22 November 2024

Senior Salaries Review Body 2025/26
Written evidence from NHS Providers

About NHS Providers

NHS Providers is the membership organisation for the NHS hospital, mental health, community and ambulance services that treat patients and service users in the NHS. We help those NHS foundation trusts and trusts to deliver high-quality, patient-focused care by enabling them to learn from each other, acting as their public voice and helping shape the system in which they operate. NHS Providers has all trusts in England in voluntary membership, collectively accounting for £124bn of annual expenditure and employing 1.5 million people.

Our submission

We welcome the opportunity to submit evidence to the Senior Salaries Review Body (SSRB) on behalf of NHS trusts and foundation trusts, to inform the 2025/26 pay round for very senior managers (VSMs) in the NHS. For the purposes of this submission, we have drawn on several information sources, including:

- NHS Providers' annual remuneration survey of trust leaders.[1]
- NHS Providers' previous written submissions to the SSRB.
- Other surveys and sources of feedback from trust leaders, including our State of the Provider Sector survey.[2]

Our evidence gives data and views on NHS trust executives' pay and reward, motivation and morale, roles and working patterns, retention and recruitment, operational pressures, and the national policy and strategic approaches to this staff group. The table of evidence requests shared by the SSRB upon

[1] This online survey of HR directors and company secretaries in NHS trusts and foundation trusts was conducted between July – August 2024. Data is based on responses from 142 trusts, accounting for 68% of the provider sector, with all regions, trust types and sizes represented. Data was submitted on behalf of all executive and non-executives at each responding trust.

[2] NHS Providers, 'State of the Provider Sector', November 2024: https://nhsproviders.org/state-of-the-provider-sector-2024

commencement of this pay round was very helpful. Where we have data which speaks to the requests, we have included it.

Key messages

- Context: Supporting, developing, and retaining VSMs is essential if the NHS to meet the challenges it faces, and deliver on the policy objectives being set by government. It needs the best possible people at its helm. Despite a public narrative which suggests a bureaucratic and over-managed healthcare system, there has been a 15% reduction in recruitment of senior leadership since 2009. Percentages of our members reporting negatively on their morale remain worryingly high but have improved significantly since last year. Trusts are operating under serious pressure, with the scale of demand continuing to outstrip supply. Despite this, data from September shows that trusts are increasing activity and improving performance against national targets.
- Trust finances: The financial situation for NHS trusts is currently very challenging. However, approximately half of providers are now on track to meet their plans. When asked what actions may need to be taken to manage or improve the financial position of their trust, 85% of our members said it is very likely or likely that their trust will have to reconfigure services.
- Pay levels: Given the challenging nature of the job, fair remuneration for VSMs is crucial. We believe that pay levels for this group are broadly appropriate, but annual increases should map across to equivalent roles in other sectors, to ensure this remains the case.
- VSM pay 2023/24: Our members reported an average (mean) basic salary for all executive directors in 2023/24 of £151,515, a slight decrease compared to the previous year (£152,763). The median salary, which is less affected by outliers, increased for most role types. This suggests that salaries around the middle of the distribution were higher in 2023/24 than 2022/23.
- VSM pay framework: We are expecting the long overdue new VSM pay framework to be published in March 2025. Alongside this, we would welcome a commitment to updating it every two years, and consultation on its content.
- Approach to VSM pay awards: The Secretary of State's newly announced intention to block some VSMs from receiving pay increases appears counter intuitive to the SSRB process, and the process for this will need clarifying within the upcoming VSM pay framework. Proposals will need to take systemic issues into account.
- Ministerial salary sign-off: We would like to see confirmation from government that the four-week sign-off period for salaries above £150,000 will be formally introduced, and when this will be done by. Ultimately, we hope that the upcoming VSM pay framework will remove the need for this sign-off process.

- **Turnover:** 48% of all NHS trust executive directors responding to our survey have been appointed since the start of 2022 and 67% had been appointed since the start of 2020. 58% are in an NHS trust chief executive role for the first time, a similar proportion to last year's survey findings (60%).
- **Shared leadership:** Shared leadership roles are still becoming increasingly common. Our survey found 13% of executive director roles shared with another trust, a notable increase from 8% in last year's survey. All roles saw an increase in the proportion that were shared compared to last year.
- **Board diversity:** Although overall ethnic diversity amongst board members has increased to 10.8% (up from 9.7% in 2022), these figures are still too low, and there must continue to be improvements. It is positive to see that there has been an increase in the number of trust board members reporting themselves as disabled.
- **Trust league tables:** We await further detail on the Secretary of State's proposals for performance league tables for trusts. We are clear that they must not result in unintended negative consequences, and must be managed carefully, in the context of each organisation and the population that it serves.
- **Talent pipelines:** Progress on talent development and pipelines as a whole has been slow following initial plans from NHSE to develop a three year roadmap for 2024/25-2026/27 (which has not yet been published). We would welcome more clarity on national plans to support and develop NHS leaders.
- **Non-executive director (NED) and chair remuneration:** While out of scope for the SSRB, we feel it is pertinent to flag that our members are still increasingly concerned about NED and chair remuneration, which has remained relatively static for a number of years. NEDs and chairs are central to the performance management of VSMs and trusts as a whole and take considerable accountability as part of the unitary board structure in navigating operational and financial pressures, levels of risk, and the complexities of system working.

Political and system context

Reform

Wes Streeting, Secretary of State for Health and Social Care, has been clear about his vision for the NHS to work with government as an engine for economic growth by: cutting waiting times and improving public health to support people into work; building links between NHS and life sciences and medical technology, to grow those industries and develop new treatments; and focusing on NHS organisations' role as anchor institutions, providing training and job opportunities in local economies. He has set out three "key shifts" for the service, from hospital to community, analogue to digital, and sickness to prevention. The 10 Year Plan for the NHS, currently under development, is due to detail how these shifts may be achieved, in light of the findings of the Darzi review which was published in

September.[3] We await the detail of this plan and are submitting an organisational response to its consultation process, as we did for the Darzi review. Supporting, developing, and retaining VSMs is essential for the NHS to meet the challenges it faces, and the policy direction being set by government with the best possible people at its helm, demonstrating high quality leadership. Our members stand ready to support the design and implementation of the 10 year plan.

System pressures

Operational

Demand across the NHS remains high, and waiting lists are proving hard to bring down despite focussed efforts. Staff therefore remain under intense pressure. As of September 2024, there were 7.57m treatments on the elective care waiting list – a reduction from 7.64m in August but remaining high overall.[4] There are currently 1.1million service users on community services waiting lists, 10.1% higher than February 2024, when 13 new providers came into scope of reporting for CYP services.[5] In September 2024, there were 41.1% more referrals to mental health services, and in October there were 36.6% more Category 1 ambulance calls, than before the pandemic.[6] Nearly three quarters of respondents to our State of the Provider Sector survey (71%) think that it is very unlikely (25%) or unlikely (46%) that the NHS can meet the constitutional standards over the next five years, and 79% are very worried (26%) or worried (53%) about whether their trust has capacity to meet demand for services over the next 12 months.[7]

Despite this, data from September shows that trusts are increasing activity and improving performance against national targets. For the third month running, trusts improved their performance on seeing patients within four hours in A&E, moving closer to the 78% target by March 2025. Meanwhile, ambulance trusts met their category 2 response time target of 30 minutes for the first time since April 2023.[8] Record levels of activity were seen across 28, 31 and 62 day cancer pathways,

[3] NHS Providers on the day briefing - The Darzi Review: Independent investigation of the NHS in England, 3 September 2024: https://nhsproviders.org/resources/briefings/on-the-day-briefing-lord-darzis-independent-investigation-of-the-nhs-in-england

[4] NHS England, Consultant-led Referral to Treatment Waiting Times Data 2024-25, September 2024: https://www.england.nhs.uk/statistics/statistical-work-areas/rtt-waiting-times/rtt-data-2024-25/

[5] NHS England, Community Health Services Waiting Lists, September 2024: https://www.england.nhs.uk/statistics/statistical-work-areas/community-health-services-waiting-lists/

[6] NHS Digital, Mental Health Services Monthly Statistics, Performance September 2024: https://digital.nhs.uk/data-and-information/publications/statistical/mental-health-services-monthly-statistics/performance-september-2024

[7] NHS Providers, 'State of the Provider Sector', November 2024: https://nhsproviders.org/state-of-the-provider-sector-2024

[8] Ibid.

and the highest ever number of diagnostic tests were carried out. Mental health care contacts were over 2.3 million, nearly 20% higher than five years ago before the pandemic. Community services have consistently recorded over 8.5 million monthly care contacts during the first half of 2024, which has never happened before.[9] September's data does however show an increase in the number of waits for elective care and community services, demonstrating the longer-term challenge for waiting lists set out in the Darzi review.

In our annual State of the Provider Sector survey, 96% of respondents were extremely or moderately concerned about the impact of seasonal pressures over the upcoming winter period, a similar proportion to last year.[10] 79% of respondents were very worried or worried about whether their trusts have capacity to meet demand for services over the next 12 months, a similar proportion to last year (78%) and a higher proportion than before the pandemic in 2019 (61%). Nearly three quarters of survey respondents (71%) think that it is very unlikely or unlikely that the NHS can meet the constitutional standards over the next five years, while only 14% think it is very likely or likely.

This survey also revealed the extent to which trust leaders feel that they have the right numbers, quality and mix of staff to deliver high quality healthcare to patients.[11] Only 29% of respondents said they were very confident (3%) or confident (26%). Over half of respondents (54%) said they were very worried (20%) or worried (34%). Although the overall proportion of worried trust leaders has fallen from 60% last year, it is significant that the majority still do not feel confident in having the right staff to deliver high-quality care.

Financial

The financial situation for NHS trusts is currently very challenging. In our latest finance directors' survey, over half (51%) of respondents were extremely concerned about delivering operational priorities within their organisation's 24/25 financial allocation, with only 11% forecasting their financial position for the same year as a surplus.[12] Alongside this, high levels of inflation have led to an erosion of capital budget, meaning that trust staff are operating within buildings that are unfit for purpose

[9] Ibid.

[10] NHS Providers, 'State of the Provider Sector', November 2024: https://nhsproviders.org/state-of-the-provider-sector-2024

[11] Ibid.

[12] This online survey of Chief Executives and Finance Directors in NHS trusts and foundation trusts was conducted between May-June 2024. Data is based on responses from 114 trusts, accounting for over half of the provider sector, with all regions and sectors represented.

and utilise long-outdated technology.[13] Provisional statistics for 2023/24 show that there is a backlog maintenance bill across the NHS of almost £13.9 billion.[14] Poor quality infrastructure inhibits service quality and negatively impacts both patient and staff experience. During 2022/23, it is estimated that 13 hospitals a day experienced service disruption due to "crumbling buildings."[15]

Despite a comparatively generous settlement for health in the October Budget, the financial situation for NHS trusts is currently very challenging.
It is not yet clear whether trusts will stand to benefit from the significant in-year funding uplift to day-to-day spending or how this uplift will be allocated across the health service. The government is allocating an extra £22.6 billion in resource spending for DHSC in 2025/26, compared with the 2023/24 outturn position.[16] This is real terms growth of 4.0%, the highest since before 2010 excluding settlements covering the years of the Covid-19 pandemic. However, there are significant in-year pressures (such as the recurrent costs of the NHS pay awards), and manifesto commitments (e.g. 40,000 new appointments) which will likely absorb a sizeable portion of the revised settlement. The remainder of this pot has not yet been allocated, which means there is currently no clarity if there will be funding to cover winter pressures.

Latest national data shows that systems are significantly behind plan, on top of which, trusts and systems are tasked with delivering stretching efficiency savings of £9.3bn this year – significantly more than the £7.2bn of savings required in 23/24.[17] By the end of July 2024, the aggregate system deficit stood at £487m with overspends driven primarily by slippage against efficiency plans.[18] When asked what actions may need to be taken to manage or improve the financial position of their trust, 85% of respondents to our State of the Provider Sector survey in November 2024 said it is very likely (34%) or

[13] NHS Providers, Providers Deliver: Achieving Value For Money, June 2024: https://nhsproviders.org/providers-deliver-achieving-value-for-money/how-can-trusts-be-supported-to-go-further-and-faster-in-improving-their-productivity

[14] NHS Digital, Estates Returns Information Collection, Management Information - Provisional Summary Figures for 2023/24, 17 October 2024: https://digital.nhs.uk/data-and-information/publications/statistical/estates-returns-information-collection/management-information---provisional-summary-figures-for-2023-24

[15] The Rt Hon. Professor the Lord Darzi of Denham OM KBE FRS FMedSci HonFREng, Independent Investigation of the National Health Service in England, September 2024, page 8: https://assets.publishing.service.gov.uk/media/66f42ae630536cb92748271f/Lord-Darzi-Independent-Investigation-of-the-National-Health-Service-in-England-Updated-25-September.pdf

[16] Gov.uk, What you need to know about the Autumn Budget 2024, 1 November 2024: https://www.gov.uk/government/news/what-you-need-to-know-about-the-autumn-budget-2024

[17] Financial Performance update, NHS England board meeting, 3 October 2024: https://www.england.nhs.uk/long-read/financial-performance-update-oct-2024/

[18] Ibid.

likely (51%) that their trust will have to reconfigure services.[19] Respondents are also concerned about the national reliance on non-recurrent savings, with concerns around delivering efficiency targets and a breakeven position in a sustainable way.[20] This level of financial risk is unsustainable.

NHSE have specified that in order for trusts to keep to their financial plans, they must look again at their total workforce headcount "through September, October [and] November".[21] While NHSE also told trusts to keep their substantive staff and focus on reducing temporary staffing, trusts are already on track for agency spend reduction targets (see next paragraph). As such, ability to further reduce temporary staffing costs is diminishing, and there are concerns of upcoming impacts on substantive staff. Our State of the Provider Sector survey asked trust leaders asked about the actions their trusts and/or ICBs have taken, or are considering, to help manage or improve their financial positions. 87% of survey respondents said it is very likely (32%) or likely (55%) that their trust will have to review responsibilities within clinical roles, with a view to optimisation. Other common themes centred on action on staffing and recruitment, including: recruitment freezes across non-clinical roles, eliminating bank and agency spend and scaling back spending on training and personal development.[22] There are public examples of substantive staffing cost saving action beginning to take place, such as Guy's and St Thomas' NHS Foundation Trust's plans to halve their estates team.[23] When asked about their biggest concern in relation to their trust's finances over the next 12 months, respondents to our State of the Provider Sector survey frequently raised the issue of required headcount reduction, pressure of delivering the financial position with impact on staff wellbeing and patient care, and continued agency spend. In the comments, one ambulance trust explicitly noted that there will be a "consequence on patient care of remaining in budget."[24]

However, it was confirmed at the 3 October NHSE board meeting that approximately half of providers are now on track to meet their plans. £2.0 billion in savings had been delivered by the end of month 4 of this financial year – £0.2 billion below plan but £0.4bn higher than the equivalent

[19] NHS Providers, 'State of the Provider Sector', November 2024: https://nhsproviders.org/state-of-the-provider-sector-2024

[20] Ibid.

[21] Video of the NHS England board meeting, 3 October 2024: https://www.england.nhs.uk/publication/video-of-the-nhs-england-board-meeting-3-october-2024/

[22] NHS Providers, 'State of the Provider Sector', November 2024: https://nhsproviders.org/state-of-the-provider-sector-2024

[23] HSJ article, Trust proposes to cut its estates team by half, 6 November 2024: https://www.hsj.co.uk/acute-care/trust-proposes-to-cut-its-estates-team-by-half/7038128.article

[24] NHS Providers, 'State of the Provider Sector', November 2024: https://nhsproviders.org/state-of-the-provider-sector-2024

period in 2023/24.[25] Agency spending is also significantly reduced this year, following sustained focus on this area from trust leaders, and is now at its lowest since 2017 (2.8% of total pay costs), with trusts on plan to meet the target reduction in agency spending of £500m for 2024/25.[26] Additional good news is that acute sector productivity growth is up by approximately 2.8% on 2023/24 levels.[27] Work continues on identifying appropriate metrics to aid with analysis of productivity levels across the NHS. This is important not only in terms of data, but also in terms of reframing the productivity conversation to one of value for patients through a continuous improvement approach. This type of approach is effective in creating productivity gains and requires staff engagement, enabled by committed, empowering leaders.

Under-management

Despite a national narrative which suggests a bureaucratic and over-managed healthcare system, it is notable that Lord Darzi's review into the NHS found the opposite, with evidence of under-management. He referred to the "ongoing reductions in management spend and headcount" in the NHS,[28] and noted the need to invest more into leadership development. This follows a report by the Institute for Government in June 2023, which concluded that "the NHS is severely undermanaged."[29] The NHS spends far less on administration (under 2%) than other countries with comparable healthcare systems.[30] While in recent years the NHS has seen a slight increase in the recruitment of senior leadership, there has been, overall, a 15% reduction since 2009.[31]

With the 10-year plan for the NHS on the horizon, trust leaders are ready and willing to work with the government to get to grips with the challenges facing the health and social care system. The

[25] Financial Performance update, NHS England board meeting, 3 October 2024: https://www.england.nhs.uk/long-read/financial-performance-update-oct-2024/

[26] Ibid.

[27] Video of the NHS England board meeting, 3 October 2024: https://www.england.nhs.uk/publication/video-of-the-nhs-england-board-meeting-3-october-2024/

[28] The Rt Hon. Professor the Lord Darzi of Denham OM KBE FRS FMedSci HonFREng, Independent Investigation of the National Health Service in England, September 2024, page 10: https://assets.publishing.service.gov.uk/media/66f42ae630536cb92748271f/Lord-Darzi-Independent-Investigation-of-the-National-Health-Service-in-England-Updated-25-September.pdf

[29] Institute for Government, 'The NHS productivity puzzle: Why has hospital activity not increased in line with funding and staffing?', June 2023: https://www.instituteforgovernment.org.uk/sites/default/files/2023-06/nhs-productivity-puzzle_0.pdf

[30] Policy Exchange, report: Just About Managing, 19 September 2024: https://policyexchange.org.uk/wp-content/uploads/Just-About-Managing-2.pdf

[31] The Rt Hon. Professor the Lord Darzi of Denham OM KBE FRS FMedSci HonFREng, Independent Investigation of the National Health Service in England, September 2024, page 124: https://assets.publishing.service.gov.uk/media/66f42ae630536cb92748271f/Lord-Darzi-Independent-Investigation-of-the-National-Health-Service-in-England-Updated-25-September.pdf

importance of investing in attracting and retaining talented leaders to meet this task cannot be understated. It is imperative that senior trust leaders are equipped to deal with the multiple operational challenges that face the service. We support Lord Darzi's conclusion that:

> *"International comparisons of management spend show that the NHS spends less than other systems. This has often been observed as a source of pride; but it may well be a failing, since it suggests that the NHS is not employing enough people whose primary responsibility is that its resources are used well, and the talents of its clinicians are focused on delivering high quality care. We need to invest in developing managerial talent and creating the conditions for success."*[32]

Policy context

Partnership and collaboration

System working

When asked about the biggest challenges facing ICSs, respondents to our State of the Provider Sector survey identified the top three as:

- Insufficient capital available for investment (52%)
- Insufficient revenue funding (51%)
- Social care capacity (32%).[33]

While just over half of respondents to our annual finance directors survey (57%) felt that their system was supporting them to tackle shared financial challenges, it is notable that only 7% of respondents strongly agreed with this statement.

Lord Darzi's report also noted a lack of clarity surrounding the role of the ICB, limiting trusts' ability to work effectively with system partners and compromising boards' autonomy. Whilst ICBs have a critical role to play, many trusts have shared their concerns about duplication of responsibilities and lack of

[32] Ibid.

[33] NHS Providers, 'State of the Provider Sector', November 2024: https://nhsproviders.org/state-of-the-provider-sector-2024

standardised functions.[34] The Secretary of State has now set an intention to remedy this, clarifying that ICBs will act as local commissioners rather than trust performance managers.[35]

Challenges clearly remain as system working continues to evolve. Roles and responsibilities of different partners remain unclear, and the duties on trust directors who are also involved in leading system work can lead to conflicts of interest – for example around financial positions or prioritisation of service improvements. Our members have told us that open, honest conversations within and between organisations are more vital than ever and taking the time to build those relationships has never been more important; however, they also tell us that finding the time to do this effectively while sustaining adequate focus on issues within their trusts is increasingly difficult.

Shared roles and partnership working

Data from our annual remuneration survey suggests that shared roles are becoming increasingly common. Overall, our survey found that 13% of executive director roles were shared with another trust, a notable increase from 8% in last year's survey. All roles saw an increase in the proportion that were shared compared to last year. Those in communications (29%) were most likely to share the role with another trust, while medical directors (6%) and operations directors (6%) were least likely. 21% of chief executive roles were shared this year, compared to 14% last year, and 7% in 2021/22.

The NHS provider landscape is changing, with trusts jointly setting up new organisational models and adapting or creating new governance arrangements and leadership structures to enable collaboration. As evidenced above, joint roles are no longer uncommon and may apply to any board role, including chair or CEO. At the same time, multi-trust arrangements involving joint or shared decision-making forums with extensive delegated powers, including but not limited to those set up as groups, are being adopted with increasing frequency between collections of two or more trusts. Provider collaboratives are a more common form of partnership working across the sector, with all trusts being asked in the 24/25 planning guidance to be part of at least one collaborative to "focus on fully realising the benefits of scale…as well as transforming services for the future".[36] While they can be

[34] The Rt Hon. Professor the Lord Darzi of Denham OM KBE FRS FMedSci HonFREng, Independent Investigation of the National Health Service in England, September 2024, page 121-122: https://assets.publishing.service.gov.uk/media/66f42ae630536cb92748271f/Lord-Darzi-Independent-Investigation-of-the-National-Health-Service-in-England-Updated-25-September.pdf

[35] Gov.uk, speech - Our ambition to reform the NHS, 13 November 2024: https://www.gov.uk/government/speeches/our-ambition-to-reform-the-nhs

[36] NHS England, 2024/25 priorities and operational planning guidance, 10 April 2024: https://www.england.nhs.uk/wp-content/uploads/2024/03/2024-25-priorities-and-operational-planning-guidance-v1.1.pdf, page 35.

very beneficial, leadership of provider collaboratives has created additional complexity for trust leaders to navigate as they seek appropriate oversight of shared decision-making and activity to manage risk, and provide strategic direction.

The ask of executives is expanding. With joint appointments and shared leadership arrangements, there are potential risks around the capacity of those leaders, their ability to oversee and control organisations effectively, and about leadership style, as well as challenges and opportunities related to succession planning. NHSE has recognised the risks to effectiveness that organisational change can bring and is deliberating as to whether to introduce a business case checkpoint for trusts wishing to make very senior joint appointments and/or adopt shared leadership arrangements. We welcome consideration of a supportive review by NHSE, proportionate to the risks that joint arrangements pose, to seek to ensure proposals are in the public interest and will achieve the outcomes sought by the partner organisations.

Leadership diversity

Current state of play

While we are pleased to see that the overall percentage of ethnic minority staff across the NHS workforce is increasing, it is disappointing to see that the overall mean gap between staff and board diversity has increased. According to the latest available data from the Workforce Race Equality Standard report (WRES), the percentage of ethnic minority board members sits at 13.5%, compared to 15.7% among the wider NHS workforce. This is despite the percentage of ethnic minority staff at VSM level increasing year-on-year, with 11.2% from an ethnic minority, compared to 10.3% in 2022 and 5.4% in 2016.[37]

It is positive that the number of trust board members reporting themselves as disabled has increased. The most recent Workforce Disability Equality Standard report shows that 5.7% of board members report themselves as having a disability – this is 0.8 percentage points higher than the overall workforce, which sits at 4.9%.[38] Board members are also more likely to report a disability than the wider workforce. However, it remains concerning that percentages of staff reporting a disability are so low, and notable that far more staff report that they are disabled via the anonymous NHS Staff Survey

[37] NHS Providers, briefing, NHS Workforce Race Equality Standard report 2023, 19 March 2024: https://nhsproviders.org/media/698333/nhs-providers-briefing-wres-2023-on-2022-data.pdf

[38] NHS Providers, briefing: NHS Workforce Disability Equality Standard report 2023, 19 March 2024: https://nhsproviders.org/media/698334/nhs-providers-briefing-wdes-2023-on-2022-data-v2.pdf

than via the Electronic Staff Record (ESR).[39] This indicates that many staff members remain unwilling to declare their disability status.

Targets

The 10 Year Plan will follow a series of interventions in recent years which have sought to reform the NHS both operationally and culturally. The NHS Long Term Plan, launched by Theresa May's government in January 2019, was a wide-ranging and ambitious plan to improve the NHS and – echoed now by Wes Streeting's three shifts – aimed to create a technologically advanced, preventative healthcare service, which placed the patient at its core, reducing health inequalities and tackling workforce pressures that were growing with increasing patient demand.[40] Regarding the SSRB's remit group, the Long Term Plan aimed to create a cohort of senior management that more accurately represented the makeup of the populations that they served. It set the action that:

> *"Each NHS organisation will set its own target for BAME representation across its leadership team and broader workforce by 2021/22. This will ensure senior teams and Boards more closely represent the diversity of the local communities they serve."*[41]

Following the Long Term Plan was the workforce strategy, the "Interim NHS People Plan" in June 2019,[42] followed in July 2020 by the "People Plan 2020/21 - action for us all" (the People Plan).[43] A key pillar of the latter was to transform the culture of the NHS, and improve the experience of staff working in the NHS, through focus on "belonging in the NHS: highlighting the support and action needed to create an organisational culture where everyone feels they belong".[44] In terms of leadership diversity, the People Plan set the action that:

> *"Every NHS trust, foundation trust and CCG must publish progress against the Model Employer goals to ensure that at every level, the workforce is representative of the overall BAME workforce. From September 2020, NHS England and NHS Improvement will refresh the evidence base for*

[39] Ibid.

[40] NHS England, The NHS Long Term Plan, January 2019: https://www.england.nhs.uk/wp-content/uploads/2022/07/nhs-long-term-plan-version-1.2.pdf

[41] Ibid.

[42] NHS England, Interim NHS People Plan, June 2019: https://www.longtermplan.nhs.uk/wp-content/uploads/2019/05/Interim-NHS-People-Plan_June2019.pdf

[43] NHS England, People Plan 2020/21 - action for us all, July 2020: https://www.england.nhs.uk/wp-content/uploads/2020/07/We-Are-The-NHS-Action-For-All-Of-Us-FINAL-March-21.pdf

[44] Ibid.

action, to ensure the senior leadership (very senior managers and board members) represents the diversity of the NHS, spanning all protected characteristics."[45]

As well as the Long Term Plan, January 2019 saw the publication of the Model Employer Strategy, which set the specific intention to diversify senior leadership within the NHS.[46] Aligned to WRES, the strategy was a step forward in its recognition of the disparities between the wider workforce and its senior leadership in terms of ethnic diversity, and set the action for:

> *"A stretching, and yet achievable aspiration for the NHS would be to reach equality in BME representation across the workforce pipeline by 2028. This is the recommended model; in this area, it aligns with the timeframe announced by the government on this aspiration for the public sector, it is in line with the timeframe for the NHS Long Term Plan, and is the basis upon which this strategy is informed. If we take VSM band as an example, the model will mean that one in every four of all VSM staff recruited in NHS trusts are from a BME background."*[47]

In May 2021, guidance was released by the WRES team at NHSE, updating the Model Employer Goals.[48] It would be useful to see a clear update and explanation of progress towards this strategy, and the above aspirational target in particular.

In terms of accountability to the various targets for leadership diversity across the years, the WRES and WDES data collection processes require trusts to self-assess annually on indicators related to representation at senior and board levels. This has been an immensely helpful resource, but we note that the WRES team at NHSE has recently been significantly reduced in number and tasked with covering data and policy approach for all protected characteristics in addition to race.

Our most recent State of the Provider Sector survey found that 86% of respondents strongly agreed (37%) or agreed (49%) that their trust board is prioritising a clear focus on promoting race equality and tackling discrimination.[49] We continue to support trusts in these efforts via our Race Equality programme,[50] which helps to embed race equality as a core part of the board's business and focuses

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[45] Ibid.

[46] NHS England, A Model Employer: Increasing black and minority ethnic representation at senior levels across the NHS, January 2019: https://www.england.nhs.uk/wp-content/uploads/2019/01/wres-leadership-strategy.pdf

[47] Ibid.

[48] NHS England, letter: RE: Workforce Race Equality Standard (WRES) Model Employer Goals, 24 May 2021: https://www.salisbury.nhs.uk/media/ep2jerap/wres2022_final.pdf, page 33.

[49] NHS Providers, 'State of the Provider Sector', November 2024: https://nhsproviders.org/state-of-the-provider-sector-2024

[50] NHS Providers Race Equality programme: https://nhsproviders.org/programmes/race-equality

on sharing research, evidence-based interventions and lived experiences through a range of events and resources. Recent outputs have included a guide to support trust board members to understand their organisation's ethnicity pay gap and the steps that can be taken to narrow and eliminate it.[51]

Broadly, adherence to diversity targets has historically not been enforced. While failure to self-report on WRES and WDES (or reporting unsatisfactory figures) may have some consequences from a CQC Well Led perspective, there are few bodies holding trusts to account. However, the publication of NHSE's EDI Improvement Plan in June 2023 has given more focus to this work and seems to have superseded previous diversity targets.[52] We welcomed the plan, which contains six intersectional high impact actions (HIAs) to improve equality and diversity across the NHS. HIA 2 outlines that, by June 2024, trusts must create and implement a talent management plan to improve the diversity of executive and senior leadership teams and evidence progress of implementation by June 2025.[53] We are supporting NHSE in the implementation of the EDI Improvement Plan as a whole, and plan to run specific work relating to this action in the first half of 2025.

We conducted a series of structured interviews and roundtables with our members in spring 2024, to understand the successes, challenges and barriers being experienced by NHS organisations as they implement the high impact actions (HIAs) outlined in the EDI improvement plan.[54] Members told us that to fully enact the plan, they felt more support was required in the form of:

- Increased EDI resource and expertise, particularly around data analysis.
- Dedicated centralised funding for initiatives that relate to the plan's HIAs.
- Centralised systems, with dashboards and templates to support action towards HIAs.
- Centrally developed resources to support delivery of HIAs, with a focus on technical guidance on data collection and analysis, and talent management.
- Workshops and peer learning events to share good practice and case studies, and information on how other organisations are progressing against the HIAs.
- Greater support and stronger relationships with trusts and NHSE regional and national teams.

[51] NHS Providers and Hempsons - Counting the Cost: Understanding Your Ethnicity Pay Gap, October 2024: https://nhsproviders.org/counting-the-cost-understanding-your-ethnicity-pay-gap

[52] NHS England, NHS equality, diversity and inclusion (EDI) improvement plan, 8 June 2023: https://www.england.nhs.uk/publication/nhs-edi-improvement-plan/

[53] Ibid.

[54] NHS Providers, Learnings from the equality, diversity and inclusion improvement plan system collaborative, May 2024: https://nhsproviders.org/media/698577/nhs-edi-improvement-plan-insights-2024.pdf

- Greater support for community interest companies (CICs), including forums for them to communicate with peers and other providers.

These findings were also shared with NHSE.

Although the overall ethnic diversity amongst board members has increased to 10.8% (up from 9.7% in 2022), these figures are still too low, and there must continue to be improvements.[55] We believe that the NHS needs a strong, sustained, national focus on equality, diversity and inclusion. The EDI Improvement Plan does offer a good opportunity for this, but momentum and accountability must not be lost. This requires appropriate resource from NHSE, as well as commitment and focus from VSMs (which we continue to promote).

Succession planning and talent development

For some time, national publications such as the Long Term Plan have emphasised the importance of talent management and, increasingly, trusts are creating local talent pipelines for aspiring future leaders. However, referencing the findings of the Messenger Review (published in 2022, but not yet implemented), Darzi explicitly labelled the way that leadership and management staff within the NHS are "trained, developed and valued" as inadequate.[56]

Our remuneration survey asked respondents if they have a local leadership talent pipeline for aspiring NHS leaders. In this year's survey, over half (54%) of respondents said yes. This is similar to last year's figure of 57%. In the comments, one trust noted that "in the last year we have introduced a more robust approach to succession planning as well as talent management through adopting the scope for growth model. We also have a comprehensive leadership prospectus in place."

Additional comments of note include:

- 9 trusts said they have a form of leadership development/succession planning but stated that it was informal/limited/in its very early stages.
- 8 stated they engage with national/external programmes for leadership development.

[55] NHS Providers, briefing, NHS Workforce Race Equality Standard report 2023, 19 March 2024: https://nhsproviders.org/media/698333/nhs-providers-briefing-wres-2023-on-2022-data.pdf

[56] The Rt Hon. Professor the Lord Darzi of Denham OM KBE FRS FMedSci HonFREng, Independent Investigation of the National Health Service in England, September 2024, page 117: https://assets.publishing.service.gov.uk/media/66f42ae630536cb92748271f/Lord-Darzi-Independent-Investigation-of-the-National-Health-Service-in-England-Updated-25-September.pdf

- 4 stated they have succession planning arrangements in place but gave no further details of these.
- 3 trusts stated that bodies within the trust have direct responsibility over leadership pipelines. One stated it is the role of EMT, another stated that their Remuneration Committee is responsible. The third stated they have set up bodies (an Executive Talent board and Developing a Hospital Leadership board) to manage this.
- 3 trusts stated they have internal pipelines they follow but gave no further detail of what these were (2 of these trusts also engage with national programmes).
- 3 trusts stated their talent pipelines involve working with other trusts/part of a group model.
- 2 trusts stated their local talent pipeline is a work in progress.
- 2 stated they have Shadow Boards to help with leadership progression.
- 1 trust stated they have something in place both at a local and system level.
- 1 trust said they have a programme which supports local talent into director roles both inside the trust but also externally.
- 1 trust stated they use a growth model to dictate leadership development.

In June 2022, Sir Gordon Messenger and Dame Linda Pollard published a review of NHS leadership. The review was significant, recognising the many pressures that the health system was under and stating the importance of investing in NHS management as a way to boost productivity.[57] The conclusions of the Messenger Review have not yet been fully implemented. This is disappointing, not least because the Messenger Review followed a series of other reviews which reached similar conclusions about the importance of NHS leadership (for example, those by Sir Ron Kerr,[58] Tom Kark KC,[59] and Dr Bill Kirkup).[60]

However, there has been some progress. NHSE created the Management and Leadership Advisory Group to produce, among other outputs, a Leadership and Management Framework, which will support all new and existing NHS managers once developed. NHSE has also been reviewing its role and delivery model with regard to talent management, with the prominence of regional talent boards.

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[57] NHS Providers, briefing: Leadership for a collaborative and inclusive future – General Sir Gordon Messenger and Dame Linda Pollard, 8 June 2022: https://nhsproviders.org/media/693695/46336_messenger-review-otdb_final.pdf

[58] Gov.uk, Sir Ron Kerr review: empowering NHS leaders to lead, 28 November 2018: https://www.gov.uk/government/publications/sir-ron-kerr-review-empowering-nhs-leaders-to-lead#:~:text=This%20review%20was%20led%20by,burden%20placed%20upon%20executive%20leaders

[59] NHS Providers, briefing - The Kark review of the Fit and Proper Person Test , 6 February 2019: https://nhsproviders.org/resources/briefings/on-the-day-briefing-the-kark-review-of-the-fit-and-proper-person-test

[60] NHS Providers, briefing: Kirkup review into Liverpool Community Health, 9 February 2018: https://nhsproviders.org/resources/briefings/on-the-day-briefing-kirkup-review-into-liverpool-community-health

We are glad of the attention now being placed on talent pipelines and would flag the need for inclusive and transparent practice to remain at the heart of how the NHS supports all of its leaders and managers, as well as building a more robust talent pipeline. Progress on talent development and pipelines as a whole has been slow following initial plans from NHSE to develop a three year roadmap for 2024/25-2026/27 (which has not yet been published). We would welcome more clarity on national plans to support and develop NHS leaders.

We run a programme for aspiring chairs in partnership with NHSE, as well as support programmes for CEOs newly in post, CEOs in shared leadership roles, CEOs in challenged organisations, and executive director induction programmes, a board development programme, and networks for board level and aspirant roles. Details of our support offers can be found here.

VSM pay framework

It has, for several years, been a priority for trust leaders from all sectors to see the creation of a single VSM pay framework which does not separate different providers into classes based on the type of services they provide. In our 2022/23, 2023/24, and 2024/25 submissions to the SSRB, we outlined the need for an updated pay framework that clarifies a national structure assisting local leaders to make appropriate pay decisions without undue delay, while enabling a strong level of autonomy for trusts to consider the impact of various complex local factors. We have continued to engage with NHSE as part of their plans to develop a new pay framework from 2021 onwards and understand that a final version has been pending approval at DHSC for well over a year. It is critical that this framework is updated to provide the clarity needed.

The Secretary of State has reinvigorated this process, stating at NHS Providers annual conference that the framework would be published "ahead of the next financial year."[61] We are expecting this to be March 2025. We are keen for there to be consultation on its content, and have a number of asks of this framework:

- A commitment to updating it every two years.
- A single VSM pay framework which does not separate different providers into classes based on the type of services they are providing.

[61] Gov.uk, press release, Failing NHS managers' pay clampdown, 11 November 2024: https://www.gov.uk/government/news/failing-nhs-managers-pay-clampdown

- Turnover to be de-emphasised in setting VSM pay, (it is welcome that the Secretary of State announced that this is changing,)[62] instead taking better account of the complexities involved in trust leadership and management. Key complexities include:
  - People factors – including the number of staff, complexity of population served, levels of deprivation within local communities and historical board stability
  - 'Challenged trusts' – especially the need to consider those which have been in and out of special measures or struggled financially and with poor CQC ratings over a prolonged period
  - Geographical location and 'remoteness' – particularly given the difficulty faced by boards in rural and coastal areas, where there are both considerable service/operational challenges and issues attracting and retaining talent
  - System and partnership working factors – also described as the extent of integration and breadth and complexity of relationships with the primary care, social care/local authority, voluntary and community sectors and others within an integrated care system (ICS) footprint.
- Removal of ministerial salary sign off threshold (currently £150,000), as the framework should be able to be followed instead
- Removal of earn-back, instead ensuring personal accountability via robust appraisal processes which feed into performance management
- Clarity on how group and joint appointments fall under the framework.
- Assurance that ICB or group/joint roles won't be unintentionally incentivised over trust roles.
- Appropriate incentives for leaders to take roles in challenged trusts
  - We have previously supported proposals for 15% salary uplifts to this end, and monetary incentives should come alongside wider provision of support for leaders who move into, or already work in, challenged organisations.
- Alignment with the pay awards that have been given to VSMs during the time in which the framework has been under development.
- Clarity on the Secretary of State's proposals to block "failing" VSMs from receiving pay increases, and how this interacts with both the VSM pay framework and the SSRB process.

Regarding the last bullet point in the above list, we note that a policy of blocking some VSMs from receiving pay increases is counter intuitive to the SSRB process, and the process for this will need clarifying within any upcoming pay framework.[63] The scale of the financial and operational challenges

[62] Ibid.

[63] Gov.uk, press release, Failing NHS managers' pay clampdown, 11 November 2024: https://www.gov.uk/government/news/failing-nhs-managers-pay-clampdown

being experienced across the country would suggest that many of the issues are systemic rather than down to poor leadership. As such, proposals to change VSM eligibility for pay increases need to take systemic issues into account – including the quality of estates, the local demography, local and health inequalities – and must not disincentivise managers from taking on roles in struggling organisations. Holding senior leaders to account through effective performance management is hugely important, but – as per our position regarding earn-back (see page 26) – best delivered via robust appraisal processes and through the role trust boards and NHS England's (NHSE) regional and national teams play in ensuring accountability.

Performance management

When leaders take on a role, particularly in a challenged trust, it is important to allow them time to build the right leadership team and to demonstrate organisational improvement. The Secretary of State's proposals to block leaders of struggling trusts from accessing capital funding, which is one of the key levers to improving productivity and performance, is counter intuitive.[64] Our 2022 submission to the SSRB, for the 2023/24 pay round, noted our view on attracting high quality leaders to challenged trusts – it said:

> *In March 2022, we convened a roundtable between our members and NHSE's 'Leadership for a collaborative and inclusive future' review (Messenger review) team. One of the key points raised was that while pay is an important incentive to attract and retain strong leaders to challenged organisations, it must not be the only incentive. There were repeated suggestions of peer support, as well as support from regulators and promotion of the benefits which joining a challenged organisation can bring in terms of career development. As such, we also agree with recommendation 9 of the SSRB's last report: "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." We have offered to input to NHSE during their development of these criteria and believe it should also come alongside wider provision for support for leaders who move into, or already work in, challenged organisations.*[65]

[64] Sky News, UK Health Secretary Wes Streeting delivers speech on NHS reforms, 13 November 2024: https://www.youtube.com/watch?v=IzulUNmLcAw

[65] NHS Providers, Submission to the Senior Salaries Review Body 2023/24 pay round, December 2022: https://nhsproviders.org/media/694798/nhs-providers-ssrb-evidence-2023-24.pdf

As already mentioned, NHSE is creating a new Leadership and Management Framework to support NHS managers. Applying to both health and social care, this Framework is intended to give a consistent, NHS-wide set of standards and competencies to underpin strong operational leadership. It is our view that this Framework (which will include a set of core competencies, a code of practice and core curricula) is a positive move towards a greater validation of NHS leaders and will contribute to the professionalisation of NHS management. These resources are intended to be developmental, and we have been clear that they will need to work alongside other professional codes of practice (such as those set by professional regulators, e.g. GMC, NMC, and any future manager regulation).

The Labour manifesto acknowledged that managers "need support and accountability" and pledged to "implement professional standards and regulation", as well as a Royal College of Clinical Leadership.[66] This College of Leadership has now been announced by the Secretary of State and will be accessible for all NHS leaders.[67] However, exactly what the regulation of NHS managers should look like remains contested. Our view on manager regulation has been public for some time, and a key element of it is that any regulatory or semi-regulatory system for managers should be independent, rather than residing within NHSE.[68]

The remit group

VSM motivation and morale

NHS trust executive roles are increasingly complex. This submission explores the reasons for this, including the political and policy context, pressures on the system and the necessary focus on partnership and collaboration. Ongoing negative messages in the media continue to challenge morale of senior NHS leaders, from articles naming individuals' salaries to the persistent narrative of "over management" in the NHS (despite evidence to the contrary discussed elsewhere in this submission – see page 8). The Secretary of State's announcement of new approaches to leadership and performance management in the NHS included many positive proposals around support and development, but unfortunately the DHSC press release led with the title "failing NHS managers' pay

[66] Labour manifesto, June 2024: https://labour.org.uk/change/build-an-nhs-fit-for-the-future/

[67] Sky News, UK Health Secretary Wes Streeting delivers speech on NHS reforms, 13 November 2024: https://www.youtube.com/watch?v=IzulUNmLcAw

[68] NHS Providers, blog: Is there a case for manager regulation? 2 April 2024: https://nhsproviders.org/news-blogs/blogs/is-there-a-case-for-manager-regulation

clampdown".[69] It remains important that the narrative around NHS leaders shifts, and attention is given to supporting, developing, and retaining VSMs so that the service can meet the challenges it faces with the best possible people at its helm. Lord Darzi summarised:

> *"Despite what some media commentators may say, good management has a vital role in healthcare: it exists to ensure that the maximum healthcare value is created with the resources that are available. In providers, managers are there to ensure efficient organisation and process so that clinicians can deliver high quality care to meet the needs of patients."*[70]

Respondents to our remuneration survey said the following factors had negatively affected the morale of senior leaders at their trust somewhat or a great deal:

- Increased operational pressures (71%; last year, this was 90%)
- Increased demand on executive time (67%; last year, this was 91%)
- Increasingly critical narrative around NHS leaders (55%; last year, this was 75%)

While these percentages remain worryingly high, all of them have improved significantly since last year. The factor least likely to negatively impact executive director morale was a limited programme of learning and development opportunities, with 16% of respondents reporting that this negatively affected executive director morale a great deal (1%) or somewhat (15%), and close to a quarter (24%) saying it did not at all. Around a quarter of respondents said they did not know for each factor.

Turnover can be a useful indicator of morale and motivation. As has been the case for a number of years, findings from our annual remuneration survey reflect a provider sector that experiences very high senior staff turnover. Close to half (48%) of all executive directors have been appointed since the start of 2022 and two thirds (67%) had been appointed since the start of 2020.

Length of time in post varied by role type, with those in nursing / quality director roles having the highest percentage of colleagues (80%) appointed to their current role in the last four years. 69% of CEOs have been appointed since 2019, 67% finance/commercial directors, and 60% HR/workforce directors. The role type least likely to have been appointed in the last four years was communications directors, though this was still well above half at 57%.

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[69] Gov.uk, press release, Failing NHS managers' pay clampdown, 11 November 2024: https://www.gov.uk/government/news/failing-nhs-managers-pay-clampdown

[70] The Rt Hon. Professor the Lord Darzi of Denham OM KBE FRS FMedSci HonFREng, Independent Investigation of the National Health Service in England, September 2024, page 124: https://assets.publishing.service.gov.uk/media/66f42ae630536cb92748271f/Lord-Darzi-Independent-Investigation-of-the-National-Health-Service-in-England-Updated-25-September.pdf

Interim roles

In our remuneration survey this year, 94% (1,056 roles) of all executive director posts reported to us were permanent positions. 5% (53 roles) were internal interim positions and 0.4% (5 roles) were currently vacant – a similar composition to last year.

- Last year, 92% (1,153 roles) of all executive director posts reported to us were permanent positions. 6% (76 roles) were internal interim positions, 1.4% (18 roles) were vacant.
- In 21-23, 93% (823 roles) of the executive director posts reported in the survey were permanent positions, 6% (56 roles) were internal interim positions, none were vacant.

In this year's survey, 0.7% (8 roles) were off-payroll interim. In 22-23, 0.6% (8 roles) were off-payroll interim. In 2021-22, less than 0.5% (2 roles) were off-payroll interim.

Recruitment and retention

Retention levels for VSMs across the country are alarmingly low. Policy Exchange found that in August 2023, almost one third of trust chief executives had been in post for eighteen months or less.[71] The SSRB's most recent report warned of a potential "exodus" of trust chief executives.[72] This is a serious issue for the NHS. Losing experienced leadership and having a lack of continuity in executive teams is a potential barrier to progressing strategic change (such as the service reforms proposed by the Secretary of State) and delivering against targets.

In a series of interviews with VSMs this year, Policy Exchange identified issues with regard to recruiting and retaining senior and very senior managers, due to the "tough" nature of their roles.[73] From our discussions with trust leaders it has always been clear that the role of an NHS VSM is challenging, with one chief executive describing a "feeling of psychological unsafety" in their role due to pressure to deliver "unrealistic targets". The mental toll that trust leaders bear due to the responsibilities that they carry for the nations' health should not be understated.

[71] Policy Exchange, report: Just About Managing, 19 September 2024: https://policyexchange.org.uk/wp-content/uploads/Just-About-Managing-2.pdf

[72] SSRB, Forty-Sixth annual report on senior salaries, July 2024: https://assets.publishing.service.gov.uk/media/66a7a3c849b9c0597fdb066e/SSRB_Annual_Report_2024_Accessible.pdf

[73] Policy Exchange, report: Just About Managing, 19 September 2024: https://policyexchange.org.uk/wp-content/uploads/Just-About-Managing-2.pdf

In terms of recruitment, we have previously highlighted delays due to the requirement for Department of Health and Social Care approval for salaries over the £150,000 threshold. Delays in appointments to executive roles reduce capacity across entire organisations, while interim arrangements are put in place and capacity is reduced at executive level, limiting trusts' ability to take certain decisions and progress direction-setting work in the interim period. We hope that the upcoming VSM pay framework will remove the need for this process. In the meantime, we would like to see confirmation from government that the four-week sign-off period for salaries above £150,000 will be formally introduced, as recommended by the SSRB last year, and when this will be done by. In our remuneration survey results this year, 17% of respondents said their trust has experienced delays from the salary threshold approval process in the past two years. 80% of respondents said they have not, and 4% did not know. By way of comparison, last year over three quarters (77%) of respondents said they had not experienced delays, 15% had, and 8% did not know.

In our remuneration survey this year, respondents reported that 58% of chief executives are in the role for the first time, a similar proportion to last year's survey findings (60%). Foundation trusts were more likely to have a first-time chief executive (64%) than NHS trusts (41%), a trend also observed in last year's survey findings.

By region, trusts in the South East (93%) and London (67%) were most likely to have a first-time chief executive, while trusts in the North West were least likely, even though nearly half of their chief executives (47%) are in the role for the first time. By trust type, acute specialist trusts were most likely to have a first-time chief executive (73%), while ambulance trusts were least likely even with a third of these chief executives (33%) in the role for the first time.

- Last year, by region, trusts in the North East and Yorkshire (68%) and East of England (67%) were most likely to have a first-time chief executive, while trusts in London were least likely even though half of their chief executives (50%) are in the role for the first time. By trust type, acute specialist trusts were most likely to have a first-time chief executive (89%), while acute trusts were least likely even though over half of these chief executives (53%) are in the role for the first time.

Pay and reward

Pay levels and annual uplifts

The SSRB's most recent report highlighted that senior NHS roles can generally be viewed as an increase of responsibility with little associated reward.[74] We believe that fair remuneration for VSMs, in line with the challenging nature of the job, is crucial. Pay levels for VSMs are broadly appropriate, but annual pay increases which consider equivalent roles in other sectors are important to keep this the case.

The SSRB's recommendations to government for VSM pay in 2024/25 included a 5% uplift, backdated to 1 April 2024, and a commitment to approve or reject VSM pay that exceeds £150,000 within four weeks. We were pleased to see that the government accepted these recommendations in full but would like to see confirmation from government that the four-week threshold sign-off period will be formally introduced, and when this will be done by. Ultimately, we hope that the upcoming VSM pay framework will remove the need for this sign-off process.

The SSRB recommendation for VSM pay in 2023/24 was 5%, plus a discretional 0.5% to address pay differentials with AfC. In our remuneration survey this year, we asked respondents to provide further detail on whether any executive director pay increases, other than the cost of living, were awarded in line with the SSRB recommended uplift in 2022/23. Pay increases other than the cost of living were reported by 36% of respondents, with 20% specifying this followed the SSRB recommendation and 16% not following the recommendation. In the comments, respondents referred to utilising the 0.5% SSRB recommendation to address pay anomalies. Those that did not follow this recommendation referred to benchmarking exercises impacting all directors and one-off adjustments.

Our remuneration survey found that the average (mean) basic salary for all executive directors who reported to us in 2023/24 was £151,515, a slight decrease (-0.8%) compared to the previous year (£152,763). But the median salary, which is less affected by outliers, increased for most role types. This suggests that salaries around the middle of the distribution were higher in 2023/24 than 2022/23.

The average (mean) basic salary was highest for chief executives (£195,640) and medical directors (£186,207), and lowest for corporate affairs and governance roles (£119,488) and communications roles (£119,797), a similar trend to that observed in the previous two years' surveys.

[74] SSRB, Forty-Sixth annual report on senior salaries, July 2024: https://assets.publishing.service.gov.uk/media/66a7a3c849b9c0597fdb066e/SSRB_Annual_Report_2024_Accessible.pdf

By trust type, average basic salary for executive directors was highest in acute trusts (£156,588) and lowest in community trusts (£134,077), whereas last year, ambulance trusts had the lowest average basic salary. Like last year, the average basic salary was also slightly higher for executive directors at foundation trusts (£152,566) than those at NHS trusts (£148,081). Also similar to last year, by region, executive directors in London trusts had the highest average basic salary (£170,477); however, this is influenced by the high-cost area supplement (HCAS). Size of trust also influenced basic salary, with those at small trusts having an average basic salary of £138,862, moving up to £145,927 for medium trusts and £174,354 for large trusts.

Total remuneration includes basic salary and any extra allowances that an employee may receive such as performance related pay or bonuses, clinical excellence awards or other allowances. This year we did not ask for pension related benefits due to the variability in responses from trusts to this question in previous years. The average total remuneration for all executive directors in this survey was £154,434.

Differences in total remuneration by role type, trust type and region followed the same pattern as basic remuneration, with chief executives and medical directors receiving the largest annual remuneration and communications and corporate affairs/governance roles receiving the lowest. As in previous years, medical directors had the largest difference between their basic salary and total remuneration (average difference £10,108), while corporate affairs/governance roles had only a slight difference (£164).

This year's data shows that in 2023/24, the majority of responding trusts (92%) reported that their executive directors were not on Agenda for Change pay scales. This is a similar result to 2022/23 (94%). From the data we collected, there was no clear correlation of roles which are more likely to be on AfC than VSM pay scales.

In our annual survey of trust HR directors, one respondent noted that Band 9 payments are now very similar to those of very senior managers. It was in this context that they called for an update to the VSM framework, which has been awaiting government sign-off for several years. We also note that for two consecutive years, the Senior Salaries Review Body has recommended a discretionary additional uplift to VSM pay, which trusts can use to address pay differentials between the top of the AfC pay scale and the bottom of the VSM contracts.

Incentives and pensions

The application of earn-back for very senior managers, whereby an element of pay is placed at risk, dependent on performance, varies in how it is applied across trusts. Our remuneration survey found that executive directors at NHS trusts were more likely to have an element of earn-back than those at foundation trusts. Chief executives and medical directors were the most likely roles to have an element of earn-back to their salaries.

- 151 executive directors (14%) had an element of earn-back applied to their salary, a slight decrease from 15% in the previous year.

Of the 1,047 executive directors with total remuneration data included in our remuneration survey results this year, 503 received a total remuneration package which was above the £150,000 threshold where earn-back may apply (49% of all executive directors, slightly up from 43% last year). However, when asked if earn-back was applicable to these roles, not all trusts said there was earn-back applicable to these executive directors, and additionally, some executive directors whose annual pay was under this threshold did have earn-back applicable to their salary. For roles where earn-back was in place, the majority of trusts indicated this was set at 10%, a similar trend to last year.

- In 22-23, 183 executive directors (15%, up from 13% last year) had an element of earn-back applicable to their salary. Executive directors at NHS trusts were more likely to have an element of earn back (22%) than those at foundation trusts (12%). As in previous surveys, chief executives were the most likely roles to have an element of earn-back to their salaries. For roles where earn-back was applicable, the majority of trusts indicated this was set at 10%, a similar trend to 21/22.

We continue to question the effectiveness of earn-back policies as a performance management tool. We are of the view that holding senior leaders to account through effective performance management is hugely important, but best delivered via robust appraisal processes and through the role trust boards and NHS England's (NHSE) regional and national teams play in ensuring accountability.

Non-Executive Director remuneration

While out of scope for the SSRB, we feel it is pertinent to flag that our members are still increasingly concerned about non-executive director (NED) and chair remuneration. In foundation trusts in particular, NED and chair remuneration has remained relatively static for a number of years, and it is important that this is reviewed, to ensure that high-quality NEDs can be appointed and retained. NEDs and chairs are central to the performance management of VSMs and trusts as a whole and take considerable accountability as part of the unitary board structure in navigating operational and financial pressures, levels of risk, and the complexities of system working.

We supported NHSE's work in making a case to DHSC to increase NED and chair remuneration. We have suggested that remuneration uplifts for this group could mirror uplifts given to the SSRB remit group going forward.[75]

Further information and contact

We would be pleased to supply any further supplementary information and respond to questions from the Senior Salaries Review Body. We look forward to discussing the evidence further in our scheduled oral evidence session.

For more information, please contact NHS Providers' senior policy manager (workforce), Sarah White, sarah.white@nhsproviders.org.

[75] NHS Providers, 'The case for an increase to NHS non-executive director remuneration', November 2023: https://nhsproviders.org/media/697844/nhs-providers-the-case-for-an-increase-to-ned-remuneration.pdf