



# **Section D: Remuneration Report**



The CCG embraces the principles of openness and transparency. The Remuneration Report that follows describes:

- Membership of our Remuneration Committee
- Policy or remuneration of Senior Managers, Performance Related Pay, Senior Managers' contracts, Senior Managers' service contracts
- Payments to past Senior Managers
- Senior Managers' salaries and allowances
- Senior Managers' pension related benefits
- Payments for loss of office
- Pay Multiples
- Off payroll engagements
- Membership and Governing Body Profiles

### CCG Remuneration Committee

The CCG's Remuneration Committee is established in accordance with paragraph 6.6.3(b) of NHS Dudley Clinical Commissioning Group's constitution.

The Committee operates with two distinct elements:

- To review and agree remuneration within the CCG
- To review HR policy, procedure and workforce outcomes and related issues

The membership of the Committee is such that the committee has at least six members from its governing body, which are made up of:

- A lay member acting as Chair of the Committee (except when matters of lay member remuneration and/or terms of service are considered, at which time the Chair will be taken by one of the two GP members of the Committee)
- Two further lay members, one of which will act as Vice-Chair
- The governing body member holding the position of secondary care specialist doctor
- Two elected governing body GP members

The chair of the governing body, the Chief Accountable Officer, the Chief Finance Officer and any employees of the group are not eligible for membership of the Committee. The Chief Finance Officer acts as management lead for the Committee, which is also attended by a senior HR representative.

The Committee adheres to the Group's Registering Interests and Managing Conflicts of Interest Policy for the agreement of remuneration and/or terms of service.

The Chair of the Committee during 2013/14 was Mr Steve Wellings, Lay Member for Governance. The committee met five times during the year and the attendance is shown below:



Name	Title	Term of Office	Voting/ Non-voting	Attendance (Number)	Attendance (%)
Mr Steve Wellings	Lay Member, Governance	Apr 13 - Mar 14	Voting	5	100%
Mrs Julie Jasper	Lay Member, Patient & Public Involvement	Apr 13 - Mar 14	Voting	4	80%
Dr Chris Handy	Lay Member, Quality & Safety	Aug 13 - Mar 14	Voting	2	50%
Dr Mary Heber	Secondary Care Clinician	May 13 - Mar 14	Voting	3	60%
Dr Jas Rathore	Clinical Executive for Finance & Performance	Apr 13 - Mar 14	Voting	1	20%
<b>In Attendance</b>					
Mr M Hartland	Chief Finance Officer		In attendance	5	100%
Mr P Maubach	Chief Accountable Officer		In attendance	2	40%
CSU HR Lead	HR Representative		In attendance	5	100%
Mrs Stephanie Cartwright	CCG Human Resources & Organisational Development Lead		In attendance	4	80%

There have been no instances when the Committee has utilised individuals from the Governing Body or Membership outside the members of the Committee, as defined in its terms of reference.

The CCG does, however, procure Human Resources advice externally from Central Midlands Commissioning Support Unit (CMCSU) and has done for the whole of this period. The CCG procures services in addition to Human Resources from CMCSU as shown on page D11; however the representation on this Committee is limited to Senior HR Advisors. The service was procured from CMCSU following a review of options for Human Resource support prior to the establishment of the CCG. The Governing Body agreed to procure HR as part of the suite of services to be commissioned from our local CSU. We are confident that the service and advice the Committee received has been objective and independent. The fee paid for the service during 2013/14 was £30,505.

### Policy on Remuneration of Senior Managers

Senior Managers for the organisation have three types of contracts depending on their role:

#### Office Holder

Governing Body Members are engaged by the CCG on Office Holder contracts as advised by the legal advisors Bevan Brittan and Capsticks. Their pay was determined by the national guidance published in September 2012 for Lay Members and GPs on the Governing Body for clinical sessions based on local determination. This pay was reviewed in June 2013 taking into account local comparators and was increased. No further mechanisms for reviewing the rate of pay have been agreed.

## VSM Contracts

The Chief Accountable Officer and Chief Financial Officer are engaged by the CCG on Very Senior Managers contracts. Their salaries were agreed in line with the national groups for determining VSM pay in September 2012. The Remuneration of both posts is based on the registered population of Dudley CCG. The Chief Finance Officer receives an additional 10% based on his additional responsibilities for governance and his role as Deputy Chief Accountable Officer.

The VSM contracts include a requirement for an annual review and in March 2014 a Performance Related Pay mechanism was agreed in order to determine Cost of Living pay awards and Performance Related Bonuses. At this point, no payments have been made during 2013/14 for performance related pay as this will be assessed following publication of the annual report and accounts and a recommendation will be taken from the Chair to the Remuneration Committee based on the individual's performance during 2013/14. A recommendation will be made on whether to award a non-consolidated cost of living pay increase and a performance related bonus and a recommendation based on a percentage of salary will be made. This will be agreed at the Remuneration Committee in June 2014. This approach follows the guidance set out in the DH Pay Framework for Very Senior Managers (May 2012).

## Agenda for Change

Some Senior Managers are engaged by the CCG on Agenda for Change terms and conditions. Pay is in line with national pay scales and pay awards.

The Senior Managers on Agenda for Change contracts (bands 8b-8d) will be remunerated following our CCG Performance Development Review Policy and CCG Incremental Guidance. Employees on Agenda for Change contracts are assessed on their performance based on the values of the organisation and achievement of performance objectives, and for those employees that are within the incremental range of their bands, an assessment will be made before their increment date as to whether they will move up to the next increment in the range. Those at the top of their incremental range will remain at that point, but will receive the national pay award that has been agreed by NHS England.

The remuneration of Senior Managers on Agenda for Change contracts was made following banding of their job description and person specification. The banding of Senior Managers ranges from band 8b to 8d based on the level of responsibility for each post.

## Policy on Performance Related Pay

Senior managers within the organisation are required to engage in the Personal Development Review and Objective setting process.

For Senior Managers engaged on a VSM contract a mechanism for performance related pay is in place that enables the CCG to award a cost of living increase and a bonus dependent on performance. The VSM Senior Managers have objectives set for the year which they are assessed upon and the Remuneration Committee will determine the performance against these objectives based on the following scoring and criteria. If the organisation does not meet its financial targets both VSM Senior Managers automatically are determined as Category D - Unsatisfactory therefore not receiving any annual uplift or bonus.

It is for the Remuneration Committee to consider the % of pay for the annual uplift for 2014/15 and bonus for 2013/14 and this will be undertaken in June 2014. The recommendation for performance related pay for the Chief Accountable Officer will be made by the Chairman, and the recommendation for performance related pay for the Chief Finance Officer will be made by the Chief Accountable Officer.



	Category	Base Pay	Bonus
A	Outstanding	Annual uplift consolidated into salary	Up to 7% (non-consolidated)
B	Exceeds expectations	Annual uplift consolidated into salary	Up to 7% (non-consolidated)
C	Satisfactory	Annual uplift consolidated into salary	None
D	Not satisfactory	No increase	None

For Senior Managers on Agenda for Change contracts, movement through incremental points within bandings will be determined by the Chief Accountable Officer through the annual Performance Development Review. The CCG Performance Development Review is values based and determination will be based on how effectively each Senior Manager has performed in relation to the CCG values in addition to achieving set objectives.

### Policy on Senior Managers' Contracts

**VSM contracts:** Senior Managers on VSM contracts are engaged on a permanent contract with a notice period of 6 months. Any termination payments will be made in line with Agenda for Change terms and conditions for severance payments

**Agenda for Change:** Senior Managers on Agenda for Change contracts are engaged on a permanent contract with a notice period of 3 months. Any termination payments will be made in line with Agenda for Change terms and conditions for severance payments

**Office Holders:** Office Holder contracts are for a tenure period of 3 years. The notice of the contract could be with immediate effect based on a number of criteria within the contract, for example the CCG no longer requires that role under statute.

### Policy on Senior Managers' Service Contracts

Dudley CCG engages Senior Managers on either a VSM, Agenda for Change or Officer Holder contract, details of which can all be found above.

### Payments to Past Senior Managers

There have been no payments to past senior managers during the 2013/14 financial year.

## Senior Managers' Salaries &amp; Allowances 2013-14

Name and Title	Period of Office	Salary & Fees	Other Remuneration	Taxable Benefits	Annual Performance Related Bonuses	Long Term Performance Related Bonuses	All Pension Related Benefits	Total
		(bands of £5,000)	(bands of £5,000)	Rounded to the nearest £00	(bands of £5,000)	(bands of £5,000)	(bands of £2,500)	(bands of £5,000)
		£000	£000	£00	£000	£000	£000	£000
Voting member of Governing Body *								
<b>Governing Body Members</b>								
Dr D Hegarty, CCG Chair *	01/04/13-31/03/14	60-65					7.5-10	65-70
Dr S Cartwright, Clinical Executive *	01/11/13-31/03/14	10-15	10-15				2.5-5	25-30
Dr S Mann, Clinical Executive *	01/04/13-31/03/14	40-45					5-7.5	45-50
Dr E Pope, Clinical Executive *	01/04/13-27/11/13	25-30					2.5-5	30-35
Dr J Rathore, Clinical Executive *	01/04/13-31/03/14	40-45					5-7.5	45-50
Dr J Darby, GP Representative *	01/04/13-31/03/14	10-15	5-10				2.5-5	25-30
Dr K Dawes, GP Representative *	01/04/13-31/03/14	10-15					0-2.5	15-20
Dr R Edwards, GP Representative *	01/04/13-31/03/14	10-15	0-5				2.5-5	20-25
Dr PD Gupta, GP Representative *	01/04/13-31/03/14	10-15	10-15					25-30
Dr R Johnson, GP Representative *	01/04/13-31/03/14	10-15					0-2.5	15-20
Dr M Mahfouz, GP Representative *	01/04/13-31/03/14	10-15					0-2.5	15-20
Dr C Handy, Lay Member *	01/08/13-31/03/14	5-10						5-10
Dr M Heber, Secondary Care Doctor *	01/05/13-31/03/14	10-15						10-15
Mrs J Jasper, Lay Member *	01/04/13-31/03/14	10-15						10-15
Mr S Wellings, Lay Member *	01/04/13-31/03/14	10-15						10-15
Mr P Maubach, Chief Accountable Officer *	01/04/13-31/03/14	120-125		35	5-10**		15-17.5	145-150
Mr M Hartland, Chief Finance Officer *	01/04/13-31/03/14	100-105		35	5-10**		12.5-15	125-130
Ms R Bartholomew, Chief Quality & Nursing Officer *	01/04/13-31/03/14	65-70					7.5-10	75-80
Dr T Horsburgh, LMC representative	01/04/13-31/03/14		10-15				0-2.5	15-20

\*\* Estimate only



Name and Title	Period of Office	Salary & Fees	Other Remuneration	Taxable Benefits	Annual Performance Related Bonuses	Long Term Performance Related Bonuses	All Pension Related Benefits	Total
Voting member of Governing Body *		(bands of £5,000)	(bands of £5,000)	Rounded to the nearest £00	(bands of £5,000)	(bands of £5,000)	(bands of £2,500)	(bands of £5,000)
		£000	£000	£00	£000	£000	£000	£000
<b>Governing Body Members continued</b>								
Mr J Polychronakis, Chief Executive, DMBC*	01/04/13-31/03/14	Employed by Dudley MBC - no cost to the CCG						
Ms V Little, Director of Public Health	01/04/13-31/03/14	Employed by Dudley MBC - no cost to the CCG						
Ms J Emery, Healthwatch representative	01/05/13-31/03/14	Employed by Healthwatch - no cost to the CCG						
<b>Senior Managers</b>								
Mrs L Broster, Head of Communications	01/04/13-31/03/14	35-40					5-7.5	45-50
Mr N Bucktin, Head of Partnership Commissioning	01/04/13-31/03/14	65-70					7.5-10	75-80
Mr D King, Head of Membership Development	01/04/13-31/03/14	50-55					7.5-10	60-65
Mrs A Tennant, Head of Service Improvement	01/04/13-31/03/14	80-85					10-12.5	90-95

### Definition of Senior Managers

The table above identifies the salaries and allowances paid to senior managers within the organisation in 2013/14.

We classify senior managers to be:

- Chair and Chief Accountable Officer
- Elected Governing Body Board Members
- Appointed Clinical Executives
- Lay Members
- Other voting members of the Governing Body
- Managers employed with responsibility for leading a key function/committee

## Senior Managers' Pension Related Benefits

The table below identifies the pension-related benefits applicable for senior managers within the organisation in 2013/14. The definition of Senior Managers is consistent with that described above.

Name and Title	Real increase in pension at age 60	Real increase in pension lump sum at age 60	Total accrued pension at age 60 at 31 March 2014	Lump sum at age 60 related to accrued pension at 31 March 2014	Cash Equivalent Transfer Value at 31 March 2013	Cash Equivalent Transfer Value at 31 March 2014	Real increase in Cash Equivalent Transfer Value	Employer's contribution to partnership pension (GP Solo)
Voting member of Governing Body *	(bands of £2,500)	(bands of £2,500)	(bands of £5,000)	(bands of £5,000)				
	£000	£000	£000	£000	£000	£000	£000	£00
<b>Governing Body Members</b>								
Dr D Hegarty, CCG Chair *	5-7.5	20-22.5	5-10	25-30	41	158	115	8.4
Dr S Cartwright, Clinical Executive *	2.5-5	7.5-10	5-10	15-20	54	128	73	2.7
Dr S Mann, Clinical Executive *	5-7.5	20-22.5	5-10	20-25	29	148	119	5.7
Dr E Pope, Clinical Executive *	Pension ceased							3.8
Dr J Rathore, Clinical Executive *	7.5-10	22.5-25	10-15	30-35	37	215	177	5.7
Dr J Darby, GP Representative *	(2.5)-0	(2.5)-0	0-5	5-10	35	35	(1)	2.5
Dr K Dawes, GP Representative *	Not available							1.9
Dr R Edwards, GP Representative *	0-2.5	2.5-5	0-5	0-5	n/a	17	n/a	2.5
Dr PD Gupta, GP Representative *	Retired							0
Dr R Johnson, GP Representative *	Not available							1.9
Dr M Mahfouz, GP Representative *	Not available							1.9
Mr P Maubach, Chief Accountable Officer*	2.5-5	12.5-15	35-40	105-110	465	556	81	-
Mr M Hartland, Chief Finance Officer*	0-2.5	5-7.5	30-35	90-95	408	457	40	-
Ms R Bartholomew, Chief Quality & Nursing Officer*	2.5-5	7.5-10	20-25	65-70	314	376	55	-
<b>Senior Managers</b>								
Mrs L Broster, Head of Communications	0-2.5	0-2.5	5-10	15-20	53	56	2	-
Mr N Bucktin, Head of Partnership Commissioning	0-2.5	2.5-5	25-30	75-80	440	480	30	-
Mr D King, Head of Membership Development	0-2.5	2.5-5	5-10	20-25	75	91	14	-
Mrs A Tennant, Head of Service Improvement (seconded to NHSE 11/10/13)	0-2.5	5-7.5	15-20	45-50	213	263	45	-



## CETV

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. For officer members the pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. For GP members the pension figures relate to the benefits the individual has accrued as a consequence of all their non-partnership earnings. The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

### Real Increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation (based on the consumer price index (CPI) which was 2.2% in 2013/14), contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of the period.

### CCG Contributions to GP Pensions

Most of the GP members of the Governing Body are members of the NHS Pension Scheme with the majority of the contributions coming from their Partnership earnings. However, they are required to pension other eligible earnings which include those from Dudley Clinical Commissioning Group to which the CCG makes a 14% employers contribution. These are paid into their pension fund by means of a GP Solo. The NHS Pensions Agency has provided details of GP pension values relating to GPs' non-partnership earnings in most cases but details are still awaited for three GP Governing Body Members despite the clinical commissioning group requesting them before the national deadline.



## Payments for Loss of Office

There have been no payments for loss of office made in 2013/14.

## Pay Multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The midpoint of the banded remuneration of the highest paid director in the CCG in the financial year 2013/14 was £155,000. This was 2.8 times the median remuneration of the workforce, which was £54,998. There are no comparators as this is our first year of operation.

The figures have been prepared in accordance with the Hutton Review of Fair Pay implementation guidance. The median remuneration is the total remuneration of the staff members lying in the middle of the linear distribution of the total staff, excluding the highest paid director. This is based on the annualised, full-time equivalent remuneration as at the reporting period date i.e. March 31st 2014. A median will not be significantly affected by large or small salaries that may skew an average (mean) hence it is more transparent in highlighting whether a director is being paid significantly more than the middle staff in the organisation.

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

The quoted salary for highest paid director is the full-time equivalent salary for a clinical member of the Board working 6 sessions per week. The median salary for the workforce is disproportionately inflated by the full-time equivalent remuneration rates paid to GP Board Members, Clinical leads, Lay Members, and the fact that the CCG commissions the majority of its support functions from external commissioning support organisations.

In 2013/14, no employee received remuneration in excess of the highest-paid director.

## Off Payroll Engagements

Off-payroll engagements as of March 31st 2014, for more than £220 per day and that last longer than six months, are as follows:

	Number
The number that have existed:	
For less than one year at the time of reporting	4
For between one and two years at the time of reporting	
For between two and three years at the time of reporting	
For between three and four years at the time of reporting	
For four or more years at the time of reporting	
<b>Total number of existing engagements as of 31 March 2014</b>	<b>4</b>

All existing off-payroll engagements, outlined above, have at some point been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, that assurance has been sought.



	Number
Number of new engagements, or those that reached six months in duration between 1 April 2013 and 31 March 2014	4
Number of the above which include contractual clauses giving the clinical commissioning group the right to request assurance in relation to Income Tax and National Insurance obligations	4
Number for whom assurance has been requested.	
Of which, the number:	
• For whom assurance has been received	4
• For whom assurance has not been received	
• That has been terminated as a result of assurance not being received.	

In addition to the above instances where we have commissioned specialist work or advice, we also commission corporate support from Central Midland Commissioning Support Unit to supplement our internal structures in delivering our corporate objectives.

#### Schedule of services procured from Central Midlands CSU in 2013/14 and the associated fees paid:

	2013/14
Quality, Safety and Patient Experience	435,355
IFR	135,000
Commissioning Intelligence	384,357
Strategy Unit	54,908
DMIC	170,825
Contracting and Procurement	280,641
Contracting and Procurement - G&S	27,454
Strategic IT	30,505
PMO - GP IT	76,261
Integrated Governance	9,151
Information Governance	54,908
Regional Capacity Management	24,404
Finance	308,095
HR	30,505
Hosting Charge	46,245
<b>Total</b>	<b>2,068,614</b>

#### Governing Body and Senior Manager Profiles

All board members were in post for the full year April 1st 2013 to March 31st 2014 unless noted otherwise. See Governing Body and Senior Manager profiles, including declarations of interest, in the Important Information supplement, Section I.

Signed by Mr Paul Maubach, Chief Accountable Officer, on behalf of NHS Dudley Clinical Commissioning Group, on June 3rd, 2014

