



Gateway reference 6389

30 March 2006

To: Chairs  
cc: Chief Executives

Strategic Health Authorities  
Special Health Authorities  
NHS Trusts  
Primary Care Trusts  
Ambulance Trusts

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Dear Chair,

I am writing to inform you of the proposed increases for 2006/07 to:

- remuneration rates for Chairs and Non-Executive Directors; and
- pay for Very Senior Managers

Increases, where applied, should be consistent with the Pay Review Bodies recommendations for other senior staff groups; that is, a staged award of 2.2% (1% from April 2006 and a further 1.2% from November 2006). In line with established policy, the pensions of people who retire before the full award is implemented will be based on the amount of the pay at the point of retirement.

This letter also updates you on our proposals for a new Pay Framework for Very Senior Managers.

#### **Remuneration of Chairs and Non-Executive Directors of NHS Trusts**

Increases of 1% from April 2006 and a further 1.2% from November 2006 should be applied to the current remuneration rates of Chairs and Non-Executive Directors of NHS Trusts.

#### **Remuneration of Chairs and Non-Executive Directors of Strategic Health Authorities, Primary Care Trusts, Special Health Authorities and other Arms Length Bodies**

New remuneration rates will apply to these roles when the new Pay Framework is introduced during 2006/07. Until then, the current rates will continue to apply with no uplift.

#### **Pay for NHS Very Senior Managers in 2006/07**

Increases of 1% from April 2006 and a further 1.2% from November 2006 should also apply to very senior managers on current arrangements— i.e. chief executives, executive directors and other senior managers with Board level responsibility who report directly to the chief executive.

The same increases should also apply to senior managers who are on local contracts rather than Agenda for Change.

For very senior managers in *some* organisations however (those undergoing change) new pay rates and arrangements will be introduced during 2006/07 as part of the Pay Framework for Very Senior Managers.

## **New Pay Framework for Very Senior Managers**

As part of the programme of work to implement *Commissioning a Patient Led NHS*, we have been developing a Pay Framework for Very Senior Managers that will be appropriate for reshaped organisations. The detail of the Framework is being finalised. . We will publish an outline of the Pay Framework principles as soon as possible.

The new Pay Framework will include new pay ranges and pay arrangements for very senior managers (i.e. chief executives, directors, and those with Board level responsibilities who report directly to the chief executive) in the following organisations:

Strategic Health Authorities  
Special Health Authorities  
Primary Care Trusts  
Ambulance Trusts

The new arrangements will introduce consistency in the pay arrangements for these staff. The timescale for implementation fits with parallel work programmes: the CPLNHS HR programme of work for SHAs and PCTs; the reconfiguration of Ambulance Trusts; and the review of Arms Length Bodies.

NHS Trusts will be free to adopt the *principles* of this Pay Framework if they wish. However, in keeping with NHS Trusts' move to greater autonomy and Foundation status, and given that there appears to be reasonable correlation in NHS Trusts between size/turnover and pay levels for very senior managers, we are not proposing new pay ranges for NHS Trusts.

We will write to you with further information in due course. Updated information can also be found on the DH website at:

[http://www.dh.gov.uk/PolicyAndGuidance/HumanResourcesAndTraining/ModernisingPay/SeniorStaffManagementContracts/SeniorStaffManagementContractsArticle/fs/en?CONTENT\\_ID=4064694&chk=OxHGFw](http://www.dh.gov.uk/PolicyAndGuidance/HumanResourcesAndTraining/ModernisingPay/SeniorStaffManagementContracts/SeniorStaffManagementContractsArticle/fs/en?CONTENT_ID=4064694&chk=OxHGFw)

Any enquiries which cannot be answered by referring to the website should be put in writing to Debra Unsworth, Programme Manager for Pay Reform, NHS Pay & Pensions Branch at:

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Yours sincerely



**Norman Warner**