

## Clinical Commissioning Groups:

Remuneration guidance for Chief Officers (where the senior manager also undertakes the accountable officer role) and Chief Finance Officers



# Clinical Commissioning Groups: Remuneration guidance for Chief Officers (where the senior manager also undertakes the accountable officer role) and Chief Finance Officers

## Contents

1. Background .....	1
2. Introduction and scope .....	1
3. Suggested pay rates for Chief Officers and Chief Finance Officers .....	3
4. Joint management arrangements .....	4
5. Development pay .....	4
6. Recruitment and retention premium .....	4
7. Additional payment for additional responsibilities and/or complexity factors .....	5
8. The role of the CCG Remuneration Committee .....	6
9. Reporting .....	7

## 1. Background

- 1.1 In line with the Health and Social Care Act each individual Clinical Commissioning Group may appoint persons to be employees as it considers appropriate and is able to:
- Pay its employees remuneration and travelling or other allowances in accordance with determinations made by its governing body, and
  - Employ them on such terms and conditions as it may determine.
- 1.2 It is recognised that Clinical Commissioning Groups (CCGs) will wish to recruit Chief Officers\* and Chief Finance Officers before their organisations are formally authorised by the NHS Commissioning Board.
- 1.3 Until 31 March 2013 PCT Clusters will be the formal employing body for CCGs, prior to the CCG becoming the employing body on 1 April 2013.
- 1.4 This guidance will therefore be applicable from the point CCGs become employing bodies (i.e. from 1 April 2013).
- 1.5 We have issued a further set of Frequently Asked Questions (FAQs) as part of the HR guidance documentation, which clarifies the role of CCGs in appointing these individuals and determining their remuneration as well as how PCTs will undertake an interim hosting role.

## 2. Introduction and scope

- 2.1 This guidance note is therefore intended for the use of Clinical Commissioning Groups (CCGs), to support the employment of senior managers, who undertake the roles of Chief Officer\* and Chief Finance Officer, following the CCG becoming a statutory body and the employing body. Whilst it is recognised that CCGs have flexibility in determining remuneration levels, they are strongly encouraged to follow the arrangements set out in this guidance in determining, reviewing, and operating their own pay arrangements for senior managers who undertake the roles of Chief Officer\* and Chief Finance Officer.
- 2.2 CCGs may choose to run and manage their organisation in a manner which best suits their local needs and circumstances. All CCGs will have a lead clinician and lead manager. Some will choose to discharge the accountable officer role through the lead clinician, the Chief Clinical Officer. Others will ask the lead manager to take on the role of accountable officer – the Chief Officer.

*\* The guidance uses the term 'Chief Officer'. This is defined as the Chief Officer of the CCG where this manager also undertakes the role of accountable officer. The specific term is used to describe the senior manager in a CCG when this individual also takes on the role of accountable officer. The term Chief Clinical Officer is used when the role of accountable officer is undertaken by the CCG lead clinician.*

- 2.3 This guidance is intended for *Chief Officers (where the senior manager also undertakes the accountable officer role)* for the CCG. It is not intended as the basis of remuneration for accountable officers where being a clinician has been deemed an essential requirement. Guidance on the reimbursement of clinicians undertaking these roles is included in the accompanying frequently asked questions (FAQs) document as well as the document *Clinical commissioning groups governing body members: Roles outlines attributes and skills*.
- 2.4 This guidance is not intended to be either prescriptive or comprehensive in its treatment of the issues that are relevant to CCG Remuneration Committees in operating. It is, however, intended to provide clarity in the following areas:
- Governance issues, including the duties and responsibilities of CCG Remuneration Committees as public bodies;
  - The setting of appropriate rates of pay for Senior Managers who undertake the roles of Chief Officer\* and Chief Finance Officer.
- 2.3 It will also support CCGs to recruit, retain and motivate high calibre staff, providing local flexibility that is fair and equitable and help minimise redundancies.
- 2.4 The guidance is based on the following key principles, which are informed by and consistent with the principles set out in the Will Hutton Fair Pay Review:
- Executive remuneration should fairly reward each individual's contribution to their organisation's success and should be sufficient to recruit, retain and motivate executives of sufficient calibre. However, organisations should be mindful of the need to avoid paying more than is necessary in order to ensure value for money in the use of public resources;
  - Executive remuneration must be set through a process that is based on a consistent framework and independent decision-making based on accurate assessments of the weight of roles and individuals' performance in them;
  - Executive remuneration should be determined through a fair and transparent process via bodies that are independent of the executives whose pay is being set, and who are qualified or experienced in the field of remuneration. No individual should be involved in deciding his or her own pay;
  - There should be appropriate delegated authority to CCG remuneration committees;
  - Executive remuneration must be based on the principle of equal pay for work of equal value.

\* *The guidance uses the term 'Chief Officer'. This is defined as the Chief Officer of the CCG where this manager also undertakes the role of accountable officer. The specific term is used to describe the senior manager in a CCG when this individual also takes on the role of accountable officer. The term Chief Clinical Officer is used when the role of accountable officer is undertaken by the CCG lead clinician.*

### 3. Suggested pay rates for Chief Officers\* and Chief Finance Officers

3.1 The NHS Commissioning Board Authority has considered pay benchmarking information and proposes three bands of payment for both Chief Officer\* and Chief Finance Officers, to facilitate CCGs to recruit and retain the best talent.

3.2 The table below outlines three suggested pay ranges, based on the population sizes of CCGs.

**Table 1: CCG Proposed pay ranges**

CCG level	Population size	Pay Range for Chief Officer*	Pay Range for Chief Finance Officer
Level 3	Population at or over 500k	£120- £130k	£95 - £110k
Level 2	Population between 150k – 499k	£105 – £120k	£85 – £95k
Level 1	Population at 149k or below	£90 – 105k	£75 – £85k

3.3 It is recognised that these rates may not always take into account the level of complexity a Chief Officer\* will face within a particular CCG, however, they provide a useful guide.

3.4 CCGs may also wish to consider the following complexity factors in determining the appropriate level (see section 7 below):

- the degree of support from senior clinicians in the member practices;
- the number of member practices within the CCG;
- the scale of the productivity challenge within the CCG;
- the scale of the quality and outcomes challenges faced by the CCG.

3.5 Where the Chief Officer is not undertaking the role of Accountable Officer, CCGs should consider whether the pay range for Chief Finance Officers is more appropriate. Where the Chief Finance Officer is also undertaking the Chief Officer role (but is not the Accountable Officer) CCGs should consider whether the pay range for Chief Officer\* is appropriate.

*\* The guidance uses the term 'Chief Officer'. This is defined as the Chief Officer of the CCG where this manager also undertakes the role of accountable officer. The specific term is used to describe the senior manager in a CCG when this individual also takes on the role of accountable officer. The term Chief Clinical Officer is used when the role of accountable officer is undertaken by the CCG lead clinician.*

- 3.6 The CCG Remuneration Committee should decide on the appropriate rate within the range, taking into account the prevailing economic climate, local market conditions and the requirement to obtain best possible value for money. The cost of both posts will be met from the £25 per head running cost allowance of each CCG. The onus is on the CCG to ensure it has an affordable staffing and remuneration structure within this running cost allowance.

#### **4. Joint management arrangements**

- 4.1 In some cases, a CCG may share a Chief Officer\* or Chief Finance Officer with a neighbouring CCG, although each would have a separate governing body. In such cases, an additional premium for individuals taking responsibility for more than one organisation (of up to 20% on top of the appropriate pay range) may be applied if this was felt appropriate by both Remuneration Committees. This should be based on the population size of the largest CCG and not the combined total.

#### **5. Development pay**

- 5.1 A remuneration committee may recommend paying at a rate below the basic rate for the post, for a defined period, where the individual is judged to meet all the requirements for appointment, but requires a period of development in the new role in order to discharge all the duties and responsibilities fully and effectively.
- 5.2 Where used, this flexibility would normally apply to someone taking up a role at this level for the first time on promotion and it is unlikely that this would be the case for all such appointments.
- 5.3 Where a remuneration committee proposes using this flexibility, there should be a clear business case. This should include an assessment of the development need and how the organisation will support the job holder to undertake that development in the role. There should be a set period, agreed with the individual; with an assessment at the end point with the intention of moving them onto the full basic rate for the post should the assessment support that.

#### **6. Recruitment and retention premium**

- 6.1 Recruitment and Retention Premium (RRP) is an addition to the pay of an individual post where market pressures would otherwise prevent the employer from being able to recruit and retain staff for the post(s) concerned at the normal basic salary for the post(s). Where this is proposed, remuneration committees may wish to consider the following approaches.

*\* The guidance uses the term 'Chief Officer'. This is defined as the Chief Officer of the CCG where this manager also undertakes the role of accountable officer. The specific term is used to describe the senior manager in a CCG when this individual also takes on the role of accountable officer. The term Chief Clinical Officer is used when the role of accountable officer is undertaken by the CCG lead clinician.*

- 6.2 A short-term Recruitment and Retention Premium may be paid where it is anticipated that the need to make the additional payment will disappear. The payment may be one-off or fixed-term. It must be reviewed regularly and can be withdrawn or adjusted with six months' notice. It is not pensionable and does not count as part of basic pay for any other payments.
- 6.3 A long-term Recruitment and Retention Premium may be applied where there are deep-rooted market conditions (or it is impossible to recruit to the post at the basic rate of pay). It is pensionable and should be reviewed regularly.
- 6.4 Payments in respect of recruitment and retention should not normally exceed 10% of basic pay, except where the premium will be essential in reducing redundancy costs (see paragraph 7.4 below). The remuneration committee should make any recommendations for such payments on the basis of a clear business case. **See below on the role of remuneration committees.**

## 7. Additional payment for additional responsibilities and / or complexity factors

- 7.1 Employers may provide additional payments where individuals take on significant responsibilities outside their core role, or where there are higher than average complexity factors within which the role must operate. For example:
- where there is limited support from senior clinicians in the member practices;
  - the number of member practices within the CCG;
  - the scale of the productivity challenge within the CCG;
  - the scale of the quality and outcomes challenges faced by the CCG.
- 7.2 Payments should be linked to the proportion of time that the individual would spend on the additional work and / or take account of the complexity factors. Additional objectives may be agreed on this basis, and payment may be contingent on delivery of those objectives.
- 7.3 A total cumulative limit of 10% of basic salary should normally apply to payments for additional responsibilities and / or complexity factors – i.e. the maximum amount, not the amount for each additional responsibility and / or complexity factor.
- 7.4 When recruiting to these senior posts during the transition, CCGs should bear in mind the importance of retaining valuable skills and experience in the service and of minimising redundancy costs. A degree of flexibility should therefore be allowed for in

*\* The guidance uses the term 'Chief Officer'. This is defined as the Chief Officer of the CCG where this manager also undertakes the role of accountable officer. The specific term is used to describe the senior manager in a CCG when this individual also takes on the role of accountable officer. The term Chief Clinical Officer is used when the role of accountable officer is undertaken by the CCG lead clinician.*

determining salaries for these posts, so that they represent suitable alternative employment for strong candidates whose salary in their current posts exceeds the pay rates suggested above.

## 8. The role of the CCG Remuneration Committee

- 8.1 In common with all NHS bodies – indeed, in common with all public sector organisations – the actions of the CCG Remuneration Committee must be publicly defensible. In advising on the pay of Chief Officer\* and Chief Finance Officers and others, the Remuneration Committee should bear in mind the need for properly defensible remuneration packages - which are linked to clear statements of responsibilities – and with rewards linked to the measurable discharge of those responsibilities.
- 8.2 CCGs must have a remuneration committee drawn from the CCG's governing body, of whom one member should act as its Chair. The committee should not include full time employees or individuals who claim a significant proportion of their income from the CCG. The member practices should not be in the majority.
- 8.3 The remuneration committee will make recommendations to the CCG governing body as to the determination of remuneration, fees, pension and allowances payable to the employees of the CCG.
- 8.4 In all of their decisions and recommendations, Remuneration Committees should also remain aware that each individual NHS organisation is corporately responsible for ensuring that its pay arrangements are appropriate in terms of Equal Pay requirements and other relevant legislation.
- 8.5 No Senior Managers should be present for discussions about their own remuneration (although it is reasonable for the Chief Officer, the HR Lead, and other Senior Managers where appropriate, to attend meetings of the Remuneration Committee during which the remuneration of other staff is discussed).
- 8.6 CCG Remuneration committees and CCG Governing Bodies, to which they report, are public bodies. As such, they must at all times:
- observe the highest standards of propriety involving impartiality, integrity and objectivity in relation to the stewardship of public funds and the management of the bodies concerned;
  - maximise value for money through ensuring that services are delivered in the most efficient and economical way, within available resources, and with independent validation of performance achieved wherever practicable;

*\* The guidance uses the term 'Chief Officer'. This is defined as the Chief Officer of the CCG where this manager also undertakes the role of accountable officer. The specific term is used to describe the senior manager in a CCG when this individual also takes on the role of accountable officer. The term Chief Clinical Officer is used when the role of accountable officer is undertaken by the CCG lead clinician.*



- be accountable to Parliament, to users of services, to individual citizens, and to staff for the activities of the bodies concerned, for their stewardship of public funds and the extent to which key performance targets and objectives have been met;
- comply fully with the principles of the *Citizen's Charter* and the *Code of Practice on Access to Government Information*, in accordance with Government policy on openness; and
- bear in mind the necessity of keeping comprehensive written records of their dealings, in line with general good practice in corporate governance.

## 9. Reporting

9.1 It is likely that regulations will require the CCG to make available annually:

- Information on the total salary (in bands of £5,000), fees, pensions, travelling and other allowances and gratuities paid to senior managers of the CCG, and the chair, and members of the governing body who are employees of the CCG, the lay members, the hospital doctor and the nurse. This should include arrangements for the provision of pensions, allowances or gratuities by way of compensation to or in respect of any members of the governing body who suffer loss or diminution of emoluments.
- All recommendations of the remuneration committee to the governing body as to the discharge of its functions under section 14L(3)(a) and (b) [*i.e. its functions to determine the remuneration of CCG employees*] of the NHS Act 2006, except for recommendations which the clinical commissioning group considers that would not be in the public interest to publish.
- All decisions of the governing body in the exercise of its functions section 14L(3)(a) and (b) of the NHS Act 2006, except where the clinical commissioning group considers that it would not be in the public interest.

9.2 In this context, 'Senior Managers' are those persons in senior positions having authority or responsibility for directing or controlling the major activities of the CCG.

9.3 Where CCGs choose to operate a different framework from the one described here, it is recommended that this is made a matter of public record as part of the above.

\* *The guidance uses the term 'Chief Officer'. This is defined as the Chief Officer of the CCG where this manager also undertakes the role of accountable officer. The specific term is used to describe the senior manager in a CCG when this individual also takes on the role of accountable officer. The term Chief Clinical Officer is used when the role of accountable officer is undertaken by the CCG lead clinician.*