

Senior Salaries Review Body 2024/25

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 £115bn of annual expenditure and employing 1.4 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 2024/25 pay round. For the purposes of this submission, we have drawn on several information sources, including:

- NHS Providers' annual remuneration survey of trust leaders¹
- NHS Providers' previous written submissions to the SSRB
- Other surveys and sources of feedback from trust leaders, including our State of the Provider Sector survey², NHS Winter Watch³, and our Stretched to the Limit report⁴

Our evidence includes trust leader views on pay and reward, while also considering broader factors relating to staff experience, retention and recruitment, operational pressures and the economic context.

¹ This online survey of HR directors and company secretaries in NHS trusts and foundation trusts was conducted between July – August 2023. Data is based on responses from 155 trusts, accounting for 74% of the provider sector, with all regions and trust types represented.

² NHS Providers, 'State of the provider sector', November 2023: <https://nhsproviders.org/state-of-the-provider-sector-2023>

³ NHS Providers, 'NHS winter watch 2023/24', December 2023: <https://nhsproviders.org/nhs-winter-watch-202324>

⁴ NHS Providers, 'Stretched to the limit: tackling the NHS productivity challenge', July 2023: <https://nhsproviders.org/stretched-to-the-limit>

Ahead of this pay round, we shared a briefing on our annual remuneration survey results with the SSRB in confidence, and hope that it has been useful to inform the review body's thinking. If the SSRB have any queries on this, we are happy to answer them either directly or as part of our oral evidence session. It would be helpful if the queries could be shared with us in advance.

Key messages

- The 2024/25 pay round commences in very challenging operational and economic conditions. 95% of trust leaders responding to our annual 'State of the Provider Sector' survey said that they were concerned about the impact of seasonal pressures this winter on their trust and local area (with the most common reason for concerns relating to industrial action). 80% of trust leaders agreed that they believe this winter will be tougher than the last
- Industrial action has caused unprecedented disruption across frontline NHS services during the last year. In addition to the direct impact on patients, it has also limited trust leaders' capacity for strategic planning, and made the delivery of key operational priorities much more difficult. While our members are fully aware that this will have a knock-on impact in the longer term, their immediate priority must be to safely manage strike action and navigate strained industrial relationships. With these factors in play, the resilience of NHS leaders is being challenged. It is essential that attention is now given to supporting, developing, and retaining NHS leaders so that the service can meet the challenges it is facing with the best possible people at its helm
- Turnover among the group covered by the SSRB remit remains high, with our remuneration survey finding that a third of executive directors have been appointed since the start of 2022, and nearly one in three chief executives were appointed that year (the same as in the previous year). Additionally, a majority (60%) of chief executives are in their first chief executive role, up from 53% in the previous year. There has also been a notable increase in the sharing of chief executive roles across trusts, with 14% shared in 2022/23 compared to zero in 2021/22
- It remains a priority for the new very senior manager (VSM) pay framework to be published. It is concerning that the version pending approval is now out of date and will require updating to be accurate. We ask that the SSRB raises this in its final report to government
- We are of the view that VSM pay is broadly appropriate and remain supportive of cost of living increases for trust leaders. We also continue to question the effectiveness of earn-back policies as a performance management tool. Trust leaders believe effective performance management is best delivered via robust appraisal processes and through the role non-executive directors (NEDs), chairs and NHS England's (NHSE) regional and national teams play in ensuring accountability

- VSM roles are becoming more complex, due to system working and wider operational pressures. We would welcome the SSRB reflecting this in their pay recommendation for 2024/25 and would also welcome the delayed VSM pay framework acknowledging this
- The delayed announcement of all NHS pay awards continues to be damaging to staff morale and to trust financial planning. While we understand delays in pay review processes are not always in the control of individual review bodies, the 2023/24 pay uplifts being announced 18 weeks after the start of the 2023/24 financial year was unhelpful, and NHSE's letter for enactment of the VSM uplift being sent to trusts in late October meant that the remit group did not receive their pay awards until November. We would be supportive of all efforts the SSRB can make to ensure that pay rounds are concluded by the start of each financial year. As a point of principle, all NHS staff deserve to go into each new financial year knowing their pay for that period
- Equality, diversity and inclusion (EDI) is essential to improved workplace cultures and leadership, enhanced recruitment and retention, and optimal patient care and outcomes. Our members have been consistently clear on this. We firmly reject the former secretary of state, Steve Barclay's, messaging regarding EDI roles.

Context

Backdrop of industrial action

In May 2023, after months of strike action and negotiations, the majority of trade unions representing Agenda for Change (AfC) staff agreed to a pay deal offered by the government. We welcome the announcement that a deal has been reached in principle between the government and consultants. This has been put to trade union members and the result of the decision to accept or reject the offer will be announced by the end of January 2024. This development is a vital step towards resolving the industrial dispute with consultants in the NHS. SAS doctors remain in talks with government, but junior doctors' talks have failed, and they are returning to strike action. It is essential we see progress with additional talks between government these groups, to see an end to all industrial action across the NHS.

Industrial action has caused unprecedented disruption across the last year⁵. As well as over one million appointments being postponed, trust leaders repeatedly tell us that they have lost valuable

⁵ NHS Providers, 'NHS industrial action: the impact on patients, staff and performance', July 2023:

<https://nhsproviders.org/media/696855/nhs-providers-briefing-nhs-industrial-action-the-impact-on-patients-staff-and-performance-july-2023-members.pdf>

leadership and managerial headspace and time for strategic planning due to industrial action, and planning for the strikes had a big impact on the delivery of operational priorities⁶. Our members are fully aware that this will make their jobs even harder in the long term, on top of the significant immediate challenge to safely manage expensive strike action and navigate strained industrial relationships with their staff. However, over half of trust leaders are very confident (9%) or confident (47%) that national industrial disputes will cease when a resolution is agreed between government and unions⁷.

Industrial action has also caused a significant strain on trust finances. Up to the end of October the indirect and direct cost of strike action was estimated to be £2bn⁸. Over three quarters of trust leaders said it was unlikely that their trust will end 2023/24 in a better financial position than it ended 2022/23. Directions given to the service by the centre have not assuaged these concerns⁹, nor has the Chancellor's Autumn Statement¹⁰, nor the announcement of nine additional days of junior doctor strikes across December and January¹¹. The challenges of an underfunded and overstretched social care system also continue to have serious consequences for the NHS¹². Unfit for purpose estates are also impacting on service delivery, staff experience of and ability to perform their roles, and exacerbating trust financial difficulties¹³.

Delays in resolving industrial action has affected morale among staff¹⁴ and general dissatisfaction of working conditions remains, especially given the still-growing care backlogs. Government's proposal

⁶ NHS Providers, 'NHS industrial action: the impact on patients, staff and performance', July 2023: <https://nhsproviders.org/media/696855/nhs-providers-briefing-nhs-industrial-action-the-impact-on-patients-staff-and-performance-july-2023-members.pdf>

⁷ NHS Providers, 'State of the provider sector', November 2023: <https://nhsproviders.org/state-of-the-provider-sector-2023>

⁸ NHS England, 'Financial performance update', December 2023: <https://www.england.nhs.uk/long-read/financial-performance-update-7-dec-23/>

⁹ HSJ, 'ICSSs told to prepare 'nuclear' service cuts as NHSE plays 'hardball'', November 2023: <https://www.hsj.co.uk/finance-and-efficiency/icss-told-to-prepare-nuclear-service-cuts-as-nhse-plays-hardball/7036015.article>

¹⁰ NHS Providers, 'Autumn Statement – November 2023', November 2023: <https://nhsproviders.org/media/697811/autumn-statement-on-the-day-briefing-november-2023.pdf>

¹¹ BMA, 'Junior doctors in England announce new strike dates after Government fails to make credible offer to end the dispute', December 2023: <https://www.bma.org.uk/bma-media-centre/junior-doctors-in-england-announce-new-strike-dates-after-government-fails-to-make-credible-offer-to-end-the-dispute>

¹² NHS Providers, 'NHS Providers responds to social care workforce funding cut', April 2023: <https://nhsproviders.org/news-blogs/news/nhs-providers-responds-to-social-care-workforce-funding-cut>

¹³ NHS Providers, 'No more sticking plasters: repairing and transforming the NHS estate', March 2023: <https://nhsproviders.org/no-more-sticking-plasters>

¹⁴ NHS Providers, 'Impact of strikes is growing, with no end in sight', September 2023: <https://nhsproviders.org/news-blogs/news/impact-of-strikes-is-growing-with-no-end-in-sight>

to extend minimum service levels (MSLs) to hospital settings, on top of ambulance settings, via the Strikes (Minimum Service Levels) Act 2023, is also concerning and will likely exacerbate current dissatisfaction among staff¹⁵. While strikes cause significant disruption to NHS services, staff and patients, we believe that the provisions of the Act will damage relationships with staff more than it will mitigate disruption and further exacerbate current dissatisfaction among staff¹⁶.

Wider system pressures

VSMs in the NHS are undoubtedly facing a difficult period. Over the last year the elective waiting list has reached an all-time high of 7.77m appointments¹⁷, ambulance trusts received over 1.3 million calls in a month¹⁸ and the service recorded the highest staff turnover rate on record¹⁹. Ambulance handover delays and delayed discharges have also been prominent, alongside record-high A&E attendances²⁰. In mental health services, recently published data shows continued high demand and referrals up by 33.9% compared to pre-pandemic levels²¹.

This winter is also expected to be increasingly challenging²². 95% of trust leaders responding to our annual 'State of the Provider Sector' survey said that they were concerned about the impact of seasonal pressures this winter on their trust and local area, and 80% of trust leaders agreed that they believe this winter will be tougher than the last²³. It is staff who will tackle these challenges head on, and workforce shortages and staff wellbeing remain among trust leaders' top concerns. Three in five trust leaders are worried about having the right number, quality and mix of staff to deliver high

¹⁵ NHS Providers, 'Minimum service levels in event of strike action: hospital services', November 2023: <https://nhsproviders.org/resources/submissions/nhs-providers-response-to-the-department-of-health-and-social-care-s-consultation-on-minimum-service-levels-in-event-of-strike-action-hospital-services>

¹⁶ Ibid.

¹⁷ NHS Providers, 'NHS activity tracker 2023', November 2023: <https://nhsproviders.org/nhs-activity-tracker-2023/november-2023>

¹⁸ NHS England, Ambulance Quality Indicators Data 2022-23: <https://www.england.nhs.uk/statistics/statistical-work-areas/ambulance-quality-indicators/ambulance-quality-indicators-data-2022-23/>

¹⁹ NHS Digital, NHS workforce statistics – June 2022: <https://digital.nhs.uk/data-and-information/publications/statistical/nhs-workforce-statistics/june-2022>

²⁰ NHS England, 'Operational performance update', December 2023: <https://www.england.nhs.uk/long-read/operational-performance-update-7-dec-23/>

²¹ NHS Digital, mental health services monthly statistics – July 2023: <https://digital.nhs.uk/data-and-information/publications/statistical/mental-health-services-monthly-statistics/performance-july-provisional-august-2023>

²² NHS Providers, 'NHS winter watch 2023/24' December 2023: <https://nhsproviders.org/nhs-winter-watch-202324>

²³ NHS Providers, 'State of the provider sector', November 2023: <https://nhsproviders.org/state-of-the-provider-sector-2023>

quality care while, 84% of trust leaders are concerned about staff burnout, and 83% about staff morale²⁴.

There are currently over 121,000 vacancies in the NHS in England²⁵. Turnover among the group covered by the SSRB remit is also very high, with our remuneration survey finding that a third of executive directors have been appointed since the start of 2021, and nearly one in three chief executives were appointed in the last 12 months (the same as in our previous survey).

Despite these challenges, trust leaders and their teams have worked hard to bring down the longest waits, with those waiting 52- and 104- weeks decreasing, and cancer and diagnostic activity both remaining above pre-pandemic levels²⁶. In addition, trusts are working collaboratively to prevent avoidable admissions and manage demand more effectively²⁷. Responding to our 'State of the Provider Sector' survey, 89% of trust leaders told us they are prioritising a focus on quality improvement and trust-wide improvement programmes and 70% are focused on tackling health inequalities²⁸. It is also positive to see staff reporting good relationships with their managers and compassionate leadership via the NHS staff survey²⁹.

However, members of the SSRB's remit group are often subject to criticism in the media. While we have noted this in previous submissions to the SSRB, it remains important to raise as there is a continuing sentiment that the NHS is bureaucratic and over-managed³⁰. However, the NHS spends less than half the Organisation for Economic Co-operation and Development (OECD) average on administration and management combined³¹, and research has shown that higher manager to staff

²⁴ NHS Providers, 'State of the provider sector', November 2023: <https://nhsproviders.org/state-of-the-provider-sector-2023>

²⁵ NHS Digital, NHS vacancy statistics England – September 2023: <https://digital.nhs.uk/data-and-information/publications/statistical/nhs-vacancies-survey/april-2015---september-2023-experimental-statistics>

²⁶ NHS Providers, 'NHS activity tracker 2023', November 2023: <https://nhsproviders.org/nhs-activity-tracker-2023/november-2023>

²⁷ NHS Providers, 'Providers Deliver: patient flow', May 2023: <https://nhsproviders.org/providers-deliver-patient-flow>

²⁸ NHS Providers, 'State of the provider sector', November 2023: <https://nhsproviders.org/state-of-the-provider-sector-2023>

²⁹ NHS Providers, 'NHS Staff Survey results 2022', March 2023: <https://nhsproviders.org/media/695230/otdb-nhs-staff-survey-results-2022.pdf>

³⁰ The Telegraph, 'NHS to slash bureaucracy by recruiting doctors and nurses over pen-pushers', July 2023: <https://www.telegraph.co.uk/politics/2023/07/02/nhs-workforce-plan-steve-barclay-slash-bureaucracy/>

³¹ 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/publication/nhs-productivity>

ratios improve efficiency, service effectiveness, patient experience and result in decreased infection rates³².

The effectiveness and efficiency of the NHS relies on its workforce – both clinical and non-clinical, including managerial staff. Ongoing negative messages in the media are of course damaging to the morale of senior NHS leaders. It is important that the narrative shifts, and attention is given to supporting, developing, and retaining NHS leaders so that the service can meet the challenges it is facing with the best possible people at its helm.

A significant, and welcome, development in June 2023 was the publication of the long awaited NHSE long term workforce plan (LTWP)³³, as well as NHSE's equality, diversity and inclusion (EDI) improvement plan³⁴. We have long called for a comprehensive workforce plan to place the NHS workforce on a sustainable footing; however, questions remain about how the plan will be funded and implemented across its 15-year lifespan, and what assumptions underpin its forecasting³⁵. It is also disappointing to see a lack of focus on managers and support for non-clinical roles in the plan. We will make the case for the inclusion of managers in the 2025 LTWP refresh and will point to the need to implement the recommendations of the 'Leadership for a collaborative and inclusive future' review (the Messenger review) as part of this work³⁶. Our wider thoughts on the national approach to leadership development are outlined later in this document.

Professional regulation of NHS managers

The recent conviction of Lucy Letby has also put a spotlight on managers and the consideration of manager regulation. The provision of healthcare is a complex and high-risk sector. Patient safety is trust leaders' number one priority. NHS frontline staff, government and NHSE must work together to understand these events and how the NHS can build the culture of openness that is critical to delivering consistently safe care.

³² The Health Foundation, 'Strengthening NHS management and leadership', February 2022:

<https://www.health.org.uk/publications/long-reads/strengthening-nhs-management-and-leadership>

³³ NHS Providers, 'NHS England's Long Term Workforce Plan', June 2023: <https://nhsproviders.org/media/696006/long-term-workforce-plan-otdb.pdf>

³⁴ NHS Providers, 'NHS England equality, diversity and inclusion improvement plan', June 2023:

<https://nhsproviders.org/media/695905/nhse-edi-improvement-plan-next-day-briefing.pdf>

³⁵ NHS Providers, 'NHS Providers view: NHS England's Long Term Workforce Plan, November 2023:

<https://nhsproviders.org/media/697794/long-term-workforce-plan-detailed-member-briefing-november-2023.pdf>

³⁶ NHS Providers, 'Leadership for a collaborative and inclusive future – General Sir Gordon Messenger and Dame Linda Pollard', June 2022: https://nhsproviders.org/media/693695/46336_messenger-review-otdb_final.pdf

We have been keen to take a carefully considered approach in shaping our own response, both to the Letby case, and to other high profile patient safety failures. The political response to the Letby case has so far primarily focused on the possible introduction of professional regulation of NHS managers, and we have been contributing to these conversations with government, the Labour party, and with NHSE. We are also concerned to look at the learning from this case within a wider context of NHS culture, safety and speaking up, governance and patient focus.

We are encouraging national policy makers to consider how the regulation of managers could add the most value, should it be introduced. We are exploring the models which could be progressed, as well as the alternatives available – such as a code of conduct – as we believe policymakers must be clear about the purpose and form of manager regulation, and that they understand the potential benefits as well as the limits of what it can achieve. We are also working with trust leaders to understand the potential benefits and challenges of introducing regulation which would encompass those outside the remit of the SSRB.

We are clear that, as set out in the Messenger review, greater support and professional development for managers and leaders is important and that considerations of professional regulation for managers must allow scope for greater support and development rather than an approach focused only on sanctions.

System and partnership working

1 July 2023 marked the one year anniversary of integrated care systems (ICSs) being placed on a statutory footing. Trusts are continuing to drive forward the core ambitions of system working and work closely with key partners³⁷. We welcomed the review conducted by the Rt Hon Patricia Hewitt into the role and powers of ICSs and the focus in the final report on prevention and health improvement, and the clear vision it offers for social care³⁸.

However, balancing the delivery of clear national priorities for the NHS with local ambitions for patients remains challenging in the face of continued pressure and record demand for services. Additionally, integrated care boards (ICBs) have understandably been occupied with system

³⁷ NHS Providers, 'Providers Deliver: trusts in systems' <https://nhsproviders.org/providers-deliver-trusts-in-systems>

³⁸ NHS Providers, 'The Hewitt Review', April 2023: <https://nhsproviders.org/media/695411/otdb-hewitt-review.pdf>

governance and the huge organisational and structural change required to make the transition to this new way of working³⁹. We welcome government acknowledgement that a further review of the capital and finance regime is needed⁴⁰. Trust leaders are proactive and prepared for change, however, for the long term ambitions of system working to be realised, sufficient time for leaders to navigate new relationships, governance structures and financial arrangements will be essential.

The majority of chief executives again report some level of involvement with their ICS/ICB/integrated care partnership (ICP) (91% compared to 94% in 2022). 46% of chief executives are involved in their local ICS as a partner member of the ICB, while 26% are involved in leading delivery of part of the ICS work programme on behalf of the ICB, or involved in subcommittees of the ICB. A minority of chief executives are involved in an ICP led by local government partners (3%) and 1% recently moved or are moving to a permanent ICB role. For chief executives working across their organisation and as part of the ICS, 39% estimate they spend 1-20% of their time on system work (up 2% on 2022), 17% estimate 21-40% (down 11% on 2022) and a minority (4%) estimate a large proportion of their time (41-60%) is spent on ICS work (down 4% on 2022).

8% of respondents to our remuneration survey reported that executives in their trust are working in joint roles at other trusts, an ICB or an arm's length body (ALB), compared to 7% in 2021/22, so this has remained fairly static. Joint roles were most common in IT and informatics (24%), followed by governance and corporate affairs (18%) and communications (16%). 14% of chief executives had joint roles. These joint roles were all predominately with another trust, instead of an ICB or ALB.

VSM roles are becoming more complex, due to system working and wider operational pressures. We would welcome the SSRB reflecting this in their pay recommendation for 2024/25 and would also welcome the VSM pay framework acknowledging this. As mentioned in our last submission to the SSRB, it is important that the VSM pay framework does not – intentionally or unintentionally – encourage large-scale movement of senior leaders away from trusts to ICB roles.

Strategic approach to VSM pay

VSM pay framework

³⁹ NHS Providers, 'Year one of integrated care systems has been tough – here's what they need in year two', June 2023:

<https://nhsproviders.org/news-blogs/blogs/year-one-of-integrated-care-systems-has-been-tough-heres-what-they-need-in-year-two>

⁴⁰ NHS Providers, 'Government commitment to ICS development and success welcome', June 2023: <https://nhsproviders.org/news-blogs/news/government-commitment-to-ics-development-and-success-welcome>

At the time of submission, the long-awaited VSM pay framework remains unpublished, pending Department of Health and Social Care (DHSC) approval. In our 2022 and 2023/24 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 complexity factors^{41, 42}.

It also remains 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 are providing. We have continued to engage with NHSE as part of their plans to develop a new pay framework from 2021 onwards, and understand that the final version has been pending approval at DHSC for a number of months. This is concerning as the version pending approval will now be out of date, and will require updating to be accurate, particularly after a period of rapid inflation and the application of the SSRB's recommended pay award for 2023/24. We are also concerned at the pace of the departmental sign off process. We ask that the SSRB raises this in its final report to government and we will continue to raise the issue in our conversations with DHSC.

Pay review mechanism

We welcome DHSC's commitment to reviewing the NHS Pay Review Body (NHSPRB) process as part of the non-pay elements of the deal agreed by government and trade unions in March 2023. We have submitted our view in response to DHSC's initial questionnaire on the process review and are members of various non-pay element stakeholder task and finish groups⁴³. We also welcome the announcement that as part of the consultant pay deal in principle, agreed between the government and the BMA, the DDRB process will be reviewed, if the offer is accepted by trade union members⁴⁴. In our view, it is likely that any changes implemented to the NHSPRB and DDRB process will also need to be considered for application to the SSRB to ensure consistency across the review bodies that have a remit for NHS pay. Stakeholders must, however, have the opportunity to comment on these changes and their application to the SSRB, to ensure fairness, appropriate nuance and alignment with

⁴¹ NHS Providers, 'NHS Providers evidence to the SSRB – January 2022', January 2022: <https://nhsproviders.org/media/693036/nhs-providers-written-evidence-to-the-ssrb-2022.pdf>

⁴² NHS Providers, '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>

⁴³ NHS Providers, 'NHS Providers response to invitation to share views on the NHS Pay Review Body process', June 2023: <https://nhsproviders.org/media/696035/nhs-providers-response-to-dhsc-invitation-to-share-views-on-the-nhsprb-process-final.pdf>

⁴⁴ Department of Health and Social Care, 'Government offer to NHS consultants to pave way to end strikes', November 2023: <https://www.gov.uk/government/news/government-puts-offer-to-consultants-to-pave-way-to-end-strikes>

the equivalent reviews of the NHSPRB and DDRB. Due to the wider remit of the SSRB outside of health, it will be important for other parties to be involved in these discussions too.

NHS Providers previously welcomed the chair of the NHSPRB sitting on the SSRB as an interim ex-officio member and would welcome this collaboration between review bodies in the future, particularly in light of the potential for overlap between the top of the AfC pay scale and VSMs, but also in the interest of talent and leadership development pipelines.

Experience of VSMs

Operational pressures and morale

As outlined above, trust leaders and their staff are working under increased and sustained pressure. Responding to our annual State of the Provider Sector survey, 8 in 10 trust leaders (80%) strongly agreed or agreed that winter 2023/24 will be tougher than the previous⁴⁵. Additionally, 78% of trust leaders said they were very worried or worried about their trust's capacity to meet service demand over the next 12 months – a 17 percentage point increase compared to before the Covid-19 pandemic (2019). 84% of trust leaders reported being extremely or moderately concerned about levels of burnout among their staff, while 83% reported being extremely or moderately concerned about staff morale.

Respondents to our annual remuneration survey said that increased demand on executive time (91%), increased operational pressures (90%) and the increasingly critical narrative around NHS leadership (75%), all negatively contribute somewhat or a great deal to reduced trust leader morale. This year, we again asked respondents to our remuneration survey about the impact of the pandemic and the recovery period on the likelihood of trust leaders to retire or leave the NHS. While 57% said these had no impact, 23% said that trust leaders were slightly more (21%) or significantly more likely (2%) to leave the sector as a result of these ongoing pressures. The fact that there is no change in this statistic from our 2022 survey reflects the sustained nature of these pressures.

Recruitment and retention

Increased operational pressures and reduced morale impact recruitment and retention at all levels, as evidenced in the most recent NHS staff survey results where 32.3% of staff reported often thinking of

⁴⁵ NHS Providers, 'State of the provider sector', November 2023: <https://nhsproviders.org/state-of-the-provider-sector-2023>

leaving their organisation; a five year high⁴⁶. Difficulty in recruiting to senior leadership roles has received coverage in the Health Service Journal (HSJ), with recent examples of trusts struggling to appoint chief executives and chairs^{47, 48}. However, 88% of remuneration survey respondents with vacant posts in their organisation reported that they had not noticed an increase in the length of time executive roles were remaining vacant. 53% reported that vacancies had been open for a month or less, compared to 35% who reported vacancies being open for three months or more. 12% reported vacancies remaining open for two to three months. We will include this question in our next remuneration survey to track this metric over time. Respondents to our remuneration survey also reported that recruitment at their organisation is most likely to be to fill existing roles that have become vacant, followed by recruitment to newly created roles and finally to existing roles that have been expanded.

One marker of chief executive turnover is the number who have been in post for one year or less.⁴⁹ There has been recent media coverage of chief executive turnover in the NHS^{50, 51, 52}. 29% of respondents to our remuneration survey reported their organisation's chief executive had been in post for less than 12 months (down 7 percentage points compared to 2021/22, but still a very high figure). A majority (60%) of chief executives are in their first chief executive role, up from 53% in the previous year, with foundation trusts notably more likely to have a first time chief executive in post than trusts (67% and 42% respectively). 68% of chief executives in the North East and Yorkshire and 67% in the South East are in their first chief executive post. The region with the lowest percentage of first time chief executives is London, but even this stands at 50%. More broadly, 33% of executive directors had been appointed since the start of 2021, and 70% had been appointed since the start of

⁴⁶ NHS Providers, 'NHS Staff Survey results 2022', March 2023: <https://nhsproviders.org/media/695230/otdb-nhs-staff-survey-results-2022.pdf>

⁴⁷ HSJ, 'Challenged trust fails to complete 'hospital CEOs' recruitment', July 2023: <https://www.hsj.co.uk/university-hospitals-birmingham-nhs-foundation-trust/challenged-trust-fails-to-complete-hospital-ceos-recruitment/7035274.article>

⁴⁸ HSJ, 'Teaching trust appoints joint chair after two failed attempts', August 2023: <https://www.hsj.co.uk/lancashire-teaching-hospitals-nhs-foundation-trust/teaching-trust-appoints-joint-chair-after-two-failed-attempts/7035302.article>

⁴⁹ HSJ, "'Turbulence and pressure' leading to higher turnover of CEOs, says Hartley', November 2023: <https://www.hsj.co.uk/policy-and-regulation/turbulence-and-pressure-leading-to-higher-turnover-of-ceos-says-hartley/7035961.article>

⁵⁰ HSJ, "'Outstanding' hospital CEO to leave after 18 months', November 2023: <https://www.hsj.co.uk/workforce/outstanding-hospital-ceo-to-leave-after-18-months/7035990.article>

⁵¹ HSJ, 'Top trust CEO quits for overseas job less than two years into role', November 2023: <https://www.hsj.co.uk/workforce/top-trust-ceo-quits-for-overseas-job-less-than-two-years-into-role/7035882.article>

⁵² HSJ, 'Trust chief executive quits to take job in Qatar', December 2023: <https://www.hsj.co.uk/frimley-health-nhs-foundation-trust/trust-chief-executive-quits-to-take-job-in-qatar/7036244.article>

2019. It is clear that national focus should be brought to the retention of NHS leaders, and we continue to raise this with NHSE.

9 in 10 respondents to our survey said their organisations' executive director roles are permanent positions, while 6% are filled by internal interims and 0.6% by off-payroll interims. In 2022, these rates were 6% and 0.5% respectively, so have remained fairly static. We would again note that while in some instances interim appointments are a process purposefully employed by trusts as they seek to ensure the right appointment decisions are made in the longer term, this finding also points to some difficulty or delays in ensuring the right incentives and conditions are in place for permanent appointments. For the first time, we included a question on vacant positions in our remuneration survey, with respondents reporting that 1.4% of executive director posts were vacant at the time of completing the survey. We will be able to provide a year-on-year comparison in the future. Respondents told us that medical directors were the most likely to be on interim contracts.

Overall, shared executive roles across trusts were reported by 8% of respondents, a slight increase on the 7% reported in the previous year. However, there is variation between roles, with IT roles most likely to be shared (22%). Medical directors and operations directors are the least likely to be shared across trusts (3% and 1% respectively). There has been a notable increase in the sharing of chief executive roles across trusts, with 14% shared in 2022/23. There were none in 2021/22.

The majority of respondents to our survey said that their organisation's executive directors work full time (96%); however, medical directors are the least likely to do so, with 9% reported as working less than full time. The majority of executive directors do not work flexibly (85%), but those who do, work a mixture of compressed hours (2.6%), less than full time (2.4%), or as part of a job share (0.3%). The NHS People Promise is clear in its commitment to flexible working for all staff⁵³, while the Long Term Workforce Plan notes the need to go beyond statutory requirements to consider flexible working for every job⁵⁴. It will be important for this to be feasible for senior leaders, so that they can both model these behaviours, and seek to ensure access to flexible working for their entire workforce.

⁵³ NHS England, 'NHS People Plan – The Promise', July 2020: <https://www.england.nhs.uk/our-nhspeople/online-version/lfaop/our-nhs-people-promise/the-promise/#we-work-flexibly>

⁵⁴ NHS Providers, 'NHS England's Long Term Workforce Plan', June 2023: <https://nhsproviders.org/media/696006/long-term-workforce-plan-otdb.pdf>

Respondents to our remuneration survey reported that 2% of executive directors (22 roles) receive additional payments related to recruitment and retention, ranging from £4,000 to £17,500, with the most common being £8,000 and the average being £9,000.

Productivity and under-management

Although there has been an increase in the overall NHS workforce and spending, this growth has not kept up with service demand. Increased productivity is a clear priority for the government and national bodies. In the 2023 autumn statement, as a result of the Chancellor's productivity review, a target to increase productivity by at least 0.5% was introduced for the public sector^{55,56}. It is important that this review accurately reflects the productivity challenge facing the NHS, as we have concerns about the metrics used by DHSC and NHSE when measuring productivity across acute trusts, as well as community and mental health care providers⁵⁷. The LTWP also outlines ambitious assumptions about productivity growth between 1.5%-2% per year, far exceeding historic trends⁵⁸. We question whether these assumptions will be achievable. We welcome, however, the emphasis within the LTWP that NHSE's productivity aims are "categorically not about staff working harder" but based on staff being enabled to working differently. Despite the clear directives for the NHS to deliver more activity, it is important to note that NHS organisations are already making great strides in recovering services, including carrying out more diagnostic tests than ever before and bringing down the number of people experiencing the longest waits⁵⁹. Responding to our annual pay survey, 71% of trust leaders were very or somewhat confident of progression in the 'new ways of working and delivering care' area of the 2020/21 People Plan.

Many of the factors impacting productivity growth are outside of trusts' control. Increasing patient acuity, for example, is impacting the average time spent in hospital due to patients' needs often being

⁵⁵ NHS Providers, 'Autumn Statement – November 2023', November 2023: <https://nhsproviders.org/media/697811/autumn-statement-on-the-day-briefing-november-2023.pdf>

⁵⁶ NHS Providers, 'NHS Providers view: NHS England's Long Term Workforce Plan', November 2023: <https://nhsproviders.org/media/697794/long-term-workforce-plan-detailed-member-briefing-november-2023.pdf>

⁵⁷ NHS Providers, 'Stretched to the limit: Tackling the NHS productivity challenge', July 2023: <https://nhsproviders.org/stretched-to-the-limit>

⁵⁸ NHS England, 'NHS Long Term Workforce Plan', June 2023: <https://www.england.nhs.uk/wp-content/uploads/2023/06/nhs-long-term-workforce-plan-v1.2.pdf>

⁵⁹ NHS Providers, 'Stretched to the limit: Tackling the NHS productivity challenge', July 2023: <https://nhsproviders.org/stretched-to-the-limit>

more complex, clinically, meaning diagnosis and care takes longer⁶⁰. Prolonged industrial action has also had an impact on care delivery and backlog recovery. Trust leaders repeatedly told us that they lost valuable leadership and managerial headspace and time for strategic planning due to industrial action, and planning for the strikes had a big impact on the delivery of operational priorities⁶¹. As mentioned throughout this submission, relentless operational pressures have impacted the psychological wellbeing of staff and workplace experience. This has had an adverse impact on discretionary effort from staff, such as their willingness to work unpaid overtime. Limited staff availability has also led to increased agency spend, which is further constraining activity growth⁶².

The operational ask of the NHS, including the national priority to improve productivity, cannot be delivered without adequate capital investment, and yet, there is little doubt that the NHS has been starved of significant capital investment in recent years⁶³. Major operational capital investment is needed to drive substantial and long overdue improvements to service capacity, increase productivity, improve the safety and experience of patients and staff, and to prevent the further deterioration of the NHS estate.

55% of respondents to our productivity survey stated that investment in and enablement of digital technologies will have a major impact on increasing productivity growth in 2023/24⁶⁴, and 77% of respondents to our 'State of the Provider Sector' survey said digital ways of working are very important to ensure the sustainability of health services⁶⁵. However, almost 6 in 10 trust leaders are not confident or not at all confident that the potential of digital ways of working is being fully taken advantage of, with lack of funding and skills cited as the main reason for this⁶⁶. Further investment in digital technology and transformation is essential to enabling and embedding smarter working across the health service, transforming care for patients and improving access to services. We look forward

⁶⁰ NHS Providers, 'Boosting NHS productivity demands a healthy dose of realism', December 2023: <https://nhsproviders.org/news-blogs/blogs/boosting-nhs-productivity-demands-a-healthy-dose-of-realism>

⁶¹ NHS Providers, 'NHS industrial action: the impact on patients, staff and performance', July 2023: <https://nhsproviders.org/media/696855/nhs-providers-briefing-nhs-industrial-action-the-impact-on-patients-staff-and-performance-july-2023-members.pdf>

⁶² NHS Providers, 'Stretched to the limit: Tackling the NHS productivity challenge', July 2023: <https://nhsproviders.org/stretched-to-the-limit>

⁶³ NHS Providers, 'No more sticking plasters: Repairing and transforming the NHS estate', March 2023: <https://nhsproviders.org/no-more-sticking-plasters>

⁶⁴ NHS Providers, 'Stretched to the limit: Tackling the NHS productivity challenge', July 2023: <https://nhsproviders.org/stretched-to-the-limit>

⁶⁵ NHS Providers, 'State of the provider sector', November 2023: <https://nhsproviders.org/state-of-the-provider-sector-2023>

⁶⁶ Ibid.

to the forthcoming Digital Workforce Plan that will focus on building a workforce that can meet the digital transformation ambitions of the health and care sector.

As outlined earlier in this document, and in our submission to the SSRB last year, NHS Providers rejects the pervasive narrative across sections of the media and government, that the NHS is over-managed and/or bureaucratic. As well as impacting leaders' morale, this is impactful in terms of the way the NHS productivity is assessed. In June 2023, the Institute for Government published 'The NHS productivity puzzle', which also concluded that "the NHS is severely undermanaged"⁶⁷. They reported there is no evidence that reducing the number of managers in the NHS results in greater resources for frontline services, but acknowledge that increasing the number of managers would need to be coupled with increased manager responsibility, autonomy and analytical capacity to lead to productivity improvements. Recent opinion pieces in both the Daily Mail⁶⁸ and The Times⁶⁹ have also acknowledged that the health service is under, rather than over-managed.

National approach to leadership development

The majority of NHS chief executives are recruited from within the sector, with 93% of respondents to our remuneration survey reporting that their chief executive had been recruited from within the NHS, while 5% had been recruited from the wider public sector, 1% from the private healthcare sector, with none from the wider private sector. Despite this, as referenced in our submission to the SSRB last year, trust leaders have told us that a unified national approach to leadership development, talent management and talent pipelines is needed, allowing trust to standardise their approach and adapt to reflect local requirements. 57% of respondents to our remuneration survey said that they have a local talent pipeline in place, while 37% reported they did not. It is reassuring that a majority of trusts have a local pipeline in place, but these results show there is a considerable minority that do not.

NHS Providers continues to call for the implementation of the Messenger review's recommendations, which were accepted in full by former secretary of state for health and social care, Sajid Javid⁷⁰. We

⁶⁷ 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

⁶⁸ Daily Mail, 'What Mum's death taught me about the ailing NHS - and why better managers are as vital as nurses', July 2023: <https://www.dailymail.co.uk/debate/article-12278377/DAN-HODGES-Mums-death-taught-ailing-NHS.html>

⁶⁹ The Times, 'What the NHS needs is more managers', December 2022: <https://www.thetimes.co.uk/article/its-a-myth-that-the-nhs-needs-fewer-managers-kwjns2cvh>

⁷⁰ NHS Providers, 'Leadership for a collaborative and inclusive future – General Sir Gordon Messenger and Dame Linda Pollard', June 2022: https://nhsproviders.org/media/693695/46336_messenger-review-otdb_final.pdf

support a unified approach to talent management and leadership pipelines and ran a roundtable focused on leadership development and talent management in November 2022, with the key findings from this event summarised in our last submission to the SSRB⁷¹. We are pleased to be members of NHSE's Management and Leadership Advisory Group (MALAG), which will oversee the delivery roadmap for a number of recommendations from recent reviews of NHS leadership and management. We also await the publication of NHSE's Leadership Competency Framework (LCF). All of this work is hugely important to ensuring the future and direction of the NHS.

NHSE published a new Fit and Proper Persons Test (FPPT) Framework on 2 August 2023, with implementation expected across September 2023 to 31 March 2024⁷². We welcome the locating of the FPPT within the broader context of board development, and effective appraisals and appointments. However, we remain concerned about the implications of the proposed inclusion of ongoing and discontinued disciplinary or grievance proceedings within board member references and agree with the guidance's assertion that legal advice may be required in these cases.

Respondents to our remuneration survey were split on whether leadership stability is appropriately rewarded in the NHS, with 40% reporting that it was and 37% reporting it is not. In the comments, respondents were clear that the best way to resolve this would be for VSM salaries to be uplifted and updated, which we understand forms part of the delayed national VSM pay framework. Other suggestions included aligning increases with those received by AfC staff, reviewing pay awards more regularly, rewards linked to service length, matching market rates of pay and increasing the ceiling while removing the measure based on trust size and turnover. Regardless of views as to whether leadership stability is appropriately rewarded in the NHS, it is clear from the turnover data discussed earlier in this document that national focus should be brought to the retention of NHS leaders, and we continue to raise this with NHSE.

Leadership diversity

NHS Providers is committed to supporting members to tackle race and health inequalities. We deliver two programmes in partnership with NHSE to support trust leaders and their boards in driving

⁷¹ NHS Providers, '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>

⁷² NHS Providers, 'New Fit and Proper Persons Test Framework published', August 2023: <https://nhsproviders.org/media/696957/fppt-nextdaybriefing-2.pdf>

change across these agendas^{73, 74}. We have been clear as part of these programmes and our wider messaging that we strongly reject the government's messaging on NHS "waste and wokery"⁷⁵. Our view is that EDI work is essential to improved workplace cultures and leadership, enhanced recruitment and retention, and optimal patient care and outcomes. There is a moral and business case to continuing to invest in this important work. We firmly reject the former secretary of state, Steve Barclay's, messaging outlined in his October letter sent to ICB chairs regarding EDI roles⁷⁶. The Messenger review, published in June 2022, was also clear that while accountability for EDI should ultimately be embedded at all levels of leadership within the NHS, this is an ongoing process. General Sir Gordon Messenger later clarified the report's conclusion that EDI roles should not be reduced at least until these practices become embedded in the service^{77, 78}. It is therefore positive to see 89% of respondents to our 'State of the Provider Sector' survey strongly agreed (31%) or agreed (58%) that their trust board is prioritising a clear focus on tackling discrimination and promoting race equality (87% in 2022)⁷⁹.

An equally important part of efforts to embed EDI is leadership diversity, ensuring that boards are reflective of the diverse communities they serve, their wider workforce and that boardrooms have diversity of thought, as well as diverse lived and professional experience. Our remuneration survey shows that there is an even split of female and male executive directors (48% respectively) in 2022/23 compared to 48% female and 51% male in 2021/22. This is welcome, but inequity is more apparent when disaggregated by executive role - nursing/quality directors are more likely to be female (79%) and medical directors are more likely to be male (71%). Additionally, when considering average basic salary, our survey found male executive directors are paid on average 10.7% more than female executives. This is a concerning increase on 8.3% in the previous year.

⁷³ NHS Providers, Race Equality programme: <https://nhsproviders.org/programmes/race-equality>

⁷⁴ NHS Providers, Health Inequalities programme: <https://nhsproviders.org/programmes/health-inequality>

⁷⁵ Daily Mail, 'Crackdown on NHS bureaucrats costing taxpayers £2.8billion a year: Health Secretary Steve Barclay launches plan to root out waste, wokery and deadwood to cut costs and free doctors from red tape amid backlog crisis', September 2022: <https://www.dailymail.co.uk/news/article-11166653/Crackdown-NHS-bureaucrats-costing-taxpayers-2-8billion-year-Steve-Barclay-launches-plan.html>

⁷⁶ NHS Providers, 'NHS Providers responds to Steve Barclay letter on EDI roles', October 2023: <https://nhsproviders.org/news-blogs/news/nhs-providers-responds-to-steve-barclay-letter-on-edi-roles>

⁷⁷ NHS Providers, 'Leadership for a collaborative and inclusive future – General Sir Gordon Messenger and Dame Linda Pollard', June 2022: https://nhsproviders.org/media/693695/46336_messenger-review-otdb_final.pdf

⁷⁸ HSJ, 'Messenger at odds with Javid over NHS diversity jobs', June 2022: <https://www.hsj.co.uk/workforce/messenger-at-odds-with-javid-over-nhs-diversity-jobs/7032588.article>

⁷⁹ NHS Providers, 'State of the provider sector', November 2023: <https://nhsproviders.org/state-of-the-provider-sector-2023>

We know from the latest Workforce Race Equality Standard (WRES) data that VSM diversity increased in 2022, with the number of ethnic minority board members standing at 13.2%⁸⁰. However, an increasingly diverse overall workforce means that despite increased board diversity, the gap between whole workforce and board member diversity is widening. In 2022/23, our survey found ethnic minority executive directors are marginally more likely to have a higher average basic salary than their white peers (1.7%). This is likely a result of the higher proportion of ethnic minority medical directors.

The latest Workforce Disability Equality Standard (WDES) data shows us that 4.6% of board members identify as disabled, compared to 4.2% of the overall workforce⁸¹. This means there are at least 152 disabled board members, up from at least 121 in 2021. This declaration rate is above the overall workforce percentage listed as disabled on the electronic staff record (ESR) (4.2%), but remains significantly below the overall workforce rate of 23.6% self-reported in the anonymous NHS staff survey⁸². This demonstrates there is still much work to be done to ensure all staff feel safe and able to declare their disability to their employer.

Our remuneration survey found that the majority (48%) of executive directors are aged 50-59, followed by 25% who are aged 40-49. 8% of executive directors are aged 60-69, while only 2% are under 40. This demonstrates the importance of ensuring VSMs in the NHS are supported, both when they first take on these roles, and as they approach retirement, with tailored measures and support to reflect the different needs across these groups.

We also included questions on sexual orientation for the first time in our remuneration survey, which showed that 6% of executive directors identify openly as LGBTQ+. This is slightly higher than the 5.2% of the overall workforce that report being LGBTQ+ in the NHS staff survey⁸³, but data from NHS Digital suggests 3.3% of staff identify as members of these communities⁸⁴. This demonstrates the uncertainty of data around NHS staff sexual orientation, which is why we welcomed NHSE's

⁸⁰ NHS Providers, 'NHS Workforce Race Equality Standard report 2022', February 2023: https://nhsproviders.org/media/695151/wres-2023-report-on-2022-data-otdb_final-1.pdf

⁸¹ NHS Providers, 'Workforce Disability Equality Standard (WDES) 2022', September 2023: <https://nhsproviders.org/media/697125/workforce-disability-equality-standard-wdes-briefing-2022-final.pdf>

⁸² Ibid.

⁸³ NHS Staff Survey, Results – Interactive Results, March 2023: <https://www.nhsstaffsurveys.com/results/interactive-results/>

⁸⁴ NHS Digital, NHS workforce statistics – December 2022: <https://digital.nhs.uk/data-and-information/publications/statistical/nhs-workforce-statistics/december-2022>

commitment to develop a new workforce equality standard for sexual orientation and gender identity as part of the EDI improvement plan⁸⁵.

NHSE published its first EDI improvement plan in June 2023, containing six intersectional high impact actions (HIAs) underpinned by an accountability framework and success metrics⁸⁶. The plan also includes specific suggested interventions grouped by protected characteristic. We welcomed the delivery of this plan and the clear targets it sets for NHS organisations across its initial five year lifespan. HIA 1 is clear that chief executives, chairs and board members must all have specific and measurable EDI objectives, for which they are individually and collectively accountable for, by March 2024. Additionally, HIA 2 outlines that, by June 2024, trusts must create and implement a talent management plan to improve leadership diversity, with progress against the plan to be assessed in June 2025. Respondents to our 'State of the Provider Sector' survey welcomed the strong and increased national focus provided by the EDI improvement plan, which has allowed trusts to make progress, but trust leaders noted that barriers to this work include time constraints, a lack of financial resources and the workforce to fully deliver on the plans ambitions⁸⁷. We are working with NHSE to help assess the plan's implementation at a local level, focused on successes, challenges and barriers.

VSM pay and reward

Pay levels and annual uplifts

As mentioned in our submission last year, NHS Providers is of the view that VSM pay is broadly appropriate. We support cost of living increases for trust leaders, which recognise the pressures that they are currently working under against the backdrop of increased service demand, sustained operational pressures and industrial action.

In 2022/23, the SSRB recommended a 5% uplift for VSMs with an additional 0.5% to "address specific pay anomalies" and these recommendations were accepted by the government. We note that this pay award was below CPI, which was 6.8% in July 2023 when the award was announced and is below the percentages offered to AfC staff (Afc staff initially received a £1,400 consolidated uplift for

⁸⁵ NHS Providers, 'NHS England equality, diversity and inclusion improvement plan', June 2023: <https://nhsproviders.org/media/695905/nhse-edi-improvement-plan-next-day-briefing.pdf>

⁸⁶ Ibid.

⁸⁷ NHS Providers, 'State of the provider sector', November 2023: <https://nhsproviders.org/state-of-the-provider-sector-2023>

2022/23, as recommended by the NHSPRB and later received, as the result of an agreement between the government and trade unions in March 2023, an additional consolidated uplift of 5%.)

As requested by the SSRB, we asked our members if their organisation made use of the discretionary additional 0.5% uplift for VSMs. Respondents to our remuneration survey told us 42% did use this additional uplift, while 42% did not. Those who did not reported it was not needed at their organisation. Those who did apply the additional uplift said it was to maintain the differentiation between AfC and VSM roles, as intended by the SSRB. Some trusts reported applying to all executive directors, while others reported only applying to specific roles.

Our survey also asked about the talent pipeline and in particular ensuring that senior staff on AfC pay scales are fairly remunerated when moving into VSM roles with increased responsibility. While the majority of respondents (63%) reported that there were not discrepancies that resulted in staff at the top of the AfC pay bands earning more than VSM colleagues at their organisation, a notable proportion (29%) did report discrepancies. 22% of these reported that AfC colleagues earned more than VSM colleagues in their organisation, while 3% reported that AfC colleagues earned more than the VSM colleague they directly report to. 4% reported a mixture of the two scenarios.

We acknowledge that once the SSRB has submitted its report to the government, there is limited scope to influence the timeline for pay award announcements. Continued delays to the pay review process, however, are a source of frustration for staff and trusts, affecting staff morale and hindering staff and trust financial planning. Once again, the 2023/24 pay award was announced late by the government – three months after the start of the financial year, on 13 July 2023. Furthermore, the VSM pay award guidance letter from NHSE was not published until 19 October 2023, meaning that the remit group did not receive their uplifts until November.

Our 2022/23 remuneration survey shows that, generally, salaries for trust leaders have increased, with some variation seen between trust type and region (see figures 1 and 2). As in previous years, the average basic salary of board members at foundation trusts, acute trusts and those based in London is higher than for other trust types and regions (but we note that London salaries are subject to a high cost area supplement, HCAS). Average basic salaries were lowest at ambulance trusts in 2022/23, a change from 2021/22, when our survey found average basic salaries to be lowest at community trusts.

FIGURE 1 – EXECUTIVE DIRECTOR BASIC SALARY BY TRUST TYPE



FIGURE 2 – EXECUTIVE DIRECTOR BASIC SALARY BY REGION



Responses to our survey demonstrate that the average basic salary for executive director roles increased by 4.4% between 2021/22 and 2022/23 to £152,763. Of all board members, chief executives had the highest average basic salary at £202,277, followed by medical directors, who had an average basic salary of £182,860. The lowest average basic salaries were for corporate affairs/governance roles (£118,076) and communications directors (£119,354). Our remuneration survey found that the largest range in average basic salary was in nursing director/quality roles, ranging between £45,979 and £205,240. Additional analysis shows there was a moderate positive correlation between full-time equivalent (FTE) workforce and chief executive basic salary, meaning trusts with a larger number of FTE staff tend to have chief executives earning a higher basic salary. Our survey found that the average total remuneration for all executive directors is £155,478, with the above variations seen across basic salary mirrored in total remuneration. The largest difference between basic salary and total remuneration was observed in medical directors, with an average difference of £9,018.

2022/23 saw much higher application of cost of living increases than in the previous year, with 9 in 10 (91%) awarding a cost of living increase to executive directors compared to 34% the year before. This 57 percentage point increase reflects the increased rate of inflation since 2021. Consumer Price Inflation (CPI) was 0.4% in February 2021, and peaked at 11.1% in October 2022⁸⁸. It currently stands at 4.6% (October 2023), 2.6% above the Bank of England target rate of 2%. The most common cost of living increase applied by trusts was 3%, with increases most common in London and least common in the South West. 33% of trusts awarded a pay increase for reasons other than the cost of living, lower than the year before when 37% awarded increases. These were awarded for additional

⁸⁸ Office for National Statistics, consumer price inflation time series:
<https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/d7g7/mm23>

responsibilities and accountabilities, acting up, good performance, retention payments and as a recognition of service.

82% of respondents to our survey also told us that they review executive director pay annually, slightly lower than the 84% reported in 2021/22. This was slightly higher at foundation trusts (84%) than NHS trusts (78%). 11% of trusts review salaries on an ad hoc basis, 2% every two or three years, 3% reported that their executive director pay is reviewed by NHSE and 1% reported 'other' frequencies.

The average basic salary for executive directors in the NHS is just over £152,700, but DHSC's approval threshold for executive director salaries remains at £150,000⁸⁹, despite the threshold for Integrated Care Boards (ICBs) being set at £170,000. We welcomed the SSRB's practical 2022/23 recommendation for DHSC to commit to processing salary approvals over the £150,000 threshold within four weeks – we were, therefore, disappointed that this recommendation was rejected by the government⁹⁰. 15% of respondents to our pay survey said that they had experienced approval process delays, with some reporting delays of between six and 18 months. This level of delay can seriously impact services. Respondents who had not experienced delays noted that it was because recruitment had been minimal at their trusts, but they expected delays should they need to go through the process. Foundation trusts also reported delays in receiving their required 'ministerial opinion'.

Our hope is that the long-awaited VSM pay framework would remove the need for the approval threshold, so we are disappointed that this framework remains unpublished. 53% of respondents to our remuneration survey said they would like to see the threshold increased from £150,000 to £170,000 to match the threshold in place for ICBs. We would support this as an interim measure. 29% of respondents said they would like the threshold to be removed. Respondents suggested greater flexibility would be useful, while others suggested the threshold should be tied to inflation to ensure it does not artificially reduce over time. Respondents also called for NHSE to regularly review pay scales and for the delivery of the long-awaited VSM pay framework.

⁸⁹ NHS trusts are required to seek ministerial approval, while foundation trusts are required to seek a 'ministerial opinion'

⁹⁰ Department of Health and Social Care, 'NHS Update', July 2023: <https://questions-statements.parliament.uk/written-statements/detail/2023-07-13/hcws946>

Earn-back policies

NHS Providers continues to question the effectiveness of earn-back policies as a performance management tool, and our members have shared their concern at the focus on these policies in discussions about the long-awaited VSM pay framework. Respondents to our remuneration survey reported that 183 executive directors (15%) had an earn-back policy applied to their contract, a 13% increase on the previous year. These policies are most commonly applied to chief executives and medical directors, and are more common at trusts (22%) than at foundation trusts (12%). 43% of responses to our remuneration survey were related to salaries over £150,000 but earn-back is only applied to 23% of these roles. 10% of trusts also reported applying earn-back to executive directors paid under £150,000. Over 9 in 10 of those who had an earn-back policy as part of their contract were appointed since the start of 2016, but 8% had a policy applied prior to this, with policies appearing from 2011 onwards. The most common earn back policy applied to 10% of salary (83%), however, a small minority of respondents reported 5%, 9% and 15-16% policies at their organisations.

As raised in our submission to the SSRB last year, we previously asked respondents to our remuneration survey about the impact of earn-back being applied to all executive director roles. 44% had suggested that recruiting to these roles would be made significantly (22%) or slightly more (22%) difficult⁹¹. Trust leaders have told us that earn-back policies add unnecessary pressure and foster an overly target driven culture. Trust leaders support the message of personal accountability behind earn-back policies, but feel the delivery instrument is too blunt. Effective performance management is best delivered via robust appraisal processes, as outlined in the 2022 Messenger review⁹².

Incentives and pensions

As covered above, trust leaders are working in increasingly complex environments under relentless operational and financial pressures, and are facing a very challenging winter. This is after leading the NHS through the Covid-19 pandemic and the most widespread industrial action in its history. It is crucial that trust leaders are supported in their roles. One part of this, as mentioned in our last submission to the SSRB, is trust leaders' view that appropriate 'air cover' is essential for those taking on challenged trusts, and that such a job change should develop rather than hinder the career in NHS

⁹¹ NHS Providers, '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>

⁹² NHS Providers, 'Leadership for a collaborative and inclusive future – General Sir Gordon Messenger and Dame Linda Pollard', June 2022: https://nhsproviders.org/media/693695/46336_messenger-review-otdb_final.pdf

leadership⁹³. The Messenger review also recommended an improved package of support for those taking on the most difficult roles in challenged parts of the system⁹⁴.

Pensions form an important part of the total reward package. As part of the Spring Budget delivered on 16 March 2023, the Chancellor, Jeremy Hunt announced an increase to the Annual Allowance (AA) from £40,000 to £60,000, alongside the removal of the Lifetime Allowance (LTA) from April 2023, with the view to abolish the LTA in the future⁹⁵. NHS Providers welcomed these changes, as we have repeatedly raised that the existing pension taxation system was forcing senior NHS staff into early retirement at a time when the system is not only experiencing staffing shortages, but also when the expertise of senior staff is invaluable in training future NHS staff. Alongside this, trust leaders noted concern that the increase of the AA to £60,000 from £40,000 still remains too low as the allowance was £255,000 in 2010/11⁹⁶. Additionally, trust leaders are concerned that with a general election expected in 2024, that the decision to abolish the LTA could be reversed by a new government. However, speaking at our annual conference, Wes Streeting, shadow secretary of state for health and social care, stated that Labour would not pursue a reversal, should they be elected⁹⁷. The government also consulted on changes to the NHS pension scheme between December 2022 and January 2023, which resulted in the confirmation of increased flexibilities in March 2023, for application in April and October 2023^{98, 99}.

Responding to a new question in our remuneration survey this year, 71% reported that executive directors at their organisation are paying into the NHS pension scheme as normal, while 13% reported the opposite. Chief executives were the most likely to have opted out of the pension scheme (27%),

⁹³ NHS Providers, '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>

⁹⁴ NHS Providers, 'Leadership for a collaborative and inclusive future – General Sir Gordon Messenger and Dame Linda Pollard', June 2022: https://nhsproviders.org/media/693695/46336_messenger-review-otdb_final.pdf

⁹⁵ NHS Providers, 'Spring Budget', March 2023: <https://nhsproviders.org/media/695273/ndb-spring-budget-2023.pdf>

⁹⁶ HM Revenue & Customs, 'Table 7: Personal Pensions Annual Allowance Statistics', September 2018: https://assets.publishing.service.gov.uk/media/5d8a45c3e5274a0849b8d7bc/Table_7_Personal_Pensions_Annual_Allowance_Statistics.pdf

⁹⁷ NHS Providers, 'Plenary 7: Speech from Shadow Secretary for State of Health and Social Care', 31 minutes, 04 seconds onwards, November 2023: <https://www.youtube.com/watch?v=VeF4Q90kvJo&list=PLAFSmU7HUfYmLBhT-vb9MEo3tVhST1vz&index=6>

⁹⁸ NHS Providers, 'NHS Pension Scheme: proposed amendments to scheme regulations', January 2023: <https://nhsproviders.org/media/694977/nhs-providers-submission-nhs-pension-scheme-proposed-amendments-to-scheme-regulations.pdf>

⁹⁹ Department of Health and Social Care, 'NHS Pension Scheme: proposed amendments to scheme regulations - consultation response', March 2023: <https://www.gov.uk/government/consultations/nhs-pension-scheme-proposed-amendments-to-scheme-regulations/outcome/nhs-pension-scheme-proposed-amendments-to-scheme-regulations-consultation-response>

followed by estates/facilities directors (19%), finance/commercial directors (16%) and medical directors (14%). The least likely to opt out were communications directors (0%). Of executives who have opted out, 38% were receiving additional salary as a result, while 56% were not.

Non-Executive Director remuneration

While out of scope for the SSRB, we feel it is pertinent to flag that our members have been 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. Our members believe it is time for review, as this could begin to foster difficult environments within trust and foundation trust boards. We are supporting NHSE to make 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 forward¹⁰⁰.

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 officer (workforce), Olli Potter, oliver.potter@nhsproviders.org.

¹⁰⁰ 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>