

Performance-Related Awards: Health Boards Scheme

Progress Report

Department of Health and Children

This progress report to September 2003 on the performance-related awards scheme for senior health board management has been prepared by the Committee for Performance Awards for the Health Board Scheme, in line with the recommendation in Report No. 38 of the Review Body for Higher Remuneration in the Public Sector, to contribute to the Review Body's consideration at its next general review (para 13.4).

1. Background and Context

1.1 Report No. 38 of the Review Body on Higher Remuneration in the Public Sector (September 2000) recommended the extension of a system of performance awards to senior management grades in health boards – Chief Executive Officers (CEOs) and Programme Managers.

1.2 The Review Body indicated that performance-related awards would be a highly desirable element in the total remuneration package for top-level posts in the public sector. The fundamental purpose of performance-related awards envisaged by the Review Body was to encourage excellence, both individual and collective in public sector organisations. Significant emphasis was placed by the Review Body on the role of performance-related awards in the incentivisation of work and as a means of rewarding excellence.

1.3 The introduction of a scheme of performance awards in health boards strongly supports the development of a high performing, more accountable and results driven health service consistent with the objectives of the Health Service Reform Programme. It contributes to the required strengthening of managerial capacity in the health service to achieve the goals and objectives of the Health Strategy. It will also help secure greater value for money from the substantial resources invested in the health service.

1.4 The Review Body identified the following key requirements for the performance-related awards scheme in health boards:

- a framework for the establishment and monitoring of progress in relation to a robust set of objectives;
- these objectives to be based on performance factors which are common to all health boards;

- adequate financial and management information systems to facilitate inter-health board comparison.

2 Procedures

2.1 Guidelines detailing an overall framework for the operation of the performance-related awards scheme for senior health board management were agreed with the Department of Finance and circulated to the CEO of each health board at end-October 2002. A copy of these guidelines, which are based on the principles set out by the Review Body for the successful management of performance awards systems, is attached as Appendix 1 to this report.

2.2 Under the October 2002 guidelines eligibility for participation in the scheme was extended to the health board grades of Director of Human Resources, Director of Finance and Director of Information Systems on the basis that they are an integral part of the senior management teams in health boards and will in the future fall within the purview of the Review Body.

2.3 The duration of the performance-related awards scheme for 2002 was restricted in the guidelines to a “short” year from 1 May 2002 to 31 December 2002 (8 months) with the scheme operating for a full calendar year in 2003.

2.4 The pool for performance-related awards in the health boards is 10 per cent of the overall pay bill for the grades concerned¹. This is consistent with arrangements for performance-related awards schemes generally in the public sector. In the health board scheme for 2002, a separate pool was created for each health board (including the Eastern Regional Health Authority) and the CEOs. Subject to the total awards not exceeding the 10 per cent pool limit,

¹ Including all nationally approved pay-related allowances forming part of total remuneration of the participating personnel.

individual participants can receive performance-related awards of up to 20 per cent of pay. Under these guidelines up to 70% of awards would be expected to fall into the 5%-10% range.

3. Committee for Performance Awards for the Health Board Scheme

3.1 According to the Review Body prime responsibility for the operation and integrity of performance awards systems rests with top management.

3.2 However, the Review Body stressed that monitoring arrangements are an essential part of performance-related awards systems. The Review Body therefore recommended the establishment of committees to monitor the application of schemes of performance awards, to bring independent judgement to bear in reviewing objectives for persons covered by the schemes and in approving recommendations for awards.

3.3 The Review Body specifically recommended that a Committee for Performance Awards be established to oversee the scheme of performance-related awards for the health boards. The recommended role for the Committee is as follows:

- validate objectives established for participants in the scheme;
- review self-assessments by CEOs;
- decide on performance-related payments for CEOs;
- approve recommendations made by CEOs for performance-related payments to his/her senior management team.

3.4 Hence, the Committee is responsible for monitoring and adjudicating on the awards process in the health boards. It is also responsible for setting clear guidelines and principles for the operation of the performance-related awards scheme to ensure consistency in the level of awards.

3.5 The Committee for Performance Awards for the Health Board Scheme (CPAHS) was established in February 2002. The members of the Committee are:

- Mr Michael Kelly, Secretary General, Department of Health and Children (Chair)
- Mr Michael Dempsey, Managing Director, Bristol-Myers Squibb
- Mr Denis Doherty, Director of the Health Boards Executive
- Ms Maureen Lynott, Management Consultant
- Mr Donal O'Shea, former Regional Chief Executive, Eastern Regional Health Authority

4. Work of the CPAHS

4.1 The Committee agreed that its role in respect of the 2002 scheme was to ensure that the approach adopted for the scheme was broadly consistent with the principles set out in the report of the Review Body, that the system was being applied consistently across all health boards and that the recommendations made by each CEO were reasonable in that context.

4.2 The delayed initiation of the scheme for 2002 led to the operation of the scheme on a retrospective basis. Given this context for the first year of the performance-related awards scheme in the health boards, restricted differentiation of awards was accepted by the Committee as a feature of the scheme in 2002 on an exceptional basis.

4.3 The main features of the 2002 scheme were as follows:

- each CEO submitted a report on the awards recommended in his/her board based on individual performance achieved by the relevant manager;
- the reports were based on self-assessment by each manager covering;
 - performance relative to the standards and goals set for them in the context of the Board's Service Plan and budget for 2002;
 - performance in regard to specific additional developmental goals and objectives set by/for them in the context of implementing the Health Strategy in 2002; and
 - personal contribution to relevant conjoint or national developments (e.g. in the context of strategy developments, Health Board Executive projects etc.)
- the report also included a self-assessment by the CEO of his/her own performance using the framework above.

4.4 Before finalising its recommendations for 2002 the Committee satisfied itself that the recommendations made by each CEO regarding the awards for each member of his/her management team were supported in each case by a performance review process carried out by the CEO, in line with the requirements detailed in the October 2002 guidelines.

4.5 Performance awards for 2002 were approved by the CPAHS in end-July/early-August 2003.

4.6 In approving the recommended awards for 2002, the Committee highlighted a number of issues for the ongoing development and enhancement of the performance-related awards scheme for senior health board management.

4.7 In particular the Committee's review of the 2002 submissions highlighted a number of important areas where significant improvements in the approach adopted were required in the future including:

- enhanced clarity in objective setting and measurement;
- wider span of differentiation in the level of awards;
- development of an explicit performance management framework²;
- clearer benchmarks for defining stretch performance;
- stronger linkage between objectives and priorities;
- greater uniformity and consistency of approach across boards;
- increased standardisation in assessment criteria;
- the need for a mechanism under the scheme to review performance on a uniform, standardised and objective basis, in particular in relation to the self-assessments of CEOs.

4.8 The Committee has taken a number of steps, as detailed below, in order to ensure that the issues identified by it in respect of the 2002 scheme are addressed for 2003 and future years.

4.9 A detailed framework for the design and conduct of the 2003 scheme was developed jointly by the Committee and the CEO Group, consistent with the principles specified by the Review Body, the October 2002 guidelines for the operation of the scheme and best practice generally in performance awards schemes.

² The Review Body emphasised the need to develop performance management as a key component of the performance related awards system but stressed that the establishment of such schemes should not await the creation of a "perfect" performance management system.

4.10 The 2003 Scheme for Senior Health Board Management establishes a national framework for the operation of the scheme in order to achieve a high degree of consistency in implementation across all health boards. It details the approach to be followed in the definition of objectives and for the measurement of performance by the CEO. The scheme specifies how the Committee's key requirements for the performance management system for top-tier senior health board management are to be put in place for 2004. It also makes explicit that the implementation of the agreed guidelines must lead to appropriate differentiation in the level of awards.

4.11 Clear and explicit guidelines were agreed in the scheme regarding the manner in which objectives under the scheme are set out. These included that the objectives be specific and measurable and that clear performance indicators be identified in each case, together with time frames for stretched performance. A copy of the 2003 scheme is attached as Appendix 2 to this report.

4.12 A formal performance management system is being developed for senior health board management participating in the performance-related awards scheme³.

4.13 The Committee also agreed, in the context of the work underway to develop a national performance management system, that a structured mechanism should be agreed between the Committee, the Department of Health and Children and the CEO Group which would enable the Committee to take an active role in reviewing and auditing performance in the scheme. This would apply in particular to CEOs given that other participants would be subject to review and assessment by their CEO. In this regard the health board scheme

³ The report of the Commission on Financial Management and Control Systems in the Health Service published June 2003 also highlighted the essential role of an effective performance management system for the health service.

differs from that operating in the Civil Service since the latter does not include the top-level management grade (i.e. Secretary-General).

4.14 The steps outlined above were designed to ensure that performance in the scheme can be measured in an objective manner thereby enabling the Committee to take full account of the stretched nature of the objective concerned in assessing recommended awards.

5. Statistical Analysis of 2002 Scheme

5.1 A total of 94 senior health board managers participated in the scheme of performance-related awards in 2002. Table 1 below sets out the number of participants in each of the main health board grades covered by the scheme.

Table 1

Grade*	Number of Participants**
CEO	14
Deputy CEO/Assistant CEO/Programme Manager	44
Director of Human Resources	9
Director of Finance	9
Director of Information Systems	8
Others	10
Total	94

Notes

*In order to qualify for participation in the performance-related awards scheme the post-holder, in addition to being remunerated at an appropriate Review Body level, must be a member of the senior management team

** Includes persons working in an acting-up capacity during the period

5.2 The current basic salary levels for grades participating in the performance-related awards scheme are contained in the Department of Health and Children Consolidated Salary Scales (available at www.doh.ie/publications/cssoc t02.html)

5.3 The percentage awards payable to participants in the scheme for 2002 relate to two-thirds of annual remuneration since the scheme for 2002 was introduced with effect from 1 May 2002 and covered an eight-month period (as noted above at para. 2.3).

5.4 The total awards approved by the Committee for 2002 amounted to €0.517m. Table 2 below illustrates the distribution of performance awards by organisation/group.

Table 2

Health Board/Authority/Group	Total Awards (€)*	Number of People
Chief Executive Officer Group	103,500	14
East Coast Area Health Board**	44,500	8
ERHA (Corporate)	45,500	9
Midland Health Board	29,000	6
Mid-Western Health Board	41,000	8
North-Eastern Health Board	31,500	6
Northern Area Health Board	40,500	7
North-Western Health Board	36,500	7
South-Eastern Health Board	36,500	9
Southern Health Board	34,000	6
South Western Area Health Board	36,500	6
Western Health Board	38,500	8
Total	517,000***	94

Notes

* Figure rounded to nearest €500

** Includes Eastern Health Shared Services Notes

*** Difference due to rounding

5.5 It is important to stress that table 2 above does not allow meaningful comparisons to be made between the awards in different organisations. Differences in the overall cost of awards between organisations/groups with similar numbers of people covered by the awards scheme cannot be taken as necessarily implying that there were significant differences in the percentage awards to individuals. The cost of awards in an organisation can be affected by factors other than the percentage awards to individuals.

5.6 For instance even where the percentage awards to individuals are similar, the cost of awards in an organisation with a greater number of higher paid posts will be greater. Furthermore in some organisations there were appointments or acting-up arrangements in place for posts covered by the awards scheme over the period May-Dec 2002. In such cases, awards relate to a period of less than eight months and are therefore lower in cash terms than if the award related to the full 'short' year.

5.7 Table 3 below shows the distribution of actual awards for 2002 over various ranges by comparison with CPAHS Guidelines and the Civil Service scheme. The achievement of differentiation in line with the CPAHS guidelines is a key feature of the 2003 scheme.

Table 3

Range of Awards	CPAHS Guidelines	Actual Award	Civil Service, Garda Siochana and Defence Forces
15% to 20%	very small number	n.a.	3.8%
10%+ and less than 15%	25% to 30%	24.5%	30.5%
5%+ and up to 10%	65% to 70%	75.5%	62.4%
5% or less	5% to 10%	n.a.	3.3%

5.8 The distribution of awards in cash terms is set out in table 4 following. The information contained in table 4 cannot be directly related to that contained in table 3 as some of the awards relate to a period of less than eight months. In such cases, any percentage award will yield less in cash terms than an equivalent percentage award relating to a full eight-month period.

Table 4

Range of Awards	Number of Persons
More than €10,000 and up to €13,000	2
More than €7,000 and up to €10,000	14
More than €4,000 and up to €7,000	65
€4,000 or less	13

6. Objectives for the Performance Related Awards Scheme

6.1 The Information Commissioner has ruled that objectives for individual posts constitute personal information for the purposes of the Freedom of Information Act.

6.2 The objectives adopted for senior health management in the performance-related awards scheme are set in the context of the service planning process established under the accountability legislation (Health Act, 1996). The service planning framework also encompasses conjoint and corporate national Health Strategy objectives.

6.3 Objectives adopted under the performance-related awards scheme in the health boards relate to three primary themes:

- implementation of the Health Strategy on a national basis;
- development of conjoint working between health boards; and
- achievement of corporate/board-specific priorities.

Further information is provided in section 3 of the 2003 Scheme (Appendix 2)

7. CPAHS Priorities for Development of Performance-Related Awards Scheme

7.1 A clear and explicit focus is required for the future on the role of the performance awards scheme in promoting and rewarding superior performance in the delivery of stretch objectives related to key health service priorities. The design and conduct of the scheme for 2003 builds on the lessons learned from the implementation of the 2002 scheme to support the delivery of key objectives for the modernisation of the health service, including those set out in the Health Strategy and the Health Service Reform Programme

7.2 It is a major priority for the Committee for 2004 and future years to align appropriately the timeframe for the conduct of the scheme to the calendar year.

7.3 A second main priority for the Committee is to promote, through the operation of the performance-related award scheme, the embedding of a powerful culture of performance management in the health boards. This is intended to underpin the integral role of the performance awards scheme in motivating exceptional performance by top-level health board management.

William Beausang
Secretary

**Performance-Related Awards for Chief Executive Officers and
Programme Managers and Directors of Human Resources, Finance and
Information Technology in Health Boards**

1. Background

1.1 Report Number 38 of the Review Body on Higher Remuneration in the Public Sector recommended a scheme of performance-related awards for Chief Executive Officers and Programme Managers in health boards. The Review Body in its previous Report, Number 37 (paragraph 4.35) recommended the establishment of a performance appraisal board to develop and operate a performance-related award scheme in the health boards. Both Reports recognised the need to have in place, as a pre-requisite to the introduction of a credible scheme of performance-related awards, a framework for the establishment of, and monitoring of progress in relation to, a set of robust objectives for each health board. The objectives to be based on performance factors which were common to health boards and which enabled comparisons to be made between boards as regards their respective levels of performance.

1.2 Subsequent to the publication of Report Number 38 of the Review Body, the grading level of Director of Human Resources, Director of Finance and Director of Information Technology posts in the health boards has been finalised and it has been agreed with the Department of Finance that since it is intended that these grades will in the future fall within the purview of the Review Body, they should therefore be included in the system of performance-related awards.

1.3 The Department of Health and Children and the Chief Executives of Health Boards are satisfied that the necessary pre-requisites are now in place i.e. that a framework as outlined in paragraph 1.1 above can be readily established and that there are adequate financial and management information systems in place to enable progress against objectives to be assessed for each board. Similarly, within boards, it is possible to set robust objectives and to monitor performance actually achieved by individual Programme Managers/Assistant Chief Executive Officers/Directors of Human Resources/Finance/Information Technology.

1.4 Against this background the following arrangements will apply for the introduction of a performance-related awards scheme for the grades concerned in health boards in 2002. These arrangements will be reviewed at the end of 2002 based on experience, taking account particularly of the views of the Committee for Performance Awards referred to in Section 2. below.

2. Committee for Performance Awards for the Health Board Scheme (CPAHS)

2.1 The role of the CPAHS will be to monitor and adjudicate on the awards process. The Committee will be made up of:

- Secretary General, Department of Health and Children (Chair)
- Private Sector (2)
- Director of the Health Boards Executive
- Retired CEO

2.2 The first task of the Committee will be to approve the overall framework outlined in this document for the introduction of the new performance awards scheme. Other functions for the Committee are identified in the following paragraphs.

3. Setting Objectives for each CEO/Assistant Chief Executive Officer/Programme Manager/Directors of Human Resources/Finance/Information Technology Posts

3.1 The first step in the process is the preparation of objectives for the period ahead. Performance-related awards will be based on achievements against the objectives defined.

3.2 It is envisaged that the agreed objectives for each participant in the scheme should be focused on the following three key themes:

- Implementation of the Health Strategy
- Conjoint working between health boards
- Board-specific priorities

3.3 The initial period of the awards will cover the 8-month period from 1 May 2002 to 31 December 2002. From 1 January 2003 the awards scheme will operate on a calendar basis.

3.4 The Chief Executive Officer in each health board should take responsibility for:

- Preparation of the set of objectives in respect of his/her own post
- Identification of the list of posts included in the scheme, to be submitted for approval by the Department
- Approval and sign-off of set of objectives in respect of each other post included in the scheme

- Submission of a set of objectives in respect of each post to the CPAHS on attached Form A.

3.5 The objectives set for Programme Manager/Assistant Chief Executive Officer/Director of Human Resources/Finance/Information Technology posts should reflect the outcome of discussion between each post-holder and the Chief Executive Officer in a board, leading to agreement on the priorities and level of achievement to be aimed at.

3.6 In the context of the board's own activities, the objectives agreed should be consistent with the approved Service Plan, the Health Strategy and Determination of Allocation for the period concerned. In relation to conjoint action between health boards, the objectives set should reflect the decisions of the Chief Executive Officer's collectively on the nature and extent of planned progress on particular projects in the period concerned.

3.7 Form A, to be used in defining objectives for all posts included in the scheme, is designed as an open form. While not intended to impose a strictly standard structure on the manner in which objectives are defined, the form is designed to ensure that a consistent approach is taken for all posts included in the scheme. The objectives outlined should:

- Be based on stretched performance by a fully competent person and go beyond the normal requirements of the job
- Be compatible with the long term objectives of the health system and of the health board
- Be limited to the three key areas highlighted at paragraph 3.2 above (in addition to on-going responsibilities), which should be compatible with the strategy statement¹, the board's service plan and approved budget and relevant conjoint policy documents adopted by the Chief Executive Officers of the health boards.
- Contain an indication of the relative weight of the objectives
- Indicate how success or otherwise in achieving the objectives can be assessed.

3.8 Where the Chief Executive Officer considers it appropriate, an objective assigned to an Assistant Chief Executive Officer/Programme Manager/Director of Human Resources/Finance/Information Technology could extend beyond his/her functional area, relating to the board as a whole or to a conjoint action by all health boards.

¹ Quality and Fairness, a Health System for you

3.9 When completed, Forms A should be submitted by the Chief Executive Officer concerned to William Beausang, Secretary to the CPAHS, Department of Health and Children, Hawkins House, Dublin 2. In assessing objectives, the Committee will have particular regard to whether the objectives set are sufficiently demanding and are expressed in a way that will make subsequent assessment of performance meaningful. As a general rule objectives should be clearly defined, deliverable within a clearly defined time frame and make clear the personal contribution of the post-holder to their achievement. Where developments during the assessment period lead to a significant change in the objectives set out in Form A, the CPAHS should be informed of the changes and the reasons for them.

4. Assessment of Performance

4.1 At the end of the review period, each post holder should complete a self-assessment (three pages maximum), of performance using Form B attached. The following general approach should be taken:

- A short statement should be made indicating if the normal duties of the post, including management of services in accordance with the approved service plan and approved budget were carried out effectively. This statement should make particular reference to progress achieved on planned service development within the remit of the post-holder.
- There should be a progress report on achievements by reference to each of the key objectives defined earlier, concentrating on the measures identified to assess success or otherwise, including particular reference to quantitative factors
- The individual contribution of the post-holder to the achievement of particular objectives should be clearly identified
- If there were changes in objectives during the year, a report should be given on the changes which occurred, the reasons why and the achievements against the revised objectives
- Comments should be provided, where relevant, on reasons why particular objectives were not fully achieved, e.g. factors which could not have been foreseen which affected level of achievement

4.2 While the formal assessment will take place at the end of the period, each Chief Executive Officer should undertake a mid-term review of progress on achievement of objectives, so that any difficulties arising can be identified at an early stage and corrective action taken.

4.3 In addition to performance against objectives and targets identified on Form A, awards will have regard to the contribution of post-holders outside their own portfolio, either within their own board or more generally across the health system. In particular, account will be taken of contribution to conjoint initiatives by the Chief Executive Officers of health boards, service-wide initiatives by the Department, including service-wide initiatives to support implementation of the health strategy.

4.4 Accordingly, the self-assessment by post holders should where relevant, refer to the contribution made in these areas.

4.5 Self-assessments by Programme Managers/Assistant Chief Executive Officers/Directors of Human Resources/Finance/Information Technology will be reviewed by the Chief Executive Officer concerned, who will have the lead role in reviewing self-assessments at this level and in forming a conclusion on the amount of individual awards. Recommendations by Chief Executive Officers on awards to Programme Managers/ Assistant Chief Executive Officers/Directors should be forwarded to the CPAHS for approval.

4.6 Self-assessments by Chief Executive Officers should be forwarded to the CPAHS for their consideration and for determination by the Committee of awards to Chief Executive Officers. The Committee will also ensure that overall guidelines are adhered to and that there is consistency adopted in the approach taken by all health boards. In regard to Programme Manager/Assistant Chief Executive Officer/Director of Human Resources/Finance/Information Technology awards, it is unlikely that the Committee will over-rule the proposals of Chief Executive Officers, unless the guidelines have not been adhered to.

4.7 Recommendations on awards to be made at Programme Manager/Assistant Chief Executive Officer/Director of Human Resources/Finance/Information Technology level, together with any comments on the self-assessments, should be made by the Chief Executive Officer of each health board, using Form C attached. Deadlines for submission of Forms B and C will be notified to Chief Executive Officers later.

5. Scale of Awards

5.1 The pool for performance-related awards in the health boards is 10% of the pay bill for the grades concerned, across all boards. While the pool is calculated across all health boards, it is envisaged that, apart from exceptional situations, a broadly similar percentage of the relevant pay bill will be available to each health board. Within the overall limit of 10% of the pay bill, awards of up to 20% of salary may be made to individuals.

5.2 The system of performance-related awards approved by the Government requires that there be rigorous application of awards and clear differentiation in the awards applicable to different levels of performance. The following guidelines will be applied by the CPAHS, and should be followed by Chief Executive Officers in

recommending awards for Programme Managers/Assistant Chief Executive Officers/Directors of Human Resources/Finance/Information Technology.

A. Awards of 15% to 20%

Only in the most exceptional situations where performance has surpassed all reasonable expectations and has resulted in the achievement of a major goal of the Health Board. In many years it would be expected that no one would qualify for awards of these levels and no more than a very small number of people in any year where such awards arise.

B. Awards of more than 10% and less than 15%

Only where performance has substantially exceeded the targets defined. The extent to which an award exceeds 10% should be determined by the extent to which targets were exceeded. Around 25%-30% of awards could be in this category.

C. Awards of more than 5% and up to 10%

Stretched targets have been fully met or exceeded (but not to a major degree). Relative levels of performance on persons in this category should determine where an award falls in the range but payments at the upper end of this range should arise only where targets are exceeded. Around 65%-70% of awards could be in this category but there should be a reasonable distribution of payments over the 5% to 10% range.

D. Awards of 0% to 5%

Stretched targets have not been fully met. No payment should be made where there is a failure to reach the level of performance required subject to discretion to make payments of up to 5% where demanding targets have been narrowly missed. Around 5%-10% of awards could be in this category.

5.3 It is a precondition for payment that the normal duties of the job, including the management of the Health Board, are being carried out effectively. Accordingly, no payment will be made unless the ongoing responsibilities have been performed in a fully satisfactory manner.

6. Notification of Awards

6.1 When the CPAHS has decided on the level of awards, each post holder will be informed in writing of the decision in relation to him/her. The Chief Executive Officer of the health board will also be informed of the outcome for all relevant post holders in the board. Where the Committee does not agree with a recommendation made by a Chief Executive Officer, there will be a discussion with the Chief Executive Officer concerned before a final decision is made.

7. Appointments made during the annual cycle for assessment and awards

7.1 The cycle for future years beyond 2002 will run from January to December. In any year, where an appointment to a post covered by the awards scheme is made after 1st January, the person appointed may be regarded as coming within the awards cycle for the year in question, provided the appointment is made on or before 30th June. In such a case the objectives set for the post holder and the assessment of performance should be based on the period from the date of appointment to 31st December. In the initial period, any award made should be a proportion of the amount which would have been payable if a full year had been served e.g. where six months have been served in the post up to 31st December, half the annual amount otherwise due would be payable. Where an appointment is made after 30th June the person appointed should be regarded as coming within the awards cycle commencing on 1st January of the following year. In such a case the objectives set for the post holder and the assessment of performance should be based on the period from the date of appointment to 31st December of the following year. In the initial period, any award made should be based on the full period from the date of appointment and should therefore be greater than the amount which would have been payable based on a period of twelve months e.g. where 18 months have been served up to 31st December, one and one half times the annual amount would be payable.

Form A

Scheme of Performance Related Awards for Chief Executive Officers and Programme Managers/Assistant Chief Executive Officers/Directors of Human Resources/Finance/Information Technology of Health Boards Objectives for 2003

Name: _____

Post : _____

Health Board : _____

Date Appointed : _____

Signed : _____

Date : _____

Objectives for (i) Chief Executive Officers (ii) other Senior Managers for the year from 1st January 2003 to 31st December 2003 should be described on the relevant area of this form overleaf. As set out in paragraph 3.2 of the October 2002 guidelines issued by the Committee for Performance Awards (Health Scheme) for the operation of the scheme, the objectives should clearly relate closely to the following three themes: implementation of the Health Strategy on a national basis, development of conjoint working between health boards and the achievement of board-specific priorities.

The specification of objectives should conform strictly to the above detailed (April 2003) guidelines for the operation and conduct of the Scheme. In completing the scheme the following points should be noted in particular:

OBJECTIVES: Each objective should relate clearly to National/corporate priorities and be linked to a specific theme set out in the guidelines. More than one objective can be set under each theme. However, no more than a total of 5/6 objectives should be set for any individual. The objective should be specific / explicit with a single key result/deliverable and measurable. The key result/deliverable should be expressed in concise terms. The time frame for the delivery of the key result should also be specified.

KEY MILESTONES AND PERFORMANCE INDICATORS: For each deliverable explicit milestones and clear performance indicators of stretched performance should be identified. The planned timeframe for the delivery of the key result should also be specified.

OBJECTIVES FOR CHIEF EXECUTIVE OFFICERS, 2003

LEVEL	THEME	OBJECTIVE - KEY RESULT/DELIVERABLE	KEY MILESTONES AND PEFORMANCE INDICATORS
National	<p>(1) Conjoint Working (HeBE)</p> <p>(2) Health Strategy/National and other developmental initiatives</p>		

OBJECTIVES FOR OTHER SENIOR GRADES, 2003

LEVEL	THEME	OBJECTIVE - RESULT/DELIVERABLE	KEY MILESTONES AND PEFORMANCE INDICATORS
Board	<p>(1) Corporate</p> <p>(2) Health Strategy/National and other developmental initiatives</p>		

Form B

Scheme of Performance Related Awards for Chief Executive Officers and Programme Managers/Assistant Chief Executive Officers/Directors of Human Resources/Finance/Information Technology of Health Boards

Self–Assessment for 2002

Name : _____

Post : _____

Health Board : _____

Date Appointed : _____

Signed : _____

Date : _____

A self-assessment should be made using this form. While post-holders may make the detailed assessment in the manner which is best suited to their individual position, the general approach set out in Section 4 of the guidelines issued by the Committee for Performance Awards (Health Scheme) should be followed.

Form B

Continued

**Scheme of Performance Related Awards for Chief Executive Officers and
Programme Managers/Assistant Chief Executive Officers/Directors of Human
Resources/Finance/Information Technology of Health Boards**

Self –Assessment for 2002

Form C

Scheme of Performance Related Awards for Chief Executive Officers and Programme Managers/Assistant Chief Executive Officers/Directors of Human Resources/Finance/Information Technology of Health Boards

Recommendations and Comments of Chief Executive Officer

Name of Post Holder : _____

Recommended Award € _____

The reason for the level of award recommended and comments on the self-assessment by the post-holder should be given hereunder. Chief Executive Officers should indicate if they agree or disagree with the self-assessment made and should describe fully any areas of disagreement. In specifying the reasons for the level of award recommended Chief Executive Officers should give specific examples of achievement by reference to the criteria listed on Section 5 of the guidelines issued by the CPAHS and should confirm that the normal duties of the job have been carried out effectively

Signature of Chief Executive Officer	Date

Performance-Related Awards 2003

Scheme for Senior Health Board Management

1. Context

The key principles underpinning the performance-related awards (PRA) scheme are set out in:

- (a) Report No. 38 of the Review Body on Higher Remuneration in the Public Sector, in particular
 - Establishment of stretched performance targets
 - Strong differentiation in the level of awards
 - Not an automatic add-on to basic pay
 - Not pensionable
- (b) Detailed guidance for the conduct of the scheme is set out in the guidelines circulated to all Chief Executive Officers in October 2002.

2. Framework for 2003

- 2.1** The scheme aims to achieve a high degree of consistency in implementation across all health boards.
- 2.2** The scheme aims to assess performance for all participants on an objective and transparent basis taking account of the following roles:

CEO

- Leader of Management Team and Organisation
- Conjoint work with other Chief Executive Officers
- Personal Commitments at National Level

OTHER PARTICIPANTS

- Assigned functions
- Collective achievement of Management Team
- Conjoint/Personal commitments at National Level

- 2.3** The scheme will assess performance over and above the normal requirements of the post in respect of specific defined objectives relating to roles of the participants in **2.2** with awards reflecting the degree of stretched performance in achieving them. Stretched performance to be

measured in the scheme is the degree of time, effort and commitment over and above normal working which participants demonstrate in achieving the objectives.

- 2.4** An agenda for the restructuring of health services is to be announced by Government during 2003. It is anticipated that Chief Executive Officers and their Management Teams will be expected to play a significant part in the implementation of the agenda both nationally and locally. Senior management has already demonstrated significant commitment to, and participation in major change. When the agenda is announced formally, Chief Executive Officers will engage with the Department of Health and Children (and others where appropriate) in a process to agree roles and responsibilities with a view to establishing objectives for 2003 which can be agreed jointly at both National and local level. Such objectives may result in substitution or modification of objectives initially set for 2003 – both individual and collective.

3. Proposed Scheme for 2003

- 3.1** Objectives for the scheme in 2003 will be defined using the revised *Form A* template attached.
- 3.2** Performance of each participant will be assessed in respect of:
- Individual contribution in substantive role to overall corporate performance delivering key elements of the Board's Service Plan within approved parameters and including Health Strategy and/or other developmental National initiatives
 - Personal contribution to outputs of conjoint/collaborative working, including Health Strategy and/or other developmental National initiatives, either corporately or nationally as appropriate.
- 3.3** For Chief Executive Officers, an objective(s) will also be agreed in respect of conjoint working in relation to the National Agenda with a common and specific performance in respect of achievement.
- 3.4** For other participants, a corporate objective(s) will also be agreed with a common and specific performance in respect of achievement as part of their contribution to overall board-level performance.
- 3.5** A significant proportion of performance assessment will relate to each participant's substantive role. A balanced scorecard approach will be adopted in carrying out the assessment: proposed ratings reflect emphasis for 2003.

- 3.6** The model proposed for 2003 for Chief Executive Officers and other participants is as follows:-

Model Scheme for CEOs, 2003

National 30	(1) Conjoint Working (HeBE)	20	1. Assessed centrally – Common Score
	(2) Strategy/National	10	2. Individual Score
Board 70	Finance	20	<ul style="list-style-type: none"> Assessed for own Board
	Services	20	
	Staff	15	
	Change	15	

Model Scheme for other Senior Grades

Board 30	(1) Corporate	20	1. Assessed by Chief Executive Officer – Common Score
	(2) Strategy/National	10	2. Individual Score
Substantive Role 70	Finance	*	<ul style="list-style-type: none"> Individual Score
	Services	*	
	Staff	*	
	Change	*	

- 3.7** The pool will be calculated in accordance with the Scheme

4. Measurement of Performance by CEO

4.1 Performance measurement in the scheme will be detailed and specific. Explicit milestones and key performance indicators that measure stretched performance are to be identified when setting objectives. This will underpin the accurate measurement of performance levels, and ongoing review and assessment of the personal contribution of each participant in the course of the year.

4.2 Periodic reviews and monitoring of performance to be implemented on an ongoing basis by the Chief Executive Officer. This should ensure that the outcome of the year – end assessment quantifying the extent that planned achievement and stretched performance has been delivered can be determined in a non-contentious manner.

5. Performance Management System

5.1 Work will commence on the development of a performance management system for top- tier senior health board management to be put in place for 2004. The performance management system will be consistent with the approach mapped out in *Sustaining Progress* and the *Action Plan for People Management* and draw on good practice in other sectors.

5.2 This process will be driven by the Chief Executive Officers and will involve all senior managers to whom the scheme applies. The Office for Health Management have indicated that they are prepared to take a lead role in co-ordinating this initiative working under the guidance of the Chief Executive Officers Group.

5.3 Pending the development of a formal system of performance management, Chief Executive Officers will ensure that the operation of the PRA scheme is strongly informed by a clear performance management perspective.

This embraces three distinct phases:

- *Performance Planning*, the identification of:
 - the personal contribution to the achievement of key objectives
 - clear milestones and
 - key performance indicators
- *Performance Monitoring* on an ongoing basis (including any adjustment in targets required)
- *Performance Appraisal*: where the Chief Executive Officer assesses each individual's performance, provides a commentary and makes recommendations to the CPAHS.

5.4 On going communication and dialogue between each Chief Executive Officer and each member of his/her management team should inform the conduct of all phases of the process.

5.5 The active engagement of the Chief Executive Officer with the assessment process is central to reaping the full potential of the PRA scheme as an additional dynamic mechanism for motivating and rewarding exceptional performance by senior health board management.

6. Distribution of Awards

6.1 The agreed guidelines for operation of scheme imply a “bunching” of participants between the 5%-15% award level, with the remainder of awards in the tail of a “normal” distribution. This conforms to the principle of appropriate differentiation.

6.2 While tight bunching of awards has been accepted as a feature of the scheme in 2002 following on from its delayed introduction, the committee will expect to see greater differentiation emerging in 2003 in line with the normal spread of performance levels among groups of managers in any context.

25 April 2003