

VERY SENIOR MANAGER (VSM) PAY POLICY

		POLICY	
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	X		
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1.0 INTRODUCTION

This policy sets out the principles and procedures for determining pay progression for Very Senior Managers (VSMs) employed by Sherwood Forest Hospitals NHS Foundation Trust. It ensures that pay decisions are fair, transparent, and aligned with the NHS England Pay Framework for VSMs (2025), supporting the recruitment and retention of high-performing senior leaders.

2.0 POLICY STATEMENT

This policy applies to all individuals employed under Very Senior Manager (VSM) terms and conditions, including the Chief Executive, Executive Directors reporting directly to the Chief Executive, and other designated VSMs as defined by the Trust's governance structure. The Trust is committed to ensuring that all VSM employees are treated fairly and consistently, in accordance with the principles of equality, transparency, and accountability.

The Trust will apply the NHS VSM Pay Framework consistently and transparently, with appropriate governance and oversight. This policy outlines the standards and expectations for VSM employees, including the procedures for determining pay progression, ensuring that their roles and responsibilities are clearly defined and aligned with the Trust's strategic objectives.

3.0 DEFINITIONS/ ABBREVIATIONS

- **Very Senior Manager (VSM):** Individuals employed under the NHS VSM pay framework, typically occupying the most senior leadership roles within the Trust.
- **Remuneration Committee:** A sub-committee of the Board responsible for overseeing executive pay, ensuring decisions are evidence-based and compliant with national guidance.
- **Pay Case:** A formal document outlining the rationale for any proposed pay progression, including performance evidence, benchmarking data, and alignment with national pay bands.

4.0 ROLES AND RESPONSIBILITIES

Remuneration Committee

The Remuneration Committee plays a critical governance role in overseeing the pay and performance of Very Senior Managers. Its responsibilities include:

- **Reviewing Annual Pay Progression Cases**
Assessing submitted Pay Cases for each VSM, ensuring they are evidence-based, aligned with national guidance, and reflect individual and organisational performance.
- **Ensuring Compliance with National Frameworks**
Verifying that proposed salaries fall within the appropriate NHS England pay bands and seeking necessary approvals for salaries exceeding thresholds (e.g. £170,000).

- **Maintaining Transparency and Accountability**
Documenting all decisions, including the rationale for progression or non-progression, and ensuring these are auditable and reported in the Trust's annual report.
- **Monitoring Performance Linkage**
Ensuring that pay progression is directly linked to the achievement of agreed objectives, leadership impact, and contribution to Trust priorities.
- **Providing Oversight of Exceptions**
Reviewing and approving any deviations from the standard framework, including cases where VSMs are paid above or below band limits, and applying the "comply or explain" principle.
- **Reporting to the Board**
Providing regular updates to the Trust Board on VSM pay decisions, trends, and compliance with national policy.
- **Reviewing the Policy**
Ensuring this policy remains fit for purpose and recommending updates in response to changes in national guidance or local strategic needs.

Chief Executive

The Chief Executive's responsibilities include ensuring that pay progression decisions are fair, transparent, and aligned with the NHS England Pay Framework for VSMs. This involves collaborating with the Remuneration Committee, which plays a critical governance role in overseeing the pay and performance of VSMs. The Remuneration Committee's responsibilities include reviewing annual pay progression cases, ensuring compliance with national frameworks, maintaining transparency and accountability, monitoring performance linkage, providing oversight of exceptions, and reporting to the Trust Board.

Chief People Officer

The Chief People Officer's responsibilities include.

1. **Pay Case Submission:** The Chief People Officer will work with the Chief Executive ensure internal and external governance requirements are adhered to in relation to submissions of Pay Cases. This includes a summary of performance against objectives, evidence of leadership impact, benchmarking data, and the proposed salary with justification.
2. **Monitoring and Review:** The Chief People Officer will monitor the implementation of the pay progression policy and reports annually to the Remuneration Committee. Their role is to ensure the policy remains fit for purpose and recommend updates in response to changes in national guidance or local governance arrangements.
3. **Compliance and Documentation:** The Chief People Officer will ensure all pay progression decisions comply with NHS England and Department of Health and Social Care (DHSC) approval thresholds, particularly for salaries exceeding £170,000. They also document all decisions, including the rationale for progression or non-progression, ensuring these are auditable and reported to the Board Remuneration Committee.

5.0 APPROVAL

Remuneration Committee.

6.0 DOCUMENT REQUIREMENTS

The VSM pay framework as published by NHS England links pay scales to turnover or weighted population.

Pay Structures and Bands

Very Senior Managers (VSMs) pay ranges are standardized across NHS bodies and determined by:

- Provider trusts: based on annual turnover

There are five pay bands (A–E) for provider trusts, each with a minimum and operational maximum. Within each band, three VSM levels are defined:

- **Level 1:** Chief Executives
- **Level 2:** Directors reporting to CEOs
- **Level 3:** Other senior VSMs, often paid under AfC in stand-alone trusts

Sherwood Forest Hospitals NHS Foundation Trust are in Band C as its annual turnover is between £300m - £750m.

Very Senior Manager (VSM) Recruitment – Pay Determination

The process begins with confirming whether the role meets the criteria to be classified as a Very Senior Manager (VSM). NHS England defines Very Senior Manager (VSM) roles as those at the highest levels of organisational leadership, including chief executives, executive directors who report directly to the chief executive, and other senior roles that fall outside the Agenda for Change pay system.

This step is important because only roles formally recognised as VSMs should be appointed under the VSM framework, and if the role can be accommodated under Agenda for Change, that route should be considered first.

The pay band for Sherwood Forest Hospitals NHS Foundation Trust is Band C. There are three levels within each band: Level 1 applies to chief executives, Level 2 to executive directors who report directly to the chief executive, and Level 3 to other senior VSM roles. Determining the correct level ensures that the proposed salary reflects the scale and scope of responsibility associated with the post.

With the band and level confirmed, the role must be evaluated to determine its relative weight and complexity. This involves a structured assessment of factors such as organisational impact, size of budget, scale of leadership responsibility, and workforce accountability. The evaluation provides an evidence base for pay decisions and helps ensure equal pay compliance under the Equality Act 2010 by demonstrating that similar roles are rewarded consistently.

Following evaluation, the proposed salary will be benchmarked against internal and external data. Internally, the organisation will compare the proposed pay with that of existing Very Senior Managers (VSMs) to avoid unjustifiable disparities. Externally, benchmarking should include reviewing similar Very Senior Managers (VSMs) roles in other NHS organisations within the integrated care system and across comparable provider trusts. This ensures that the offer is competitive enough to attract and retain talent while maintaining consistency with NHS-wide norms.

Once the evaluation and benchmarking are complete, a formal pay proposal will be prepared for the organisation's remuneration committee. This proposal will explain the role classification, the rationale for the proposed salary point within the band, the evidence used in benchmarking, an equal pay assessment, and a statement on affordability. The proposal will also confirm compliance with the NHS VSM Pay Framework, demonstrating that the organisation has followed the nationally agreed principles.

The remuneration committee will review the proposal in detail. It will consider whether the salary recommendation is fair, consistent with the framework, and represents appropriate use of public funds. If the proposed starting salary falls within the prescribed band, the committee can approve it locally. However, if the proposed salary exceeds either the operational maximum of the band or the threshold of £170,000, the Trust must seek approval from NHS England.

The Chief Executive (or Chair) will prepare the NHS England business case template for submission. NHS England will review the business case, and if the proposal still falls outside national parameters, the case will be escalated to the Department of Health and Social Care (DHSC) for ministerial consideration.

In certain circumstances, such as where an organisation is designated as "challenged" under the NHS Oversight Framework, the remuneration committee may also consider offering a recruitment premium to secure the appointment of a suitable candidate. This premium is non-consolidated and non-pensionable and must be clearly justified within the business case. It is typically reserved for posts where the market rate significantly exceeds the standard framework levels.

Once approval has been secured at the appropriate level, the role can be advertised. The role can be advertised subject to the salary being approved by NHS England.

Once the role has been appointed to, the agreed salary is confirmed in a formal offer and reflected in the individual's contract of employment. The contract will set out the basic salary, any agreed recruitment premiums, and any performance-related pay arrangements.

The contract should make clear that future pay progression will depend on satisfactory performance against annual appraisal objectives and organisational outcomes as assessed under the NHS Oversight Framework.

Very Senior Manager (VSM) pay decisions must be disclosed in the organisation's annual report and accounts, and a summary of VSM remuneration must be submitted to NHS England each year.

Very Senior Manager Pay Review (VSM) and Pay Progression Process

The Senior Salaries Review Body (SSRB) is an independent public body that provides advice to the government on the pay of senior public sector workers including Very Senior Managers (VSMs) in the NHS. On an annual basis the SSRB makes independent pay recommendations based on evidence provided by the government and other stakeholders, with the goal of ensuring fair and appropriate compensation for senior NHS leaders.

Upon receipt of a notification from NHS England regarding the governments respond to the Senior Salaries Review Body (SSRB) regarding the annual pay award, a formal proposal will be prepared for the organisation's remuneration committee. This proposal will summarise the content of the NHS England notification and the impact on the Very Senior Managers (VSMs) salaries.

The Remuneration Committee must also determine whether the individual is entitled to an annual pay award. Under the NHS VSM pay framework, Very Senior Managers (VSMs) are eligible for progression only if the Trust is not classified as being in the most challenged category under the NHS Oversight Framework. Organisations in oversight segment 4 & 5, typically those requiring significant regulatory intervention, may have their pay awards withheld unless there are exceptional circumstances that can be justified.

The Chief Executive (or Chair) will annually review Very Senior Managers (VSMs) pay, providing a report and recommendations to the Remuneration Committee.

Pay progression for Very Senior Managers (VSMs) is explicitly linked to the annual appraisal process and must be based on a robust, documented review of objectives. The appraisal will evaluate whether a Very Senior Managers (VSMs) has met or exceeded the agreed performance criteria, which may include leadership behaviours, delivery of organisational objectives, financial stewardship, and contributions to wider system working. It is expected that only those who achieve a satisfactory or better rating at appraisal will receive progression. If an individual fails to meet the required standards or is subject to live disciplinary proceedings, progression will be withheld.

The decision on pay progression is made by the Remuneration Committee, which has overall responsibility for ensuring that pay decisions are consistent with the NHS VSM Pay Framework and represent value for public money. The Remuneration Committee will consider the outcome of the appraisal, the financial position of the organisation, benchmarking information, and any wider system factors before determining whether to award the annual uplift or bonus payments. Where the proposed progression falls within the normal salary range for the individual's VSM band and level, the Remuneration Committee can approve the increase locally.

However, if the proposed progression would result in the salary exceeding either the operational maximum for the pay band or the national threshold of £170,000, the organisation must prepare a formal submission to NHS England for approval. NHS England reviews the business case and, if the proposal still exceeds national norms, escalates the decision to the Department of Health and Social Care (DHSC) for ministerial sign-off.

In addition to consolidated pay progression within the salary range, the framework allows for the award of non-consolidated, non-pensionable performance payments of up to 10% of basic pay in recognition of exceptional contribution. These are at the discretion of the Remuneration Committee and must be supported by clear evidence of outstanding performance at both individual and organisational levels. In challenged organisations, where recruitment and retention are particularly difficult, the Remuneration Committee will consider applying a recruitment and retention premium at the point of appointment. However, such premiums are distinct from progression; they are not automatic, are normally time-limited, and must be justified in the business case.

When the Remuneration Committee has approved the pay award and any pay progression, the Chair of the Remuneration Committee will confirm the outcome in writing to the individual and reflect any changes in payroll and contractual documentation.

Very Senior Managers (VSMs) pay awards must be disclosed in the organisation's annual report and accounts, and the organisation is required to submit an annual report on VSM remuneration to NHS England.

This process ensures that VSM pay progression is not automatic but earned, based on demonstrated performance and aligned with organisational success. It also provides safeguards to ensure that public money is used appropriately while enabling organisations to remain competitive in attracting and retaining senior leadership talent.

7.0 MONITORING COMPLIANCE AND EFFECTIVENESS

Minimum Requirement to be Monitored (WHAT – element of compliance or effectiveness within the document will be monitored)	Responsible Individual (WHO – is going to monitor this element)	Process for Monitoring e.g. Audit (HOW – will this element be monitored (method used))	Frequency of Monitoring (WHEN – will this element be monitored (frequency/ how often))	Responsible Individual or Committee/ Group for Review of Results (WHERE – Which individual/ committee or group will this be reported to, in what format (eg verbal, formal report etc) and by who)
Pay Progression of those on VSMS	The Chair and Chief Executive	Benchmarking internally and externally.	Annually	Remuneration Committee
Pay determination of newly appointed VSMS	The Chair and Chief Executive	Benchmarking internally and externally.	Annually	Remuneration Committee

8.0 TRAINING AND IMPLEMENTATION

- Sharing with those employed on Very Senior Contract of Employment.

9.0 IMPACT ASSESSMENTS

- This document has been subject to an Equality Impact Assessment, see completed form at Appendix A
- This document is not subject to an Environmental Impact Assessment

10.0 EVIDENCE BASE (Relevant Legislation/ National Guidance) AND RELATED SFHFT DOCUMENTS

Evidence Base:

- National Health Service Act 2006 (as amended by the Health and Social Care Act 2012)
- Equality Act 2010
- Public Sector Equality Duty (Section 149 of the Equality Act 2010)
- Freedom of Information Act 2000 (FOIA)
- HM Treasury Guidance on Senior Pay
- NHS England VSM Pay Framework (2025)
- NHS Oversight Framework
- Messenger Review of NHS Leadership (2022)
- NHS England Annual Pay Circulars
- NHS Foundation Trust Code of Governance
- Annual Report and Accounts (NHS Act Requirement)
- Fit and Proper Persons Test (Regulation 5 of the Health and Social Care Act 2008 Regulations)
- Managing Public Money (HM Treasury, 2023)
- Cabinet Office Senior Pay Approvals Guidance

Related SFHFT Documents:

- Equality, Diversity and Inclusion Policy
- Fit and Proper Person Requirements Policy

11.0 KEYWORDS

- NHS England VSM pay framework 2025
- Very Senior Manager pay NHS guidance
- NHS VSM pay determination process
- NHS VSM pay policy
- NHS executive pay framework

12.0 APPENDICES

- Appendix 1 – The NHS Very Senior Manager pay framework - [NHS England » The NHS very senior managers pay framework](#)

- Appendix 2 – the NHS very senior manager pay framework – operational guidance - NHS England » The NHS very senior manager pay framework – operational guidance
- Appendix 3 – VSM Pay framework – pay case and justification form - NHS England » NHS very senior managers pay framework

APPENDIX 4 - EQUALITY IMPACT ASSESSMENT FORM (EQIA)

Equality Impact Assessment (EIA) Form (Please complete all sections)

EIA Form Stage One:

Name EIA Assessor: Deborah Kearsley		Date of EIA completion: 02.09.2025
Department: People Directorate		Division: People Directorate
Name of service/policy/procedure being reviewed or created: Very Senior Manager (VSM) Pay Policy		
Name of person responsible for service/policy/procedure: Chair and Chief Executive		
Brief summary of policy, procedure or service being assessed: This policy sets out the principles and procedures for determining pay progression for Very Senior Managers (VSMs) employed by Sherwood Forest Hospitals NHS Foundation Trust.		
Please state who this policy will affect: Staff		
Protected Characteristic	Considering data and supporting information, could protected characteristic groups' face negative impact, barriers, or discrimination? For example, are there any known health inequality or access issues to consider? (Yes or No)	Provide a brief summary of what data or supporting information was considered to complete this assessment?
Race and Ethnicity	Yes	- Equality Act 2010 - Public Sector Equality Duty (PSED) Guidance (EHRC) - NHS Very Senior Manager Pay Framework 2025 (NHS England) - NHS Oversight Framework (2025) - Managing Public Money (HM Treasury) - NHS Workforce Race Equality Standard (WRES) Reports - NHS Workforce Disability Equality Standard (WDES) Reports - NHS Gender Pay Gap Reports (Trust-level and national) - NHS Staff Survey (Annual) - Trust or ICB Workforce Demographics - VSM Pay Distribution Data - Appraisal and Progression Outcomes
Sex	Yes	
Age	No	
Religion and Belief	No	
Disability	Yes	
Sexuality	No	
Pregnancy and Maternity	Yes	
Gender Reassignment	Yes	

Marriage and Civil Partnership	No	
Socio-Economic Factors (i.e. living in a poorer neighbour hood / social deprivation)	No	

If you have answered 'yes' to any of the above, please complete Stage 2 of the EIA on Page 3 and 4.

What consultation with protected characteristic groups including patient groups have you carried out?

Engaged with those of Very Senior Manager (VSM) Contract.

As far as you are aware are there any Human Rights issues be taken into account such as arising from surveys, questionnaires, comments, concerns, complaints or compliments?

No

On the basis of the information/evidence/consideration so far, do you believe that the policy / practice / service / other will have a positive or negative adverse impact on equality? (delete as appropriate)

Positive			Negative			
	Medium		Nil			

If you identified positive impact, please outline the details here:

Protected Characteristic	Please explain, using examples of evidence and data, what the impact of the Policy, Procedure or Service/Clinical Guideline will be on the protected characteristic group.	What is already in place in the policy or its implementation to address any inequalities or barriers to access including under representation at clinics, screening.	Please outline any further actions to be taken to address and mitigate or remove any in barriers that have been identified.
Race and Ethnicity	National NHS workforce data shows underrepresentation of ethnic minorities in senior roles; risk of bias in progression or recruitment decisions.	Annual pay report including internal and external benchmarking to be presented to Remuneration Committee	Embed unconscious bias training for Remuneration Committee members; monitor pay and progression outcomes by ethnicity; ensure recruitment panels are diverse.
Gender	Historical data shows that women are underrepresented in senior NHS roles and may face structural barriers to progression. Without safeguards, processes could perpetuate pay gaps. Historical data shows that women are underrepresented in senior NHS roles and may face structural barriers to progression. Without safeguards, processes could perpetuate pay gaps.	Annual pay report including internal and external benchmarking to be presented to Remuneration Committee	Conduct regular gender pay gap analysis; ensure transparent job evaluation; provide clear criteria for progression based solely on performance and organisational outcomes.
Age	No direct link between age and pay levels, but younger VSMs or early-career senior leaders may initially enter at the lower end of the pay band, potentially affecting pay parity.	N/A	Benchmarking within pay bands ensures fairness; appraisals focus on performance rather than length of service.
Religion	Low likelihood of direct impact, but cultural or religious practices may occasionally affect appraisal processes or performance metrics.	N/A	Provide flexibility in appraisal timelines and criteria where needed to ensure no disadvantage.
Disability	Risk of indirect discrimination if appraisal frameworks do not accommodate reasonable adjustments for VSMs with disabilities.	The link with the appraisal which support the development and implementation of reasonable adjustments.	Ensure appraisal processes are inclusive and allow for reasonable adjustments; provide alternative assessment routes where necessary.

Sexuality	No evidence of systematic disadvantage, but risk of unconscious bias in recruitment and progression decisions.	Embed inclusive recruitment practices and regularly monitor progression data by sexual orientation.	N/A
Pregnancy and Maternity	VSMS on maternity or parental leave could be disadvantaged in annual pay progression if objectives are not adjusted.	Annual pay report including internal and external benchmarking to be presented to Remuneration Committee	Adjust appraisal objectives fairly; ensure maternity and parental leave do not negatively impact progression or bonuses.
Gender Reassignment	Risk of discrimination during recruitment or progression stages if not properly addressed.	Approval to be sought regarding pay prior to recruitment process commencement.	Apply inclusive policies; ensure pay decisions are objective and performance-based.
Marriage and Civil Partnership	Unlikely to be directly affected.	N/A	N/A
Socio-Economic Factors (i.e. living in a poorer neighbour hood / social deprivation)	Unlikely to be directly affected.	N/A	N/A

Signature: DA Kearsley

I can confirm I have read the Trust's Guidance document on Equality Impact Assessments prior to completing this form

Date:

02.09.2025