HSC Leadership Centre

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REPORT ON REVIEW OF SENIOR EXECUTIVE PAY

02 October 2023

Senior Executive Pay in Northern Ireland Health and Social Care (HSC)

Executive Summary

- There is clear evidence that the salary scales for Senior Executives in HSC need to be increased to be as competitive as other pay rates recorded in the review, as HSC scales are either below what is being offered in other parts of the UK and Ireland for organisations of similar size and complexity or are on a par with salaries offered by smaller organisations which appear to have less complexity.

- It is recommended to provide a competitive remuneration package that current pay scales (adjusted for delayed cost of living increases) should be increased by a significant amount in the range of 20-40% to ensure salaries remain competitive within the overall health and social care sector but also recognise the need for a substantial salary differential when compared to other smaller public service bodies in Northern Ireland.

- To make the system more compliant with equality legislation, the pay scales should be compressed and reformed to a five-point incremental scale with progression dependent on performance.

- A revised performance management system providing non-executives with a defined role in agreeing and assessing performance should be developed and include criteria for superior performance.

- The Department should negotiate with the trade unions a mechanism for negotiation of future cost of living increases which, while related to AFC, would ensure the retention of a clear gap between Bands 8 and the Senior Executive pay arrangements moving forward. Such a mechanism should not unduly delay the issue of relevant circulars authorising such cost-of-living awards.

- The job evaluation process needs to be more transparent and have a regional perspective with the involvement of suitably trained non-executive directors from Trusts and ALBs to provide further oversight and transparency.

- It is recommended that urgent action is taken to review the current outcomes of the job evaluation, particularly of those posts which are perceived to be anomalies, in a manner which provides confidence in the affected group. This action should be undertaken with the involvement of non-executives with a background in job evaluation or who are willing to be trained in the Korn Ferry scheme.

- It is further recommended that a group like the Scottish process be established to have ongoing oversight over the use of Job evaluation tools as they relate to the HSC Senior Executive cadre. Appendix 7 sets out a Draft Terms of Reference.

- It is recommended that a group be established to provide assurance to the Minister and Department that Performance assessments are consistent across the HSC and that performance awards are merited.

- The DoH should provide an on-call arrangement for Senior Executives based on the AFC on-call arrangements. Remuneration Committees should monitor the extent of payments annually to ensure that they are appropriate and essential. They should also use the nature of the on-calls as a barometer of the effectiveness of standard out-of-hours management arrangements.

- The DoH should revise the Terms of Reference of Remuneration Committees to provide them with the responsibility of ensuring Succession plans are in place for each employing organisation. This should feed into regional succession plans, given the age profile of the current senior executives, the currently expressed reluctance of staff to apply for director-level posts and the forthcoming need to ensure a senior executive group is available to face the challenges confronting the HSC.

- The DoH should create a Task and Finish Group to develop a more applicant-friendly approach to recruiting and selecting Senior Executives.

1. Introduction

The Department of Health (DoH) has commissioned a review of senior executive pay and grading with the aim of developing potential reform proposals to modernise and address known issues with the current scheme for the purpose of attracting high-calibre candidates to ensure the Health and Social Care System (HSC) is well led and to drive innovation and performance within the HSC.

Terms of Reference

The review will make evidence-based recommendations to the Minister of Health on how the arrangements for the levels of salary, reward and grading system of senior executives in the HSC should be revised. In coming to these recommendations, the review will take into consideration that any new system has to:

- Be compatible with the Public Sector Pay Policy of the Northern Ireland Executive, which in effect, mirrors that applied by the UK Government.
- Recruit and retain senior executives of a suitably high calibre.
- Take account of relevant approaches to senior executive pay in other sectors and for the NHS in other jurisdictions (at a minimum, within England, Scotland, Wales and the Republic of Ireland).
- Be robust and flexible in a way that is capable of supporting any future reorganisation of services.
- Provide incentives for effective performance and contribution to achieving the goals of the HSC.
- Be affordable and capable of maintaining public confidence in senior executives' remuneration.

Background

The issue of Senior Executive Pay has been of concern for several years, with work undertaken by PWC in 2010 and, more recently, by Andrew Dawson in 2020.

In 2010 the Senior Staff Pay Review Body was asked for its opinion on HSC Senior Executive Salary. It made several recommendations which could not be implemented at the time due to financial circumstances. These recommendations will be reviewed later.

In June 2020, the Department set out without prejudice proposals to the Trade Unions which do not appear to have been taken forward. These included proposals for outstanding pay awards and the introduction of a 12-point salary scale. Staff could progress through the scale following an assessment of satisfactory performance. In addition, the scale points would be adjusted annually for the Cost of Living as determined by the Minister, based on Public Sector Pay policy and affordability. It was also suggested that there would be a transition to an eight-point scale.

The proposal also suggested that current Level 1+ and Levels 7 and 8 would be removed for future appointments. The trade unions advised that they did provide a response that their preference would be for a salary scale of less than 5 incremental points.

Other components of the proposal sent to the trade unions were.

- A more robust performance management system would be agreed upon with the trade unions.

- Pay on promotion would be formalised in discussion with trade unions to replace the “Custom and Practice” with clear processes.

Current issues

Several issues have been identified with the current arrangements.

- There are **two contract types (the “old” and the “new”)**. In addition to the inherent untidiness and complexity of such a situation, this increases the divergence between staff salaries on different contracts.
- Pay scales are characterised by **long pay ranges with no incremental pay points**; this makes it difficult for staff at the lower end to progress along the scale (particularly in times of pay restraint); and
- There is an **overlap with salary bands of less senior posts**, which are paid under Agenda for Change Salary Scales. This has resulted in senior executives earning less than those they manage and potentially creating a disincentive to seek promotion. This, in turn, can lead to a sense of grievance amongst senior executives.
- There have been some instances where newer recruits to Director level posts have been able to negotiate a higher salary than some of the longer-term incumbents of positions at the same level.
- Recent recruitment exercises have not been successful in attracting an in-depth pool of applicants, and there have been some instances where salaries have not been sufficient to conclude the recruitment exercise successfully.

Employers have also highlighted the following concerns.

- There is a deep concern about how Senior Executives have been treated in the past. An example is the protracted delays in issuing circulars setting pay awards. This creates a perception that the Senior Executives' contribution is undervalued.
- There was an overwhelming consensus that the current pay arrangements were a barrier to recruiting and retaining Senior Executives.
- Pay arrangements are affecting engagement between and with senior teams.
- The concerns around the issue of senior executive pay have the potential to create unnecessary dissonance in the regular day-to-day business between the Board and the executive teams.
- Pay arrangements are demotivating staff, partly because there has appeared to be an apparent animus within parts of DoH in the past about comparative salary scales in HSC and NICS.
- Cost of Living increases should be distinct from performance pay.
- There should be comparability of salaries with the private sector. The point was made that CXs run multi-million, if not billion £ organisations. Current salaries do not appear comparable, even with private sector companies of the same size or even with some other smaller organisations. Translink and NIAO were mentioned as examples.
- There is evidence that some of the senior talent pool is attracted away from HSC to roles with higher salaries, less complexity, controversy, public spotlight or political interactions.
- The salary scales do not act as an incentive for HSC staff to aspire to higher-level posts.

- The interaction of Band 8 and 9 AFC salary scales with the Senior Executive salary scales is problematic and creates anomalies with some Assistant Directors earning more than Directors.
- The interaction of AFC rates jeopardises effective succession planning.
- Any benchmarking should reflect the variation in complexity and public spotlight of the roles in HSC.
- It should be recognised that as employers of the cadre of HSC senior executives, Trusts and ALBs should have more input into determining the pay arrangements rather than being left to DoH.
- Future senior executive arrangements should ensure recognition of the value and contribution of the senior executive cadre.
- Consideration must be given to ensure that salaries are comparative even within the HSC. The role of the smaller ALBS was also noted and needed to be considered. It was noted that posts with almost identical Job Descriptions have different gradings depending on organisations.

There was a recognition that there would be a political and public perception dimension to resolving the problems created by the current arrangements.

Contract Types

From the DoH information available, it appears that this issue has resolved itself with the passage of time.

Agenda for Change overlaps.

Throughout the review, the issue of overlap between Senior Executive grades and the Agenda for Change salary ranges have been highlighted

as a significant problem that can result in problems in attracting staff, encouraging people in Band 8b and above to move into Director posts and succession management.

The overlaps can be illustrated below.

Sen Exec and AFC comparison	Minimum	Maximum	Overlap
Band 8b	54764	63862	
Sen Exec Level 6	60949	80085	1.05
Band 8c	65664	75874	
Sen Exec Level 5	69656	91525	1.09
Band 8d	78192	90387	
Sen Exec Level 4	81269	106780	1.11
Sen Exec Level 3	92878	122036	0.97
Band 9	93735	108075	
Sen Exec Level 2	108358	142371	
Sen Exec Level 1	123839	162712	
Sen Exec Level 1+	144476	189780	

This is a significant problem, given the numbers involved in the AFC grades and the consequent relative attractiveness of the Senior Executive pay arrangements.

	Band 8b		Band 8c		Band 8D		Band 9	
	Entry	Top	Entry	Top	Entry	Top	Entry	Top
BHSCT	33	104	20	61	5	17	0	2
SHSCT	81	49	41	22	2	2	2	1
SEHSCT	19	27	15	19	1	1	0	2
WHSCT	65	42	44	26	1	2	0	2
NHSCT	62	46	48	33	6	4	2	3
NIAS	8	7	5	2	1	0	0	0
BSO	55	42	19	9	6	1	0	0
SPPG	51	40	9	15	10	6	0	1
PHA	30	11	14	8	1	4	0	0
NIPEC	4	3	0	0	0	0	0	0
NISCC	1	1	0	2	0	0	0	0
NIMDTA	3	2	0	0	0	0	0	0
PCC	1	0	0	0	0	0	0	0
RQIA	10	0	0	0	0	0	0	0
Total	423	374	215	197	33	37	4	11

A number of Trusts have also reported significant numbers of staff in holding points as a result of previous pay agreements.

The degree of overlap ranges from 5 to 11% when comparing the top point of the AFC scale to the bottom of the range in Senior Executive. This is more significant in the Senior Executive Level 4 and Band 8d range interface. Level 4 accounts for 41% of the senior executive cadre[1].

Level 1+	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7	
0	2	4	18	35	24	3	0	86
0	2%	5%	21%	41%	28%	3%	0	

This is particularly important when considering starting salaries in senior executive scales if someone is being promoted. This could be further exacerbated when Pension contribution thresholds are considered. These increase at £70,631 from 12.5 to 13.5% and again at £111,377 to 14.5%.

Appendix 3 sets out some examples of the problems being experienced.

[1] DoH 2022/23 returns template.

Salary Comparisons.

There is a strong body of opinion that the salary rates, even without the AFC issue, are not competitive with other health service or public service organisations. This has been evidenced by the recruitment to other smaller and potentially less complex organisations of several Directors previously employed in HSC, including Translink, NIAO, PSNI and Local Government.

The following sections set out the current position regarding other jurisdictions in the UK.

SCOTLAND

The salary system for HNS Scotland Senior Executives is governed by a job evaluation scheme managed by Korn Ferry. A national evaluation committee is responsible for ensuring an equitable grading structure by the Korn Ferry Job Evaluation Scheme.

Pay scales involve a pay range of maxima and minima. There is some latitude afforded to employers about negotiating starting salaries without involvement from the centre.

Progression through the scale is by performance. Performance is managed in accordance with technical guidance issued by the Scottish Government, which currently reserves a limit of 1.5% in pay bill growth for Executives. Performance assessments are expected to follow a normal statistical bell curve distribution.

The performance management system is based on a range of personal objectives for each Senior Executive.

A National Performance system exists where indicative performance assessments of executives by the Health Boards and other health organisations are monitored. These assessments place all executives into one of four categories of performance. The National Performance Committee monitors this process and can moderate any outstanding performance award if there is insufficient evidence to support the indicative assessment by the employer.

There is also a recognition that the overlap between AFC grades and Senior Executive salaries is also creating problems regarding recruitment in Scotland.

The structure of the Scottish salary scales resembles the NI scales.

The following table shows the variation, but it should be noted that the NI scales do not reflect the outstanding pay award due April 2022.

	SCOTLAND			Northern Ireland		Variations	
01/04/2022	Minima	Maximum	01/04/2021	Minima	Maximum	Minima	Maximum
Grade A	53020	71458	8	45715	60061	1.16	1.19
Grade B	60514	81673	7	52246	68642	1.16	1.19
Grade C	69116	90805	6	60949	80085	1.13	1.13
Grade D	77851	100791	5	69656	91525	1.12	1.10
Grade E	88171	114606	4	81269	106780	1.08	1.07
Grade F	97624	130459	3	92878	122036	1.05	1.07
Grade G	110971	148650	2	108358	142371	1.02	1.04
Grade H	126288	169523	1	123839	162712	1.02	1.04
Grade I	143863	193475	1+	144476	189780	1.00	1.02

This table suggests that at the lower grades, Salaries in Scotland have a higher degree of variation, 16%-19%, which diminishes as the grading increases to within 4% at the highest level used in NI[2].

It should also be noted in passing that Scotland has a different income tax regime than the rest of the UK, which also affects take-home pay.

Scottish rates		UK rates	
Starter rate 19%	12571-14732		
Basic rate 20%	14733-25688	Basic rate 20%	12570-37700
Intermediate rate 21%	25689-43662		
Higher rate 42%	43663-125140	Higher Rate 40%	37700-125410
Top Rate 47%	125141 and above	Additional Rate 45%	125140 and above

[2] There are currently no posts in level 7 or 8 in Northern Ireland

WALES

The current arrangements to determine the remuneration of Chief Executives and Directors in NHS Wales Health Boards and Trusts are based on the Civil Service job evaluation system (JESP) and are subject to the following principles and methodology:

All Chief Executives, Executive Directors and other Directors are placed on a spot salary. There is no incremental movement.

Performance pay does not apply.

Any inflationary annual uplift in salary is determined by Welsh Government.

There are no ad hoc allowances paid on top of salary.

Executive Directors/Directors are appointed to the minimum of the salary band range (as defined by the posts level from Job Evaluation). This is the salary paid to appointed candidates for the core role, as detailed in the job description.

Medical Directors, as with other Executive Directors, are appointed to the minimum salary band range. The salary for Medical Directors is a consolidated salary, and commitment awards are paid in addition to the quoted salary.

Where significant additional responsibilities are added to the core role, appointed candidates can be remunerated at a level above the minimum point but still within the salary band range. This will be determined locally by the Health Board/Trust Remuneration and Terms and Service Committee.

Where additional responsibilities are added to a role, higher salaries within the salary band range will only apply whilst the wider role is performed. No protection will apply if additional responsibilities are removed. This must be approved by the Health Board/Trust Remuneration and Terms of Service Committees.

If a Director is appointed as Deputy Chief Executive by the Board, remuneration at the salary band range above that applying to their Executive Director role will apply. No protection will apply if additional responsibilities are removed.

Welsh Government approval is required in the exceptional event that remuneration needs to be above the maximum of the salary band range.

The Salary Scales for 2022/23, which included a 1.5% increase awarded on 23 March 2023, are set out below.

Pay Point	Salary Band	
	Min	Max
20	208721	225529
19	191913	207600
18	180708	191838
17	169502	179587
16	163900	168382
15	152695	162780
14	141488	151574
13	130282	140368
12	124680	129163
11	119078	117958
10	113475	112355
9	107872	112355
8	102269	106753
7	96668	101150

It is not possible to compare these salaries in the same way the Scottish salaries can be compared. However, with a working assumption that there is broad comparability in work, significant variations are clear at both the bottom and top end of the Senior Executive grades. (*Level 6 and Level 1 is included to reflect the fact that there are currently no posts in Level 7 and 8 and 1+ in NI)*

Again, it should be noted that the accounting periods are different as NI scales are still as of 2021, and a pay award for April 2022 is outstanding.

	Bottom min	Bottom Max	Top Min level1+	Top Max Level 1+
Wales	96668	101150	208721	225529
Northern Ireland	45715 Level 6 (60949)	60061 Level 6 (80085)	144476 Level 1 (123839)	189780 Level 1 (162712)
Variation	111% (L6 58%)	68% (L6 26%)	44% (L1 68%)	19% (L1 38%)

It should be noted that the lowest pay rates for Senior Executives in Wales are in the AFC Band 9 pay scale, and therefore, they tend not to have the AFC crossover problem experienced in NI.

It should also be noted that the SSRB noted that the key leadership attributes of senior NHS Wales managers and of the senior civil servants for whom JESP5 was devised have only limited commonality. It noted that it may be time to look again at the basis for determining ESP salaries to assess whether separate arrangements for NHS in Wales leaders would be beneficial.

ENGLAND

Senior Executive pay is categorised under VSM (Very Senior Managers) and ESM (Executive Senior Managers) definitions.

Guidance is issued to all providers about salary.

NHS Trusts must seek **approval** before confirming VSM/ESM salaries at the appointment of any individual VSM pay increase outside the national recommended cost of living increases.

Foundation trusts must seek **the opinion** of NHS Improvement, DHSC and the Minister before confirming salaries at appointment or any increase outside any nationally recommended cost of living increase.

The Senior Executive Pay arrangements are subject to consideration by SSPRB. Ultimately decisions about Cost-of-living increases lie with the relevant Secretary of State/ Minister. Those decisions are made within the context of the overall government pay policy.

Pay is defined as all elements of salary, fees and allowances plus the cost to the employer of any fringe benefits.

Possible developments

A new Framework document is with Ministers but is likely to be approved after the conclusion of the NI review. DHSC and NHSE are engaged in the arrangements regarding Senior Executive pay.

It is anticipated that the guidance will help resolve current problems in the system and assist in the recruitment of internal candidates to senior posts while also recognising the changes underway in the system, such as the movement to ICSs.

Grading of Posts

Posts are “graded” following a submission from employers to NHSI/DHSC, and the key determinant as to the salary to be applied is Financial Turnover.

Recommended salary ranges are developed setting out lower, median and upper quartile amounts,

Medical staff are expected to move to the VSM/ESM salary scales. NHSII has provided benchmark salaries for a range of typical roles within Trusts VSM /ESM salary scales. However, some limited discretion is available to protect salary levels.

Performance Pay

DHSC monitors performance payments, but non-routine awards require clearance at DHSC.

Currently, there is an earn-back provision in the contract wherein failure to achieve objectives could result in a 10% reduction in salary. There is also a provision for repayment of elements of the previous year’s salary.

Challenged Trusts (e.g., in special measures) can use additional payments to assist recruitment and retention.

Salary Scales

Salary Scales in England are very dependent on revenue and are set out in Appendix 1. (Mental Health Trust information has not been included)

They are also split across Trust types Ranging from

- Acute Small (£<200m turnover) to Acute Supra Large (£750m)
- NHSI Combined MH
- Ambulances
- Combined Community

HSC Trusts' approximate “revenues” are set out below and would fall into the categories as follows.

Trusts	Approximate Budget (Revenue)	NHS Category	Comment
BHSCT	2 billion	Acute Supra Large	Trust is more than acute and therefore more complex
SHSCT	1 billion	Acute Supra Large	Trust is more than acute and therefore more complex
SEHSCT	1 billion	Acute Supra Large	Trust is more than acute and therefore more complex
NHSCT	1 billion	Acute Supra Large	Trust is more than acute and therefore more complex
WHSCT	900 million	Acute Supra Large	Trust is more than acute and therefore more complex
NIAS	115 million	Ambulance	
BSO and non-Trust ALBs	350 million	No comparative information	

The comparative position of HSC Executives against the English position is set out in Appendix 2.

A comparison of some job titles[3] of the top of the NI scale (which is currently an aspiration) to the Lower Quartile of the English scales suggests that Trusts are significantly short of the lower quartile salaries in England.

[3] Mainly CX;DF;DHR and DN posts

Trust	Range of % variation	Average % variation
BHSCT	69-75	71
NHSCT	60-71	65
SEHSCT	60-75	67
SHSCT	60-71	65
WHSCT	60-71	65
NIAS	67-86	76

Local Government

Several points regarding senior salaries in Councils in NI are relevant when considering the competitiveness of HSC salaries.

Chief Executives

- CX Salaries were allocated across Bands in Northern Ireland, with Belfast in Band 1 and the remaining councils spread across Bands 2 and 3.
- The bands are based mainly on organisational size and complexity.
- Salaries are benchmarked with 17 councils in the Northwest of England. A benchmark review is conducted regularly every 3-5 years.
- Salary bands are made up of three points.
- The salary scales are issued as guidance by NILGA, with Councils having some flexibility to vary from the guidance.
- Councils have the flexibility to award an additional increment for exceptional performance or as a retention payment on a nonconsolidated basis.

There are claims through central negotiating machinery around changes in size and complexity, e.g., Homes for Ukraine and other prominent government initiatives passed down from Central Government.

Chief Officers (Directors)

- The salary scale is based on incremental progression based on the length of service.
- Performance increments are not available for this group.
- The bands are based mainly on organisational size and complexity.

- All councils except Belfast City Council at this level are graded using a bespoke job evaluation scheme.
- The salary scales are issued as guidance by NILGA, with Councils having some flexibility to vary from the guidance.

It is noted that there is yet to be a groundswell of collective concern within councils about the pay rates. It is recognised that there is more competition within NI from other public sector organisations and the private sector, which now offers comparative salaries and other conditions such as flexible and hybrid working and other terms and conditions that more closely match the public sector, such as family leave.

It is also noteworthy that NILGA issues guidance, but ultimately, the decisions around salary are a matter for councils as independent employers.

The salary comparisons between council posts and HSC are set out below.

Chief Executives in NI Local government are allocated across several bands.

Band	Council	Minimum	2nd Point	Maximum	Performance increment [4]	HSC equivalent
1	Belfast	134,747	140,282	145,815	151,350	1
2	Armagh, Banbridge and Craigavon Newry, Mourne & Down	118,146	123,678	129,213	134,747	2
3	Rest	109,180	112,611	118,146	123,678	2/3
Council rates as of 01 April 2022; HSC rates as at 01/04/2021						

Belfast City Council uses the Local Government Evaluation Scheme for its Chief officers, which evaluates jobs under the following headings.

[4] Only available to chief executives who have reached the maximum scale point and who have demonstrated that they have met or exceeded performance targets.

Breadth of Knowledge
Level of Discretion
External influencing requirement

Responsibility for managing resources including Budget

Posts are then allocated to pay Bands as follows.

Band	Lower Salary	Upper Salary	HSC comparison April 21 rates
Band 1 HOS	68 312	79 357	Band 6
Band 2 HOS	80 941	95 151	Band 4/5
Director	101 470	118 032	Band 3
Deputy CX	119 563	124 150	Band 3/4
Local Government Rates as at April 2023			

Considering the relative size of the organisation and without diminishing the work of council leaders, the complexities and consequences of errors in HSC organisations, it would appear that the responsibilities and roles of the HSC Senior Executive are significantly undervalued.

Remaining councils

The remaining councils use the Greater London Provincial Council scheme as adjusted for Chief Officers. The Scheme includes the following factors.

1. Management of People
2. Creativity
3. Contacts
4. Decisions - Discretion - Consequences
5. Knowledge and Skills
6. Work Context

The valuation processes are undertaken by STAHRS[5], and points are allocated to pay bands. The Chief Officers are in the context that their salary can be no more than 85% of the Chief Executive's salary.

[5] Steve Traynor Associates Human Resources Specialists

Chief Officer Spinal Column Point	2019/20 £	2020/21 £	HSC Comparative Level @ 20/21
1	64042	65803	6
2	65536	67338	6
3	67030	68873	5
4	68524	70408	5
5	70018	71943	5
6	71512	73478	5
7	73006	75013	5
8	74500	76584	5
9	75993	78082	5
10	77487	79617	4
11	78981	81152	4
12	80475	82688	4
13	81428	83667	4
14	83463	85758	4
15	84957	87293	4
16	86451	88828	4
17	87945	90363	3
18	89439	91898	3
19	90932	93432	3

It should also be noted that NI Councils use English councils as a benchmark even though NI councils do not have responsibility for Housing, Social Services and Education.

Throughout the review, reference is made to the higher levels of complexity and size of the HSC compared to the Local Government. This judgement is not made to infer any slight on the importance of the work that is undertaken in Local government. Local Governments are key partners to HSC in the public health agenda where the creation of healthy communities through the development of vibrant and successful communities is such an important determinant of the health of our society. A comparison of the organisations in terms of budget and workforce is a clear indicator of the difference in organisational size and is illustrated on page 35.

However, the complexity of the organisation's roles, while difficult to articulate succinctly, is also very stark.

Workforces

Senior Executives in the HSC are required to navigate the provision of services which cover over 60 medical specialities with over 40 sub-specialities[6]; a nursing, midwifery and health visiting workforce which supports these specialities along with 15 other professional groups which are statutorily regulated by the Health and Care Professions Council[7]. The Medical and Nursing workforce is also covered by regulatory bodies.

The services provided cover a range of locations across geographical areas, normally covering more than one council area and in different environments, including primary care services, secondary hospitals, residential childcare, and day, residential and nursing care in a mix of private and publicly owned locations.

In addition, there are a range of corporate and business activities which support clinicians in the delivery of quality care.
These would but not exclusively

Financial Management; Human Resources; Planning and Strategic Management; ICT; Procurement; Legal Services; Research and Development Ethical support; Estates and Facilities Management

Uniquely in the UK, NI Trusts also provide and manage social care provision which also includes a regulated workforce. The social care services cover the care of young people at risk to the care of the elderly and the support of families at every stage of the individual's life cycle.

Councils have workforces which deliver a range of services including Planning and development: Local councils are responsible for planning and approving new developments in their area.

They also have a role to play in protecting the environment; Culture and recreation: Local councils are responsible for providing a range of cultural and recreational facilities, such as libraries, museums, and sports centres; Waste collection and disposal:
In addition to these core services, local councils also have several other responsibilities, such as:

[6] https://www.gmc-uk.org/-/media/documents/specialties-subspecialties-and-progression-through-training---the-international-perspective-45500662.pdf
[7] https://www.hcpc-uk.org/public/which-professions-do-hcpc-regulate/

- Licensing: Local councils are responsible for issuing licenses for businesses and other organizations.
- Street cleaning: Local councils are responsible for cleaning the streets in their area.
- Traffic management: Local councils are responsible for managing traffic in their area.

Services

HSC services delivered by the Trusts would have a more immediate impact on the lives of the citizens of Northern Ireland. This can range from the immediacy of Urgent and Emergency care to the delivery of long-term care to treat and care for a wide range of chronic conditions ranging from physical to mental health services.

Councils have an important contribution to some of the elements which support healthy communities, thereby impacting the health of the public overall.

An example of the difference in the financial and workforce numbers of Trusts and councils is also set out in page 35.

Other comparisons

Efforts were made to engage with several other organisations about the processes used to determine Senior Executive pay. However, it has been necessary to use the most recent published accounts to identify the salaries paid to post holders at that time.

Comparative Salaries of other Public Bodies sourced from Annual Accounts			
Organisation	Job Title	Salary 000	HSC Equivalent Level on 01 April 2021
Education Authority 2020-21 Annual report Salary inc allowance	Chief Executive	£135-140	1
	Director of CYPS	£130-135	1/2
	Director of HR	£120-125	1/2
	Director of Finance and ICT	£110-115	2/3
	Director of Operations and Estates	£115-120	2/3
	Director of Education	£120-125	2/3
PSNI (March 2022) Year 2021-22	Chief Constable (U)	£225-230	No comparator
	Chief Operating Officer	£175-180	1+
	ACC Local Policing (U)[8]	£135-140	1/2
	ACC Crime Operations (U)	£135-140	1/2
	ACC Op Support (U)	£120-125	2/3
	ACC Justice (U)	£115-120	2/3
	ACO Corporate Service	£130-135	1/2

[8] U is a uniformed officer

Comparative Salaries of other Public Bodies sourced from Annual Accounts			
Organisation	Job Title	Salary 000	HSC Equivalent Level on 01 April 2021
	ACO Strategic Planning and Transformation (full year effect)	£120-125	1/2
	ACO People and Organisation Development (full year effect).	£120-125	1/2
Translink (NI Transport Holding Company)	Chief Executive	£176000	1+
	Director of Finance	£146000	1
	Deputy Chief Executive	£146000	1
	Chief Business Change Officer (post may not be there anymore)	£152000	1

During the review, consultees suggested that it was essential to consider the salaries offered in the Republic of Ireland's health care system. Contact with HSE directed me to the relevant government publication[9], which sets out the salaries as determined by the Department of Health in accordance with legislation and negotiations with the trade unions.

The 2022 pay scales have been used for this paper to allow for a more contemporaneous comparison new circulars have been issued since that date, increasing the pay rates, unlike Senior Executive salaries.

[9] https://www.hse.ie/eng/staff/resources/hr-circulars/final-1-march-2023-salary-scales.pdf

Job Title	Scale	01/10/2021	entry	max	£ conversion @ 0.86 of top of scale
Director of Community Care	Single point	117967			
Director of Public Health	Single Point	138909			
Nursing Grades			01/10/2021		
Director of Nursing Mental Health Services	6 point		77686	89485	76957.1
Area Director of Nursing Mental Health Services	5 point		95174	111035	95490.1
Director of Public Health Nursing	6 point		77686	89485	76957.1
HOSPITAL GROUP DIRECTOR OF NURSING & MIDWIFERY	6 point		102878	125739	108135.54
DIRECTOR OF MIDWIFERY, NWIHP	6 point		102878	125739	108135.54
DIRECTOR, NURSING & MIDWIFERY PLANNING & DEVELOPMENT	6 point		76134	88925	76475.5
DIRECTOR OF NURSING BAND 1 (GENERAL)	7 point		79242	92462	79517.32
DIRECTOR OF NURSING BAND 2 (GENERAL)	7 point		73823	86311	74227.46
DIRECTOR OF NURSING BAND 2A (GENERAL)	7 point		73232	81078	69727.08
DIRECTOR OF NURSING BAND 3 (GENERAL)	7 point		69133	77154	66352.44
DIRECTOR OF NURSING BAND 4 (GENERAL)	7 point		64597	75258	64721.88
DIRECTOR OF NURSING BAND 5 (GENERAL)	7 point		60430	68274	58715.64
DIRECTOR OF MIDWIFERY BAND 1	7 point		79242	92462	79517.32
DIRECTOR OF MIDWIFERY BAND 2	7 point		73823	86311	74227.46
DIRECTOR OF MIDWIFERY BAND 3	7 point		69133	77154	66352.44

Management Admin Clerical grades 1/02/22 effective dates					
CEO HSE	1 point			370549	318672.14
Dep Director General (Strategy/Operations)	1 point			186292	160211.12
Chief Financial Officer HSE	1 point			186292	160211.12
Nat Director Health and Wellbeing	1 point			170957	147023.02
CEO National Screening Service	1 point			170957	147023.02
National Director Hospital Care (HSE)	1 point			170957	147023.02
National Director Mental Health (HSE)	1 point			170957	147023.02
National Director Primary Care	1 point			170957	147023.02
National Director Social Care	1 point			170957	147023.02
National Director HR (HSE)	1 point			170957	147023.02
Chief Executive Hospital Groups (post 2018)	1 point			170957	147023.02
Chief Executive Office Hospital Groups (pre 2018)	1 point			164371	141359.06
Chief Executive Beaumont; St James; St Vincents; Adelaide and Meath	1 point	now defunct for new appointees. Since 2015		157633	135564.38
Chief Executive Officer Galway UH; Cork UH incuding Cork Maternity Hospital	1 point			142717	122736.62
Chief Officer Community Healthcare Organisations (1/02/22)	6 point		103907	126996	109216.56
Chief Finance Officer Hospital Groups (01/02/22)	6 point		103907	126996	109216.56
Chief Operations Officer Hospital Groups	6 point		103907	126996	109216.56
Director Regional Health Officer (HSE)	6 point		103907	126996	109216.56
Director of Information Systems (HSE)	6 point		94889	96306	82823.16
CEO Band 1 Hospitals (Cork Dental Hospital, Dublin Dental Hospital, Incorporated Orthopaedic Hospital, Royal Hospital Donnybrook, St. Vincent's (Fairview), Leopardstown Park)	7 point		71076	85726	73724.36
CEO Band 2 Hospitals (Cappagh Hospital, National Rehabilitation Hospital, Peamount Hospital, Royal Victoria Eye & Ear Hospital, St. Johns Hospital, St. Michaels Hospital)	5 point		86260	92340	79412.4
CEO Band 3 Hospitals Coombe Hospital, Mercy University Hospital, National Maternity Hospital, Rotunda Hospital, South Infirmary Victoria University Hospital)	7 point		103317	121615	104588.9
CEO Band 4 Hospitals (Our Lady's Childrens Hospital, Temple Street Childrens University Hospital)	7 point		110636	128875	110832.5
CEO Band 5 Hospitals (AMNCH, Beaumont Hospital, Mater Misericordiae Hospital, St. Vincent's University Hospital, St. James Hospital)	1 point			142717	122736.62
CEO Band SC 1 Social Care (Carriglea Cairde Services, The Childrens Sunshine Home)	7 point		71076	85726	73724.36
CEO Band SC 2 Social Care (Central Remedial Clinic, Cheeverstown House, Our Ladys Hospice, Sunbeam House, Sisters of Charity Kilkenny, KARE)	5 point		86260	92340	79412.4
CEO Band SC 3 Social Care (COPE Foundation, Muiriosa Foundation, Stewarts Care)	7 point		103317	121615	104588.9
CEO Band SC 4 Social Care (St Michaels House, Daughters of Charity, St. John of God Hospitaller, Brothers of Charity)	7 point		110636	128875	110832.5
General Manager	7 point		74090	92161	79258.46

By selecting the role of the CX of one of the larger Hospitals (Band5), it is clear that the salary for what are much smaller organisations equates to the Chief Executive of NHSCT; SHSCT; SEHSCT; WHSCT, all of which have substantially more staff and budget.

Organisation	Budget	Workforce	Salary £ sterling conversion	NI Sen Exec HSCT Equivalent
CX Band 5 Hospitals e.g., Beaumont	€292 266m	3846 wte	122736	Level 2

It is also noteworthy that the Chief Executive of the HSE has a salary of **£318,672** and National Directors **£147,023**.

The annual report for 2022 suggests that it covers 137,745 employees and has an expenditure of €92 bn on acute hospital services and €10.9 bn gross expenditure on community services.

Internal Anomalies with other Director's remuneration.

Within HSC organisations, there is a need to have a medical expert input to Senior Executive Team and Board level decision-making and management.

This requires the recruitment of medical staff, typically at an experienced Consultant level.

The table below sets out the salary scale and an indication as to where the amount fits into the Senior Executive Salary scale.

(2004 Consultant Contract)[10]

2004 Consultant Contract 01 April 2021								
Period Spent on Each threshold	1 year	2 year	3 year	4 year	5 year	6 year	7 year	8 year
Consultant appointed on or after January 2004	84975	87637	90299	92958	95611	101933	108253	114567
Sen Exec Comparison	4	4	4	3	3	3	2	2

[10] https://www.health-ni.gov.uk/sites/default/files/publications/health/doh-TC8-3-2021-Remuneration-Circular-for-Hospital-Medical-and-Dental-Staff.pdf

It must also be noted that those who move into Medical Director roles or Chief Executive will also bring with them a combination of Clinical Excellence awards (Discretionary points for the old contract holders) or Distinction and Meritorious Awards (old contract).

The value of these awards ranges from £2957 to £29570 for local awards or £35484 to £75796 for NICEA[11] awards.

This can lead to unfortunate conclusions in some quarters that medically qualified staff are more valued within the teams.

There are three options to deal with this anomaly.

1. Leave it as it is.
2. Make clear that medical directors are expected to take the relevant Senior Executive Director salary as evaluated under Korn Ferry.
3. Increase Senior Executive scales to a level that removes the need to retain excellence awards.

Given that Option 2 is likely to create significant recruitment and other organisational problems, it is likely that Option 1 is the best way forward until senior executive scales reach the upper quartile levels of England.

The Department should keep this position under review, given the intended review of Clinical Excellence Awards and the final outcome of the senior executive salaries review.

Summary of comparisons to date.

Based on the information collated, it is possible to conclude that the Senior Executive pay scales are below what other comparative rates might provide.

In comparison to Scotland, the variance ranges from 19%-2%, depending on seniority.

In comparison to Wales, salaries vary from 111% at the lower levels to 18% at the top of the comparable salary scales. Leaving Levels 7, 8 and 1+ aside, the variations range from 26% to 68%.

[11] NORTHERN IRELAND CLINICAL EXCELLENCE AWARD https://www.health-ni.gov.uk/sites/default/files/publications/health/doh-TC8-3-2021-Remuneration-Circular-for-Hospital-Medical-and-Dental-Staff.pdf

In comparison to England, the available comparators suggest a huge variation across all the relevant comparator posts of up to 100%. However, taking a modest assessment of the top of the current scales against the lower quartile, it would suggest an increase of 20-40% would be the minimal uplift required to make the salary ranges competitive.

The DoH may wish to take strategic decisions to make the salaries more competitive by using the median salaries in England as a future benchmark on a phased basis.

NI local government salaries broadly match HSC salaries in many regards despite the Councils being significantly smaller in terms of revenue, workforce and complexity.

In comparison to other NI bodies, HSC salary scales need to be increased to make them attractive and proportionate to organisational size and complexity.

This can be best illustrated by a comparison of Chief Executive salary scales.

Organisation	Workforce	Budget/expenditure	Salary
BHSCT	21070[12]	2 billion	123,839-189,780
NHSCT	11531	1 billion	108,358-142,371
SEHSCT	10884	1 billion	108,358-142,371
SHSCT	11700	1 billion	108,358-142,371
WHSCT	11115	1 billion	108,358-142,371
Belfast City Council [13]Tier 1 council	2323[14]	181,102,398	140-145,000
Lisburn and Castlereagh Tier 2 Council[15]	774	79,508,439[16]	116-120,000

[12] Trust workforce figures https://www.health-ni.gov.uk/sites/default/files/publications/health/hscwc-march-22.pdf
[13] https://www.belfastcity.gov.uk/getmedia/fb5326c8-030e-487a-8c05-0f6631ec4391/BCC-Statement-of-Accounts-2021.pdf
[14] Equality commission Monitoring report 2020
[15] https://www.lisburncastlereagh.gov.uk/uploads/general/Lisburn_and_Castlereagh_City_Council_Statement_of_Accounts_Year_End_31_03_2022.pdf
[16] Net expenditure

Organisation	Workforce	Budget/expenditure	Salary
NIAS	1415	115 million	81,269-106,780
BSO	1567	350 million	92,878-122,036
PSNI Chief Constable	9492	860,378,000	£225-230
PSNI - COO[17]	9492	860,378,000[18]	175-180,000
Education Authority[19]	38,833 (18,464 Teaching)	2.7 billion	135-140,000
Translink NI Transport Holding Company[20]	4109	Revenue 266,254,000	176,000

[17] 2021-22 figures
[18] Net expenditure 2021-22
[19] https://www.eani.org.uk/sites/default/files/2022-08/Education%20Authority%20Annual%20Report%20and%20Accounts%202020-21%20Certified.pdf
[20] https://trn-prd-cdn-01.azureedge.net/mediacontainer/medialibraries/translink/publications-and-documents/annual-report-and-accounts/annual-report-and-accounts-2021-2022.pdf

Recommendation

There is an urgent need to reset the Senior Executive salary scales to ensure they are competitive and reflect the complexity and importance of the role while also recognising the risk factors which are almost unique in the public sector given the potential consequence of the error of getting it wrong.

In addition, there is a need to restructure the current pay scales. The SSRB and the "Without Prejudice" offer all suggest an incremental scheme. SSRB also suggested in 2010 that there should be a 15% spread to enable people to reach the final salary point.

Given the nature of incremental scales, it is recommended that progressions should be through satisfactory performance rather than the annual anniversary of the appointment.

The Terms of Reference refer to the need for the pay system to provide incentives for effective performance and contribution to achieving the goals of the HSC. There is a widely held view that this should also include a recognition of superior performance when it is achieved. NHS Scotland has a process where such assessments made by the Remuneration Committees of employers are also moderated by a regional group, and such a process could provide transparency to the system and help build confidence in the wider political and public realms that performance awards are earned and objectively assessed.

It is therefore suggested that a new salary system should be implemented based on job evaluation. Appendix 5 sets out a proposal as to how this might work.

The Department of Health may wish to consider a phased approach to the implementation of the recommendation starting with a restructuring of the current pay scale followed shortly thereafter with an uplift of the scales to ensure the remuneration package reflects the current market position, which clearly places HSC Executive salaries at a disadvantage thereby frustrating efforts to recruit suitably qualified applicants. As the service faces some of the most challenging times ever, it is imperative that the remuneration package available for its leaders is competitive enough to recruit and retain high-quality candidates.

Korn Ferry Job Evaluation

Korn Ferry was asked to provide further pay intelligence to assist with the review. Unfortunately, they advised that given the cost, they were unconvinced that the data would be sufficiently robust for the cost. Korn Ferry also indicated that it would have undertaken a similar benchmarking approach using annual reports from comparative organisations in Northern Ireland.

KF did not see any additional value to the picture that was already being built by the review.

There has been a noted expression of a lack of confidence in the current out-workings of the job evaluation process. Not only is it seen to lack transparency several results appear difficult to understand.

These can be best illustrated by the variation in the outcome of several Job roles.

Role	BHSCT	NHSCT	SHSCT	SEHSCT	WHSCT	NIAS	BSO	SPPG	PHA
Chief Exec	**1**	**2**	**2**	**2**	**2**	**4**	**3**	**NICS**	**1**
Director of Finance	**3**	**4**	**4**	**4**	**4**	**6**	**4**	**4**	*
Director of HR	**4**	**5**	**5**	**5**	**5**	**6**	**4**	*	*
Director of Nursing	**4**	**4**	**4**	**4**	**4**	*	*	*	**3**
Director of Social work	**3**	**4**	**4**	**4**	**4**	*	*	**3**	**3**

These are illustrative as the Job Titles are similar or the jobs told the statutory roles of Executive Directors. There will be other examples.

Chief Executive grading covers Levels 1, 2 and 4 for Trusts, with other smaller organisations holding Level 5 apart from BSO and RQIA, which are Level 3. There also needs to be a recognition of a need to ensure

that an organisation like BHSCT, due to its size and higher complexity because of the number of regional services it manages, needs to have a higher remuneration package than some other organisations in the sector.

There needs to be a wider and more transparent understanding of why the BSO Chief Executive post is Level 3 while the NIAS Chief Executive is Level 4 when NIAS is more directly integral to the transformation of services required to resuscitate the HSC care delivery process and has a more front-line consequence to patients.

HR Directors are graded as Level 4, 5 or 6. The BHSCT, as the significantly larger Trust, has been a level 4, but it would appear less easy to understand the recent grading of the BSO HR Director post as a level 4 when some Trust HR Directors remain at Level 5.

There may be some valid reasons for this, but there is a need for everyone in the service to understand how these outcomes are reached to ensure that a sense of fairness which will provide the necessary support for the grading structure.

It is recommended that urgent action is taken to review the outcomes of the job evaluation in a manner which provides confidence in the affected group. This action should be undertaken with the involvement of non-executives who have a background in job evaluation or are willing to be trained in the Korn Ferry scheme.

It is further recommended that a group like the Scottish process be established to have ongoing oversight over the use of Job evaluation tools within the HSC Senior Executive cadre.

Non-Salary Factors and Recruitment Trends

In discussions about the impact of the currently depressed salary scales, information was collected to assess the attractiveness of a recruitment package.

Trusts were asked to provide information regarding the recruitment of Director and Chief Executive level posts, and there is evidence that the posts are not attracting a deep pool of applicants. See Appendix 4 for details.

In summary, the average number of applicants, shortlisted, and interviewees across the system is currently. (*Not all Trust information has been received*)

Recruitment Summary 19/20-22/23					
Summary	Episodes	No. of Applicants	No. Shortlisted	No Interviewed	Appointed
HSC	84	402	232	179	65
Average		4.79	2.76	2.13	0.77
Trusts alone	53	192	134	103	42
Average		2.29	2.53	1.23	0.79

This identifies that the HSC but particularly Trusts, are struggling to recruit a reasonable number of applicants for their Senior Executive posts.

This is important in considering the age profile of current senior executives as it shows an ageing profile, and many could retire within 5 years. If this happens, an attractive salary package will be important to attract a suitable pool of applicants.

Age Profile		**40-45**	**45-49**	**50-54**	**55-59**	**60-64**	**65+**	**Total**
Number of directors	BHSCT	0	2	4	8	1	0	15
	NHSCT	0	0	1	4	0	0	0
	SHSCT	1	2	1	3	1	0	8
	SEHSCT	1	2	1	3	1	0	8
	WHSCT	0	1	1	5	1	1	9
	NIAS	0	2	2	2	0	0	6
	BSO and others	0	4	0	16	3	0	23
	Total	2	13	10	41	7	1	69

In addition, the HSC Leadership Centre has conducted surveys as part of Succession Planning work commissioned by the Directors of Human Resources.

There are several important messages from the survey.

- 50% of Senior Managers are in the category 55+
- 60% of respondents had not applied for a higher-level post.
- 53.6% of staff said they would not apply for a higher-level post.
- Work-life balance was identified by 74.4% of staff as the main reason for not applying.
- 51.6% cited increasingly challenging roles as the main reason for not applying.
- 42.7% expressed contentment with their current role as a reason for not applying for higher-level posts. This was reinforced by supporting comments such as
  - *Lack of support and resources both in admin support and professional staffing.*
  - *The span of responsibility is too broad.*
  - *Remit too big and increases with no additional funding.*
  - *No part-time working opportunities*
  - *Additional workload without the opportunity to drop equivalent PAs. Ongoing pressure to 'keep adding' to the current job, which only adds to the stress and less time at home with family.*

- The survey suggests that the service will have a problem in recruiting internal candidates in the future.
- In addition, there remains the issue highlighted earlier about the overlap of AFC pay scales which reduces the potential for financial advantage arising from any promotion.

There are other anomalies within the current system, such as

- The treatment of assimilation of staff to the new grade. examples are included in Appendix 3.
- The ability of new appointees to leapfrog staff on senior executive contracts for a longer period of time.
- The treatment of staff who are regraded after a period of taking on additional duties, which DoH has not considered as a promotion.
- No single source of Terms and Conditions of Service for Senior Executives.

One issue raised in the discussions regarding this matter is the lack of any on-call arrangement for senior executives who are increasingly having to be called in during their rest periods without recompense. It is recommended that DoH agree to the use of the AFC On-call provisions for Senior Executives. If agreed, Remuneration Committees should be tasked to keep the arrangements under annual review.

Previous proposals

Before considering the Way Forward, it would be important to note that some Without Prejudice proposals had been submitted to the Trade Unions in June 2020.

These included.

- The implementation of a new incremental scale to initially 12 points and ultimately to 8.
- No separate performance-related pay would be payable in 2020/21 and beyond.
- Incremental progression (estimated at 2.65%) in each year would be subject to satisfactory performance. The cost-of-living increases to all points would be determined annually by the Minister (based on Public Sector Pay and affordability).
- Levels 1+,7 and 8 would be removed from the arrangements.
- There was a commitment to formalise arrangements regarding “pay on promotion”.

In addition, the SSRB, when it was asked to consider the matter in 2010, made several comments/recommendations based on input from PWC (presumably on behalf of the Department), some of which seemed to have Departmental acceptance at that time. These are set out in Appendix 6. Many of the observations at the time are equally applicable today.

Taking account of these observations, it is suggested, as set out below, that in developing a new pay scheme, there should be clarity about how the system should be structured, notwithstanding the actual quantum of salary, which should be competitive and encourage recruitment.

Key elements should include.

- Six Banding Pay Structure.
- Transparency about differentials
- An incremental scale in each pay band
- Remove or significantly reduce overlap with AFC.
- New self-funding Performance Management system which would include
    - A number of objectives balanced between personal employer organisational and regional system contribution.
    - Non-consolidated. Non-superannuable?
    - Role of Rem Committee.
    - Possible use of earn-back.
    - Annual reviews.
- Clarity as to how cost of living increase could be automatically linked to AFC or SSPRB recommendations to avoid long delays.

OPTIONS
Several options can be developed, such as the following.
(There are variations of these).

Option 1 Do Nothing

Disadvantages

- This is not a good option as the current arrangements have a significant flight risk of senior staff as they may be attracted to other places at a time when HSC needs its most competent and able leadership.
- It would further add to a sense of a lack of value amongst the senior leadership cadre within HSC, given that commitments have been made at various times to employers that the matter would be looked at.
- It is unlikely to resolve the current pattern of recruitment response.

Option 2 Pay Increases across the value of the scale.

10% is selected as an indicative amount only.

	Option 2 increase Salary scales by 10% to deal with market						
	Level 1+	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6
Current Minimum	144476	123839	10858	92878	81269	60656	60949
Current Maximum	189780	162712	142371	122036	106780	91525	80085
New min	158923.6	136222.9	11943.8	102165.8	89395.9	66721.6	67043.9
New Max	208758	178983.2	156608.1	134239.6	117458	100677.5	88093.5

Based on the most information provided to DOH by Trusts, a 10% increase is estimated to cost £725,035 plus employer costs if applied equally across the relevant staff.

Advantages

- Gives staff significant pay increases if applied to the variable points within the scales.
- Creates immediate headroom with AFC grade.

Disadvantages

- This option does not deal with other issues relating to progression through a very long pay scale, such as the equality implications.
- It does not resolve for any long period of time the AFC crossover issue.
- 10% may not be sufficient to deal with the market issues, which shows that HSC is already behind others for jobs of similar complexity.
- Would run contrary to government approaches to public sector pay claims.
- As it does not involve any restructuring, it may appear simply as a catch-up for the previous cost of living increases.

Option 3 Andrew Dawson "Without Prejudice" option

- The implementation of a new incremental scale to initially 12 points and ultimately to 8.
- No separate performance-related pay would be payable in 2020/21 and beyond.
- Incremental progression (estimated at 2.65%) in each year would be subject to satisfactory performance. The cost-of-living increases to all points would be determined annually by the Minister (based on Public Sector Pay and affordability).
- Levels 1+,7, and 8 would be removed from the arrangements.

(Note: There was a commitment to formalise arrangements regarding "pay on promotion).

Advantages

- Possible compliance with the government pay policy.

- Reduces incremental points but not quite in line with SSPRB suggestions.

Disadvantages

- Recruitment and retention difficulties may not be fully addressed.
- Overlap with AFC not addressed.
- Pay rates are out of line with comparators and will also need a % uplift.
- This would not garner support from the trade unions as they believe there should be no more than 4/5 incremental points.

Option 4, August 23 Pay restructuring version.

Using the top of the scale as the baseline, create five incremental points and a 15% (approx.) spread from starting salary to the top. Increments will be based on performance. Remove Levels 7 and 8 and retain Level1+ for future use.

***Based on the information provided to DoH as part of the monitoring process, the assimilation of staff to such a restructured pay system is estimated to cost £441,133 plus employer costs*. This calculation is based on the current pay scales, which still need to be updated for 2022 and 2023.**

Advantages

- Uses the top of the current scales, which are written into contracts and the diminution of which could prompt formal legal challenges.
- Creates some room between AFC and the relevant grades or reduces the gap.
- Performance-related progression up the salary scale within an achievable timescale.
- It would provide structure and clarity about progression through the salary scales.
- Would comply with the following observations of the SSPRB, which the DoF and DoH broadly supported at the time.
    - *We recommend a spot salary for each group to represent the rates for the job.*
    - *We recommend a development range of 15% below-the-spot salary for new appointments to allow time (no more than 3*

years) to become fully competent in the role. This provides a 5-year time period.
    - *Reduce the AfC overlap for those in the lower salary groups for which AfC staff are the natural successors.*
    - *Establish internal differentials that reflect relative job weight.*
    - *Bonuses will be non-consolidated and non-pensionable*.
- More likely to gain trade union support.

Disadvantages

- Does not fully resolve the uncompetitive nature of the salary scales.
- It would also need a % uplift.
- ? compliance with government pay policy. It could be argued as this is a restructuring of pay, it does not contravene government pay policy which tends to focus on the annual cost of living process.

Taking account of the detailed comparisons in the earlier parts of this report, it is recommended that the

- There is clear evidence that the salary scales for Senior Executives in HSC need to be increased to be as competitive as other pay rates recorded in the review, as HSC scales are either below what is being offered in other parts of the UK and Ireland for organisations of similar size and complexity or are on a par with salaries offered by smaller organisations which appear to have less complexity.

- It is recommended to provide a competitive remuneration package that current pay scales (adjusted for delayed cost of living increases) should be significantly increased by 20-40%

- There is a need to restructure and compress the pay scales to a five-point incremental scale progression which is dependent on performance.

- A revised performance management system providing non-executives with a defined role in agreeing and assessing performance should be developed and include criteria for superior performance and how it should be paid.

Future Cost of living increases.

- The Department should negotiate with the trade unions a mechanism for negotiation of future cost of living increases which, while related to AFC, would ensure the retention of a clear gap between Bands 8 and the Senior Executive pay arrangements moving forward. Such a mechanism should not unduly delay the issue of relevant circulars authorising such cost-of-living awards.

Benefits Realisation

If the recommendations set out are accepted, it is not unreasonable to ask the question as to what benefits will accrue to the organisation because of the increased salaries.

Research around the link between pay and organisational performance is mixed, if not contradictory. There is no easily recognisable or certain direct correlation between higher salaries and overall organisation performance due to the impact of other organisational factors, such as.

- The industry the company is in. For example, companies in the technology industry tend to pay their executives more than companies in other industries.
- The size of the company. Larger companies tend to pay their executives more than smaller companies.
- The labour market in that if other competitors for available talent pay more, then organisations may feel pressure to do the same to attract and retain talent.
- The overall economic climate. During times of economic growth, organisations may be more willing to pay their executives more.

A lack of a clear pathway to guarantee a return on the investment in senior executive salaries places even greater emphasis on the operation of a performance management system. There is no doubt that the challenges facing the HSC are difficult and will require the highest quality of high-performing leadership, which can make a real difference in the outcomes delivered by the HSC family.

The proposed investment in the senior executive salary scales requires a two-phased approach.

The first is a move to a shortened incremental scale, which will provide the HSC with

- A more defensible position regarding Equal Pay legislation
- A potential basis to resolve current legal challenges regarding the operation of the current contract and the length of the scales.

These two outcomes alone could provide legitimacy in moving quickly to Phase 1, although the benefits to the organisation are not at this stage quantifiable.

The second element of the proposals recommends that salaries should be increased to be more competitive with other organisations. The evidence of comparative salary scales set out earlier suggests, and the response of the labour market reinforces the position that if HSC is to compete for and retain the best available talent to lead it in confronting the challenges, there is a need to ensure competitive salaries.

The consequences of not being able to recruit high calibre candidates can be costly, not only in financial terms but the potential negative impact on the delivery of services and organisational culture.

A 2014 study by Oxford Economics[21] put the cost of recruiting employees with a salary of more than 25k in legal, accounting, legal, retail and media sectors the average financial impact of the loss of an employee at £30,614 (£43,852 in 2023 value). This figure takes account of the value of lost output and wages from a new employee operating below their optimum productivity or the level of productivity exhibited by a worker in that role performing in line with expectations, along with the costs associated with recruiting a replacement.

A more straightforward way of estimating the cost is in the transactional cost of engaging Executive Search Agencies in the recruitment of Executives, which is normally in the region of 15-25% of the advertised salary. Using this information, it is possible to estimate the cost of replacements of senior executives and the numbers that have left to go to other organisations for higher salaries for smaller and less complex organisations.

Trust	Number of Senior Staff lost in recent years	Oxford Economics Model Estimated cost	Executive Search Model[22]	
			15%	25%
BHSCT	Estimate 2 Directors	87704	32034	53390
NHSCT	2 Directors	87704	32034	53390
SHSCT	3 Chief Executives since 2015 1 Director	175408	70922	118222
SEHSCT	1 Chief Executive and 1 Director One for a National Director post and the other for Deputy Chief Nursing Officer.	87704	57204	34322

[21] https://www.oxfordeconomics.com/wp-content/uploads/2023/05/cost-brain-drain-report.pdf
[22] Costed at top of level 4 for Directors; Level 3 Chief Executives

WHSCT	7 directors in last 2 years but all for retirement	0	0	0
NIAS	Since September 2018, all Senior Executive exits have been due to retirement (3).	0	0	0
BSO	1 Director BSO 1 Director PHA	87704	32034	53390
TOTAL		526224	224228	312714

The currently available information suggests HSC has lost 12 of the cadre of the Senior Leadership teams to other organisations because of the pay structure. This would equate to around 16% of that group over a 5-year period when it could be argued that it would have been better to have a consistent leadership team across the system undisturbed by the lack of competitive salaries.

In addition, the age profile of the current cadre would suggest that up to 70 % of the current grouping could retire within the next five years. The potential costs of not being able to recruit people to these jobs are significantly higher than those set out in the above table.

Notwithstanding the balance of the potential costs of having or not having a remuneration package available for Senior Executives, there will be an ongoing need to ensure that incremental progression is earned. That requires a robust performance management system with objectives which directly correlate to the need for the organisation to meet their Transformation Agenda.

The Performance Management system will need to ensure that it focuses on achieving a balance between a myriad of competing objectives. This will be assisted by a clear declaration of the priorities and the strategic imperatives from the Executive, Minister and Department of Health, which will enable the Boards of the HSC organisations to ensure that executives are set a range of objectives which cover not only organisational and personal objectives but also achievable whole system objectives. Employer organisations must ensure that the non-executives have relevant data to support any recommendations regarding performance-assessed progression or non-recurring awards.

The Performance Management system must be robust to ensure the Minister can be assured that increases in pay are earned and not a

recognition of another year of service. The role of Remuneration Committees should be strengthened regarding the assessment of senior executive pay with a strong emphasis on increased organisational performance and progress against Ministerial and Departmental objectives.

To assist in the provision of assurance to the Department and the Minister that performance awards have been equitably attributed across the system, a small oversight group, a Regional Performance Management Group, with moderating and challenge powers should be established to verify that the performance across the system is equitably and consistently rewarded, particularly regarding the achievement of the key priorities and strategic imperatives set by the Minister and/or Department of Health. A draft Terms of Reference is attached as Appendix 8.

Impact for Non-Executive Directors.

Whilst the Board retains overall responsibility for the pay of executives, Remuneration Committees, normally consisting of three non-executive directors, advise the Board about appropriate remuneration and terms of service (including any performance-related elements/bonuses and any allowances), provisions for other benefits, including pensions and cars, as well as arrangements for termination of employment and other contractual terms for the Chief Executive and all other direct reports to the Chief Executive.

It also monitors and evaluates the performance management process in respect to the Chief Executive and Executive Directors (and other senior employees where appropriate) while ensuring alignment with Government, Departmental priorities and local priorities.

Given the range of proposals which impact the role of non-executives, particularly around the proposals about performance pay and job evaluation. it would be necessary to ensure those non-executives would receive training and support as the system evolves.

Specifically, non-executives have expressed a view that they would need to have a better understanding of the setting and measuring of performance targets as the system moves forward. Such training would also provide greater assurance to the DoH, DoF and the Minister that payments made under a new performance management system have been robustly scrutinised to ensure value for money and public accountability.

In addition, if the recommendation that the job evaluation process becomes more transparent is accepted, a small number of non-executives will need to be trained in the evaluation scheme to the extent that they can meaningfully contribute to the oversight of the scheme and its outcomes.

Appendix 1 Pay Scales England

Small Acute NHS Trusts and Foundation Trusts (£0-£200m turnover)	Lower quartile	Median	Upper quartile
Chief Executive	£ 150,000	£ 158,000	£ 168,000
Deputy Chief Executive	£ 115,500	£ 116,000	£ 117,000
Director of Finance/Chief Finance Officer	£ 118,000	£ 125,000	£ 132,000
Director of Workforce	£ 97,000	£ 105,500	£ 114,000
Medical Directors/Chief Medical Officer	£ 155,000	£ 166,500	£ 184,000
Director of Nursing/Chief Nursing Officer	£ 106,500	£ 111,000	£ 120,000
Chief Operating Officer	£ 107,500	£ 111,500	£ 115,500
Director of Corporate Affairs/Governance	£ 75,000	£ 87,500	£ 92,500
Director of Strategy/Planning	£ 95,000	£ 105,000	£ 118,500
Director of Estates and Facilities	£ 86,000	£ 89,000	£ 105,000

Medium Acute NHS Trusts and Foundation Trusts (£200-400m)	Lower quartile	Median	Upper quartile
Chief Executive	£ 176,000	£ 186,500	£ 202,500
Deputy Chief Executive	£ 131,000	£ 140,000	£ 157,000
Director of Finance/Chief Finance Officer	£ 127,500	£ 135,000	£ 144,500
Director of Workforce	£ 104,000	£ 113,000	£ 122,000
Medical Directors/Chief Medical Officer	£ 172,000	£ 185,000	£ 199,500
Director of Nursing/Chief Nursing Officer	£ 112,500	£ 120,000	£ 126,000
Chief Operating Officer	£ 119,000	£ 127,500	£ 133,500
Director of Corporate Affairs/Governance	£ 93,000	£ 102,500	£ 106,500
Director of Strategy/Planning	£ 102,000	£ 112,500	£ 122,000
Director of Estates and Facilities	£ 102,000	£ 104,500	£ 109,000

Appendix 2 Comparison between NI and NHS England

"Established" pay ranges in Ambulance FTs and NHS Trusts

Ambulance NHS Trusts and Foundation Trusts	Lower quartile	Median	Upper quartile
Chief Executive	£ 151,000	£ 164,000	£ 188,000
Director of Finance/Chief Finance Officer	£ 120,000	£ 124,000	£ 132,000
Director of Workforce	£ 110,000	£ 111,000	£ 112,000
Medical Directors/Chief Medical Officer	£ 116,000	£ 129,000	£ 136,000
Director of Nursing/Chief Nursing Officer	£ 110,000	£ 111,000	£ 114,000
Chief Operating Officer	£ 112,000	£ 121,000	£ 122,000
Director of Strategy/Planning	£ 107,000	£ 107,500	£ 119,000

"Established" pay ranges in Community NHS FTs and NHS Trusts

Community NHS Trusts and Foundation Trusts	Lower quartile	Median	Upper quartile
Chief Executive	£ 145,000	£ 155,000	£ 167,000
Deputy Chief Executive	£ 116,000	£ 127,000	£ 127,500
Director of Finance/Chief Finance Officer	£ 114,000	£ 120,000	£ 125,000
Director of Workforce	£ 98,000	£ 108,000	£ 117,000
Medical Directors/Chief Medical Officer	£ 127,000	£ 134,500	£ 140,000
Director of Nursing/Chief Nursing Officer	£ 98,000	£ 109,000	£ 114,000
Chief Operating Officer	£ 105,000	£ 114,000	£ 117,000
Director of Strategy/Planning	£ 89,500	£ 94,000	£ 97,500

Large Acute NHS Trusts and Foundation Trusts (£400-£500m)	Lower quartile	Median	Upper quartile
Chief Executive	£ 185,000	£ 194,500	£ 212,000
Deputy Chief Executive	£ 142,500	£ 154,500	£ 186,000
Director of Finance/Chief Finance Officer	£ 138,000	£ 144,000	£ 147,500
Director of Workforce	£ 117,000	£ 123,500	£ 130,000
Medical Directors/Chief Medical Officer	£ 173,000	£ 186,500	£ 202,500
Director of Nursing/Chief Nursing Officer	£ 122,500	£ 128,500	£ 134,500
Chief Operating Officer	£ 126,000	£ 131,000	£ 145,000
Director of Corporate Affairs/Governance	£ 97,000	£ 105,000	£ 111,500
Director of Strategy/Planning	£ 107,000	£ 124,500	£ 126,000
Director of Estates and Facilities	£ 110,000	£ 111,000	£ 117,000

Extra Large Acute NHS Trusts and Foundation Trusts (£500-£750m)	Lower quartile	Median	Upper quartile
Chief Executive	£ 197,500	£ 219,500	£ 237,500
Deputy Chief Executive	£ 155,500	£ 164,000	£ 191,000
Director of Finance/Chief Finance Officer	£ 146,500	£ 158,000	£ 180,000
Director of Workforce	£ 128,500	£ 130,000	£ 150,000
Medical Directors/Chief Medical Officer	£ 191,000	£ 203,000	£ 214,000
Director of Nursing/Chief Nursing Officer	£ 135,000	£ 142,000	£ 146,000
Chief Operating Officer	£ 140,000	£ 147,500	£ 152,500
Director of Corporate Affairs/Governance	£ 101,500	£ 114,500	£ 115,000
Director of Strategy/Planning	£ 119,000	£ 137,000	£ 140,000
Director of Estates and Facilities	£ 113,000	£ 122,000	£ 133,500

Supra Large Acute NHS Trusts and Foundation Trusts (£750m+)	Lower quartile	Median	Upper quartile
Chief Executive	£ 236,000	£ 250,000	£ 265,000
Deputy Chief Executive	£ 185,500	£ 188,000	£ 195,500
Director of Finance/Chief Finance Officer	£ 166,000	£ 172,500	£ 190,500
Director of Workforce	£ 142,500	£ 155,000	£ 165,500
Medical Directors/Chief Medical Officer	£ 205,000	£ 214,000	£ 233,500
Director of Nursing/Chief Nursing Officer	£ 150,000	£ 163,500	£ 168,000
Chief Operating Officer	£ 143,500	£ 162,500	£ 174,500
Director of Corporate Affairs/Governance	£ 113,000	£ 117,500	£ 134,000
Director of Strategy/Planning	£ 135,000	£ 144,000	£ 152,500
Director of Estates and Facilities	£ 129,500	£ 137,000	£ 146,500

Senior Executive contract positions

				Supra large NHS Trusts £750m plus			Extra large NHS trust 500-750 million			Ambulance Trusts		
HSC organis	**Position**	**Band**	**Current Salary Range**	**Lwr Quartile**	**Median**	**Uppr Quartile**	**Lwr Quartile**	**Median**	**Uppr Quartile**	**Lwr Quartile**	**Median**	**Uppr Quartile**
BHSCT	Chief Executive	1	144,476-189780	236000	250000	265000						
	Deputy Chief Executive	3	92878 - 122036	185500	188000	195000						
	Executive Director Of Nursing and User Experience	4	81269-106780	150000	163500	168000						
	Director of Cancer and Specialist Services	4	81269-106780									
	Director of Human Resources and Organisational Development	3	92878 - 122036	142500	155000	165000						
	Director of Finance, Capital Planning and Estates	3	92878 - 122036	166000	172500	190500						
	Executive Director of Social Work	3	92878 - 122036									
	Director of Children's Community Services	3	92878 - 122036									
	Director of Performance, Planning and Informatics	4	81269-106780									
	Director Unscheduled and Acute Care	3	92878 - 122036									
	Director of Adult, Social and Primary Care	3	92878 - 122036									
	Director of Anaesthetics, Critical Care, Theatres, Surgery and Sterile Services	3	92878 - 122036									
	Director Mental Health & Intellectual Disability	4	81269-106780									
	Director TOR, Maternity, ENT, Dental,Gynae	4	81269-106780									
	Director Child Health & NISTAR	4	81269-106780									
	Medcal Director			205000	214000	233500						
NHSCT	Chief Executive	2	108358-142371	236000	250000	265000	197500	219500	237500			
	Director of Operations	3	92878 - 122036									
	Executive Director of Finance & Deputy Chief Executive	4	81269-106780	185500	188000	195000	155500	164000	191000			
	Executive Director of Social Work	4	81269-106780									
	Executive Director of Nursing	4	81269-106780	150000	163500	168000	135000	142000	146000			
	Director of HR, Org Dev & Corporate Communications	5	69656-91525	142500	155000	165000	128500	130000	150000			
	Medical Director											
SEHSCT	Chief Executive	2	108358-142371	236000	250000	265000	197500	219500	237500			
	Director of Elderly & Primary Care Services / Deputy Chief Executive	4	81269-106780	185500	188000	195000						
	Director of Hospital Services	4	81269-106780									
	Director of Children Services & Executive Director of Social work	4	81269-106780									
	Director of Finance/Estates	4	81269-106780	166000	172500	190500	146500	158000	180000			
	Director of Adult Services & Prison Healthcare	4	81269-106780									
	Director of HR & Corp Services	4	81269-106780	142500	155000	165000	128500	130000	150000			
	Director of Planning / Performance & Informatics	4	81269-106780				119000	137500	140000			
	Medical Director											
SHSCT	Chief Executive	2	108358-142371	236000	250000	265000	197500	219500	237500			
	Director of Human Resources & Organisational Development	5	69656-91525	142500	155000	165000	128500	130000	150000			
	Director of Finance, Procurement & Estates	4	81269-106780	166000	172500	190500	146500	158000	180000			
	Executive Director of Nursing, Midwifery and AHPs	4	81269-106780	150000	163500	168000	135000	142000	146000			
	Director of Performance & Reform	4	81269-106780	note Director of Strategy/Planning			119000	137000	140000			
	Director of Mental Health & Disability Services	4	81269-106780									
	Director of Children & Young Peoples Services	4	81269-106780									
	Director of Adult Community Services	4	81269-106780									
	Director of Surgery & Elective Care, Maternity & Women's Health and Cancer & Clinical Serices	4	81269-106780									
	Director of Medicine & Unscheduled Care Serices	4	81269-106780				191000	203000	214000			
WHSCT	Chief Executive	2	108358-142371	236000	250000	265000	197500	219500	237500			
	Director of Human Resources	5	69656-91525	142500	155000	165000	128500	130000	150000			
	Director Performance & Service Improvement	4	81269-106780	note Director of Strategy/Planning			119000	137000	140000			
	Director of Finance & Contracting	4	81269-106780	166000	172500	190500	146500	158000	180000			
	Director Acute Hospitals	4	81269-106780									
	Director Womens & Childrens	4	81269-106780									
	Director of Nursing/ Primary Care & Older People	4	81269-106780	150000	163500	168000						
	Director of Adult Mental Health & Learning Disability	4	81269-106780									
	Medical Director						191000	203000	214000			
ance Service	Chief Executive	4	81269-106780							151000	164000	188000
	Director of Workforce & Organisational Development	6								120000	124000	132000
	Director of Finance, Procurement, Fleets & Estates	6								110000	111000	112000
	Director of Safety, Quality and Improvement	6										
	Director of Planning, performance and Corporate Services	5	69656-91525							107000	107500	119000
	Director of Operations	5	69656-91525						COO	112000	121000	122000
	Clinical Response Model Project Director	5	69656-91525									

Appendix 3 Examples of problems with assimilation

Scenario 1

Senior Executive appointed to Level 3 post in June 2020 on an interim basis.
Subsequently appointed on a permanent basis to the same post in November 2021.
Calculation – Interim appointment
Salary as at 21/06/2020
(AfC 2020/21 pay circular)

AfC Band 8D - £87,754

Senior Executive Level 3 salary threshold
(2019/20 SE pay circular)

£87,545 - £116,730

10% uplift to salary on appointment to SE role £8,775.40
Salary on interim appointment £96,529.40
Calculation – Permanent appointment
In some organisations the salary is re-calculated as follows -
Salary as at 01/11/2021 if remained in AfC post
(AfC 2021/22 pay circular)

AfC Band 8D - £90,387

Senior Executive Level 3 salary threshold
(2019/20 SE pay circular)

£87,545 - £116,730

10% uplift to salary on appointment to SE role £9,038.70
Salary on interim appointment £99,425.70
The difference in approach results in a variance of £2,896.30 per annum. This
variance may increase following receipt of relevant pay award or subsequent PRP.
If the duration of interim arrangement spans a number of financial years this may,

depending on the Circulars disadvantage more experienced Senior Executives.
This variance would also exist between a Senior Executive who had been appointed on a permanent rather than interim basis in June 2020.

Scenario 2

Senior Executive appointed to Level 5 post in March 2020 on an interim basis.
Subsequently appointed on a permanent basis to the same post in December 2021.
Calculation – Interim appointment
Salary as at 28/02/2020
(AfC 2020/21 pay circular)

AfC Band 8B - £60,983

Senior Executive Level 5 salary threshold
(2019/20 SE pay circular)

£65,657 - £87,545
10% uplift to salary on appointment to SE role £6,096.30
Salary on interim appointment £67,059.30

Calculation – Permanent appointment
Where an organisation re-calculates salary
Salary as of 30/11/2021 if remained in AfC post.
(AfC 2021/22 pay circular)

AfC Band 8B - £63,862

Senior Executive Level 3 salary threshold
(2019/20 SE pay circular)

£65,657 - £87,545
10% uplift to salary on appointment to SE role £6,386.20
Salary on interim appointment £70,248.20
The difference in approach results in a variance of 3,188.90 per annum.

Scenario 3

This example refers to a Senior Executive transferring from SE T&Cs to Agenda for Change T&Cs and go back to SE T&Cs.

SE Level 4 01/06/2012 – 31/03/2019 £78,314
Appointed to AfC Band 8D 01/04/2019 £80,606.

Salary as of 05/04/2021 £90,387
10% uplift to salary on appointment to SE Level 3 role

£9,038.70

Salary on appointment to SE Level 3 06/04/2021

£99,425.70

If the same employee had moved directly from Level 4 to level 3
SE Level 4 01/06/2012 – 31/03/2019 £78,314
10% uplift to salary on appointment to SE Level 3 role

£7,831

Salary on appointment to SE Level 3
06/04/2021

£87 545 (minimum of 2019 scale)

Therefore, a Senior Executive with more Senior Exec experience would be paid £11,880 less.
This Senior Exec will also be disadvantaged if an appointment is made from the external sector with a higher current salary and offered a 10% uplift.

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Appendix 4 Recruitment Trends

EMPLOYER		2022/23						2021/22						2020/21						2019/2020					
	Number of posts	No of Applicants	No. Shortlisted	No. Interviewed	Appointed Y/N	Reasons if no Appointment	Number of posts	No of Applicants	No. Shortlisted	No Interviewed	Appointed Y/N	Reasons if no Appointment	Number of posts	No of Applicants	No. Shortlisted	No. Interviewed	Appointed Y/N	Reasons if no Appointment	Number of posts	No of Applicants	No. Shortlisted	No. Interviewed	Appointed Y/N	Reasons if no Appointment
BHSCT	1	4	1	1	Y		2	14	9	9	1	Offer rejected due to salary	1	3	3	3	y		1	5	4	4	y	
NHSCT	2	8	5	5	2	*	4	12	4	3	3	not shortlisted	0	0	0	0	0	*	2	8	2	2	2	*
SHSCT	7	36	20	14	5	no appointment ; no appointment Jd revised	3	17	10	5	3		1	3	2	2	0	No succesful outcome	1	4	4	4	y	
SEHSCT	7	20	16	12	7		0	0	0	0	0		3	8	5	4	3		3	12	5	3	2	deferred due to covid
WHSCT	1	2	1	1	1		4	9	9	9	4		2	5	5	5	2		3	10	8	6	3	
NIAS	2	4	3	3	2		0	0	0	0	0		0	0	0	0	0		3	30	18	8	2	Not successful at assessment centre level
BSO /SPPG	6	64	25	15	4	1.candidate withdrew; 2.salary not sufficient	1	1	1	1	1	*	3	14	12	12	2	Offer declined	3	20	14	9	3	*
PHA	2	10	7	4	1	not appointable	1	11	5	4	1	*	0	0	0	0	0	*	4	21	10	11	3	post withdrawn
PCC	1	6	2	1	1	*	0	0	0	0	0		0	0	0	0	0		0	0	0	0	0	
RQIA	0	0	0	0	0	*	0	0	0	0	0	*	5	22	11	9	4	nk	3	14	6	5	1	1. Post withdrawn .2. nk
NIPEC	0	0	0	0	0		1	2	2	2	1	*	0	0	0	0	0	*	0	0	0	0	0	*
NIGALA	0	0	0	0	0	*	0	0	0	0	0	*	1	3	3	3	1	*	0	0	0	0	0	
Total	29	154	80	56	23	0	16	66	40	33	14	0	16	58	41	38	12	0	23	124	71	52	16	
						342																		
Trusts only	20	74	46	36	17	0	13	52	32	26	11	0	7	19	15	14	5	0	13	69	41	27	9	0

Appendix 5

DRAFT Senior Executive Pay Scheme Northern Ireland Health and Social Care

Introduction

To be completed when the Department of Finance and Department of Health discussions are finished.

Definition

Senior Executives are those Directors who operate at the Board level and report to the Chief Executive.

Grading of Posts

Grading for Senior Executives should continue to be determined using a Job Evaluation Scheme. Currently, Korn Ferry.

Pay should continue to be dependent on job size, and salaries should be divided across 7 pay scales with 5 increments in each scale as set out below. Levels 7 and 8 of the previous schemes should be removed, although Level 1+ has been retained in case it is needed in future.

Progression should be achieved through assessed performance and agreed upon by the employer's Remuneration Committee as set out later.

Salary Scales

Salary scales should be devised by DoH, which reflects.

- A five-point scale
- A 15% spread from top to bottom.
- A clear difference and gap between the scales and the relevant AFC scales.

Assimilation

Current post holders should be assimilated to the nearest point to their current salary on the relevant scale where they do not suffer a reduction in pay.

New entrants[23]

It would be expected that new appointees to the post should start at the bottom of the scale. If they are currently holding a permanent salary higher than the bottom point, they should be offered a point closest to their current salary without suffering a detriment. No one can start a point above the maximum of the scale.

It may be necessary to recognise that there may be some issues which may also play a factor in the placing of a new appointee on a point on the scale. These could include.

- The impact of higher pension contributions arising from **joining** the HSC Pension Scheme.
- Expected and guaranteed overdue pay awards.

Proposals to offer a higher point on the scale to new appointees should be agreed with either the Chair of the Board or the Remuneration Committee before obtaining the agreement of the Department of Health, which should not be unreasonably withheld. The Department would, however, require a mini business case setting out the reasons why it is proposed to place a new entrant into a higher point on the scale.

Temporary promotions or secondments

People on temporary promotions or secondment should be treated as if they were new entrants. If they are eventually successful in obtaining that post, they should have their time in the post recognised when the starting salary is calculated.

Incremental Progression

Senior Executives should progress through the pay scales on 01 April of each year depending on performance.

Satisfactory Progression should mean the Senor Executive will move to the next point on the scale, subject to a minimum period of time in post, until they reach the top of the scale.

[23] For the purposes of determining starting salary new appointees include those who are promoted to a new post at a higher level within the same organisation.

When a Senior executive reaches the top of the scale, they should be eligible for the payment of a non-recurring, non-superannuable amount equivalent to the value of the increments, subject to affordability. The final decision regarding the award of such non-recurring bonuses will be with the Employers Remuneration Committee, which must always be within government pay policy as set by the executive/ minister and reflective of the moderation process outlined in Appendix 8.

An unsatisfactory performance rating should mean that the executive will not progress through the scales in that year and be subject to normal and proportionate processes regarding underperformance.

Performance Management

Employers, through their Chief Executives and Remuneration Committees, will ensure a robust Performance Management system based on SMART (Smart, Measurable, Achievable, Relevant and Time-bound) objectives is in place.

The objectives should not only include individual personal objectives but recognise the need for Executives to contribute to organisational and regional work, which should reflect the strategic imperatives set by the Minister or Department of Health. As with all Performance Management systems, it should also include personal development objectives which contribute to organisational success.

The Remuneration Committees will have an important role in ensuring objectives are set that match the organisational, system and ministerial needs and play an active role in ensuring the assessments of performance can be justified if scrutinised by external bodies. In addition, the system should ensure that the number of objectives is realistic.

Superior Performance

Remuneration Committees should have the ability to recognise superior performance by a team member. Such a performance rating would merit, subject to affordability, a nonrecurring, non-superannuable payment.

Any proposal to make such an award should be scrutinised by a Regional Performance Management Group established for the purpose

of monitoring the relevance of performance management awards in terms of equity and consistency.

The Performance Management scheme and awards should also be equity-proofed to ensure it does have any adverse impact based on the categories covered by equality legislation in NI.

On Call arrangements

Remuneration Committees Remuneration Committees should be empowered to reward regular periods of extended disturbance during out-of-hours periods, which for these purposes will mean any period after 8 p.m. and before 6 a.m. on weekdays and any time at weekends or during public holidays. Such provisions such be reviewed on a regular basis to ensure they are reasonable and that the reasons for call-outs are not indicative of problems within the operational management groups.

Cost of living uplifts

The Department will negotiate with the trade unions a mechanism for negotiation of future cost of living increases, which, while related to AFC, would ensure the retention of a clear gap between Bands 8 and the Senior Executive pay arrangements moving forward. Such a mechanism should not unduly delay the issue of relevant circulars authorising such cost-of-living awards.

Appendix 6

SSRB and DoH Comments on Senior Executive Pay 2010

SSRB Comment/Recommendation	DHSSPS Comment at the time
Based on the JE findings, we accept PwC's advice that posts should be allocated to 6 salary groupings.	No difficulty with 6 salary groupings but we need to have further information from PwC on the rationale for placing some of the posts in particular groupings. This may not become available until after the SSRB report has been published.
We do not consider that incremental scales are appropriate to executive roles (the current system demonstrates the drawback of open ranges)	Agree this has been demonstrated in the current system when progression through the range could take up to 15 years when based on recent pay increases.
We recommend a spot salary for each group to represent the rates for the job.	This is acceptable to the Dept and would be welcomed by the HSC.
We recommend a development range 15% below the spot salary for new appointments to allow time (no more than 3 years) to become fully competent in the role.	This should be seen as an acceptable development arrangement by the HSC.
Pay Level	
We do not consider a (salary) link to the private sector appropriate.	DFP would accept this as appropriate the HSC would expect that this is a relevant factor.

SSRB Comment/Recommendation	DHSSPS Comment at the time
We should look to recommend salaries that are competitive with the wider public sector and the local labour market.	DFP would accept this as appropriate.
It is difficult to draw like for like comparisons with GB….it may be necessary to bring overall pay levels closer to GB rates to create a broader talent pool for roles in HSC but *the case is not yet proven*.	The HSC would consider that they are in a UK wide employment pool.
Strong indications that current salary levels have a negative impact on motivation and provide a barrier to recruitment and succession planning.	Agree.
To establish: appropriate salaries for the biggest jobs in the sector that fall into the top salary group. reduce the AfC overlap for those in the lower salary groups for which AfC staff are the natural successors. establish internal differentials that reflect relative job weight. Spot salary details in **Table 3** of the report.	Agree

SSRB Comment/Recommendation	DHSSPS Comment at the time
We recommend the introduction of a self-financing annual bonus arrangement from **1 April 2010 (1st payment in July 2011)** with the following features:	
Each organisation will have a self-financing bonus pot equivalent to 5% of the senior executive pay bill.	A self-financing bonus pot is in keeping with NHS England arrangements and would be acceptable to the HSC and DFP.
Bonuses will be non-consolidated and non-pensionable.	
Bonuses will drive and reward individual and/or team performance against key strategic and financial objectives.	This is a throwback to the “Grandparent” arrangements that were in place at the time of the HPSS Management Executive.
to add focus, we suggest that there be no more than three objectives in any one year to be agreed by the Remuneration Committee (RC) and approved by DHSSPS no later than end May each year.	This dilutes the responsibilities of the Remuneration Committee and ultimately the Chair of the organisation.
DHSSPS will be responsible for assessing at year end the RC’s report on the extent to which the pre-agreed objectives have been met and, on that basis; will approve the bonus pot	The HSC would welcome a more timely annual increase.

SSRB Comment/Recommendation	DHSSPS Comment at the time
within which the RC will award individual or team bonuses. Payment should be made no later than the end of July. Executives who are paid in the development range, including those in the transitional phase (see paragraphs 29 to 31), will be eligible for bonuses if they meet the performance criteria. Executives in post for less than six months would not normally be eligible for a bonus in that financial year.	This is acceptable. This is acceptable.
Additional responsibilities	
If there are substantial changes to a role, it will be for the employer to make the case for a re-evaluation of the post.	This is similar to the existing arrangements and one recommendation that the HSC will find difficult to accept.
We recommend that subject to performance, all executives reach the relevant spot rate for the job no later than 1 April 2012. It will be for DHSSPS to determine, in consultation with Remuneration Committees, the annual steps that will	This phased implementation will go some way towards ensuring that the system is consistent with annual pay increases that do not breach the Executive's pay policy.

SSRB Comment/Recommendation	DHSSPS Comment at the time
enable them to do so, beginning, we would anticipate, with the 2009 award. Executives who accept the new pay arrangements will have access to the bonus arrangements to be implemented from 2010.	
Annual Pay Reviews	
It will be for the DHSSPS to establish clear, transparent and timely arrangements for the consideration of annual uprating to maintain the system and avoid the erosion of pay levels and relativities. Two potential indicators that could be helpful: Annual uprating for staff on AfC, Annual uprating for those senior managers in the NHS in England in SSRB's remit.	This would maintain differentials with AfC, which is essential for succession planning. This would give the benefit of an independent annual review and provide transparency.
Costs	
An uprating figure for **2009 of 2.4%** - in line with AfC and consistent with the ISP limit for 2009-10 - has been used as a basis for transition and costing these proposals.	2.4% is acceptable – this has been used in budget forecasting.

SSRB Comment/Recommendation	DHSSPS Comment at the time
Based on the 61 posts covered by this review and paybill data provided by the DHSSPS: the cost of 2009 uprating is estimated at £126,000; the additional cost over the three-year period of moving executives to the spot rates by 1 April 2012 will be some £565,000 net of on-costs and excluding annual uprating.	This represents a very modest investment in the HSC leadership group when set against the anticipated savings from restructuring of £113m over the three-year period 2007-10.

Appendix 7 Draft Terms of Reference for Job Evaluation Oversight Committee

Background.

HSC uses the Korn Ferry Job evaluation process to grade Senior executive posts. Over a period, the system has become obscure to those it impacts, and Trusts and other ALBs and Special Agencies are at times unclear for the rationale in the outcome of posts which appear to be similar in complexity and other more quantifiable metrics.

This has led to a perception of several anomalies across the system.

During the review of Senior Executive salaries in 2023, NICON and other stakeholders expressed concern that the process lacked the level of transparency that was evident, for instance, in the AFC grading process.

It was recommended that a group should be established which reflects HSC employers, the Department of Health and trade unions to enable more transparent governance and oversight of the application of the Job evaluation process.

Terms of reference

A Job Evaluation oversight group will be established to

1. provide an HSC insight into the comparative weight of jobs at the Senior Executive level.
2. support Korn Ferry in understanding the differing roles within the HSC.
3. provide a Felt Fair perspective to the workings and application of the Job Evaluation process.
4. act as a link between the Department of Health, Korn Ferry and the HSC in general on matters relating to Job Evaluation of Senior Executive roles.
5. ensure that regular reviews are undertaken of Senior Executive job evaluation outcomes at last on a quinquennial basis to ensure they reflect the changing environment and transformation which will take place within the HSC.
6. Provide assurance to the DoH and the Minister as to the appropriateness of the job evaluation scheme.

Membership of the Group

The group shall consist of

a. Three non-executive Directors from HSC organisations. 1 of which will be from a non-Trust environment. (These could be nominated from NICON.)
b. A representative from the HSC trade union grouping.
c. The Department of Health Director of Human Resources

Ideally, members will have experience in Job Evaluation techniques or be willing to attend training in the Korn Ferry scheme.

Secretariat

The Directorate of Human Resources will provide secretariat services to the group.

Appendix 8 Draft Terms of Reference for Regional Performance Management Group (Senior Executive Pay)

Background.

The proposal for a reform of Senior Executive pay includes a strong emphasis on performance. This includes a need for a satisfactory performance assessment for incremental progression and the potential for a superior performance award.

Given public concern around the system performance of the HSC, there may be a need to ensure that any performance award is subject to scrutiny and can justified not just by the employers' remuneration committees but also that awards are seen to be equitably distributed across the entire system.

Terms of Reference

A Regional Performance Management Group (Senior Executive Pay) should be established, to.

1. Provide a mechanism to give assurance to the Minister and Department of Health that the Senior Executive Performance Management system is being applied fairly and equitably across the HSC.
2. On an annual basis, review the performance awards proposals from HSC organisation for Chief and Senior Executives.
3. Where necessary and appropriate, seek explanations and evidence from employer organisations as to the basis of awards, particularly if Superior Performance awards are recommended.
4. Where necessary, ask the remuneration Committees to further reflect on its awards.
5. Ensure its work is completed within two months of the end of the financial year under review.
6. Make recommendations to the Minister and/ or Department regarding learning relating to the effectiveness of and the mechanics of the Performance Management System

Membership of the Group

The group shall consist of

- Three non-executive Directors from HSC employing organisations. One of which will be from a non-Trust environment. (These could be nominated from NICON.) Members should not have had previous involvement in the assessment of the performance of Directors or Chief Executives within their own organisation.

Secretariat

The Directorate of Human Resources will provide secretariat services to the group.

Review

The effectiveness of the Group will be reviewed every three years.