

*From the Rt Hon Andrew Lansley CBE MP  
Secretary of State for Health*



POC1\_668028

Bill Cockburn, CBE TD  
Chair  
Review Body on Senior Salaries  
Office of Manpower Economics  
6<sup>th</sup> Floor  
Victoria House  
Southampton Row  
London WC1B 4AD

*Richmond House  
79 Whitehall  
London  
SW1A 2NS*

*Tel: 020 7210 3000  
Mb-sofs@dh.gsi.gov.uk*

23 DEC 2011

*Dear Bill,*

**SSRB REMIT**

As you are aware, the Chancellor of the Exchequer set out in his Autumn Statement that the Government is concerned not only with the appropriate annual uplift for each remit group, but also with ensuring that overall public sector pay systems are the most appropriate for the modern labour market. In particular, he highlighted that the Government is concerned that inappropriate differentials between public and private sector wages could hurt private sector businesses; lead to unfair variations in the quality of public services; and, reduce the number of jobs that the public sector can support for any given level of expenditure.

The Chancellor therefore wrote to you on 7 December 2011 to ask the SSRB to consider how to make pay more market-facing for NHS very senior managers. In particular, he has asked that you take into account the issues set out in Annex A. The Chancellor advised you that I would write to confirm the remit for this work. This letter sets out that remit.

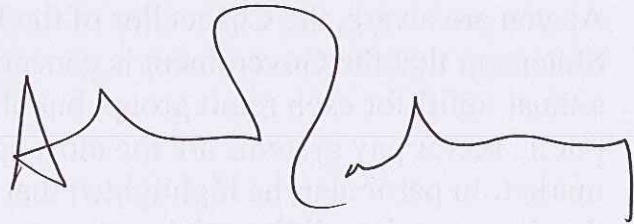
As you know, the programme of reform in the NHS means that by April 2013 the employers of very senior managers within the terms of your remit will be exclusively arms-length bodies (Special Health Authorities and Executive Non-departmental Public Bodies). A new pay framework for very senior managers in these bodies is being developed, based on job evaluation. The framework and job evaluation system does not currently recognise or provide for any local differentiation beyond the discretionary award of recruitment and retention premia so I would ask you to consider

how the pay framework can be made more flexible and responsive to local labour markets to achieve the objectives set out in the Chancellor's letter. The matters the Review Body will need to examine should include where very senior managers will be employed, whether the market for these posts is local or national and whether there are private sector employers competing for these workers. My department will provide you with the evidence it has on these issues but you will no doubt wish to seek evidence from other sources.

I should like to take the opportunity to emphasise the value that the Government and I place on the independent and expert view of the SSRB. Thank you for your work. I look forward to receiving your report in due course.

I am copying this letter to Jon Restell of Managers in Partnership and Dean Royles of NHS Employers.

Yours ever,

A handwritten signature in black ink, appearing to read 'Andrew Lansley', written in a cursive style.

**ANDREW LANSLEY CBE**



## **ANNEX A**

### **CHANCELLOR'S LETTER – ISSUES TO TAKE INTO ACCOUNT**

- the need to recruit, retain and motivate suitably able and qualified staff across the UK;
- the difference in total reward between the NHS workforce and those of similar skills working in the private sector by location – and the impact of these differences on local labour markets;
- how private sector employers determine wages for staff in different areas of the country;
- what the most appropriate areas or zones by which to differentiate pay levels should be;
- the affordability of any proposals in light of the fiscal position – these should not lead to any increase in paybill in the short or long-term;
- the need to ensure that proposals are consistent with law on equal pay;
- whether and how the new approach could be delivered within national frameworks; and
- whether proposals should apply to existing staff, or just to new entrants.

