



Review Body on
Senior Salaries

Forty-Fourth Annual Report on Senior Salaries 2022

REPORT No. 94

Chair: Dr Martin Read, CBE

Executive Summary

Review Body on Senior Salaries

Terms of Reference

The Review Body on Senior Salaries (previously known as the Review Body on Top Salaries) was formed in 1971 and is appointed by the Government to provide it with independent advice.

The Government wrote to us in September 2014 to confirm changes to the SSRB's terms of reference to reflect:

- The transfer of responsibility for MPs' pay, allowances and pensions from the SSRB to the Independent Parliamentary Standards Authority following the 2009 Parliamentary Standards Act.
- The addition of Police and Crime Commissioners to the SSRB's remit in 2013.
- The addition of senior police officers in England, Wales and Northern Ireland to the SSRB's remit from 2014.
- The removal of the requirement to maintain broad linkage between the remuneration of the SCS, judiciary and senior military.

The Government wrote to us in October 2020 to confirm changes to the SSRB's terms of reference to reflect:

- The addition of Very Senior Managers (VSMs) working in the NHS to SSRB's remit in 2020.¹

Our terms of reference are now as follows:

The Review Body on Senior Salaries provides independent advice to the Prime Minister, the Lord Chancellor, the Home Secretary, the Secretary of State for Defence, the Secretary of State for Health and Social Care and the Minister of Justice for Northern Ireland on the remuneration of holders of judicial office; senior civil servants; senior officers of the Armed Forces; all senior managers in the NHS²; police and crime commissioners, chief police officers in England, Wales and Northern Ireland; and other such public appointments as may from time to time be specified.

The Review Body may, if requested, also advise the Prime Minister from time to time on Peers' allowances; and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975. If asked to do so by the Presiding Officer and the First Minister of the Scottish Parliament jointly; or by the Speaker of the Northern Ireland Assembly; or by the Presiding Officer of the National Assembly for Wales; or by the Mayor of London and the Chair of the Greater London Assembly jointly; the Review Body also from time to time advises those bodies on the pay, pensions and allowances of their members and office holders.

In reaching its recommendations, the Review Body is to have regard to the following considerations:

- *the need to recruit, retain, motivate and, where relevant, promote suitably able and qualified people to exercise their different responsibilities;*
- *regional/local variations in labour markets and their effects on the recruitment, retention and, where relevant, promotion of staff;*

¹ The remit will now include all senior managers working across the NHS. Executive and Senior Managers (ESMs) working in the Department of Health and Social Care (DHSC) Arm's Length Bodies (ALBs) already fall within the SSRB remit.

² All senior managers working across the NHS. Very Senior Managers (VSMs) working in the NHS. Executive and Senior Managers (ESMs) working in the Department of Health and Social Care (DHSC) Arm's Length Bodies (ALBs) already fall within the SSRB remit.

- *Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;*
- *the funds available to departments as set out in the Government's departmental expenditure limits; and*
- *the Government's inflation target.*

In making recommendations, the Review Body shall consider any factors that the Government and other witnesses may draw to its attention. In particular, it shall have regard to:

- *differences in terms and conditions of employment between the public and private sector and between the remit groups, taking account of relative job security and the value of benefits in kind;*
- *changes in national pay systems, including flexibility and the reward of success; and job weight in differentiating the remuneration of particular posts; and*
- *the relevant legal obligations, including anti-discrimination legislation regarding age, gender, race, sexual orientation, religion and belief and disability.*

The Review Body may make other recommendations as it sees fit:

- *to ensure that, as appropriate, the remuneration of the remit groups relates coherently to that of their subordinates, encourages efficiency and effectiveness, and takes account of the different management and organisational structures that may be in place from time to time;*
- *to relate reward to performance where appropriate;*
- *to maintain the confidence of those covered by the Review Body's remit that its recommendations have been properly and fairly determined; and*
- *to ensure that the remuneration of those covered by the remit is consistent with the Government's equal opportunities policy.*

The Review Body will take account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Members of the Review Body submitting the Report are:

Dr Martin Read CBE, *Chair*
 Sir Adrian Johns KCB CBE DL
 Pippa Greenslade
 Pippa Lambert
 Peter Maddison QPM³
 Ian McCafferty CBE
 Sharon Witherspoon MBE

The Secretariat is provided by the Office of Manpower Economics.

³ Ex Officio: Chair, Armed Forces' Pay Review Body

Chapter 1

Executive summary

Overview

- 1.1 Our Report this year has been undertaken during a period of marked uncertainty. The continuing impacts of the pandemic, the war in Ukraine and disrupted global supply chains have weakened the economy. Inflation is at its highest level for 40 years and rising fast, hitting 9 per cent in April. The Government's fiscal position is under increasing pressure.
- 1.2 Working practices and labour supply have changed during the pandemic and some of these changes are likely to be permanent. The labour market in the UK is currently extremely tight, with unemployment at record lows, vacancies at an all-time high and earnings growth accelerating. It is difficult to judge to what extent the widely expected fall in demand may affect the position. The economic and financial situation generally is highly volatile.
- 1.3 The evidence we have received this year again tells us that, in terms of numbers, there are no significant recruitment and retention problems for any of our remit groups apart from the judiciary. However, there are concerns about some positions requiring specialist skills, including digital, data and procurement where there is strong demand across the economy.
- 1.4 Nonetheless, it has been a concern of the SSRB for some years as to whether our remit groups are succeeding in attracting and retaining sufficient numbers of high-quality leaders. We have recommended that measures are put in place to assess this and we continue to believe the issue needs considerably more attention. Having no vacancies does not imply everything is in order if too many senior staff are not of the right quality.
- 1.5 We recognise the case for proportionately larger pay increases for junior colleagues in years of greatest paybill constraint. However, we are conscious that for most of those in our remit groups pay has fallen in both real and relative terms for over a decade. Depressing senior pay over very long periods damages motivation and morale and lowers the attractiveness of leadership positions. Moreover, some senior managers are now paid less than those they are responsible for, which is a particular problem in parts of the senior civil service (the SCS). This can deter applicants from feeder groups from applying for promotion. The cumulative effect of restraining senior pay over long periods distorts incentives at all levels of an organisation.
- 1.6 For most of our remit group members, a sense of public service is an important element of reward. In addition, flexibility, pensions and security of employment compare extremely favourably with other sectors. However, a sustained and growing feeling of being treated unfairly is inevitably going to affect motivation and productivity and, eventually, recruitment and retention.
- 1.7 Overall, therefore, we are concerned that recruitment and retention problems could emerge quite quickly for our remit groups as has been the case with parts of the judiciary over recent years.
- 1.8 The Government has stressed to us the importance of taking affordability into account in making our recommendations. This is clearly a very important issue. Nonetheless, we have had little guidance on what affordability should mean in the specific context of each remit group, other than the budgets that departments have allocated for pay rises. We

have taken these allocations, generally of the order of 2 to 2.5 per cent, into account in our deliberations but note they were set last year in a very different economic climate.

- 1.9 Moreover, pay is but one component of a budget. In all our recent reports, we have underlined the importance of setting remuneration within the context of a wider departmental plan. We also believe that a focus on outcomes is key to an optimal reward strategy. For example, we note that the number of senior civil servants has increased by 70 per cent over the last decade, with the nominal paybill up 97 per cent. Brexit and the pandemic explain only some of this growth and we have seen no coherent plan for what the size, shape and composition of the SCS should be. A significant reduction in numbers would create material savings, some of which could be used to increase pay and incentives for a streamlined, higher-quality SCS.
- 1.10 Shortly before we completed our Report, the Government indicated its intention to reduce the overall size of the civil service, with the implication that the SCS will shrink in line with this target. We hope that, as part of this programme, there is a clear focus on how a smaller SCS will be best targeted to maximise its effectiveness and deliver priority outcomes.
- 1.11 In making our pay recommendations this year, we are mindful of the financial constraints faced by the Government and of pay settlements in the rest of the economy. We have not therefore sought to match inflation or indeed to even approach it. Nearly everyone is going to be poorer this year.
- 1.12 Nevertheless, having reviewed the evidence, we believe that a 2 to 2.5 per cent pay increase is insufficient to manage the risks to recruitment, retention and morale. It feels unreasonable after a long period of pay restraint and at a time when inflation is so high. For the SCS and senior leaders in the health service, we are, therefore, recommending a pay increase this year of 3.0 per cent and a further 0.5 per cent to address specific anomalies. For the senior military we recommend an increase of 3.5 per cent.
- 1.13 For the judiciary, we remain concerned about the continuing shortfalls in recruitment, mainly for the court-based judiciary in England and Wales and particularly for the District (Civil) Bench. We are also worried about declines in the Judicial Appointments Commission (JAC) quality ratings⁴ for many levels of appointments.
- 1.14 All those joining the judiciary do so from an external labour market of mostly highly paid individuals – barristers, advocates, solicitors, or more rarely academics – who are already well-established in their careers. They need to be positively attracted to leave their existing careers to apply to become judges. We believe the changes to the judicial pension scheme which took effect in April will help to address the recruitment difficulties but we are not convinced that they will be sufficient to fully resolve them.
- 1.15 We therefore gave serious consideration to recommending a pay increase higher than 3.5 per cent for the judiciary. However, in the end we did not do so because of new information about improved High Court recruitment and uncertainty about how far the new pension scheme’s benefits are understood by prospective applicants. We are therefore recommending a pay increase of 3.5 per cent for the judiciary, in line with our other remit groups. Nonetheless, we believe the position will need particularly careful review next year. If problems with the District (Civil) Bench continue, a differential pay rise of some kind may need to be seriously considered.
- 1.16 We have also been asked by the Home Secretary this year to make recommendations on the pay of Police and Crime Commissioners (PCCs). These are elected officials and very

⁴ Gradings are an internal assessment measure of a candidate’s performance in a particular selection exercise and against the specific criteria for that role at that time. They do not indicate performance upon appointment.

different from our other remit groups. Most PCC posts have only received a single 2 per cent pay increase since their introduction in 2012. We are recommending resetting PCC pay by applying the uplifts chief police officers have received since the last PCC elections in 2018 plus a pay increase for the current year of 3.5 per cent.

- 1.17 We do not believe it is sensible for PCC pay to be frozen over long timespans. Going forward, we recommend that in the interim periods between SSRB reviews, PCC pay should be uplifted each year in line with the increases in chief police officer pay. We also propose a simplified pay banding structure for PCCs mirroring the one expected to apply to senior police pay. This is the fifth year that the Home Office has not asked us to consider chief police officer pay, even though it falls within the SSRB's remit by legislation. Clarification of the position is long overdue.
- 1.18 Finally, we note that our Review of Fees for Non-Legal Members of Tribunals is progressing and will conclude later in the year.

Response to the 2021 Report

- 1.19 In our 2021 Report, we did not make pay recommendations because our remit groups were subject to the Government's public sector pay pause. However, we did emphasise strategic priorities for several of our remit groups, particularly:
- The pressing need for a review of the purpose, size and composition of the SCS and the implementation of a simple pay progression system.
 - A requirement to rethink senior military contracts and pay, especially in the context of the need for greater continuity and the changing life aspirations of those in the feeder groups.
- 1.20 The Government has not gone as far or as fast as we would like in developing a strategy for the SCS or introducing pay progression. We hope it will implement its proposed capability-based pay system both promptly and vigorously.
- 1.21 We strongly encourage the Review of Armed Forces Incentivisation led by Rick Haythornthwaite⁵ to rethink senior military contracts and pay to achieve an employment offer which will meet the future needs of the Armed Forces and attract the next generation of senior officers.

General themes

- 1.22 Our pay recommendations and observations this year are summarised below in the section headed Conclusions on our Remit Groups.
- 1.23 We continue to emphasise the need for a more strategic approach to reward and the importance of focusing on outcomes. The Government has endorsed this approach but has done little to translate its support into concrete action.
- 1.24 In the SCS, the Armed Forces and the NHS, we remain concerned about retaining the best people. We also have some disquiet about the extent of the talent pool in the feeder groups to senior leadership. Once again, we heard from feeder group members who had decided not to seek promotion because they did not believe that the pressures of the job and the greater accountability are matched by the rewards.
- 1.25 The motivation and fulfilment offered by public service leadership and other benefits such as flexibility, pensions and security of employment are important and need to be taken

⁵ The Armed Forces Reward and Incentivisation Review is a comprehensive review of the pay and reward of all military personnel announced in 2021 and chaired by Rick Haythornthwaite.
See: <https://www.gov.uk/government/publications/defence-in-a-competitive-age>

into account when comparing the financial rewards of the public and private sectors. We are concerned, however, that the sense of purpose offered by public sector leadership and other benefits may not be sufficient to retain the most talented individuals. In particular, the commitment to public service should not be taken for granted. It may be eroded by the pressures of successive crises, the demands of delivering more and the reduction in remuneration both in real terms and in relation to junior colleagues.

- 1.26 We heard from all our remit groups this year about action to support talent management. We are encouraged by this emphasis. The pressures of senior leadership and changing skill requirements underline the importance of the systematic development of talent. Good career development opportunities are in themselves a way to increase the attractiveness of becoming a leader in the public sector.
- 1.27 Excellent pension provision is an important feature in the overall reward of our remit group members. However, we observe increasing unhappiness over the impact of pension taxation. Sadly, for many in our remit groups pension issues appear to be a source of resentment and not appreciation. It seems clear that the changes in the 2020 Budget have not fully ameliorated this problem.
- 1.28 There have been valuable but limited improvements in pension flexibility in the SCS and the NHS which recognise the poor returns many higher-paid individuals receive from increased pension accrual. We would urge a review of the impact of the annual allowance and the lifetime allowance on affected senior public sector workforces. At present, the taxpayer's very large investment in pensions for our remit groups is not achieving the motivation and retention benefits that it should.
- 1.29 We hope that the far-reaching changes to the judicial pension scheme made by the Public Service Pensions and Judicial Offices Act 2022 will make a major contribution to alleviating the recruitment shortfalls affecting this remit group. We stress that it is essential that every effort is made to communicate the benefits of the new pension to current and potential future judges to maximise the impact on filling vacancies. However, the change in pension arrangements may not be sufficient to address the shortfalls, particularly in the District Bench. The recruitment and retention position should be carefully monitored to assess the impact of the pension changes and difficult decisions may need to be made next year.
- 1.30 In our last Report, we noted the emphasis all our remit groups placed on building a diverse and inclusive leadership cadre and culture. We observed that some have made more progress than others. This year, we have been encouraged by the purposeful intent and the specific actions we heard about from the senior judiciary, the Ministry of Justice (MoJ) and the JAC. In previous years, we have been disappointed by the lack of progress on diversity in the senior military and we note there is no improvement in the key statistics in this reporting cycle. However, we have received a commitment to a more systematic approach which we advise should include specific targets for measurement, planning and investment if it is to bring about the changes that are needed in the leadership of the Armed Forces.

Conclusions on our remit groups

Senior civil service

- 1.31 The evidence we have received this year again confirms that, in terms of numbers, the SCS does not have significant recruitment and retention difficulties. However, we remain concerned about whether the SCS is able to attract and retain leaders of the right calibre.
- 1.32 For a number of years, we have sought a strategic vision for the purpose, size and composition of the SCS. The latest data show record growth in the size of the SCS, so

that it is now 70 per cent larger than 10 years ago, with a near doubling of the nominal paybill in that time. This growth has been reactive, without a strategic focus on SCS priorities and its requisite optimal size. Moreover, it is not clear that this expansion has led to a corresponding improvement in the outcomes the SCS is there to achieve. We hope that the forthcoming SCS strategic plan will address these critical issues.

- 1.33 Shortly before our Report was finalised, the Government announced its intention to reduce the size of the overall civil service workforce to its 2016 level. We assume this includes the SCS. While we agree with the need for a smaller and more focused SCS, we urge the Government to develop a specific strategic plan that focuses on priorities, leadership and the delivery of outcomes.
- 1.34 We are encouraged by some initial action to address unwarranted internal job moves (churn) within the SCS which, it is widely acknowledged, lead to a damaging loss of institutional and specialist knowledge and jeopardise the delivery of major projects. Further measures to address excessive internal job moves would ensure a sharper focus on accountability, delivery and outcomes.
- 1.35 Since 2018, we have said that a simple pay progression system for the SCS would help to address many of these issues. We are disappointed at the slow implementation of capability-based pay progression, which the Government first committed to in 2019.
- 1.36 We welcome the increased focus on addressing poor performance in the new proposals on performance management. Performance management improvement depends on individuals having objectives linked to outcomes and we are pleased to see that alignment with overall priorities is one of the objectives of the new system. While we recognise the value of the future performance framework, we are again disappointed at the delay in implementation, especially given the clear discontent with the current arrangements.
- 1.37 We have reservations about the increasingly piecemeal approach towards addressing reward issues. Many of these mechanisms are short-term fixes which broader pay reform would make unnecessary.
- 1.38 Our priority is for an across-the-board pay increase and we recommend a pay award of 3.0 per cent for all SCS. In addition, we recommend that a further 0.5 per cent of the SCS paybill is used to increase the pay band minima and address specific pay anomalies.

Recommendation 1: As a pay award for the senior civil service (SCS) we recommend:

- An across-the-board increase for all SCS of 3.0 per cent from 1 April 2022.
- A further 0.5 per cent to increase the pay band minima and address other pay anomalies.

Recommendation 2: We recommend the following pay ranges from 1 April 2022:

- SCS pay band 1: £73,000 to £117,800.
- SCS pay band 2: £95,000 to £162,500.
- SCS pay band 3: £125,000 to £208,100.

Senior officers in the Armed Forces

- 1.39 In making our recommendations, we focus on the requirement for the senior military offer to be attractive enough to retain and incentivise sufficient numbers of highly skilled

and motivated officers. At present, there are no concerns in terms of numbers but we do have worries about whether the Armed Forces are retaining their best people. Better evidence on this issue is needed in future years.

- 1.40 We have taken into account the evidence on affordability in the context of an ambitious reform programme and a decreasing real-terms budget. However, we are also mindful of the very high level of inflation and the need to treat people reasonably.
- 1.41 We agree with the principle that there should be a minimum increase of 10 per cent in base pay for officers on promotion both to 2-star and to 3-star to incentivise promotion and reflect the large increase in responsibility, accountability and workload that comes with it.
- 1.42 We therefore make the following recommendations:

Recommendation 3: We recommend that all members of the senior military, including Medical Officers and Dental Officers (MODOs), should receive a 3.5 per cent consolidated increase to base pay.

Recommendation 4: We recommend no change to the current pay arrangements for MODOs:

- 2-star MODOs should continue to be paid 10 per cent above the base pay at the top of the MODO 1-star scale, plus X-Factor.
- 3-star MODOs should continue to be paid 5 per cent above the base pay at the top of the MODO 2-star scale, plus X-Factor.

Recommendation 5: We recommend that the minimum guaranteed increase to base pay (excluding X-Factor) on promotion from 1-star to 2-star does not fall below 10 per cent.

Recommendation 6: We recommend that the minimum guaranteed increase to base pay (excluding X-Factor) on promotion from 2-star to 3-star does not fall below 10 per cent.

- 1.43 We think it is for the Ministry of Defence (MoD) to decide what changes it needs to make to the 2-star and 3-star pay structure in order to achieve this.
- 1.44 The Armed Forces continue to face growing challenges as they seek to maintain the quality of their senior leadership. We feel that the employment offer has become outdated and less attractive to the next generation coming up through the ranks. The Review of Armed Forces Incentivisation, chaired by Rick Haythornthwaite,⁶ is now underway. This should provide the opportunity to reform the remuneration strategy and employment offer to ensure the Services are capable of attracting and retaining the future senior leaders required.
- 1.45 We think that an employment offer for the senior military is needed that:
- Provides a reasonable degree of security of employment for able officers while also allowing timely promotion opportunities for talented individuals.
 - Identifies talent early and supports its development.
 - Facilitates longer postings where appropriate.

⁶ <https://questions-statements.parliament.uk/written-statements/detail/2022-04-26/hcws787>

- Significantly increases the diversity of the senior cadre, possibly including external recruitment to some roles.
- 1.46 Any employment offer needs to be underpinned by robust data, including how far the apparent absence of recruitment and retention difficulties is masking the loss of the most skilled and talented officers. We believe it is a priority for the MoD to put in place mechanisms to provide better data on the number and quality of those leaving the senior military and the feeder group and their reasons for leaving.
- 1.47 We remain concerned that some of the X-Factor components appear to be affecting members of the senior military to a greater extent than previously. We will work closely with the MoD and the Armed Forces Pay Review Body on the next five-yearly review of X-Factor in the 2023 pay round to ensure appropriate consideration is given to whether changes are needed to the X-Factor taper for senior officers at OF5 and above.
- 1.48 Significant numbers of senior officers, including those in the feeder group, are still receiving large pension annual allowance tax charges. We ask that the MoD continues to provide data on the effect of pension taxation charges on both the remit and feeder group for future pay rounds.
- 1.49 We reiterate our view that progress on diversity remains disappointing.

The Judiciary

- 1.50 As noted in paragraph 1.13 above, the judiciary is the only one of our remit groups to show real and persistent evidence of recruitment shortfalls. These exist mainly for the court-based judiciary in England and Wales. Shortfalls are largest at the District (Civil) Bench where they have grown over the last few years. Last year, only a third of District (Civil) vacancies were filled. Shortfalls also continue at the Circuit Bench, though these have not worsened recently. Until May 2022, there were vacancies at the High Court but we were informed shortly before completion of this Report that the High Court is now at full complement.
- 1.51 The ‘quality’ of applications in England and Wales, as judged by the JAC’s ratings of candidates selected for appointment, has fallen over time, again particularly for the District Bench. While we recognise the limitations of these ratings, the size of the changes is, we believe, significant enough to be a concern.
- 1.52 The new judicial pension scheme, which was implemented in April this year, significantly enhances judges’ total net remuneration⁷, although the effect varies by level of judge and by individual. We encourage continued efforts to explain the new pension scheme to current judges and prospective applicants to ensure that the MoJ gets the maximum return in recruitment terms for the taxpayer’s investment in judicial pensions.
- 1.53 Consistent pay across the United Kingdom and between different types of judges at the same ‘level’ is one of the principles the judiciary has stressed to us and which we consulted on and put in place in the 2018 *Major Review of Judicial Salary Structure*⁸. However, this principle comes with costs. The labour markets from which the judiciary are recruited vary widely by geographic region and court level. When money is limited, it may make sense to focus it on areas seeing significant recruitment problems, rather than spreading it across the whole judiciary, parts of which have no recruitment difficulties. That would require a consideration of the balance between the costs and benefits of the “consistency” principle, better labour market evidence than we have this year, and more

⁷ Total net remuneration is take-home pay plus the value of any accrued pension

⁸ <https://www.gov.uk/government/publications/major-review-of-the-judicial-salary-structure-2018>

information about the effects of the pension changes and any other improvements to non-pay issues.

- 1.54 Given the need for better evidence, we are not recommending a differential increase between different categories of judges this year. However, if the situation is not improved next year, we believe the SSRB should be tasked with considering a differential recommendation for District Judges and should be given stronger evidence about labour market rates on which to make a decision.
- 1.55 Taking all the above into account, the evidence given to us on affordability and the high level of inflation, we recommend an increase of 3.5 per cent for the judiciary this year.

Recommendation 7: We recommend a pay increase of 3.5 per cent from 1 April 2022 for all members of the judiciary.

- 1.56 The MoJ, judicial offices and other stakeholders have improved their data since the Major Review. We welcome this and encourage further developments.
- 1.57 We note that the JAC, in agreement with the MoJ, will not be pursuing further data on the pre-appointment earnings of applicants that we requested in the Major Review. We look forward to working with the MoJ on alternative sources for these data in time for the next Major Review, as the relative attractiveness of judicial posts to practitioners remains an important question. We also ask Northern Ireland and Scotland to consider this issue and hope they will provide data on the quality of applications they receive. We understand the limitations of the data provided by the JAC but still feel they provide useful insight.
- 1.58 We received a number of requests this year to regrade various posts or provide leadership allowances. We stand by the 2018 Major Review and its methodology, though there may be individual cases where new re-grading should be considered. However, we believe that it is more appropriate to deal with re-gradings during Major Reviews.
- 1.59 Leadership allowances should not necessarily require SSRB involvement but should involve the senior judiciary taking a view in their own leadership capacity and using the framework laid out by the Leadership Review in 2020.⁹ If agreed with the MoJ, these leadership allowances can be implemented between Major Reviews.
- 1.60 We understand the concerns of the Lady Chief Justice that Northern Ireland Coroner pay is below that of their counterparts in Great Britain. Coroners are not within our remit group, as their pay is set by local authorities in England and Wales, so we are not able to make a recommendation. We would, however, observe that this is an important issue that the MoJ and the Northern Ireland government should consider examining.
- 1.61 We encourage further modernisation of court processes, recognising that responsibility here is split between the MoJ and the judiciary itself. We welcome continued consideration of which procedures can be more efficiently held online without compromising fairness and note the importance of better IT to make this possible. We continue to note the evidence on the poor condition of the court estate and its effects on recruitment.
- 1.62 We have heard new evidence this year that an increasing proportion of civil cases in England and Wales relate to family law. This does not always match the experience or inclination of civil judges. We would welcome steps to investigate and quantify this mismatch and consider how to address it.

⁹ Accenture, Judicial Pay Grading and Leadership Allowances Review, final report, April 2020, unpublished

Senior leaders in the NHS in England

- 1.63 The recruitment data available to us suggest that leadership posts can usually be filled and we do not have evidence of significant retention problems. However, we are mindful that senior health leaders received no pay award last year and that a large number could retire early. While we note the problems of affordability, we are also conscious of the very high level of inflation. We have taken all these factors into account in making our pay recommendations this year.
- 1.64 We are recommending that an element of the paybill increase is used to address anomalies, particularly to ameliorate the erosion of the differential with the top of Agenda for Change (AfC) band 9 and to make it easier to facilitate the introduction of the new VSM pay framework.
- 1.65 We have concluded that a prudent approach is being adopted in the proposed new pay framework for VSMs and any increase to the overall paybill should be relatively modest. Moreover, any increase should generate significant benefits in terms of the maintenance of effective leadership. We believe that these benefits should offset or exceed the cost of any paybill increase.
- 1.66 In general, we believe the salary ranges for VSMs within Integrated Care Boards (ICBs) have been set at appropriate levels relative to those that apply to trusts.¹⁰ The levels of pay should enable movement from trusts and from other relevant parts of the public sector, particularly local government. However, we suggest this matter is subject to further review after the Integrated Care Systems (ICSs) become formally established.¹¹
- 1.67 Some of the adjustments and potential increased costs in the draft VSM pay framework are justified by virtue of equity considerations as there will be less scope for inappropriate variation between board roles. Others should enhance leadership stability and enable the deployment of relevant expertise into challenged organisations. If applied effectively, significant direct expenditure associated with leadership churn will be avoided and the substantial costs which often occur as organisational turnaround takes place will be reduced.
- 1.68 We believe NHS England and Improvement is right to highlight the risk of loss of a significant number of very experienced leaders and to propose new options including retention awards which should have a positive impact. It should be noted, however, that many other factors, beyond pay, affect morale and due attention should be given to these.
- 1.69 We stress that the pay structures for senior health leaders should enable easy movement between ESM and VSM positions. We expect this to become even more important as talent management programmes expand. We would like to receive evidence next year on how pay structures can better facilitate a single leadership cadre which is effective at both system and organisational levels.
- 1.70 It is essential that there should be full and reliable data on comparable VSM and ESM roles, on movement between NHS organisations and ALBs, and on where newly appointed VSMs and ESMs have previously worked. We look forward to receiving these for our next report.

¹⁰ The Health and Care Act 2022 places Integrated Care Systems (see next footnote) on a statutory footing and provides for each one to be led by an Integrated Care Board which has responsibility for NHS functions and budgets, and an Integrated Care Partnership (ICP), a statutory committee bringing together all system partners to produce a health and care strategy.

¹¹ Integrated system working involves the removal of traditional divisions between hospitals and family doctors, between physical and mental health, and between the NHS and council services.

- 1.71 We would like confirmation that there are no senior leaders paid less than the AfC band 9s whom they manage. Remuneration of leadership roles should reflect the step-change in challenge, complexity and accountability on promotion.
- 1.72 We welcome the provision in the draft VSM pay framework for a non-consolidated salary uplift of up to 15 per cent to incentivise moving to the most challenged systems or organisations.
- 1.73 Pay is not the only consideration affecting the attractiveness of roles in challenged organisations. Encouragement and recognition for those undertaking them should also include support such as coaching and mentoring. Experience of them should be valued as potentially enhancing individuals' fitness for other senior posts.
- 1.74 We note that financial reward should be consistent with performance. We would encourage accompanying the changes in the pay framework with other relevant initiatives such as purposeful appraisal, performance review and accountability arrangements where these do not currently exist.
- 1.75 We observe that effective local decision-making needs to be supported by relevant national analysis and guidance. This would confirm roles where targeted pay may be merited in light of national or local market conditions. We would also observe that medium-term and sustainable solutions will depend on enhanced talent management programmes. More could be done through senior pay arrangements to support future talent management programmes.
- 1.76 It is vital that action is taken to support local remuneration committees, including the selection of appropriate members and enhanced training and development.
- 1.77 Exposure to very large annual and lifetime allowance tax bills, particularly on promotion to ESM or VSM, means that, despite the excellent NHS pension scheme, pensions can be a source of resentment for many health leaders. Fewer than half of the highest-paid VSMs are members of the NHS pension scheme. Corrective action is needed. This should include ensuring that thorough, accurate and timely advice is available to health leaders, particularly when considering promotion opportunities. There are actions that employers can take locally to support VSMs and ESMs affected by the pension annual allowance or who have exceeded their lifetime allowance.
- 1.78 Arrangements for the remuneration of medical directors should also acknowledge and mitigate the risks of very significant pension-related taxation charges. It is unreasonable to expect a medical director to accept this as a by-product of transfer from one framework to another and the possibility should be addressed through clear and timely advice to prospective medical directors.

Recommendation 8: As a pay award for Very Senior Managers (VSMs) and Executive and Senior Managers (ESMs) we recommend:

- An across-the-board increase of 3.0 per cent for all VSMs and ESMs from 1 April 2022.
- A further 0.5 per cent to ameliorate the erosion of differentials and facilitate the introduction of the new VSM pay framework.

Recommendation 9: In finalising the pay framework for VSMs, we recommend the development of criteria to determine when:

- An additional 15 per cent of pay may be awarded to those asked to work in the most challenged systems or organisations.
- An additional 10 per cent award for those taking on temporary extra responsibilities should be available.
- Retention pay should be available.

Recommendation 10: We recommend that NHS England and Improvement (NHSE/I) keeps under review data on when additional payments are used and their impact on retention, duration in post and rates of churn of leaders.

Recommendation 11: We recommend further detailed work is undertaken to bring greater coherence to medical directors' pay with the full involvement of those in these roles.

Recommendation 12: We recommend that NHSE/I keeps under review data on when additional payments are used and their impact on retention, duration in post and rates of churn of leaders.

Police and Crime Commissioners

1.79 This is our first review of Police and Crime Commissioner (PCC) pay since 2018. The scope and responsibilities of this elected role have grown significantly since then. Our focus is to set pay at an appropriate level that reflects both the current nature of the role and broader trends in public sector pay. We also address how to deal with future pay reviews, noting the problems that have arisen through the lack of an annual pay review mechanism for this group.

1.80 We are recommending resetting PCC pay by applying the uplifts chief police officers have received since the last PCC elections in 2018 plus a pay increase for the current year. We believe that our recommendations will put PCC pay on a sensible and sustainable footing and help to ensure that the role is attractive to a diverse range of candidates in future.

1.81 While we recognise that the scope of the role varies by police force size, as well as other local and demographic factors, we conclude that the current five pay bands imply more differentiation between PCCs than is reflected in their roles, as most responsibilities are common to all areas. We therefore recommend that the PCC pay structure is reduced to three pay groups.

Recommendation 13: We recommend that Police and Crime Commissioners (PCCs) move to three pay groups, in line with the proposals for chief constables from 1 May 2022.

1.82 Unlike all comparable groups, PCCs have not had annual pay reviews and have only received one 2 per cent pay uplift since the role was introduced in 2012. This means that their relative pay has fallen significantly compared to other roles and has moved out of line with the principles that informed the first pay recommendations.

Recommendation 14: We recommend the following salary levels for PCCs from 1 May 2022:

Group 1: £108,800

Group 2: £94,300

Group 3: £83,200

- 1.83 The PCC role needs to be appropriately valued to perform its functions and to attract a diverse range of potential candidates. A failure to keep the salary in line with comparable roles jeopardises the achievement of these objectives. The relative decline of PCC pay emphasises the need for pay uplifts between the periodic reviews.

Recommendation 15: We recommend that PCC pay increases in future years in line with the SSRB-recommended annual pay increase for chief police officers between formal SSRB reviews in line with the electoral cycle.

- 1.84 While we do not feel that there should be a pay incentive to take on the responsibility for fire and rescue governance, we do feel that the significant additional responsibility should be appropriately recognised and rewarded.

Recommendation 16: We recommend a pay supplement of 7.5 per cent for PCCs taking on the additional responsibility for fire and rescue governance.

- 1.85 We again recommend increasing the attractiveness of the PCC role by providing a loss-of-office payment similar to that available to Members of Parliament. We believe that this will help to improve the diversity of candidates and reduce the possibility of the role being limited to those at the end of their careers who can afford to take the financial and career risk of loss of office.

Recommendation 17: We recommend a loss-of-office payment for PCCs in line with that available to Members of Parliament.

- 1.86 We feel that home security is an important part of the overall reward package for PCCs, potentially a key retention issue, and has benefits that outweigh the direct costs of installation. PCCs should not be out of pocket as a result of installing home security they are advised is prudent.

Recommendation 18: We recommend that home security for PCCs is treated as a business expense and not a personal benefit.

The SSRB's strategic priorities

- 1.87 Over the last six years, we have assessed our remit groups against a number of strategic priorities. These are listed below. We believe that departments need to be clear about their long-term objectives and their future operating model and to develop the effective workforce strategies required to support them. A summary of each remit group's position against our strategic priorities is given in the annex to this chapter.
- 1.88 PCCs are not included as this assessment is less relevant to elected roles.
- 1.89 As our health remit group has changed, trajectory arrows are not included.

Strategic priorities

- **Total reward:** In making pay recommendations, the SSRB needs to consider a range of factors alongside basic pay and bonuses, including pensions, relative job security and the value of benefits in kind.
- **Pay and workforce strategy:** Departments need to be clear about their long-term objectives, their future operating model and the pay and workforce strategy required to support them. Annual changes to pay need to be linked to longer-term strategy.
- **Focus on outcomes:** There should be more focus on maximising outcomes for lowest cost and less fixation on limiting basic pay increases across the board.
- **Action on poor performance:** Greater analysis is required of where value is being added and action taken where it is not.
- **Performance management and pay:** There needs to be demonstrable evidence that appraisal systems and performance management arrangements exist and are effective and of a robust approach to reward structure and career development.
- **Better data:** Better decision-making requires better data, particularly in respect of recruitment, retention and attrition. Emerging issues and pressures need to be identified promptly and accurately so that appropriate action can be taken.
- **Feeder groups:** The feeder groups that will supply the next generation of senior public sector leaders must be closely monitored. The data relating to them need careful scrutiny for early warning signs of impending problems.
- **Targeting:** Where evidence supports it, pay should be targeted according to factors such as the level of responsibility, job performance, skill shortages and location.
- **Central versus devolved tensions:** Tensions that exist in the system that hinder the development of a coherent workforce policy, such as between national and local control, need to be explicitly recognised and actively managed.
- **Diversity:** The senior workforces within our remit groups need to better reflect the society they serve and the broader workforce for which they are responsible.

Annex: Assessment of the position of remit groups against the SSRB's strategic priorities

Key	Green: Area of little concern	↑: Improving trajectory
	Amber: Area of some concern	↔: Stable trajectory
	Red: Area of significant concern	↓: Declining trajectory

Senior Civil Service			
	Current position	Future position: objectives and evidence	
Strategic approach	Pay and workforce strategy: [↓]	<p>The SCS has continued to grow to a record size.</p> <p>The Government has recently announced its intention to reduce the size of the civil service workforce to its 2016 level. Departments have been asked to draw up plans to deliver this target. It is not yet clear what the impact will be on the SCS. The fast-stream has been paused for at least a year.</p> <p>The Government has committed to implementing capability-based pay progression for the SCS.</p> <p>The Cabinet Office is developing a five-year strategic plan for the SCS.</p>	<p>Headcount reductions should be done in a targeted and strategic way. As well as departmental plans to reduce the overall size of the workforce, there should be a specific strategic plan for the SCS that focuses on leadership and the delivery of outcomes.</p> <p>This should include a clear understanding of the purpose of the SCS that can drive strategic workforce decisions.</p>
	Focus on outcomes: [↔]	<p>The Government acknowledged in its evidence the weak link between reward and outcomes.</p> <p>The <i>Declaration on Government Reform</i> said that performance management for the SCS will be overhauled so there is a clear link between overall priorities and individual objectives.</p>	<p>The new performance management should link individual objectives to outcomes.</p>
	Targeting: [↑]	<p>Pivotal role allowances are used to incentivise individuals to stay in post for the duration of projects.</p>	<p>The use of allowances should be monitored to assess effectiveness and data should be collected on the distribution by protected characteristic.</p> <p>We expect that broader pay reform would make short-term pay fixes unnecessary.</p>
	Central versus devolved tensions: [↔]	<p>We received little evidence this year on the balance between central and local pay, or on how pay varies in devolved governments.</p> <p>Differences in pay outcomes between departments have been highlighted as a source of tension by members of the remit group.</p> <p>The Government has committed to ensuring 50 per cent of the UK-based SCS roles are located outside of London by 2030.</p>	<p>We would like to receive evidence on how recruitment and retention issues vary by location, particularly in the light of the Government's commitment to move roles out of London, and on the differential effect of pay systems in the devolved administrations.</p>

Senior Civil Service			
	Current position	Future position: objectives and evidence	
Performance	Performance management and pay: [↔]	The new performance management framework has been delayed until 2023-24. Changes have been made to the existing policy, including the introduction of four box markings (exceeding, high performing, achieving, partially met). Overall performance distribution is expected to take the shape of a bell curve, with around 5 per cent of SCS rated as partially met.	Performance management improvement depends on individuals having objectives linked to outcomes. We see the value of the future performance framework, but we are again disappointed at the delay in implementation, especially given the clear discontent within the SCS with the current arrangements.
	Action on poor performance: [↔]	The new performance management system has a focus on addressing poor performance.	The increased focus on addressing poor performance is welcome. Guidance on the proportion of a workforce expected to be partially meeting their objectives can be helpful, but rigid quotas are not appropriate, especially within small cohorts. This new policy should be closely monitored to understand its impact on individuals and the workforce.
Data	Better data: [↓]	While high-quality data continue to be provided in many areas, evidence is not being provided in a timely manner, and key areas for improvement are being missed.	It is crucial that the impact of workforce reform is supported by timely data. In particular, evidence on job moves within departments, recruitment and retention by location, the quality of the workforce and talent tracking. Given the proposed scale of workforce reform, it is especially important to monitor motivation and morale and we hope to receive this evidence in time to make our recommendations next year.
	Feeder groups: [↓]	The fast-stream programme receives a very high level of applicants, with relatively low attrition rates. The evidence suggests that just over 20% of existing SCS participated in the fast-stream. The civil service may be pausing the fast-stream for at least a year in a move to reduce staffing numbers, however this has not yet been confirmed.	We would like to see the monitoring of fast-streamers' career paths to assess the reliance of the SCS on this programme relative to other feeder groups. We hope that if the fast-stream is paused there will be clear documentation of the relevant processes so that knowledge will not be lost, and recruitment can resume when deemed appropriate.
	Diversity: [↔]	There is an increasing proportion of women and those with an ethnic minority background in the SCS. This has been aided by high levels of recruitment.	Data should be collated in the relationship between pay and the protected characteristics, including the monitoring of performance awards and the use of exceptions and allowances. We are disappointed at the lack of progress on ethnicity pay reporting in particular.

Key	Green: Area of little concern	↑: Improving trajectory
	Amber: Area of some concern	↔: Stable trajectory
	Red: Area of significant concern	↓: Declining trajectory

Senior military			
	Current position	Future position: objectives and evidence	
Strategic approach	Pay and workforce strategy: [↑]	<p>The MoD said it is building on the <i>Defence People Strategy</i> to establish a more flexible, agile, diverse, inclusive and efficient workforce. However, it is not clear how this will link to the overall approach to pay or specific pay decisions.</p> <p>The Haythornthwaite Review of Armed Forces Incentivisation, announced in the Defence in a Competitive Age command paper in March 2021, is ongoing and due to report in April 2023.</p> <p>The MoD asked the Review Body to make recommendations on four options to change the senior officer pay structure to provide greater incentives for promotion to OF7 and OF8. This is for implementation in either pay round 2022 or 2023.</p>	<p>Evidence of how pay and reward strategies reflect the balance of senior military roles with the civilian cohort while developing and retaining specialist skills and talent. The strategy should also demonstrate how pay works alongside other factors such as security of tenure, personal development and career planning.</p> <p>Evidence and feedback on whether the changes to the pay structure for OF7 and OF8 have led to increased incentivisation for promotion/satisfaction with levels of pay on promotion.</p> <p>We expect to continue engaging with the Haythornthwaite Review over the next year.</p>
	Focus on outcomes: [↑]	This is a small cohort which provides limited scope for innovation in pay. Many roles are difficult to evaluate as outcomes are not easily measurable, for example operations/defence engagement.	
	Targeting: n/a	<p>Our current view is that targeting is inappropriate for this group. However, it may be necessary in future to consider the greater use of enhanced rates of pay for specialist skills.</p> <p>The MoD's strategic intention is to grow and retain specialist skills.</p>	The Haythornthwaite Review offers an opportunity to test the feasibility of targeted pay to grow and retain specialist skills.
	Central versus devolved tensions: [↔]	No evidence that such tensions exist.	
Performance	Performance management and pay: [↑]	The appraisal process is robust. The new Senior Officer Appraisal Report (SOAR) was successfully piloted and is now in place for the 2022 reporting period. It includes more focus on the impact of delivery of objectives, 180-degree feedback and mandatory grading of behaviours and leadership skills. Progression into the senior military is based on performance and potential. Annual increments are conditional on satisfactory performance.	Any feedback on how the new SOAR is working.
	Action on poor performance: [↔]	<p>No evidence that this is an issue. Poor performance is tackled appropriately either by informal appraisal or disciplinary action. There have been instances where individuals have been required to resign due to poor performance.</p> <p>Officers are only guaranteed one posting at OF6 and above. Where no suitable employment can be found officers are released under the Senior Officer Compulsory Retirement Scheme (SOCR) terms. The MoD provided data on the number of officers that were released from Service under the Senior Officer Compulsory Retirement Scheme between 2019 to 2021. The data do not provide detail on how many officers released under SOCR were classed as poor performers.</p>	Evidence from the MoD on how many individuals are not given a second posting due to poor performance.

Senior military		
	Current position	Future position: objectives and evidence
Data	<p>Better data: [↔]</p> <p>The MoD provided us with data on the numbers leaving the senior military and the reasons given for early exit from the Joint Personnel Administration (JPA) system. It also provided data on voluntary outflow rates for those from OF4 to OF6. The MoD provided data on the reasons for early exit for those at OF6 from the JPA system. It was unable to provide data on the quality of those leaving, on information from exit interviews or on the roles individuals took after leaving the Armed Forces.</p> <p>It was unable to provide data on the number of senior military or officers from the feeder group who refuse promotion or decline an invitation to apply for promotion.</p>	<p>Information on how work to develop a better evidence base on those leaving both the remit and feeder groups is progressing and details of a timetable for delivering it.</p>
	<p>Feeder groups: [↔]</p> <p>The Armed Forces are able to attract sufficient numbers of the feeder group to replace the most senior officers that leave. For 2020-21 voluntary outflow rates increased slightly for those at OF6 following a trend of declining voluntary outflow rates between 2016-17 and 2019-20. However, voluntary outflow rates decreased for those at OF5 and OF4 for 2020-21.</p> <p>The shrinking size of the feeder pool, due to the decreasing size of the military, could lead to an insufficient supply of suitably skilled officers able to lead in technologically complex fields. It is encouraging to hear that lateral entry is being considered for some specialist roles at OF4 level.</p>	<p>Data on the ability to fill senior roles and on the voluntary outflow rates for OF4, OF5 and OF6 officers.</p> <p>How lateral entry for OF4 roles is being taken forward and of any plans to extend lateral entry to other more senior military roles.</p> <p>Evidence, possibly drawn from the Haythornthwaite Review, on generational attitudes to pay, conditions of service and work-life balance and whether the overall offer for senior officers is still attractive to the feeder group.</p>
	<p>Diversity: [↔]</p> <p>Increased diversity of the senior cadre is a key measure of the success of talent development. However, the number of female officers in the senior military remains at five, the same figure for the previous two years, and there are no officers from an ethnic minority background in the remit group. We are aware of the strong commitment from senior leaders to improve the diversity of the senior military and of the many initiatives that are underway to improve diversity in the whole of the Armed Forces, including improvements to the culture and career structure.</p>	<p>A clearer articulation of the specific goals in relation to the senior military. Evidence of how the <i>People Transformation Programme</i> is achieving its aim of ensuring that Defence is a diverse and inclusive organisation.</p>

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	Amber: Area of some concern	↔: Stable trajectory
	Red: Area of significant concern	↓: Declining trajectory

The judiciary			
	Current position	Future position: objectives and evidence	
Strategic approach	Pay and workforce strategy: [↑]	<p>The Government has acted to address the recruitment shortfalls highlighted in the Major Review by reforming the pension scheme. Data are not yet available on recruitment campaigns since implementation, so it is not yet possible to say if this has resolved the recruitment shortfalls.</p> <p>The Lord Chancellor spoke in evidence about longer-term work that will improve judicial working conditions, such as improving the court estate and the use of technology.</p>	<p>Evidence on the steps taken to develop a longer-term strategy which takes into account the need to recruit sufficient numbers of qualified judges. This should also reflect courts and tribunal harmonisation and cross-deployment of resources between the two.</p> <p>Data on how quickly improvements are being made to the court estate and use of technology, as well as the judiciary's views on them.</p>
	Focus on outcomes: [↔]	We continue to hear concerns from judges about poor working conditions and the lack of administrative support and how this impedes efficiency in the use of judicial time. This affects recruitment/attractiveness of the role.	
	Targeting: [↔]	The principle of consistent pay across the UK and consistent pay awards for different levels of judge precludes targeting, and we have heard about how divisive a differential award would be. However, some roles have no trouble recruiting while others struggle.	Evidence on whether a differential pay award is necessary for District Judges.
	Central versus devolved tensions: [↔]	Consistent pay is an important principle for a unified UK judiciary. However, labour markets are very different in different jurisdictions, so this may be a difficult position to maintain when budgets are constricted and particular areas are seeing shortfalls.	
Performance	Performance management and pay: [↔]	The unique nature of the judicial role makes this inappropriate. However, all judges are now offered regular career-based conversations and appraisals take place across a range of courts and tribunals judges. These should ensure that judges are clear about the standards expected, receive support for future development and have an opportunity to discuss their well-being.	Evidence of the development of appraisal systems. Evidence of how leadership allowances have been implemented.
	Action on poor performance: [↔]	There is no evidence that this is an issue. All issues of misconduct are dealt with by the Judicial Conduct and Investigations Office.	

The judiciary			
	Current position	Future position: objectives and evidence	
Data	Better data: [↔]	<p>Good-quality workforce data are generally provided, but there are also a few gaps.</p>	<p>Better and more consistent evidence from all judicial appointment bodies about the characteristics of those applying for judicial posts.</p> <p>Evidence on the pre-appointment earnings of judicial applicants and appointments at all levels and the economic contribution of the judiciary.</p> <p>Scottish and Northern Irish appointments providing 'quality ratings' would be beneficial, along with more data on shortfalls.</p>
	Feeder groups: [↔]	<p>At some levels it appears that informal judicial career paths are developing.</p> <p>It appears fee-paid roles may be becoming relatively more attractive than salaried roles.</p>	<p>Continued provision of evidence on recruitment to fee-paid judicial roles and evidence about how this may be affecting recruitment to salaried judicial posts.</p>
	Diversity: [↑]	<p>There have been improvements and stakeholders seem more alive to the issue.</p>	<p>Further progress on diversity, especially on appointing individuals from a black African or Caribbean background.</p>

Key	<p>Green: Area of little concern</p> <p>Amber: Area of some concern</p> <p>Red: Area of significant concern</p>	As this is the first assessment, we have not included trajectory arrows.
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Senior leaders in the English National Health Service

		Current position	Future position: objectives and evidence
Strategic approach	Pay and workforce strategy: [GREEN]	<p>The <i>NHS Long Term Plan</i> and the February 2021 White Paper defined the future direction and set out the key priorities for the NHS. They highlight a number of implications for NHS leadership, as does the <i>NHS People Plan for 2020/21</i>. In June 2022 the Messenger Review of Health and Care Leadership put forward priorities for strengthening leadership in the sector.</p> <p>Significant organisational change is underway with the statutory establishment of Integrated Care Systems (ICSs) and a continuing shift towards larger provider organisations, through merger or common leadership of trusts. Health Education England and NHS Digital are being absorbed into NHSE/I.</p> <p>A new VSM pay framework has been developed which aligns with the move to ICSs. In general, the framework avoids unnecessary complexity. It preserves separate pay structures for ESMs and VSMs.</p>	<p>Attention should be given to supporting easy interchange between VSM and ESM roles to strengthen one senior cadre giving system leadership.</p> <p>There is scope to improve the VSM framework by better defining the circumstances which merit additional awards or pay progression, supporting remuneration committees and future talent management and developing the proposals for medical director pay.</p> <p>Talent management and development should be strengthened and expanded, to build the capability to provide future system leadership and mitigate risks of retirement of senior leaders.</p>
	Focus on outcomes: [GREEN]	<p>The NHS has a relatively well-developed focus on a range of outcomes. They cover clinical quality and safety and financial aspects. Relevant indicators and targets are widely applied.</p>	<p>Evidence on outcome measures which relate to system working.</p> <p>How the delivery and sustained achievement of the four goals of ICBs will be assessed.</p>
	Targeting: [AMBER]	<p>The current pay framework does not sufficiently encourage able leaders to work in challenged trusts. The draft VSM pay framework provides for a non-consolidated salary uplift of up to 15 per cent to incentivise moving to the most challenged systems or organisations. It also allows local remuneration committees to determine rates within applicable pay ranges.</p> <p>NHSE/I have provided data on vacancies. The highest number of vacancies were for HR/workforce directors, operations directors, chief executives and nursing directors. We have also heard about the need to recruit more digital specialists.</p>	<p>There will need to be clear criteria defining the systems and organisations which fit this definition. We would expect there to be only a small number of them at any time.</p> <p>Evidence on:</p> <ul style="list-style-type: none"> • The use of salary uplifts in practice – their number and circumstances. • How local remuneration committees have used the flexibilities available to them. • Progress in developing a more coherent approach to the remuneration of medical directors.

Senior leaders in the English National Health Service			
		Current position	Future position: objectives and evidence
Strategic approach	Central versus devolved tensions: [AMBER]	Under the pay frameworks which govern ESM and VSM pay, salaries over £150,000 require central approval. The proposed VSM framework requires remuneration committees to take account of local factors such as market conditions, role complexity and peer relativities to arrive at spot rates for specific board roles within the available range. Effective local decision-making needs to be supported by relevant national analysis and guidance. It raises the threshold for cases needing central approval to £170,000.	Evidence on: <ul style="list-style-type: none"> • How far trusts and organisations have followed the 'comply or explain' approach in the new VSM pay framework. • How local flexibilities have been used. • Cases where central clearance of pay has been needed.
	Performance management and pay: [AMBER]	There is scope for positive recognition of strong performance by VSMs and ESM arrangements allow for performance bonuses. Earn-back, which allows for a portion of salary to be withheld, will not feature in the new VSM pay framework. The framework provides for early-stage progression pay for those early in their first VSM post. It allows a retention uplift for established leaders who otherwise could only achieve a higher salary by moving.	Extent of use of progression pay and retention uplift. Criteria used to determine when these payments may be available.
Performance	Action on poor performance: [GREEN]	There is appropriate accountability for performance and the SSRB does not have evidence of failure to manage cases of poor performance.	
Data	Better data: [GREEN]	Relatively good workforce data is provided. NHSE/I have provided data on vacancies which we hope over time will build a picture of trends and specific skills shortages.	Data on: <ul style="list-style-type: none"> • Comparable VSM and ESM roles and movement between NHS organisations and ALBs, and on where newly appointed VSMs and ESMs have come from. • Morale of senior leaders. • Action to communicate pension tax implications to individuals.

Senior leaders in the English National Health Service		
	Current position	Future position: objectives and evidence
Data	Feeder groups: [AMBER]	<p>Some perceptions from feeder groups (AfC) that the improvement in pay and reward on promotion to senior roles is not commensurate with the additional levels of challenge, accountability and workload.</p> <p>Further evidence on to what extent, if any, there is reluctance among feeder group members to apply for senior leadership roles, the causes of any such reluctance and actions to deal with this.</p> <p>Reward strategy to include appropriate pay uplift on promotion to reflect increase in job weight, and for talent management effectively supporting development of candidates who are ready for leadership roles.</p>
	Diversity: [AMBER]	<p>There is a reasonably balanced position in NHS leadership regarding gender. Lack of detailed information prevents comment on the position in relation to ethnicity.</p> <p>Outside of ICB appointments, recruitment agencies have struggled to identify strong fields, particularly from a diversity perspective and particularly for trusts in “hard to fill” geographies. There is reported to be a greater depth of talent in and around cities, particularly London.</p> <p>Further data on diversity and information on talent management action to help increase diversity in the workforce.</p>