



HM Treasury

# Guidance for approval of senior pay: senior pay controls process

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# Chapter 1

## Introduction

### Purpose

- 1.1 These senior pay controls allow the Government to ensure that senior pay is set at an appropriate level to enable the public sector to recruit, retain and motivate the best people to deliver better outcomes for citizens, whilst ensuring value for money for the taxpayer.
- 1.2 This guidance clarifies which appointments are in scope of the senior pay controls, explains the process for seeking Chief Secretary to the Treasury (CST) approval, and sets out the criteria departments should consider and record when assessing senior pay decisions.
- 1.3 This guidance does not apply to appointments made or approved by Ministers in Devolved Administrations.
- 1.4 Appointments made prior to 21 September 2021 must have been made in accordance with the “Guidance for approval of senior pay: applicable from 1 January 2018” or its predecessors.

### Principles

- 1.5 We have superb people at every level of public service, working in the UK and abroad and the Government greatly values the important work that senior managers, executives and non-executives perform in the public sector.
- 1.6 We need the best people leading and working in government to deliver better outcomes for citizens and must ensure that the right people are working in the right places with the right incentives.
- 1.7 To achieve this we must draw on a more diverse range of experiences, skills and backgrounds; keep pace in areas of growing importance, including digital and technology, be clear-eyed about our priorities and what we expect people to achieve and appropriately reward those who excel.
- 1.8 Public sector employers, and where relevant the sponsor department, must have regards to the following principles when setting senior pay:
  - Senior appointments should be remunerated at an appropriate level providing value for money,
  - Senior appointments should be remunerated at an appropriate level to recruit, retain and motivate the best people,

- Senior remuneration should be set at an appropriate level that is consistent across grades to ensure fairness and consider the impact across the public sector,
- Recruitment should look beyond London to all corners of the UK to be more like the country we serve,
- Recruitment should attract a wide range of talent from more diverse backgrounds.

1.9 All requests to the Chief Secretary to the Treasury must evidence these principles have been considered.

# Chapter 2

## Application of the senior pay controls

### Application to new appointments – Central Government

2.1 The CST must approve the remuneration when an appointment will attract:

- i) total remuneration at or above the defined threshold of £150,000, or the pro-rata equivalent for part-time staff, or
- ii) performance related pay ('bonus') arrangements that exceed the threshold of £17,500;

and

- iii) the public sector body has been classified by the Office of National Statistics to Central Government. This includes Civil Service appointments, as well as appointments made to non-departmental public bodies and appointments to public sector bodies that have not been administratively classified by Cabinet Office.

2.2 For the purpose of this guidance, secondments are considered appointments. CST approval will be considered on a case by case basis to ensure that the costs counting towards the threshold are consistent with those for regular appointments.

### Application to new appointments – Public Corporations

2.3 The CST must approve the remuneration when an appointment will attract:

- i) total remuneration at or above the defined threshold of £150,000, or the pro-rata equivalent for part-time staff, or
- ii) performance related pay ('bonus') arrangements that exceed the threshold of £17,500;

and

- iii) the appointment is a Ministerial appointment; or
- iv) the appointment is subject to Ministerial approval through rights set out in the Public Corporation's Framework Document, Articles of Association, Board Terms of Reference or elsewhere. The public corporation, the sponsoring department and, where engaged, UK Government Investments (UKGI) should review all relevant documentation to determine whether an appointment is approved by



Ministers. If there is any doubt regarding whether an appointment is approved by Ministers, the contacts in Chapter 4 should be consulted in advance of making the appointment, who will advise on whether it is within scope of the controls process; or

- v) the appointment is for the Chief Executive Officer (or equivalent); or
- vi) the appointment is for a position which attracts a total remuneration package greater than that of the CEO.

2.4 Appointments made to any subsidiary classified as a Public Corporation are in scope of this guidance. When assessing whether the appointment is for a position which attracts a total remuneration package greater than that of the CEO, the total remuneration of the parent entity's CEO (or equivalent) must be considered, unless the parent entity is a holding company without management.

2.5 Where CST approval is not required, the Public Corporation's Remuneration Committee must undertake an assessment of proposed pay in line with the principles and criteria set out in this guidance.

## Application to existing staff

2.6 CST approval must be sought in relation to any adjustment of total remuneration or terms and conditions which takes an individual to or above the defined threshold. This includes where an individual exceeds the defined threshold following contractual adjustments or on moving to a new post, even if previously paid above the defined threshold.

2.7 In cases where pay awards up to and including 9% (i.e the maximum standard base pay award as defined by the Cabinet Office for Senior Civil Servants (SCS)) take an individual above the threshold, CST approval is not required.

2.8 Temporary promotion (for example, from Deputy Chair to Chair) constitutes an adjustment of total remuneration or terms and conditions and therefore require CST approval, unless:

- i) The total remuneration package of the individual remains unchanged,  
**and**
- ii) the promoted individual's existing remuneration package has already been approved by the CST.

2.9 A temporary uplift is permissible for a maximum of three months without CST approval to cover an unexpected event where:

- i) the incumbent is immediately unable to continue with normal duties, such as illness; **and**
- ii) the public body assesses that a failure to provide interim cover could have a detrimental impact on its ability to carry out its functions; **and**
- iii) the departmental Minister approves the uplift; **and**

- iv) the uplift is no higher than the previous incumbent's total remuneration package.
- 2.10 If a department proposes to extend a temporary uplift for more than 3 months, this will require CST approval. This should be sought at the same time as seeking approval for the remuneration package of the permanent appointment ahead of recruitment.
- 2.11 CST approval is not required if a contract is extended or an individual is reappointed on identical terms, including contracted hours and total remuneration paid, except when:
- i) the previous CST approval was undertaken more than 5 years prior; or
  - ii) the individual was originally appointed on an interim basis; or
  - iii) further CST approval was required as a condition of the appointment.

## Multiple approvals

- 2.12 Organisations and where relevant the sponsor department may seek delegation for a set number of positions that are in scope of the guidance. This should follow the same process outlined for single cases. The requesting body must evidence business need for delegation and provide assurances that appointments will have regard to the principles and criteria set out in this guidance. This approval is likely to be conditional and subject to periodic review.
- 2.13 Departments should seek CST approval for Performance related Pay (PRP) schemes that could exceed the £17,500 threshold.

## What counts towards the pay threshold?

- 2.14 For the purposes of this guidance, pay includes all elements of base salary, fees, pension in excess of normal levels and allowances. Allowances constitute extra cash or non-cash benefits in kind aimed at supplementing an employee's or postholder's fee or total remuneration package.
- 2.15 Any proposals to pay allowances must be identified in the pro-forma (detailed below) and will count towards the threshold. These should not normally be offered as part of the remuneration package unless there is an exceptional business reason to do so.
- 2.16 In accordance with the public sector pay and terms guidance, private medical insurance and salary sacrifice arrangements, unless approved by HM Treasury, must not be provided. Round sum allowances, for example housing and travel allowances, count towards the pay threshold but should not normally be offered as part of the remuneration package unless there is a strong business reason to do so.
- 2.17 Normal payment or reimbursement of receipted expenses that are wholly, exclusively and necessarily incurred in the performance of official duties and available to all staff, in relevant roles, do not count towards the threshold. However, taxable benefits for staff with 'dual workplace' status do count towards the threshold.

- 2.18 For the purposes of this guidance, reasonable receipted payment or reimbursement of Non-Executive Directors' necessary travel expenses actually incurred between home and the workplace do not routinely count towards the threshold (but remain taxable).
- 2.19 The cost to the employer of pensions in excess of normal levels (i.e. those not generally available to other members of the SCS or staff in the relevant organisation) should be calculated as the additional employer contribution required in respect of special terms not offered under the relevant pension scheme.
- 2.20 The contacts in Chapter 4 should be consulted if there is any doubt about what should be included.

## What counts towards the performance related pay threshold?

- 2.21 All performance related payments paid in respect of a performance year must be aggregated for the purposes of assessing whether a performance payment exceeds £17,500. The approval of the CST is required before entering into a commitment which might create a legal entitlement to a performance payment of more than £17,500 in a financial year.
- 2.22 Performance related pay arrangements for those who are in post for less than one year must be assessed on a pro-rata basis.

## How does the guidance apply to part-time staff?

- 2.23 In general, the approval arrangements apply to those working part-time (most public appointments and non-executives work part-time), and in such cases the thresholds should be applied as follows:
- i For the purpose of calculating a full-time equivalent total remuneration, relevant employers should consider 260 days equivalent to the standard number of days worked in a calendar year and base relevant calculations on this figure
  - ii If an individual is on an hourly rate, for the purpose of calculating a full-time equivalent total remuneration, employers should use the standard weekly hours for full-time employees undertaking a similar role in the organisation
  - iii If an individual is to be paid for less than a day a week pro rata and is to receive less than £30,000, the requirement for CST approval does not apply
- 2.24 For the purposes of referring performance related payments for HM Treasury approval, the same provisions apply. For instance, if an individual works one day per week, HM Treasury approval would be required if it were proposed to make a performance payment above £3,500.

## Tax and NICs assurance

- 2.25 In accordance with the [guidance for tax assurance process of public sector appointees](#) published in July 2019, staff at board level or with significant

financial responsibility must be on the relevant department or employer's payroll, unless there are temporary exceptional circumstances. Exceptions must be signed off by the Accounting Officer and last no longer than six months.

- 2.26 For all appointments in scope of this guidance, departments must ensure that tax and NICs will be deducted at source and confirm this in the pro forma.

# Chapter 3

## The process for approval

- 3.1 Requests for approval for Civil Service and NDPB Executive Posts must be submitted to the Civil Service Workforce Policy and Reward team in the Cabinet Office, unless the organisation sits within the UK Government Investments' (UKGI) portfolio and agreed remit as set out in the Memorandum of Understanding (MoU) between UKGI and the sponsor department. Relevant contact details can be found in Chapter 4.
- 3.2 For public appointments, requests for approval must be submitted to the Public Appointments Policy Team in Cabinet Office, unless the organisation sits within the UKGI's portfolio and agreed remit.
- 3.3 For organisations within UKGI's portfolio and agreed remit, as set out in the MoU between UKGI and the sponsor department, requests for approval must in the first instance be submitted by the public body to the relevant Executive Director at UKGI. Contact should be made as soon as there appears to be a possibility that the reward package might reach or exceed the threshold, and CST approval should be obtained prior to advertising.
- 3.4 Departments should allow for a minimum of a three-week approval turnaround following submission of the pro forma. In exceptional circumstances where an unexpected case needs an urgent decision, departments should engage immediately with the relevant officials.
- 3.5 It is important that submissions are constructed on a realistic basis, recognising any need for scope in negotiation with potential appointees. Where, in exceptional circumstances, subsequent negotiations with the preferred candidate exceed the remit already agreed by the CST, a further application will need to be submitted before an appointment can be made.
- 3.6 As detailed below, the Accounting Officer (or equivalent) must approve the case before it is submitted. For arm's length bodies and public corporations, it is also important that the responsible Minister and Permanent Secretary in the sponsoring department have approved the remuneration package.

### **Box 3.A: The process for approval**

1. organisation/department recognises the need to recruit/fill post (or to adjust the contract or relevant working practices) that might meet the thresholds
2. organisation/department engages with the relevant Cabinet Office team, engaging the relevant Treasury officials early on where appropriate
3. organisation/department gains approval of their Accounting Officer (usually the Permanent Secretary) and appointing Minister
4. organisation/department formally submits their case to Cabinet Office using the attached pro forma
5. Cabinet Office may liaise with the organisation/department to obtain further information on the justification for the proposed package and then submits the case to the Treasury Workforce, Pay and Pensions team
6. Cabinet Office submits the case to the Permanent Secretary to the Treasury for approval
7. where appropriate, in parallel, the Cabinet Office seeks the views of the Cabinet Secretary and the Chief Operating Officer for the Civil Service
8. Cabinet Office submits the case to the CST
9. The CST approves/rejects the proposed package. Cabinet Office informs the organisation/department and provides appropriate feedback

### **Organisations within UKGI's portfolio and agreed remit:**

1. organisation/department recognises the need to recruit/fill post (or to adjust the contract or relevant working practices) that might meet the thresholds
2. the nomination/remuneration committee gathers data and evidence on appropriate total remuneration
3. the Committee informally consults UKGI and parent department as appropriate
4. UKGI prepares and submits advice to departmental Ministers and Accounting Officers, taking into account the views of the relevant officials in the sponsor department
5. Once agreement of the AO and departmental Minister has been secured, UKGI and the relevant Treasury spending team jointly prepare and submit advice to the Treasury Permanent Secretary and CST, in consultation with the Treasury Workforce, Pay and Pensions team.
6. The advice must be approved by the Treasury Permanent Secretary before being submitted to CST

7. The CST approves/rejects the proposed package. UKGI informs the organisation/department and provides appropriate feedback

- 3.7 For Senior Civil Service (SCS) appointments with total remuneration at or above the defined threshold of £150,000 will need to be cleared by Cabinet Office before they go to the CST.
- 3.8 Appointing bodies should bear in mind throughout the recruitment process that authority to recruit to a certain total remuneration does not mean that the appointee must be paid at that level. The approved figure is the maximum that is permitted. Where the CST approves a negotiating range for if an exceptional candidate is identified, this must not be advertised. Advertising this flexibility will constitute a breach.

## Breaches

- 3.9 Departments should make efforts to familiarise themselves with this set of rules. Ignorance of the rules will not constitute a mitigating factor in the event of a breach. Departments are also responsible for compliance within their public bodies.
- 3.10 Any breach of the control process may result in a deduction from the departmental budget or an increase in spending controls. Breaches include, but are not limited to, the following:
- a) appointing an individual or entering into any other potentially legally binding arrangement to pay a total remuneration package in excess of the threshold (including on a pro-rata basis) without CST approval, or above the amount that was authorised
  - b) either making an announcement of an appointment without a package agreed by the CST or in any way publicising an appointment – this should only happen if the CST has given explicit written agreement
  - c) advertising a role with a remuneration package above the threshold without the CST's approval, or advertising a role in excess of the amount that was approved by the Minister. If the CST agreed scope to offer a higher total remuneration to exceptional candidates, this must not be advertised, and advertising this flexibility will constitute a breach
- 3.11 Securing CST approval before going out to advertise offers the greatest opportunity to avoid delays and potential embarrassment when dealing with potential candidates. However, advertising for a post, without a specified remuneration package, is not in itself considered a breach of the controls process, particularly if the ambition is to appoint at a remuneration package lower than the threshold. A breach would occur if a department or organisation made any commitments concerning a remuneration package with candidates above the threshold when they still had not received CST approval.

- 3.12 In the event an organisation breaches this guidance, retrospective approval should be sought from CST and a proforma be submitted through the normal route.
- 3.13 Financial sanctions for breaching this process are at the discretion of the CST, and sanctions are set at a maximum of five times the remuneration package of the individual(s) in question. When considering the severity of potential sanctions the CST may consider mitigating circumstances, the value of the remuneration package and previous compliance with pay controls. Departments are responsible for ensuring their sponsored organisations follow the correct process or they could be sanctioned for their non-compliance.
- 3.14 Departments may have their annual reports and accounts qualified by the National Audit Office if they breach the guidance. This may lead to scrutiny by the Public Accounts Committee.
- 3.15 Departments can expect the severity of the sanction to increase incrementally if continuous breaches occur and withholding approval in some cases may lead to the qualification of accounts in exceptional circumstances.

## Criteria for the assessment of cases

- 3.16 Although each case is assessed on an individual basis, the following criteria should be routinely considered for all senior pay cases as they undergo scrutiny at an organisational, departmental and ministerial level.
- 3.17 Departments should evidence these criteria have been considered in the proforma and ensure their sponsored bodies do the same. Where these are not evidenced, Departments or their sponsored bodies may be asked to provide the missing information.

### Influence and impact of role

- Role and responsibilities and their impact on the delivery of the relevant project / programme
- Organisational structure, budget and size
- Business criticality of the role in terms of delivering government priorities. For example, the need to generate income may attract a non-standard performance related pay arrangement linked to measurable metrics or outcomes
- Level of accountability, responsibility and risk ownership linked to the delivery of Government objectives, projects and/or programmes
- For performance related pay, assurance that there will be robust objectives and performance metrics which are to be agreed by the relevant spending team

### The specialist nature of the role

- The essential capabilities and competencies required for the role
- The desirable capabilities and competencies required for the role



- Specialist skills, such as financial, legal, technical or programme / project management, required for the role
- Required qualifications and/or experience

### Labour market considerations

- The labour pool which the organisation is competing (internal/external) including evidence of any specialist market where a premium may be required to attract candidates.
- Economic context, including job security within the public and private sector labour market

### Relevant supporting benchmarking data

- Benchmarking data from independent organisations, Heads of Professions, search agencies and, for policy roles, internal Civil Service or public sector data for comparator roles of similar influence and impact. This should include the total remuneration package, including base salary, performance related pay or bonuses, allowances and pension. Departments can approach the Civil Service Employee Policy (CSEP) team in Cabinet Office for expert benchmarking information.
- Please note while head-hunters are valuable in this process, they are not to be used as the primary source for benchmarking roles.
- Where appropriate, evidence underpinning job evaluation methods and governance of pay within an organisation.

### The package of the previous incumbent or any obvious comparators

- Recent approvals of comparator roles of similar influence and impact
- Where relevant, cross-organisational terms of roles of similar influence and impact.
- The previous incumbent's total remuneration. Please note, this provides a useful guideline and should not act as the only benchmark given the incumbent may have different qualifications and experience, and the specific circumstances that may have surrounded that appointment may no longer be relevant (e.g. the scope of the role may have changed)
- range of reward elements considered, including any organisational specific allowances

### Location of the role

- Roles of similar influence and impact within the area should be considered and whether there is a requirement for regional premiums or variations in pay
- How the location of the role fits within the organisation's location strategy

### Biographical information

- where applicable, review biographical information to assess the calibre and suitability of the candidate

- These criteria should be considered alongside the principles.
- Departments should be mindful of their responsibilities under General Data Protection Regulations (GDPR) when transferring personal information. Any personal data transferred should be accurate and limited to data which is strictly relevant to the appraisal of the case. For example, it is not routinely necessary for departments to provide complete CVs to seek approval.

# Chapter 4

## Contact Details

### Senior Civil Service and other Senior Executives

Duncan Everest

[Duncan.everest@cabinetoffice.gov.uk](mailto:Duncan.everest@cabinetoffice.gov.uk) and [Civilservicepay@cabinetoffice.gov.uk](mailto:Civilservicepay@cabinetoffice.gov.uk)

Civil Service Workforce Policy and Reward

Cabinet Office

07751 400437

### Public Appointments and other Non-Executives

Public Appointments Policy Team

[publicappointments@cabinetoffice.gov.uk](mailto:publicappointments@cabinetoffice.gov.uk)

Cabinet Office

020 7276 6227

### Organisations within the UKGI portfolio

UK Government Investments Limited

[enquiries@ukgi.gov.uk](mailto:enquiries@ukgi.gov.uk)

HM Treasury

# Annex A

## Pro forma for application for CST approval

Table A.1: Proforma for application for CST approval of salaries and remuneration at or above £150,000 pro rata per annum and performance related pay above £17,500 pro rata per annum

Post	
Employer or Appointing Authority	
Name of Post Holder (if applicable)	
Background	
<ul style="list-style-type: none"><li>a) Please confirm that this application is being made before advertising or any potentially legally binding agreement has been made. Please provide details of the proposed recruitment / implementation timetable.</li><li>b) If the case is being reverted back to the CST following a recruitment exercise please provide details of the preferred candidate, any other appointable candidate, and attach their CVs.</li></ul>	
The Role	
<ul style="list-style-type: none"><li>a) Please provide a brief description of the role including objectives and budgets that the role holder will be responsible for.</li><li>b) Please attach any job brief as supplied to (or intended for supply to) candidates.</li><li>c) Please include brief details about the purpose and objectives of the employing organisation. Please</li></ul>	

include workforce size, budget and, if appropriate, turnover.	
Is this a new role? If not, what is the value of the total remuneration of the former post holder / incumbent?	
Please provide details of proposed base salary or salary range. For public appointments this should include all proposed non discretionary remuneration.	
Taxable allowances and fringe benefits being proposed.	
Proposed performance related pay arrangements.  For any non-standard terms being proposed (in excess of £17,500 pro rata) please provide:  a) How the individual's objectives will be agreed, monitored and evaluated.  b) Details of any other potential performance payments available, such as in year rewards  Details of any standard contractual terms (if any) or agreed frameworks related to performance related pay	
Please confirm that tax and NICS will be deducted at source	
Proposed Pension Arrangements. Please state whether a Defined Contribution or Defined Benefit scheme and the employer contribution rate.	
Proposed negotiating flexibility on any of the above package elements	
Type of Appointment (Fixed Term, Permanent, part-time etc.). Please specify the time-commitment and period of appointment	
Please detail considerations made to relocate the role outside London	
Please detail the actions taken to ensure the recruitment is open and attractive to the widest pool of diverse candidates.	

<p>Justification for proposed package. This should include:</p> <ul style="list-style-type: none"> <li>a) Benchmarking data against suitable comparators in the wider public and private sector (of similar influence and impact, sector size, industry and location). Where private sector is used you should explain the particular skills and experience needed and the degree to which the employing organisation operates in competition with the private sector.</li> <li>b) To support recruitment and retention arguments, information on the employing organisation's recent performance.</li> <li>c) For preferred candidates, details of their skills, experience and track record.</li> <li>d) For re-appointments, an assessment of the risk to delivery of the employing organisation's objectives if the existing post holder is not retained. And the potential cost of advertising externally, including the package that would need to be offered.</li> </ul>	
<p>Name of Permanent Secretary (for civil servants and public appointments) or Head of Remuneration Committee (for other public servants) supporting this application.</p>	
<p>Views of Departmental Minister</p>	
<p>Name and post of person submitting this application</p>	
<p>Contact telephone and email</p>	
<p>Date of Application</p>	

## HM Treasury contacts

This document can be downloaded from [www.gov.uk](http://www.gov.uk)

If you require this information in an alternative format or have general enquiries about HM Treasury and its work, contact:

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