Senior Salaries Review Body - Market Facing Pay

Written Evidence from the Health Department for England – May 2012

Senior Salaries Review Body - Market Facing Pay

Written Evidence from the Health Department for England – May 2012

Prepared by:

NHS Pay Pensions and Employment Services
Workforce Division
External Relations Directorate
Department of Health

Contents

Executive Summary

1. The Government has made a compelling general case for market facing pay. We believe there is a strong case for this within the Agenda for Change staff groups of the NHS. This case is detailed in our evidence to the NHS Pay Review Body and attached for the SSRB at Annex E. However, at the moment, the pay for Very Senior Managers (VSMs) is different. We have reviewed the evidence and believe that these differences should continue, especially as the Arms Length Body (ALB) sector is in a state of flux and we have only just completed the inclusive development of a new pay framework for NHS VSMs that we believe will be fit for purpose for current and emerging ALBs in the NHS.

2. During this process, we considered carefully whether to include any geographical pay but decided that this was likely to increase costs without any material benefit in recruitment, retention or motivation. Our detailed reasoning for this approach is set out in our evidence. We will however keep the matter under review with the SSRB as the VSM landscape develops.

3. The evidence is clear that the majority of employers, both in the NHS and in the private sector, do not vary pay according to location for staff at these most senior levels. Moreover, because of the very small numbers of staff involved, the economic impact of VSM pay on the wider market is negligible. It is also clear that the leaders of organisations of comparable size in the private sector are paid at much higher levels and that while VSM pay is broadly competitive with pay in NHS Trusts and Foundation Trusts, it lags rather than leads the market price for senior NHS talent and does not exert any significant upwards pressure on pay in those sectors.

4. The evidence finally argues that in the unlikely event that the SSRB finds reasons for proposing market facing pay arrangements for VSMs, then for simplicity and ease of administration the DH would prefer those arrangements to be broadly consistent with those proposed for Agenda for Change staff by the NHS Pay Review Body. The DH recommend however that the relevant market for VSMs is national and that a single national scale of pay is more appropriate and that the new ALB VSM pay framework which will be introduced in early 2012 has been designed taking account of the need for market facing pay and is fit for purpose.

Background

5. The Chancellor of the Exchequer and the Secretary of State for Health have remitted the Senior Salaries Review Body (SSRB) to produce proposals for how the pay of VSMs in the NHS can be made more market facing. This request is in the context of broader Government policy towards the NHS, including the need to make savings in administrative costs of 33% and structural reform involving the abolition of Strategic Health Authorities and Primary Care Trusts and the creation of new organisations including the NHS Commissioning Board (NHS CB), Health Education England (HEE), the NHS Trust Development Authority (NTDA) and the Health Research Authority (HRA). In addition, all NHS provider Trusts will move to Foundation Trust status.

Definition of Very Senior Manager (VSM)

6. Government policy on pay determines that NHS Trusts and Foundation Trusts are free, subject to the advice of their remuneration committees and requirements for transparency, to decide the pay of their VSMs who are executive directors or Board-level equivalents paid on local terms and conditions (not Agenda for Change – AfC). VSMs employed by NHS Trusts and NHS Foundation Trusts are therefore not included within the remit of the SSRB.

7. VSMs within the remit of the SSRB are those employed by organisations which do not have freedom to set their own rates for senior pay, but over which Ministers exercise control. These currently comprise SHAs, PCTs, Special Health Authorities (SpHAs) and Ambulance Trusts. However, from 1 April 2013 SHAs and PCTs will have been abolished and Ambulance Trusts have attained or be working towards Foundation Trust status. From that time, VSMs within the remit of the SSRB will include only those employed by SpHAs and Executive Non-Departmental Public Bodies (the latter being added to the remit).

8. Annex A shows all ALBs that will exist at 1 April 2013 with information about their status as SpHAs or ENDPBs and (where appropriate) dates of establishment or abolition. Annex B includes information currently available about numbers, pay and location of VSMs employed by these ALBs.

9. During 2011/12 the DH has developed a new pay framework for VSMs in SpHAs and ENDPBs (Arms-Length Bodies – ALBs). This followed an independent expert review of the current framework (published in June 2008) which recommended that a new framework be developed based on a robust system of job evaluation. The new framework also takes account of the DH ALB reform programme and the Government's acceptance of the SSRB report on the pay of ENDPB chief executives which proposed six bands by which ALBs would be classified for determining the pay of their chief executives. The new pay framework has now been approved by Treasury Ministers and the Public Sector Pay Committee and will soon be published. A copy is attached.

10. All appointments to the new ALBs (NHS CB, NTDA, HEE and HRA) will be on the terms of the new pay framework. Existing VSMs in the other ALBs will ordinarily continue on the old pay framework. However, any new appointments in existing ALBs will be made on the terms of the new framework. Over time the majority of VSMs will be employed by the new ALBs and be subject to the new pay framework.

11. It is not possible at this stage to be very specific about the numbers, pay and locations of the VSMs in the new ALBs. In the case of Health Education England (HEE) and the NHS Trust Development Authority (NTDA), these bodies will not exist until June 2012 and their organisational structures are still in process of development. In the case of the NHS Commissioning Board (NHS CB), although it was created in "shadow" form as an SpHA on 31 October 2011, it will not assume its full responsibilities until April 2013 and its detailed structures are still being worked out. We will try to add to the information in Annex B as more details become available.

The Case for Market Facing Pay

12. It is clear that the economic impact of the pay of perhaps a few hundred VSMs is negligible in comparison with the pay of the 1.1m staff paid under AfC. Assuming average pay of around £120,000 per VSM, the total pay bill for VSMs is only 0.15% of that for AfC staff. Moreover, the VSM pay frameworks (old and new) differ from AfC in that neither has any provision for High Cost Area Supplements (HCASs). AfC provides for additions to pay for staff based in central London, outer London and the "fringe", worth (subject to minima and maxima) 20%, 15% and 5% of basic salary respectively.

13. In the course of developing the new framework, we considered carefully the need for HCASs or other forms of differentiation based on location. The advice of PwC, which we accepted, was that there was a single, national market for managers at this very senior level. Vacancies would be advertised nationally and if posts were to be advertised at lower pay because they were based outside London this would restrict the size of the recruitment pool. It was PwC's view that organisations rarely, if ever, make local adjustments to salaries at this senior level other than in respect of London weighting. PwC recommended a premium of up to £5,000 could be applied for posts in London but we decided that, at VSM pay levels, London weighting was immaterial.

14. As about half of all existing VSM posts are London based, this decision represented a hypothetical saving of up to £250,000 which we decided could be better deployed in the form of targeted RRP. The new pay framework proposes a limited delegated flexibility to pay RRP of up to 10% above the evaluated spot rate but the award of RRP is tightly controlled by the requirement for DH approval (and in some cases also approval from the Secretary of State for Health and the Chief Secretary to the Treasury). Opting for a pay framework with no element of HCAS represents a form of pay restraint for VSMs.

15. The new pay framework was developed on the basis that it should not increase the overall VSM pay bill. PwC were able to demonstrate this by evaluating all current VSM roles and showing a hypothetical overall saving of 2.29%. The pay rates in the new framework associated with the Monks Job Evaluation Scheme (JES) have been calibrated against the six pay bands that SSRB proposed for ENDPBs, which include an upper limit of £225,000 p.a. PwC also applied the evaluation tool proposed by SSRB to each ALB and demonstrated that the outcomes were consistent with the results of the JES. They also showed that the relativities between the pay of chief executives and other VSMs across all the ALBs were reasonable and consistent.

16. PwC have therefore shown that the JES is a robust and reliable way of determining VSM pay. We have compared the rates under the new framework with rates elsewhere in the NHS and believe they are set at the right level to recruit, retain and motivate staff of the high calibre necessary to manage organisations of such significant importance to the healthcare system in England.

17. It should be noted that the new VSM pay framework includes an important new flexibility. ALBs will be able to appoint and pay VSMs within a 10% range so that if ALBs are able to recruit a suitable VSM for less than the top of the range they will be able to do so within this range. This will not only result in better value for money but enable ALBs to respond better to local market conditions.

Comparisons with NHS Organisations

18. Annex C compares the new framework pay rates for the national director roles in the NHS CB with their nearest equivalents in NHS FTs and the clustered SHAs. The comparison with VSM pay in FTs is clearly important since ALBs like the NHS CB will need to compete with FTs for the best available leadership talent. The VSM pay framework therefore needs to offer competitive rates. However, VSM pay in FTs is free from Ministerial control and the result of Ministerial control over the pay of VSMs subject to the current framework has been to create a significant gap between pay in the two sectors.

19. All NHS Trusts (both FTs and non-FTs) have freedom to set local rates for VSMs. In the year to March 2010, PCT chief executives had average total earnings of £147,500. Chief Executives in non-FTs had total average earnings of £152,500 and in FTs of £164,500. Average earnings for chief executives in PCTs increased by 3.3%; in NHS Trusts by 3.8%; and in FTs by 5.1%. The corresponding figures for the year to March 2011 show that average PCT chief executive pay has fallen to £145, 261; stayed about the same for non-Foundation Trusts and fallen to £166,532 for FTs (all figures from 2011 and 2012 IDS NHS Boardroom Pay Reports).

20. It is clear that VSM pay in the sector subject to Ministerial control has increased more slowly than in the uncontrolled sector. VSMs subject to the framework had their pay frozen at April 2009 levels (and will therefore have experienced a three year pay freeze by March 2013). The VSM pay framework represents good value for money when compared with pay in NHS Trusts and in particular Foundation Trusts. Ministers clearly see VSMs over whose pay they have control as having an important role as the leaders of organisations in setting an example of pay restraint to the rest of the workforce. However, they recognise that this role tends to be permanently in tension with the need to pay the market rate to recruit the best talent and ensure effective management of hugely important organisations.

21. The pay rates within the new pay framework have not been directly benchmarked against rates in FTs (although Annex C shows that the rates for the most senior roles in the NHS CB – apart from the chief executive – appear to be competitive when compared with the closest comparators in FTs). It is unlikely that the rates payable in ALBs under the current framework have been a significant factor in determining the rates in FTs and NHS Trusts because the numbers of posts in the ALBs have been relatively few. This may change when the new ALBs are fully established. We do not believe (because of the levels at which the rates in the new framework have been set) that this will lead to any inflationary effect in pay in FTs – it is more likely to operate the other way round so that the ALBs may find it difficult to recruit in competition with FTs within the constraints of the pay framework. This is an inevitable consequence of the decision to keep VSM pay in ALBs under Ministerial control while allowing NHS FTs freedom to set their own rates.

22. The fact that NHS Trusts and FTs already operate their own local pay systems for their VSMs does of course have important implications for the case for local pay arrangements to be extended to the VSM pay framework. We have therefore carefully considered the evidence for any regional variation in the pay of VSMs in NHS Trusts and FTs. The best source of evidence is the NHS Boardroom Pay Report published

annually by Incomes Data Services (IDS) which provides fairly comprehensive information on the pay of VSMs broken down by post, Trust size and Trust type.

23. The IDS report includes the following table showing the indexed total remuneration of English Trust chief executives by region:

Region	Index
North East	119.8
South Central	103.2
London	101.7
East Midlands	101.3
All	**100**
East of England	99.7
South East Coast	98.8
North West	96.8
West Midlands	93.7
Yorkshire and the Humber	93
South West	92.1

24. This table shows that the North East is the highest paying area and the South West the lowest paying. Annex D shows this in more detail, broken down by type of post and region. It will be noted that the North East pays higher than London across every VSM position except one.

25. However, the North East also had the largest Trusts as measured by Trust income and the South West the smallest. This suggests that organisational size is a more important determinant of VSM pay than geographical location. We have therefore made a comparison across the 10 regions of NHS Hospital Trusts of similar size (based on income). The results may be summarised as follows:

Percentage Above or Below National Average for Each Band

	Average Salary Percentage variation to National Average (Based on Organisation Income)									
	Band A	**Band B**	**Band C**	**Band D**	**Band E**	**Band F**	**Band G**	**Band H**	**Band I**	**Band J**
North East	N/A	N/A	12%	N/A	N/A	19%	10%	16%	2%	4%
North West	5%	12%	-3%	-2%	-10%	7%	2%	-11%	11%	-3%
Yorkshire and the Humber	N/A	7%	-8%	-1%	N/A	2%	-3%	-9%	29%	8%
East of England	N/A	-3%	2%	-4%	-1%	N/A	1%	20%	-11%	-1%

East Midlands	N/A	3%	13%	11%	-7%	-2%	N/A	3%	N/A	-1%
West Midlands	-1%	-5%	-12%	-4%	23%	19%	-2%	-16%	-13%	-9%
South Central	-24%	-14%	6%	11%	6%	3%	-2%	4%	-13%	4%
South East Coast	17%	N/A	N/A	-26%	-8%	-14%	4%	16%	10%	-8%
South West	-12%	-5%	-5%	-4%	N/A	-11%	-9%	-17%	-4%	-13%
London	17%	N/A	-9%	6%	0%	-3%	-2%	8%	-4%	11%

Band A = Under £75 million
Band B = Between £75 million and £100 million
Band C = Between £100 million and £125 million
Band D = Between £125 million and £150 million
Band E = Between £150 million and £175 million
Band F = Between £175 million and £200 million
Band G = Between £200 million and £250 million
Band H = Between £250 million and £325 million
Band I = Between £325 million and £400 million
Band J = Over £400 million

Trend Analysis: Percentage of Bands	Above National Average	Below National Average
North East	100%	0%
North West	50%	50%
Yorkshire and the Humber	50%	50%
East of England	38%	63%
East Midlands	57%	43%
West Midlands	20%	80%
South Central	60%	40%
South East Coast	50%	50%
South West	0%	100%
London	56%	44%

26. It will be seen that the North East, even when organisations of the same size are compared, pays above the national average in every grouping, while in London there is a roughly even split of pay above and below the national average across the bandings. It is true that the Southwest is still the lowest paying area when allowance is made for organisational size. (Data is from the IDS Boardroom Report 2012 and includes NHS Trusts and NHS Foundation Trusts and covers only Chief Executive posts.) This data clearly suggests that while there is a strong correlation between organisation size and VSM pay there is no very clear relationship with location – indeed, the North East comes out as the highest paying region despite being a lower cost area. It may be that if there is a regional factor at play here it is expressed in a need to pay more to compensate for perceived disadvantages of working in a remote area that may be perceived to be less attractive to VSMs than other areas. This however is an assumption in the absence of any other obvious causal factor.

27. It is reasonable to conclude that in the NHS the freedom to set local pay rates enjoyed by NHS Trusts and FTs has not generally led to lower pay in lower cost areas (if anything the opposite is true). This supports the advice we received from PwC that there is a national market for staff at these levels. PwC have also provided evidence that this tends to be the case in the private sector also. A database of around 67,000 jobs in 300 companies shows that for salaries over about £110,000 there is no regional difference in pay. The Government itself at this stage is not asking the DDRB to propose market facing pay arrangements for doctors whose pay at consultant level is comparable to that of VSMs.

28. We recognise that the absence of significant regional variation in VSM pay in NHS Trusts and NHS Foundation Trusts does not of itself prove there is a national market for these staff (although we suggest it is a strong pointer in this direction: clearly, if NHS Trusts and FTs were able to recruit VSMs at lower rates in lower cost areas they would do so). We have therefore commissioned further work aimed at establishing the extent to which VSMs are currently recruited from non-local areas. It should be noted however that this further information will relate only to the current ALBs and the recruitment of VSMs to the new ALBs, which will in future employ the majority of VSMs, may follow a different pattern.

29. We have argued that VSMs in both the “uncontrolled” (NHS Trusts and Foundation Trusts) and “controlled” sectors (ALBs) are recruiting from the same national market for senior executives. This argument may be strengthened in the case of ALBs by the nature of the *roles* of VSMs in ALBs. While the ALBs do incorporate regional or local presences (e.g. the NHS Commissioning Board will have some 50 local offices), many of their roles are essentially *national* in nature and many of their senior staff will be highly mobile and likely to work in a range of different locations. The NHS CB in particular needs the flexibility to move VSMs around the country at short notice to areas of greatest priority and the areas of greatest need can sometimes be the most deprived and difficult areas of the country. The ALBs would be significantly disadvantaged if unable to offer national pay to staff performing national roles and being recruited from a national market – the new pay framework already imposes constraints by providing no compensation for the costs of working in London or the South East.

30. An important part of the case for introducing local variation in pay in the NHS is because of the potential for public sector pay in some areas enjoying a “premium” over private

sector pay and thus putting the private sector at a competitive disadvantage. However, this argument has little relevance in the VSM context. In the first place, the numbers of VSMs are very small so any effect on local economies would be negligible. And secondly, the levels of pay in the private sector for organisations of comparable size to those managed by VSMs in the NHS are very significantly higher. The Will Hutton Fair Pay Review, published in March 2011, emphasised the size of this gap, reporting that the share of top percentile wages earned by public sector workers has been declining and now accounts for less than one per cent of those top wages. The average total pay of a chief executive in a NHS FT with an income of between £250m and £400m is £189,411 (IDS NHS Boardroom Report 2012). The average total pay of a chief executive in a private sector listed company with turn over of between £101m and £300m is £500,000 (Will Hutton Fair Pay Review 2011).

Information on Current ALBs

31. We asked the existing ALBs for information about the numbers, pay and locations of their VSMs and the results are summarised in the attached spreadsheet. We suggest, however, that this information is of limited relevance to the issue of market facing pay for VSMs since all the VSM pay included is based on the current framework which from 1 April 2013 will apply to a small and diminishing minority of VSMs. Furthermore, RRP has been awarded to only 12 VSMs in total, including 6 in ALBs which will be abolished. The explanations for the awards of RRP mainly relate to the need to maintain pay on moving to the current framework and RRP does not seem to have been awarded as a response to local market conditions. It should be noted that of the VSM posts included, 59 are based in London and 22 elsewhere.

Total Reward

32. The SSRB requested information about "total reward" for VSMs, including the latest information about pension reform proposals. The proposed new scheme (which was published on (March 2012) retains many of the benefits of the 2008 scheme with ill health retirement benefits, partner, spouses and dependent children's pensions on the death of the member and death in service benefits remaining unchanged. There will also be retirement flexibilities enabling staff to take their pension and continue working and being members of the scheme allowing, for a flexible approach to mixing work and other commitments in the run up to retirement.

33. The main features of the new scheme are as follows:

- it is a defined benefit career average scheme;
- it has an accrual rate of 1/54th of pensionable earnings each year;
- benefits earned whilst in service will be increased annually in line with a measure of price inflation, (currently the consumer price index) plus 1.5% per annum to make some allowance for the fact that NHS pays in the long run increases by more than inflation;
- when a member retires or leaves the scheme, benefits will be revalued in line with the price index (currently CPI) only;
- when a member retires, benefits will be increased in payment in line with the price index (currently CPI);
- member's normal pension age will be the same as their State Pension Age;
- if State Pension Age changes in the future, a member's Normal Pension Age will also change. All member benefits in the new scheme will become payable from the new age;
- members will be able to opt to give up some of their pension for a tax free lump sum at the rate of £12 of tax free cash for every £1 per annum of pension given up.

34. It should also be noted that these changes will not be introduced until 2015; existing staff within 10 years of their normal pension age will be protected and all accrued rights will be protected. These features will also apply across all members of the NHS Pension Scheme including VSMs, senior managers in NHS Trusts and FTs. We consider therefore that as there is no regional differentiation to NHS pensions, the pension changes are not material in the market facing pay context.

Other Features of the Proposed New Pay Framework

35. If the pay rates within the new framework are set at the right levels (as we believe they are), there should be less need for RRP and other discretionary additions. There is some flexibility within the new framework to pay RRP of 10% above the spot rate where, exceptionally, it is not possible to recruit at the job evaluated rate but this flexibility will be carefully controlled as set out at paragraph 14 above. The new framework also incorporates a performance-related pay scheme as follows:

    - Category A: eligibility for an annual uplift, consolidated into salary plus non-consolidated bonus;
    - Category B: eligibility for an annual uplift, consolidated into salary but no bonus;
    - Category C: no annual uplift and no bonus.

36. Bonuses are currently restricted to the top 25% of performers and a maximum of 5% of basic pay.

37. The framework also provides for an additional responsibilities allowance of up to 10% of basic pay where the period of additional responsibility lasts for more than 3 months but less than 12 – after 12 months the post should be subject to formal re-evaluation.

Comparison with Senior Civil Service

38. We understand that the SSRB may wish to compare the approach being adopted for Senior Civil Service pay with that for VSMs. We are not sighted on the proposals for Senior Civil Service pay but would suggest, for the reasons set out below, that the proposals for Agenda for Change are a more appropriate comparator.

Agenda for Change Proposals

39. We have argued that the evidence points very strongly to there being currently a national market for VSMs and that any measures to restrict the recruitment pool for VSMs based on location could jeopardise the paramount aim of ensuring the best possible talent is recruited to these vital national leadership roles. In view of the small number of VSMs, and the relatively much lower rates of pay at these levels in comparison with the private sector, there do not appear to be any macro economic arguments that might conflict with this aim. We have concluded that the only conceivable basis for introducing market facing pay for VSMs would be to ensure consistency with any arrangements introduced for AfC staff – which is not the case now.

40. We suggest that if the SSRB considers that there are overwhelming reasons for market facing pay for VSMs, they should consider basing their recommendations upon whatever arrangements are proposed for AfC staff which are currently being considered by the NHS Pay Review Body. We therefore attach at Annex E a copy of the DH evidence on market facing pay to the NHS PRB.

41. The options explored in the DH NHS PRB evidence involve the introduction of one or more additional HCAS zones with the geography and value of the zones informed by staff Market Forces Factors, while retaining the scope for existing flexibilities within AfC such as RRP to deal with local and staff group specific issues. More work needs to be done to flesh out this broad direction of travel and we will ensure the SSRB is updated as more detail becomes available.

42. This model for market facing pay could be applied fairly simply to the VSM pay framework by allocating uplifts to pay (as recommended by the SSRB) to HCASs based on zones and freezing pay in other areas. It should be noted that the complexity in the AfC context of funding flows does not arise with VSMs as the ALBs are funded directly by DH and there is no equivalent of the staff MFF in the funding process. The industrial relations context is also much simpler. The union representing most VSMs, Managers in Partnership, is hardly likely to welcome the introduction of market facing pay where its members stand to be disadvantaged by it, but would no doubt support a HCAS for London-based staff.

43. In terms of implementation, the issues of affordability and pace of change that arise with AfC and are explored in the NHS PRB evidence, do not arise, or to a much smaller extent, with VSMs. It might be reasonable however, in the interests of consistency and to avoid unnecessarily large increases in pay, to adopt the same timescale for VSMs as for AfC. The VSM pay framework is not subject to a collective agreement but changes to the framework would require individual VSMs consenting to changes in their contracts of employment. No contractual changes would be required for VSMs in zones not attracting a HCAS and there would be unlikely to be any difficulty in persuading other VSMs from accepting new contracts providing them with increases in pay. The only potential complication to note here is that for any VSM still paid under the old framework at the relevant time, the change in contract would also entail moving to the new framework.

44. We would recommend that the decision to apply market facing pay arrangements only to new staff or to both new and existing staff should follow that made for AfC – while, as

noted, the pace of change argument is less relevant for VSMs, the same risks of equal pay challenge could arise if changes apply only to new staff.

Cost of Introducing Zonal Pay

45. Until further detail is available about zones and level of differentiation between them, it is not possible to make any estimates of potential costs/savings. However, it should be noted that the proposed new VSM pay framework specifically excluded the introduction of a HCAS of around £5000 per person for VSMs in London. If only 50 VSM posts in future are based in London, this still represents a potential annual saving of up to £250,000.

Annex A – ALBs at 1 April 2013

ALB	Status (subject to legislation)
NHS Commissioning Board	SpHA on 31 October 2011. ENDPB in October 2012
Care Quality Commission	ENDPB
Monitor	ENDPB. Moving to new role as sector regulator by April 2013
NHS Blood and Transplant Authority	SpHA
NHS Trust Development Authority	SpHA in June 2012
Health Education England	SpHA in June 2012. Becoming ENDPB.
National Institute for Health and Clinical Excellence	ENDPB by 1 April 2013
NHS Business Services Authority	SpHA
NHS Litigation Authority	SpHA
Human Fertilisation and Embryology Authority	ENDPB. To be abolished with functions (subject to consultation) transferred to CQC and Health Research Authority by end of Parliament (2015)
NHS Health and Social Care Information Centre	ENDPB by 1 April 2013
Health Research Authority	SpHA on 1 December 2011.Becoming ENDPB
Human Tissue Authority	ENDPB. To be abolished with functions transferred to CQC and Health Research Authority (subject to consultation) by the end of this Parliament

Annex B – VSMs at 1 April 2013

ALB	Senior Structure	Location
NHS Commissioning Board	CEO (£220,000) 9 national directors with spot rate pay from £155,000 to £175,000, 4 sector directors with estimated spot rate pay of £160,000, 50 local office directors with pay of c.£140,000. Unknown number of other VSMs in roles not yet evaluated likely to range from £90,000 to £140,000.	CEO in London and national directors split between London and Leeds. Substantial VSM presence in Leeds but also in locations throughout the country yet to be determined.
Care Quality Commission	8 VSMs – current pay as at attached Annex unless moved to new framework.	5 in London. 3 in national roles, with individuals based in Leeds, Newcastle and Bristol.
Monitor	21 VSMs currently but by 1 April 2013 Monitor will have assumed new role as sector regulator – implications for VSMs as yet unknown.	All in London.
NHS Blood and Transplant Authority	9 VSMs – current pay as at attached Annex unless moved to new framework	All in Watford apart from one in Bristol and one in Birmingham.
NHS Trust Development Authority	c.40 VSMs all on new framework. CEO spot rate £180,000. Other VSMs not yet evaluated.	CEO and c.9 national directors likely to be in London. C.30 others around country in all regions except N.E.
Health Education England	Up to c.70 VSMs all on new framework. CEO spot rate £175,000. No other roles yet evaluated.	Unknown but a presence likely in all regions.
National Institute for Health and Clinical Excellence	5 VSMs - current pay as at attached Annex unless moved to new framework.	4 in London, one in Manchester.
NHS Business Services Authority	5 VSMs - VSMs - current pay as at attached Annex unless moved to new framework.	All in Newcastle.
NHS Litigation Authority	4 VSMs - current pay as at attached Annex unless moved to new framework	All in London.
Human Fertilisation and Embryology Authority	5 VSMs - current pay as at attached Annex unless moved to new framework.	All in London.
NHS Health and Social Care Information Centre	6 VSMs - current pay as at attached Annex unless moved to new framework.	All in Leeds.
Health Research Authority	CEO spot rate £130,000. Other VSMs unknown – all on new framework.	All in London?
Human Tissue Authority	5 VSMs - current pay as at Annex B unless moved to new framework	All in London.

Annex C NHS Commissioning Board Comparators

	Spot Rate **£**	**Top FTs Maximum** **Basic £**	**Top FTs Upper Quartile** **Basic £**	**Top FTs Median** **Basic £**	**SHA Clusters** **Spot Rate £**
Chief Executive	220,000	262,500	237,500	217,500	204,048
Finance Director	170,000	182,500	163,600	147,500	153,036
Director of Performance and Operations	170,000	172,500	147,500	137,500	142,833
Medical Director	175,000	232,500	152,500	137,500	n/a
Director of Commissioning Development	165,000	n/a	n/a	n/a	n/a
Chief Nursing Officer	165,000	173,000	167,500	140,000	132,631
Director of Policy, Partnership and Corporate Development	165,000	137,500	125,000	110,000	142,833
Director of Improvement and Transformation	165,000	142,500	117,500	97,750	n/a
Director of Patient and Public Engagement, Insight and Informatics	165,000	n/a	n/a	n/a	n/a
Chief of Staff	155,000	n/a	n/a	n/a	n/a
HR Director	n/a	152,500	146,000	127,500	142,833

Annex D

Board Position	2009/10	Region - Median £per annum									
		East Midlands	East of England	London	North East	North West	South Central	South East Coast	South West	West Midlands	Yorkshire and the Humber
Chief Executive	Basic salary	167,500	162,500	157,500	195,000	160,000	155,000	157,500	145,000	162,500	162,500
	Total Remuneration	168,400	168,000	157,600	207,700	160,450	155,000	158,800	146,750	169,800	164,500
Finance Director	Basic salary	117,500	125,000	127,500	132,500	122,500	122,500	117,500	112,500	137,500	112,500
	Total Remuneration	117,700	128,350	127,500	139,000	122,500	122,500	122,500	114,500	137,500	112,500
HR Director	Basic salary	87,500	102,500	92,500	97,500	87,500	102,500	97,500	87,500	87,500	87,500
	Total Remuneration	87,500	102,500	92,500	97,500	87,500	102,500	98,500	89,500	87,500	87,500
Medical Director	Basic salary	47,500	82,500	92,500	102,500	92,500	47,500	52,500	87,500	42,500	92,500
	Total Remuneration	167,800	185,000	170,000	190,500	175,000	180,000	190,000	175,000	180,300	172,500
Nursing Director	Basic salary	105,000	105,000	100,000	120,000	102,500	90,000	102,500	97,500	97,500	110,000
	Total Remuneration	105,000	107,500	100,000	123,250	102,500	91,500	102,500	97,500	97,500	112,528
Operations Director	Basic salary	100,000	107,500	107,500	112,500	107,500	102,500	112,500	107,500	107,500	97,500
	Total Remuneration	101,200	107,500	107,500	121,400	107,500	102,500	113,050	107,500	107,500	97,500

Senior Salaries Review Body - Market Facing Pay

Board Position	2010/11	Region - Median £per annum									
		East Midlands	East of England	London	North East	North West	South Central	South East Coast	South West	West Midlands	Yorkshire and the Humber
Chief Executive	Basic salary	157,500	157,250	167,500	207,500	145,000	160,000	157,500	137,500	157,500	147,500
	Total Remuneration	157,500	160,500	167,600	209,100	148,500	160,000	158,800	137,500	160,700	147,500
Finance Director	Basic salary	117,500	125,000	132,500	125,000	112,500	117,500	120,000	112,500	127,500	107,500
	Total Remuneration	119,650	125,450	132,500	131,075	113,300	118,100	120,000	116,500	132,100	110,650
HR Director	Basic salary	97,500	99,750	97,500	107,500	95,000	93,066	107,500	92,500	82,500	92,500
	Total Remuneration	98,000	100,050	97,600	107,500	97,500	93,574	107,500	92,500	82,500	93,400
Medical Director	Basic salary	65,000	87,500	87,500	77,500	75,000	93,066	52,500	82,500	60,000	132,500
	Total Remuneration	180,100	195,000	175,000	190,550	181,150	162,500	190,000	168,750	177,500	186,300
Nursing Director	Basic salary	100,000	97,500	107,500	117,500	97,500	107,500	112,500	95,250	97,500	102,500
	Total Remuneration	100,150	98,150	107,500	125,000	97,500	107,500	112,500	97,100	100,450	103,200
Operations Director	Basic salary	102,500	107,500	117,500	137,500	107,500	97,016	112,500	100,000	100,000	97,500
	Total Remuneration	105,750	107,500	117,500	137,500	107,900	97,566	112,500	100,900	100,000	97,500

Annex E

The Government's evidence to the NHS Pay Review Body on Market Facing Pay has been published on the DH website and may be accessed at:.

http://www.dh.gov.uk/health/2012/04/market-facing-pay/