



Office of the
Principal Permanent Secretary

Directive 10

THE SUBMISSION AND APPROVAL OF BUSINESS AND HR PLANS

Issued on the 11 December 2015 by the Principal Permanent Secretary in terms of the Public Administration Act and in consultation with the Ministry for Finance.

1. PURPOSE AND APPLICABILITY OF THIS DIRECTIVE

1.1 This Directive is applicable to the Public Service.

1.2 The aim of this Directive is the mandatory requirement for the preparation of three year business and HR plans, revisable annually, enabling the streamlining of procedures and processes for the formulation of business plans, and the optimisation of the HR function for enhanced effectiveness.

1.3 The Directive empowers Permanent Secretaries to create vacancies, provided that Ministries have funds available, and subject to the parameters stated below, without the need for approval from central authorities. This will enable further improvements in the efficiency and effectiveness of the HRM function within the Public Service. The Directive links with two other initiatives recently undertaken to this end:

- In terms of the PSC-regulated recruitment process, this Directive links to, and precedes the recently published Directive 9, as will be explained further below in this document. Directive 9 is aimed at the simplification of the PSC-endorsed recruitment/selection process and the renewal of fixed-term contracts, through the delegation of authority, of those parts of the process which to date still require *a priori* reference to the Public Service Commission. Directive 10 completes the delegation of the recruitment/selection process whereby line Ministries will be able to create vacancies according to the approved budget, and subsequently proceed with the recruitment procedures outlined in Directive 9.
- The separation of the operational and strategic dimensions of the HRM function, which will include a more focused approach to the development and well-being of the employee. This is being done through the establishment of the Division for Implementation, People Development, Training and Standards (IPDTS) in the Office of the Prime Minister. This division has assumed responsibility for the Employee Relationship Management Directorate (ERM), the Employee Support Programme (ESP) and the Public Administration Collective

Bargaining Unit (PACBU), previously part of the Public Administration HR Office (PAHRO), and the Training and Development Directorate within the Centre for Development, Research and Training. The Resourcing and Human Resource Management Systems (HRMS) Directorates will remain part of PAHRO. Thus PAHRO will be the central authority to audit and monitor the increasingly delegated operational dimension of Public Service HR. The new division will cover strategic HRM to ensure a quality service.

1.4 This Directive concerns the drawing up of rolling three year HR Plans as part of the Business and Financial Planning process under the Fiscal Responsibility Act (CAP. 534). Already referred to in Directive 9, the HR Plans aim to entrench a holistic approach to HR requirements through forward-planning and the prioritization of resourcing exigencies, while ensuring predictability in resourcing levels.

1.5 Apart from having the full force of the Fiscal Responsibility Act behind it, the provisions of this Directive will further simplify the recruitment process as it replaces the current piecemeal basis on which requests for recruitment are made and approved.

1.6 The authority that is being granted to Permanent Secretaries under this Directive does not cover:

- The creation of new positions (see paragraph 2.7 below)
- The creation of vacancies in particular categories of posts (see paragraph 2.8)
- The creation of vacancies in excess of the funds available to Ministries (see paragraph 2.9); and
- The grant of allowances and other perquisites (see section 3 below)

2. SUBMISSION AND APPROVAL OF THE HR PLANS AS PART OF THE BUDGETARY PROCESS

2.1 During the first quarter of each year, the Ministry for Finance will issue a circular asking line Ministries to submit three-year business and financial plans, inclusive of HR plans, renewable annually, in line with the Fiscal Responsibility Act. The plans should be strictly contained within the projected budgetary allocation stipulated in the latest Estimates for the years indicated in the circular.

2.2 The HR Plans will be submitted to the Ministry for Finance by the deadline set in the said circular. A plan for each year indicated in the circular should be submitted on the form provided with it. When preparing their HR Plans, Ministries should keep in view that the allocation under 'Personal Emoluments' for each year should cover the entire staff complement, namely staff already in place, proposed recruitment, promotions, progressions, envisaged renewal of contracts, allowances, bonuses and other perks, headships, assistant directors, as well as holders of political office, private secretariats and positions of trust.

2.3 Projected budgetary allocations for personal emoluments should cover salaries for all current and new posts and positions in each Ministry's HR plan for the whole financial year, that is from 1 January to 31 December, regardless of when vacancies are projected to be filled.

2.4 Moreover, vacancies to be filled as a result of selection processes initiated during the previous year must feature in the new HR Plan and be funded from the financial allocation of the new year. Vacancies from the preceding year for which the recruitment and selection process was not initiated should, if still required, feature in the new HR Plan and likewise be financed from the new year's allocation.

2.5 Following the necessary consideration from a budgetary perspective, the Ministry for Finance will communicate its feedback on the business and financial plan, including the HR plans, as and where required, to the line Ministry. The feedback may include amendments to the Ministry's submission. The line Ministry will have until the first week of September to endorse such feedback or make its written representations with the Ministry for Finance over any disagreements with the latter's proposals. Failure on the part of the line Ministry to reply by this deadline, will be construed as a *prima facie* agreement with the Ministry for Finance's revision.

2.6 As soon as the financial allocation for 'Personal Emoluments' for the forthcoming year in respect of each vote administered by the line Ministry is published in the annual Financial Estimates, the line Ministry should draw up a revised HR Plan for the budget year in question as per template at Annex 1 of this Directive. Subsequently, the line Ministry is to immediately send a copy of such plan to PAHRO on email address: resourcing.opm@gov.mt , copying the Ministry for Finance on email address: capbldg@gov.mt, by the end of the second week in December. It is only upon the submission of the revised HR plan to PAHRO that a line Ministry can start implementing it, ensuring compliance with the provisions applicable including those stipulated in the Fiscal Responsibility Act.

2.7 The above provisions pertain to vacancies in existing grades and positions. Where the creation of a new fixed-term position or a re-designation of an existing one is involved, the line Ministry will be required to submit a request to PAHRO on the requisite form, available on the PAHRO website: <https://opm.gov.mt/en/PAHRO/RESOURCING/Pages/Forms%20and%20Templates/Forms-and-Templates.aspx>. OPM will continue to approve the remuneration package. Upon creation, the line Ministry will be able to proceed with the recruitment process (always provided that funds are available) as soon as PAHRO communicates the approval of the creation or re-designation of the position.

2.8 Line Ministries are to adhere strictly to the approved HR Plans and budgetary allocation. However, there may be instances when the need for departures from the approved plan arises during the course of the year. Such changes can be effected without the approval of PAHRO and the Ministry of Finance *provided* the approved budgetary allocation is not exceeded when taking the full year's equivalent of the outlay on personal emoluments irrespective of the time of year when the recruitment is expected to occur (as per section 2.3 above), and subject to prevailing procedures mandating the approval of competent authorities in particular areas of HR, such as those outlined in Section 1.1(iii) and (iv) of Directive 9, and engagements in political positions of trust and private secretariats. The last two examples require OPM's *a priori* approval.

2.9 There may, however, be instances where the desired departure from the approved plan would, if implemented, entail excess of the budgetary ceiling. In such cases, the line Ministry should make a request to PAHRO. The request for the extra expenditure should be cogently explained and clearly costed and should include a statement detailing why the requested excess could not be envisaged when the HR Plans were being drawn up. A forum composed of Officers from PAHRO and the Ministry of Finance will consider the request. It will meet once a month and will reserve the right to make the necessary consultations with other competent authorities in its assessment of the request. The request can only be implemented upon approval by the said forum and, accordingly, upon written communication by PAHRO.

3. ALLOWANCES AND PERQUISITES

3.1 Unless emerging from a sectoral agreement, a performance agreement, letters of appointment on a definite assignment basis, the PSMC, or are already established by virtue of previous central approvals, requests for new allowances and perquisites are to be submitted for the consideration of the Employee Relationship Management Directorate within the IPDTS Division. Otherwise, when a remuneration package of a proposed new position comprises the award of an allowance as a perquisite (e.g. a disturbance allowance or a performance bonus), such a request is to be addressed to PAHRO on the requisite form as afore-mentioned in section 2.7 above.

3.2 Moreover, if an allowance is approved for a specific period, approval has to be sought afresh for renewals beyond the approved period.

3.3 Allowances are to be withheld immediately if the conditions for payment are no longer applicable.

4. IMPLEMENTATION

4.1 PAHRO will monitor and audit the implementation of the HR plans on a regular basis insofar as the complement and related approvals are concerned. On its part the Ministry of Finance will monitor adherence to the approved budgetary allocation.

4.2 This Directive shall come into force on **1 February 2016**, and is indefinitely applicable unless withdrawn. The interim period between the date of publication and the afore-mentioned effective date, should be used for the necessary preparations to be made for its successful implementation.

Mario Cutajar
Principal Permanent Secretary

Attached: Annex 1