

# Health Service Circular Local Authority Circular



**Series number:** HSC 1998/190  
**Issue date:** 28th October 1998  
**Review date:** 31st October 1999  
**Category:** Primary Care  
**Status:** Action

*sets out a specific action on the part of the recipient with a deadline where appropriate*

## The new NHS Modern and Dependable

### PCG Remuneration

**For action by:** Health Authorities (England) - Chief Executive  
NHS Trusts - Chief Executives  
General Medical Practitioners  
Community and Practice Nurses  
Social Services Directors - England

**For information to:** Regional Directors  
Health Authority (England) Chairs  
Special Health Authority - Chief Executive  
General Dental Practitioners  
Local Medical Committees  
Local Dental Committees  
Local Pharmaceutical Committees  
Medical Schools - Deans  
Optometrists  
Pharmacists  
Maternity Service Liaison Committee  
Community Health Council - Chairs  
Community Health Council - Chief Officers  
Local Authority - Chairs  
Local Authority - Chief Executives  
Local Authority Social Services - Chairs

*Further details from:* Jeff Peers  
Primary Care Division  
NHS Executive  
Room 7E55  
Quarry House  
Quarry Hill  
Leeds  
LS2 7UE

---

*Additional copies of this document can be obtained from:*

Department of Health  
PO Box 410  
Wetherby  
LS23 7LN

Fax 0990 210 266

It is also available on the Department of Health website at  
<http://www.open.gov.uk/doh/coinh.htm>

© Crown copyright 1998

# The new NHS Modern and Dependable

## PCG Remuneration

---

### Summary

This guidance sets out the allowances and other payments payable to Chairs and Board Members of Primary Care Groups (PCGs). It also provides a framework for the remuneration of PCG chief executives and others who support the work of PCGs.

### Action

- **Chief Executives of Health Authorities and NHS Trusts, Social Services Directors and GP practices;**
  - should bring this Circular and attached guidance to the attention of their staff.
  - are expected to encourage their staff to participate in PCGs and to facilitate such involvement.
- **Chief Executives of Health Authorities should**
  - ensure that this guidance is made available to all prospective PCG Chairs or Board Members.
  - establish PCGs as committees of the HA from 1 April 1999, and ensure that shadow PCG Chairs, once appointed are aware of this guidance as PCG Responsible Officers, and make arrangements for PCG Chairs and Board Members to be paid in accordance with this guidance.
  - take account of this guidance from November in making payments to shadow PCG members.
- **Chief Executives of NHS Trusts managing Community Health Services** should work closely with shadow PCGs and the individuals concerned to agree how those NHS Trust staff appointed to PCG Boards should be paid for their board work
- **General Practitioners and practice nurses** should work together, with the shadow PCG and individuals concerned to agree how practice partners or employees who will serve as PCG Chairs or Board Members should be paid for their board work.
- **Social Services Directors** are asked to work with HAs in the development of local

PCGs and to agree with the shadow PCG and individual officers concerned how the Social Services officer who will serve as a PCG Chair or Board Member should be paid for their board work.

- **NHS Executive and Social Care Regional Offices** should ensure that HAs, NHS Trusts and GP practices, and Local Social Services Authorities are taking action to ensure that PCG Chairs or Board Members are paid appropriately and in line with this guidance for their PCG Board work.

---

This circular has been issued by:

**Alasdair Liddell**  
**Director of Planning**

<b>CONTENTS</b>	<b>PARAGRAPH NUMBER</b>
<b>INTRODUCTION</b>	1
<b>ALLOWANCES &amp; OTHER PAYMENTS TO PCG CHAIRS OR MEMBERS</b>	5
Chairs	7
Board Members	8
<b>PAYMENTS TO BOARD MEMBERS OR OTHER PCG MEMBERS WHO LEAD PARTICULAR TASKS</b>	14
<b>PAYMENTS TO CO-OPTED BOARD MEMBERS</b>	18
<b>PCG LEVELS</b>	19
<b>COMPENSATORY PAYMENTS (or locum payments)</b>	20
<b>PCG STAFF</b>	29
PCG chief executives	29 (i)
other PCG staff	29 (ii)
<b>ACCOUNTABILITY</b>	30
<b>EXPENSES</b>	34
<b>TAXATION AND BENEFIT IMPLICATIONS</b>	36

## INTRODUCTION

1. Primary Care Groups (PCGs) are at the heart of the new NHS. They will play a pivotal role in shaping and improving primary and secondary health services in order to provide consistently high quality care to patients. The Boards of PCGs will be responsible for ensuring that the group fulfils its tasks of improving health, developing primary care and, if at level 2, taking on devolved financial responsibility for the commissioning of hospital and community services. Chairs and Board Members will therefore be expected to:
  - (i) ensure that there is a corporate approach to PCG business;
  - (ii) provide leadership to their constituents and ensure the involvement of other PCG members and stakeholders (other local health professionals, local government, users and carers);
  - (iii) ensure effective governing arrangements are in place to maintain probity and accountability;
  - (iv) take decisions on policy and direction of service development issues within the group;
  - (v) liaise effectively with other PCGs, their HA and other NHS & health/social care providers on strategic matters;
  - (vi) direct and deploy PCG staff to undertake duties to inform, develop and implement policy

PCGs will put doctors and nurses in the driving seat in shaping local health services and underpin them with administrative and managerial support to help them undertake these duties.

2. This guidance sets out the allowances, other payments and remuneration payable for Primary Care Groups (PCGs) at both level 1 and level 2. It covers allowances and other payments to PCG Chairs and Board Members, and the remuneration of PCG chief executives (*PCG Chief Officers* in the summer guidance - HSC 1998/139). It also confirms that these arrangements can be extended locally, to include involvement of other professionals taking forward PCG business and also to cover PCG Board Members who take on additional responsibility for particular projects, or responsibilities in addition to their corporate board responsibilities.
3. The framework applies from 1 April 1999. HAs will wish to take it into account from November when establishing local arrangements with shadow PCGs or reviewing those arrangements with putative PCGs for making payments to shadow PCG Chairs, Board Members or others for PCG preparatory work.
4. The arrangements are intended in each case to provide appropriate payments for the different roles involved in running a successful PCG. For PCG Board Members the proposals are also intended to recognise the impact that these commitments will have on their main employers or, for most GPs and some nurses, their GP practice.

**ALLOWANCES AND OTHER PAYMENTS TO CHAIRS OR MEMBERS**

5. For PCG chairs and PCG Board Members the **principles** which underlie the payment arrangements are that:-
- i payments are allowances;
  - ii allowances are to recompense individuals for their corporate role as a Member of the PCG Board;
  - iii payments should be linked to PCG responsibility;
  - iv payments should be reasonable;
  - v Board Members (except Chair and HA non-executives whose payments are dealt with separately) should be treated equally;
  - vi payments should be affordable;
  - vii payments should dovetail with relevant existing NHS guidelines and precedents;
  - viii the important differences between the roles and responsibilities of PCG Board Members and those of established non-executive appointees elsewhere in the NHS should be recognised.
6. PCG Boards are to be professionally led by health clinicians and social services managers who will each be able and expected to apply their professional expertise to the PCGs corporate activities. The day-to-day executive work will be the responsibility of the PCG chief executive (who will also be a board member) but there may be some tasks which individual PCG Board Members wish and are suitably qualified to take on in addition to their board responsibilities (eg in leading a clinical review of a particular disease or condition). This will be permissible within the framework set out below and within established rules or agreements relating to recruitment, equal opportunities or competitive tendering.
7. Payments to PCG Chairs may be made as follows:

A PCG Chair will be paid an allowance set nationally and related to PCG size and financial responsibility.

As allowances, these payments are not superannuable.

The payments are set out in the table below. This structure is consistent with the existing bandings for NHS Trust/HA Chairs and is sensitive both to PCG size and to the financial responsibilities of a PCG. The structure recognises that PCGs operating (at level 1) as HA advisory bodies will have service and primary care development functions as well as prescribing management functions. PCGs operating at level 2 will have these functions but will have also agreed to take on significant commissioning responsibilities. In all cases PCG chairs will be expected to play an active leadership role.

**Chairs Allowances**

Responsibility	Population	
	< 75k	> 75k
advisory ( level 1)	11,445	13,225
delegated budget holder (level 2)	13,225	15,125

The Chair of a level 2 PCG may be expected to spend the equivalent of perhaps between 1 and 2 days per week on PCG business, depending on the level, size and organisational development of the PCG. However this will ultimately be determined locally taking into account the volume and the mix of work to be undertaken by the PCG and the Chair's own working preferences.

In the event that the Chair is a GP, concern has been expressed that the GMS requirements for availability to patients may require GPs who take on the role of PCG chair to reduce their GMS time commitment (typically from full to 3/4 time). The Government intends to address these concerns encouraging HAs (as in FHSL(91)69) to interpret the rules flexibly and, in particular to take account of partners' availability in determining an individual GP's position. This takes account of the significant role that PCG Chairs will play in shaping the delivery of health and clinical services locally.

In particular, where a GP has commitments outside the practice the HA may modify the rule so that the GP can be available for 26 hours over 4 days, even if the time available to patients on the 4th day is less than on the other 3. In addition, we intend to amend Part IV of Schedule 8 to the GMS Regulations to provide activity on a PCG board as an example of a relevant health related activity.

Where a PCG GP does reduce his or her GMS time commitment (typically from full to 3/4 time) in connection with PCG Chair duties, he or she will remain eligible for basic practice allowance and seniority payments as if he or she had not reduced the GMS time commitment. This will protect the GP involved (who is not a salaried employee) against a loss of some £3,000 in earnings.

The Government also intends to amend the regulations to enable those GP PCG Chairs who have reduced their commitment to return to their original time commitments. The Government expect employers of other PCG Chairs to provide a similar commitment locally to non GP PCG Chairs.

The arrangements applicable to GP Chairs are subject to secondary legislation but are intended to apply from 1 April 1999.

8. Payments to PCG Board Members may be made as follows:

For undertaking board duties related to the corporate activity of the PCG, Board Members (other than HA non-executive members) will be paid a nationally set (non superannuable) allowance.

It is expected that PCGs will decide on a pattern of meetings to suit their local circumstances and those of individual Board Members. As a rough guide PCG Board Members might expect to spend between perhaps 2 and 2.5 days per month on PCG Board business.

These commitments will vary according to the level of the PCG and how the PCG Board organises itself. They are also likely to vary with time, the size of the PCG and its geography.

The levels of allowance are -

<u>Delegated budget holder</u> (Level 2)	£4,000 pa (payable at the PCG's discretion either as a monthly allowance or as sessional payments up to a ceiling of £4,000 pa).
<u>Advisory</u> (Level 1)	£2,700 pa, (payable at the PCG's discretion either as a monthly allowance or as sessional payments up to a ceiling of £2,700 pa).

This approach provides for level 1 PCG board members to receive an allowance which represents approximately 2/3 of that payable to level 2 Board Members. This recognises that the functions of level 1 PCGs do not include responsibility for direct financial management of the unified budget (beyond prescribing) but do include primary care development and health improvement.

9. HA non-executives who serve on one or more PCGs will not be paid a PCG Board Member allowance in addition to their remuneration as an HA non-executive.
10. Where an additional lay member is appointed as substitute for the HA non-executive PCG Board Member, the lay member will be eligible for payment as other PCG Board Members (eg as at paragraph 8 above). These costs should be met from the HA's budget and count against the HA management cost limit rather than the PCG's.
11. Where a PCG board member is an employee of another organisation the allowance will be payable but in some cases PCG Board Membership may be

regarded as being within the individual's job description and the time commitment as falling within the individual's normal working week. In other cases, however, it will not. The PCG, PCG Board Member and their employer will be expected to agree between them, what proportion of the allowance should be paid to, or retained by, the employer, or foregone by both employer and employee and regarded as part of that organisation's contribution to the PCG. In doing so the employer should recognise that separate from the Board Member allowance itself up to £3,000 is available to the employer specifically for the provision of cover. Should PCG Board meetings and activities take place outside normal working hours it is expected that the allowance would be regarded as a payment to the individual for his/her contribution to the PCG.

12. Employers would also be expected to recognise the value of their employees contribution to the PCG, and should ensure that no individual suffers financially as a result of their membership of the PCG board and that account of the individual's time commitment to the PCG is taken into consideration when looking at any individuals workload. In particular, employers are expected to honour in full PCG Board Members' normal salary and to reach agreement in advance about how cover (at the appropriate grade, where relevant) is to be provided when the individual is absent on PCG business. Employers are also expected to facilitate liaison between PCG Board Members and the groups they represent to inform their PCG Board activities. This applies to nurses employed by NHS Trusts or GP practices, salaried doctors, SSD nominees and, potentially, lay members.
13. Where an individual Social Services Department employee serves on more than one PCG it may be appropriate for allowances to be paid on a sessional basis. No more than one payment would be payable for any one session. Directions will preclude other paid PCG Board Members (except shared PCG chief executives) being a member of another PCG.

**PAYMENTS TO BOARD MEMBERS OR OTHER PCG MEMBERS WHO LEAD PARTICULAR TASKS**

14. Chairs, Board Members, or other PCG members may take on other PCG work as consultants subject to established rules of tendering and contracting and may be paid accordingly. For PCG Chairs or Board Members these payments would be separate from the allowances that they receive for their PCG board duties. Superannuation regulations do not allow for payments to be superannuated other than as an HA employee.
15. PCG Chairs, Board Members or other members may be employed by HAs to undertake such work provided this is consistent with the established rules around recruitment and equal opportunities. Such work could therefore be superannuable if it was undertaken under a contract of employment.
16. Payments should be capable of being accommodated within the PCG management costs budget agreed by the PCG with its host HA.

17. Payments to individual Board or other PCG members must be approved by the PCG Chair in his/her capacity as PCG Responsible Officer (or by the HA Accountable Officer for any payments to the PCG Chair) and set out as a matter of public record. Payments must also be consistent with any Standing Orders or Standing Financial Instructions. Where appropriate, such payments will also require approval by the HA Remuneration Committee.

#### **PAYMENTS TO CO-OPTED BOARD MEMBERS**

18. HSC1998/139 explains that, unlike other NHS bodies, PCGs will be able to co-opt on to the board others who may be considered appropriate for dealing with specific tasks. Where such persons attend PCG meetings for individual items it will generally be appropriate for them to be paid expenses only. Where, however, their role is such that they are required to become regular (albeit non-voting) attenders at PCG Board meetings it will be open to PCGs exceptionally to pay an allowance to such individuals within the parameters set by the national framework set out in this Circular. All such payments count as management costs and should be approved by the PCG Responsible Officer and published.

#### **PCG LEVELS**

19. In order to apply these remuneration proposals, it is necessary to have a clear definition to distinguish level 1 and level 2 PCGs. A definition of a level 2 "delegated" PCG will therefore be provided in the Autumn guidance. This will be based on the level of direct responsibility for the unified budget which the PCG proposes to take on but will not require acceptance of the total budget to qualify as level 2.

#### **COMPENSATORY PAYMENT (or locum payments)**

20. PCGs are free to devise their own management arrangements and structures. This should be commensurate with the responsibilities they have accepted and their decisions on the distribution of operational work between their support staff and members. PCG Boards are likely to meet monthly and to be supported by a sub-committee or executive structure.
21. Releasing individuals to fulfil these important roles in the new NHS will undoubtedly place additional pressures, in some cases, on the resources of the PCG board member's employer or, in the case of a GP member, on their practice. These pressures will not always be capable of being absorbed or accommodated by the employer or practice.

22. Accordingly, the employer of a PCG member (or the practice partnership in the case of a GP Board Member) will be eligible to claim compensatory payments to a maximum of:

PCG Board Member	£3,000
PCG Chair (full time GP or other Chair)	£6,000
PCG Chair (GP with reduced time commitment)	£3,000

23. The compensatory or locum payment is payable on presentation of invoices for the cover provided. Where a practice has met the shortfall in GP or nurse cover internally the practice will be eligible for the compensatory payment on presentation of an invoice for the costs involved.
24. The HA Accountable Officer may exceptionally agree to the PCG paying a higher compensatory payment in respect of the Chair where a higher time commitment is required of the Chair because of the PCG's demography, geography or organisational development. Such payments should be explicitly agreed in advance by the HA Chief Executive and reported (see paragraph 32 below).
25. These arrangements reflect those that apply to HA/NHS Trust non-executive board members but acknowledge that individuals serving on PCG boards are likely to be drawn largely from other NHS bodies or social services departments. The provision for compensatory or locum payments reflects both the role PCG board members are expected to fulfil and the impact that this work would otherwise have on the services provided by their NHS or local government employer or practice. After allowing for these important differences, the cap on the total payment for a PCG Board Member at £7,000 (at level 2 and including a separate element for invoiced compensatory payments) is consistent with the existing arrangements for HA/NHS Trust non-executive members.
26. The employers/practices of HA non-executives, serving on PCG boards, will not be eligible for the compensatory payment. Membership of a PCG forms part of their HA non-executive roles. The application of these compensatory payment arrangements to lay members will be for local discretion.
27. In the case of GPs any practice income generated for the practice by locum cover funded by compensatory payments will be superannuable in line with existing arrangements.
28. Examples of how the allowance, compensatory or other payment arrangements will apply to individual PCG Board Members are set out at Annex B.

**PCG STAFF**

29. The following arrangements will apply to PCG staff:

i PCG chief executives

PCG chief executive's pay should be determined in line with HSC 1998/017. The pay ranges introduced by HSC 1998/017 are attached (at Annex A). Range 3 is proposed as the benchmark for a 100k level 2 PCG. Remuneration would be expected to be at the lower end of the range, or at range 4, if the PCG is significantly smaller and/or does not have delegated budgets or plan to take on these financial responsibilities in the near future.

As an employee of the HA these payments would be superannuable within the existing rules of the NHS Superannuation Scheme. The actual determination of remuneration for each PCG chief executive will be decided by the PCG board and overseen by the HA Remuneration Committee who should consider the weight of the post against other HA senior managers when setting the level of remuneration. There will be local flexibility to remunerate at a higher (or lower) band if appropriate - eg to attract a particular individual whose previous employment was paid above range 3.

HAs/PCGs might consider providing a separate remuneration package for a PCG chief executive who is also managing a project to move for recognition of the PCG as a separate Primary Care Trust within the 12 months preparatory period. The PCG Boards will have the freedom to appoint a PCG chief executive to cover more than one PCG if that is considered to an appropriate arrangement.

Chief Executives will not receive a PCG Board Member allowance in addition to their salary

ii other PCG staff - other PCG staff will be on national pay scales and their pay will be determined locally by PCGs and HAs.

**ACCOUNTABILITY**

30. HA Remuneration Committees will oversee payments for Board Members, the remuneration of PCG chief executives and the arrangements incorporated in the HA SFI/SOs.

31. PCG Board Member allowances and PCG chief executives' salaries will be incorporated in the HAs' accounts and published in the HAs annual accounts, under the same arrangements as for NHS Trust and HA directors.

32. PCG Board Members will also be required to disclose their interests and enter them in the HA register of interests. PCGs will be expected to publish Board Members' attendance record and other PCG activities. This record should include any Co-opted Members in receipt of an allowance. Additional payments to PCG Board Members, compensatory payments in excess of the national ceiling in respect of the PCG Chair, and any payments beyond expenses to PCG Co-opted Members must be published.
33. PCG Board Members are appointed as members of a committee of an HA and not as HA Non-Executives. Community Health Council (CHC) members are therefore eligible to be considered for appointment as lay Board Members on PCGs.

#### **EXPENSES**

34. Expenses should be payable to PCG Board Members in line with existing arrangements (which are set out in HSG(96)42).
35. The employers of PCG Board Members who are employed by another NHS body (eg a community NHS Trust) or by a local authority (eg SSD nominees) are encouraged to consider meeting expenses for their employees who are PCG Board Members as part of their contribution to the PCG.

#### **TAXATION AND BENEFIT IMPLICATIONS**

36. Individual PCG members should take their own advice locally on the implications of any PCG-related payments for their personal tax position, social security benefits etc.

**Annex A**

**Extract from HSC 1998/017**

**SCHEDULE 1 - Pay Ranges and Breakpoints**

	<b>Minimum</b>	<b>Breakpoint</b>	<b>Maximum</b>
Range 1	£55,000	£84,500	£94,000
Range 2	£44,000	£58,500	£65,000
<u>Range 3</u>	<u>£34,000</u>	<u>£45,000</u>	<u>£50,000</u>
Range 4	£26,000	£36,000	£40,000
Range 5	£16,000	£27,000	£30,000

Issued: 5 March 1998

Examples of payments

Annex B

Role	Level	Allowances	Compensatory allowance up to a national ceiling of:	Other payments	Total nationally set payments
Chair	Level 1 (> 75k population)	£13,225	£6,000 *	None	£19,225
Chair	Level 2 (> 75 population)	£15,125	£6,000 *	None	£21,125
Chair (reduced time GP)	Level 2 (> 75k population)	£15,125	£3,000 *	approximately £3,000 (retained BPA and seniority allowances)	£21,125
Board Member (eg GP, nurse or SSD manager)	Level 1	£2,700	£3,000	None	£5,700
Board Member	Level 2	£4,000	£3,000	None	£7,000
Board Member (also responsible for clinical governance)	Level 2	£4,000	£3,000	for local determination if undertaking project work	£7,000
Board Member (also leading a review of nurse prescribing)	Level 1	£2,700	£3,000	for local determination if undertaking project work	£7,000

\* Subject to local discretion in exceptional circumstances (see paragraph 24).