F, spine point 21, £87,188. The maximum of level 3 is £97,329 and the nearest higher spine point under the new scale is spine point 17, £100,050, this becomes the maximum personal spine point that can be progressed to while on protection. No non consolidated pay can be earned above the maximum personal spine point.

**Q17. Surely the “no detriment” clause is being breached?**

No, the “no detriment” clause relates to your current terms and conditions. These are not being breached. In fact you will have a slight gain on transfer.

**Q18. Why does my post have to be evaluated?**

It makes no sense for you to be transferred to the revised pay arrangements without first ensuring your post has been properly evaluated.

**Q19. Why has the HAY points for Level 1 and 2 been recalibrated?**

These points have been recalibrated to ensure that current relativities between posts are maintained.

**Q20. Why have you changed the performance definitions?**

The old performance appraisal definitions were not working properly. The new definitions will greater bring consistency and their use will be monitored by the National Performance Management Committee.

**Q21. What are the new definitions?**

1. *Unsatisfactory*: Misses most targets
2. *Incomplete*: Misses some targets without counterbalancing with over-achievements
3. *Complete*: Balances shortfalls with over-achievements
4. *Superior*: Meets all targets and exceeds most
5. *Outstanding*: Substantially exceeds all targets.

**Q22. Why do we need a National Performance Management Committee (NPMC)?**

A key recommendation from the Executive Managers Review was for greater consistency in performance appraisal. The new appraisal definitions will help in that respect but the process and outcome must be defensible to the public and in the media and the NPMC can help provide that reassurance.

**Q23. Who will be on the NPMC?**

The NPMC will have representatives from the Chairs and Chief Executives as well as having an independent Chair and possibly other non NHS members.

**Q24. Why should the NPMC be chaired by someone independent of the NHS?**

It would not be acceptable publicly for the NHS to Chair its own watchdog. An independent Chair is therefore a must.

**Q25. When will the new appraisal arrangements be known?**

We are currently working on the new appraisal arrangements and hope to have them issued during May. Regional training events will follow probably in June.

**Q26. Will this not mean a delay in me getting my performance marking?**

Yes, but this will not result in any delay in pay for performance. The new appraisal arrangements will include a combined personal performance and organisational performance and organisational performance will not be available until following the Ministerial Annual Reviews. The first pay for performance will be paid from 1 October 2006.

**Q27. What performance pay will I be entitled to from 1 October 2006?**

*Unacceptable:* no increase, (0%, reduction in real pay terms).

*Incomplete:* inflation uplift only.

*Complete:* inflation uplift plus a consolidated increment.

*Superior:* inflation uplift, plus consolidated increment plus non consolidated bonus increment.

*Outstanding:* inflation uplift plus consolidated increment plus two non consolidated bonus increments.

**Q28. What happens if I am promoted or act up?**

You will normally be rewarded with the addition of one spine point on the new grade or placing on the minimum of the scale (including transitional points) if the increase to post holders's previous salary is greater than the equivalent of one increment.

Employment & Retention Division  
HD: Workforce Directorate  
6 April 2006