

10 November 2010

To: Chairs

Strategic Health Authorities
NHS Foundation Trusts
NHS Trusts
Prospective Community NHS Trusts

cc: Chief Executives of same

Gateway reference: 15074

Dear chair,

Transforming Community Services: pay for senior staff in provider organisations

I am writing to confirm the governance arrangements for the pay of senior staff as primary care trusts divest themselves of the community service provider role.

In the current context of pay restraint, including the pay freeze for all public sector staff, there are some important principles that we need to establish here, not least that organisations should seek to manage the transition process in a way that does not give rise to unreasonable or unjustified pay increases, or any perceptions of such.

There are, of course, various models for the future provision of community services across the country. In each case, there must be strong governance and appropriate levels of transparency in place:

- Where the community service provider function transfers to an existing NHS trust or foundation trust, the pay of senior staff will be a matter for the remuneration committee of the trust to consider in line with its usual processes for governance of senior pay.
- Where the function is to be performed by a community NHS trust (as a precursor to that organisation applying for foundation status), the remuneration committee of the trust will be responsible for considering senior pay levels. However, in the period before foundation trust status is achieved, strategic health authorities (SHAs) will have an oversight role. The SHA remuneration committee will be required to approve pay proposals for senior staff in recognition that these new trusts are fledging organisations, and in the early days of their existence, will benefit from the considerable experience that SHA remuneration committees have developed on pay issues.

SHAs are responsible, under the Pay Framework for Very Senior Managers¹, for approving senior pay in primary care trusts, and should be guided by the levels of pay set out in that Framework (for primary care trust senior roles) when considering appropriate levels of pay for senior roles in community NHS trusts. On attaining foundation status, these organisations will assume responsibility for determining the pay of their senior staff.

As is the case for roles covered by the Pay Framework, any proposal for a salary higher than £142,500 in a community NHS trust will require the prior approval of the Chief Secretary to the Treasury.²

A handwritten signature in black ink, appearing to read 'D Nicholson', with a long horizontal stroke extending to the right.

Sir David Nicholson KCB CBE
NHS Chief Executive

¹ [Pay framework for very senior managers in strategic and special health authorities, primary care trusts and ambulance trusts: updated 2 April 2009 : Department of Health - Publications](#)

² A proposal form for the CST approval process, and advice, can be obtained by emailing VSMPay@dh.gsi.gov.uk