



Department
of Health

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Margaret Edwards
Acting Chair
Senior Salaries Review Body
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28th August 2014

Dear Margaret,

VSM Pay: Remit for 2015/16

Following the letter of 29th July from the Chief Secretary to the Treasury, I am writing to you to set out in more detail the SSRB's remit for VSM pay for 2015/16.

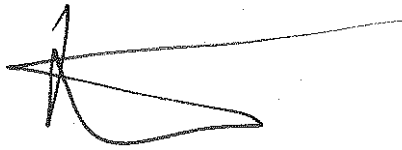
I should first wish to add my own thanks to those of the CST for the robust and independent advice that the Government receives from the SSRB on VSM pay. I can assure you that we value this advice very highly and attach considerable importance to the role of the SSRB, informed as it is by expert, impartial and independent judgement. This is true even where, as in the previous review round, we are not able to accept your recommendations.

As you are aware, the Government decided that, in order to protect patient services and numbers of front-line NHS staff, it was not able to accept the recommendations of the NHS PRB and the DDRB for a consolidated 1% increase for all staff. It has however decided that all staff within the remits of these review bodies will receive additions to their pay worth at least 1% either through incremental progression or a non-consolidated addition to pay in both 2014/15 and 2015/16. Although the decision for VSM pay was for one year only, I recognise that that decision, in the context of the Government's clear position that VSMs in ALBs should be subject to greater pay restraint than staff delivering front line services, leaves the SSRB with few options in reviewing SSRB pay for 2015/16.

The Government therefore will not ask the SSRB to make a recommendation on VSM pay for 2015/16. However, as you will be aware, we are undertaking a review of the 2012 VSM pay framework this year. We are hoping to have some emerging findings from this review available by around the end of September. At this point we would propose to invite you to comment on these findings. The terms of reference for the review are attached below. Although we will not be aiming to provide the detailed evidence that would be required to support a normal pay review round, we will provide more limited evidence to help you assess the implications of the proposed amendments to the VSM pay framework. This might include information about recruitment and retention, staff morale from ALB staff surveys and targeted information about the financial challenges facing the ALBs. However, do let us know what you might find helpful.

As always, my officials will be happy to work closely with your secretariat to ensure you have all the information you need to assist your task of providing independent input to this important review.

Best wishes,

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

DR DAN POULTER

Annex

Review of VSM Pay Framework: Terms of Reference

The 2012 VSM pay framework was designed specifically for determining VSM pay in DH ALBs. It followed an independent review of the 2006 VSM pay framework, the main recommendations of which, including the central recommendation that the framework should be based on an analytical system of job evaluation, were accepted by the Govt.

The framework was developed with specialist technical input from Price Waterhouse Coopers and in partnership with the ALBs. However, the Department believes it is now necessary to conduct a review of the framework to ensure it remains fit for purpose in terms both of its design and application. The SSRB supports the need for this review which it suggested should be wide-ranging and go beyond the consideration just of absolute levels of pay and VSM numbers.

The principles on which the current pay framework is based are set out at para 2.1 of the framework document and will remain fundamental within the context of the review. However, the review should examine the extent to which these principles have been implemented in the application of the framework and whether there is a need for additional basic principles.

Areas the review will consider will include but are not restricted to:

- Whether VSM jobs have been correctly evaluated in accordance with the framework**
- The relationship of the NHS BSA job evaluators and the ALB rem coms**
- The operation of the DH rem com, including relationships with ALB rem coms**
- The operation of the performance-related pay scheme**
- The criteria for the award of RRP**
- Migration issues**
- Options for making improvements to the framework, considering the advantages and disadvantages of each. These options will include:**
 - Possible changes to the definitions of the evaluation levels**
 - Further guidance relating to the practical use of the job evaluation system**
 - Fewer pay points/broader pay ranges**
 - Changes to the current arrangements for development pay**
 - Possible restrictions on pay increases on promotion**

The review will require specialist technical input which DH will commission through an open tender exercise. It will be taken forward in close collaboration with the ALBs. Any changes recommended by the review will be subject to approval by Ministers and by HMT. The aim will be to implement a revised and updated VSM pay framework by 31 March 2015.