



Cabinet Office

Government Evidence to the Review Body on Senior Salaries on the Pay of the Senior Civil Service

April 2022

EXECUTIVE SUMMARY

Introduction

1. At Spending Review 2020, in the face of significant uncertainty due to COVID-19, the Government announced a more targeted public sector pay policy for 2021/22. This helped protect jobs at a time of crisis and ensure fairness between the private and public sectors. Those working in the public sector have, on average, better remuneration packages than those in the private sector, with the pandemic also demonstrating the significant value of the greater job security offered by the public sector. The temporary pause in rises for some public sector workers, including the SCS, was intended to ensure that the gap between the public and private sector wages did not widen further.
2. At Spending Review 2021, the Chancellor announced that the public sector will see pay rises over the next three years as the recovery in the economy and labour market allows a return to a normal pay setting process. Spending Review 2021 set out that, to ensure fairness and the sustainability of the public finances, public sector earnings growth over the next three years should retain broad parity with the private sector and continue to be affordable.
3. The Government is committed to building an SCS which reflects the nation it serves, with leaders from a diverse range of backgrounds located in different areas of the country. We are determined to develop leaders with stronger professional anchors and specialist skills capability. We want to build a Civil Service that is able to recruit and retain specialist skills while continuing to grow world class capability internally; grows our own functional expertise; and provides greater reward for higher performers and those who develop capability by remaining in post for longer, enabling greater depth of experience, confidence and leadership skills. The SSRB is invited to note this in the context of our proposals for reform of SCS pay.
4. Our Declaration on Reform set out our ambitions for the future of public service, including:
 - having the best people leading and working in government to deliver better outcomes for our citizens;
 - improving the way we recruit and manage moves into and out of government, looking to all corners of the UK;
 - attracting an even wider diversity of talent and investing in training; and
 - rewarding people for being exceptional in what they deliver to the public.
5. In this year's evidence, the Government provides further details on specific proposals related to the vision for the SCS pay framework and principles for implementation in 2022/23. In particular, the evidence focuses on:
 - a. setting out how we plan to deliver reform through our five year SCS Strategic Plan;

- b. reviewing again the SCS pay ranges, following the public sector pay pause, and considering the appropriate level of pay for SCS at each grade;
 - c. setting out progress on developing a credible capability based salary progression model which supports productivity; and
 - d. setting out our progress in reviewing the SCS performance management system in order to make well evidenced changes for the performance year 2022/23.
6. The Government invites the SSRB to comment on these proposals to ensure the pay system supports the development of a senior leadership cadre in the Civil Service that is able to meet the challenges of the future.

Summary of evidence for 2022/23

7. The Government's evidence is provided in two parts. The first part is the main evidence in narrative form and sets out:
- a. Chapter 1 – 2021 SSRB recommendations for the SCS
 - b. Chapter 2 – the vision and wider context for the SCS and key workforce facts and figures
 - c. Chapter 3 – SCS pay priorities and direction of travel; and,
 - d. Chapter 4 – further evidence relating to the Permanent Secretaries, Devolved Administrations, and the Government Commercial Organisation.
8. The following information is annexed to the main evidence:
- a. Annex A – an evaluation of the 2021/2022 pay award and its application by Main Departments;
 - b. Annex B - SCS pay on appointment exceptions; and,
 - c. Annex C - additional data tables.
9. The second part is the supporting statistical data requested by the SSRB. This includes the 2021 People Survey Results for the SCS and analysis from SCS exit interviews conducted from October 2020 to September 2021. In addition the SSRB has received separate economic evidence from HM Treasury.
10. As in previous years, the Cabinet Office will work with the SSRB secretariat to provide any additional information required.

SCS vision and strategy

11. The Declaration on Government Reform¹, published in June 2021, sets out how the Civil Service and Ministers will reform Government together to deliver better for Citizens.
12. This outlines our action in three areas: People, Performance and Partnership. Under the People strand six aspirations are defined:
- a. we will look beyond London to all corners of the UK;

¹ [Declaration on Government Reform](#)

- b. we will improve the way we recruit and the way we manage moves into and out of government;
 - c. we will invest in training for Civil Servants and for Ministers;
 - d. we will promote mixed disciplinary teams and avoid hierarchies slowing down action;
 - e. we will reward people for being exceptional in what they deliver for the country; and
 - f. we will set a new standard for Diversity and Inclusion.
13. The SCS cadre will have a multifaceted role in delivering the changes set out in the Declaration; as leaders implementing the reform actions, who role model reform, and as a workforce group that will evolve as part of the reform programme.
14. A number of the actions in the Declaration relate directly to the SCS including Capability Based Pay Progression, SCS Performance Management and setting expected assignment duration on appointment for SCS roles.
15. Work started in 2021 on an SCS Strategic Plan and it was endorsed by the People Board and Civil Service Board as its sponsor in October 2021. This plan provides the context for the coordination and delivery of the SCS people-focused actions in the Declaration on Government Reform. It provides an overarching set of principles and goals which will drive consistent, cross-Civil Service delivery of SCS reform priorities.
16. The SCS Strategic Plan sets out four priority themes: Skills and Capability, Attracting New Talent, Setting Clear Leadership Expectations and Identity and Community. These themes have been agreed for the Civil Service and will be a framework for activity on SCS Reform.
17. Work is ongoing on a number of projects to deliver on outcomes of the Declaration on Government Reform through these themes and on the wider ambitions on porosity. Projects include those referenced in the Declaration and others that have been scoped to make the intent of the Declaration a reality e.g. the development of a mechanism to assess SCS digital capability as one of the core skills for the SCS.
18. The decision has been made that to maximise the impact of the Plan it will now be published in 2022 to demonstrate the measurable progress on the projects that sit under the Plan and will deliver change and further plans for activity.

SCS pay priorities and direction of travel

Pay Priorities for 2022/23

19. We believe that for 2022/23 there is an opportunity to apply the pay award in a way that can address some of the most pressing issues within the SCS reward framework. These include increasing the band minima for all SCS grades; and targeting movement for individuals lower down the pay range, who are demonstrating higher capability.

20. In past years, the SSRB has recommended a general pay uplift applied to all members of the SCS (unless they are underperforming) as a significant part of the pay award. Our proposals would also look to achieve this to some extent, however this should be more aligned to our strategy to direct available funds towards pay progression and the rationalisation of the SCS pay ranges.
21. Our proposals are therefore to consider the following, in priority order:
- **Priority 1:** To increase the pay band minima for all pay bands;
 - **Priority 2:** To allocate a consolidated basic pay increase to all SCS, with proportionately higher increases allocated to those in the lower pay range;
 - **Priority 3:** For departments to allocate additional consolidated increases to individuals, by discretion, to address problems arising from the lack of a pay progression system and other anomalies. This should be distributed to SCS members dependent on:
 - demonstration of increased capability and deepened expertise; and
 - their position in the pay range.
22. The Government maintains the position (as in 2020/2021) that the headline figure for the SCS should be no higher, on average, than that for delegated grades through the annual pay remit guidance. The appropriate headline figure will be provided at Oral Evidence.

The SSRB is asked to comment on these priorities for the 2022/23 pay year

Capability Based Pay Progression

23. As has been outlined in recent evidence, the Government is exploring approaches for the introduction of a capability-based pay progression system to reform SCS pay. The core aim of a capability-based pay system is for SCS to be incentivised and rewarded for developing capability and depth of expertise in post, through a robust assessment that ensures that the Civil Service has the skills and capability it needs in the future and that the system is affordable. This is intended to address long-standing issues of turnover in the SCS which have prevented the necessary capability building.
24. In last year's evidence, the Government outlined that due to the uncertainty of the economic position, and the one year Spending Review, the implementation of a new capability-based pay progression system would be delayed. Since the last evidence, a pilot for SCS1 and SCS2 is now underway in six organisations. The pilots are testing how individuals interact with the capability assessment process and will identify any potential issues with the system allowing us to iterate the system ahead of full implementation.
25. A Programme Board, led by a Permanent Secretary-level sponsor, provides oversight for piloting, reviewing and implementing the approach to Capability Based Pay for the SCS. It has a membership of senior officials representing a range of professions and functions. This follows on from the work of Task and Finish Group

which previously existed to design a model for Capability Based Pay that could be adopted across all Civil Service professions and functions.

26. As set out in the 2019 evidence, the system should be based on the following principles:

- a. rewarding the development of professional skills and competence;
- b. rewarding experience and performance;
- c. enabling greater diversity in the SCS; and
- d. enabling the development of leaders of whole systems.

27. Full details of how the CBPP system will operate will be agreed through a business case which will be developed for Ministers, on which we will provide a further update to the SSRB in due course.

We will provide further updates in due course to the SSRB on our proposals for a new capability-based pay progression system

Pay ranges

28. In preparation for the introduction of capability-based pay progression, the Government plans to take some steps towards rationalising the current SCS pay ranges. This will ensure that the ranges are set at the right level and are the right length for the target rates to sit within.

29. Although a lot of progress has been made in increasing pay band minima over time, issues still remain in a number of departments with unwanted crossover between pay ranges.

30. It remains the Government's intention to continue to increase the pay band minima for all SCS grades, however a balance needs to be struck between funding increases to the minimum and targeting funding towards those low in the pay range who increase their capability. Increasing the SCS1 minimum too quickly risks demotivating those positioned just above the minimum who find those new to role catching up with position in the pay range when it may have taken them many years to attain that level of pay. In addition, significant minima increases can be very expensive for those departments who have a large proportion of staff sitting towards the bottom of the range.

31. In 2017 the government first stated the intent to reduce the SCS maxima:

- a. to facilitate quicker progress on shortening the pay ranges to both increase engagement and reduce inequities associated with maintaining a long pay range, which cannot be solely addressed through minima raises; as well as
- b. in preparation for the introduction of capability-based pay progression and movement through the (ideally shorter) pay ranges.

32. Since 2017, the implementation of the reduction of the maxima has been postponed whilst work on capability-based pay progression remained ongoing. It was felt it would be more beneficial to wait to ensure the levels set are robust in the context of

capability-based pay progression. That rationale still holds and we would not propose to decrease the maxima for 2022/23.

Table 1: Proposed pay ranges for 2022/23

	Deputy Director	Director	Director General
Minimum	£73,000	£95,000	£125,000
Maximum	£117,800	£162,500	£208,100

The SSRB is invited to comment on the proposed pay ranges.

Performance management

33. The SCS performance management policy has been under review for a number of years, with significant positive changes made to the policy in 2019, including the removal of forced distribution and the 25% cap on the number of SCS who are eligible for an end of year non-consolidated performance-related payment.
34. As part of the ongoing review period we have continued to collate extensive evidence from a number of avenues to help inform our proposals for change over the past year, including:
- a. focus groups with members of the SCS,
 - b. feedback from departmental performance management leads,
 - c. discussions with external public and private sector performance management experts,
 - d. the Department for Education’s ABLE Pilot,
 - e. an HR Director level working group.
35. A full implementation of a new performance management policy was planned for April 2021. However, owing to limited departmental capacity as a result of EU Exit priorities and the COVID-19 pandemic, as well as the need to ensure any new policy aligned with the wider SCS Strategic Plan, which was still in its early stages, we took the decision to pause the implementation of the framework and instead introduced a series of smaller changes aimed at increasing departmental flexibility, which included:
- a. making the current SCS objective setting form non-mandatory. SCS are still required to record their objectives but are not required to use the Cabinet Office form;
 - b. the introduction of quarterly performance conversations; and
 - c. the lifting of the cap on the number of SCS who can receive in-year awards, meaning that all members of the SCS can receive in-year non-consolidated

performance payments provided they are not on formal poor performance measures.

36. For this performance year we have taken a similar approach and have delayed a full implementation of the framework until the 2023/24 performance year. This is to allow us additional time to work through our proposals with Ministers to ensure they fulfil the ambitions set out in the Declaration on Government Reform. It will also provide departments with sufficient implementation time to ensure the new framework is properly rolled out. Instead, for this performance year we have made a number of minor changes which shift the policy and process for the way performance is managed for the SCS in the direction of travel that will allow the framework to land successfully in the following performance year. This includes:
- a. the introduction of four box markings - Exceeding, High Performing, Achieving and Partially Met (more information on the justification behind this is provided below)
 - b. strengthened the wording around guided distribution to make it clear that under the four box markings introduced this year you would still expect performance distribution to take the shape of a curve. To do this we have made it clear that if departments performance management process were working as intended then you would expect to see around 5% of their overall SCS rated as 'Partially Met' at the end of year assessment process.
37. Although much of the work is done on the development of the new performance management framework, we intend to take the next year to refine our proposals and agree the final position with Cabinet Office Ministers. This new framework aims to strike the right balance between prescription, i.e. central control and oversight of the performance management arrangements, and delegation, to allow departments to tailor these arrangements to suit their workforce context and align with delegated grades.
38. The framework will address shared concerns over accountability, lack of transparency and meaningful reward in the existing performance management arrangements. By fulfilling commitments outlined in the Declaration on Government Reform, this new framework is intended to promote greater transparency, support and appraisal of poor performers and will ensure robust links between individual objectives and overall departmental priorities.
39. Below are the key takeaways of the policy and where the framework sets a minimum expectation for how certain elements of the performance process should be handled:
- a. **Setting performance expectations** - agreed by Directors General (DGs) and Permanent Secretaries at the beginning of the performance year, departments should make clear to members of the SCS what the various performance marking boxes means in practice and directorate level priorities arising from the department's Outcome Delivery Plan (ODP).
 - b. **Agreeing stretching objectives** - these should be agreed between members of the SCS and their line managers once they understand the performance

expectations for their directorate. **These must focus on both the what and the how.**

- c. **Regular performance conversations** - these should be conducted quarterly between line managers and members of the SCS to ensure objectives remain relevant and stretching and that performance progress can be informally assessed on a continuous basis. Indicative box markings should be agreed to demonstrate progress of objectives [Exceeding, High Performing, Achieving and Partially Met].
- d. **Underperformance** - if a member of the SCS is marked as '**Partially Met**' for two consecutive quarters, their line manager should draw up a **performance development plan**, provide the individual with the necessary support to improve their performance and **schedule a review meeting** to evaluate improvement. If the SCS **continues to be marked as 'Partially Met'** after this, including as part of their end of year discussion, there will be an expectation that they are **placed on formal poor performance measures** as part of the SCS poor performance policy.
- e. **Consistency check** - a mid-year consistency check is recommended to evaluate the distribution of indicative markings across protected characteristics.
- f. **In-year recognition**- line managers are encouraged to make greater use of in-year awards to recognise and reward members of the SCS for real-time performance.
- g. **Performance assessment** - a formal box marking should be agreed between the individual and their line manager in the final quarterly conversation.
- h. **Moderation** - following end-year performance conversations, departments will meet to moderate SCS performance markings as a whole by evaluating the distribution curve. Objectives for each member of the SCS should be assessed absolutely against how that individual has performed and relative to their peers across the cadre.

Non-consolidated reward

- 40. Non-consolidated reward is non-pensionable pay that is used to recognise high performance. The non-consolidated pot is used to fund both in-year and end of year performance awards.
- 41. Under the amended performance management policy, all members of the SCS continue to be eligible for in-year non-consolidated awards, provided they are not on formal poor performance measures.
- 42. Only those members of the SCS who receive an 'Exceeding' or 'High Performing' box marking will be eligible for an end-year non-consolidated award. Departments have discretion to differentiate the level of payment they award each box marking to acknowledge different levels of contribution.

43. As part of our ongoing review, we will continue to evaluate the application and parameters of the non-consolidated performance related pay pot to ensure our overall approach effectively incentivises members of the SCS.

Milestone based reward

44. To incentivise individuals to remain in post for the duration of their expected tenure on a particular project, we are also developing plans to introduce 'milestone-based reward'. This would allow departments to agree a bonus up-front with a member of the SCS based on the successful delivery of a particular project and/or key milestones, where the delivery end date of a particular project is several years away, but high priority enough that it warrants the individual staying in post until its completion.
45. This proposal would operate in a similar way to the approach adopted for Pivotal Role Allowances and would be removable and non-pensionable and controlled within a notional central pot, set at a certain percentage of the overall SCS pay bill. However, we recognise that we will need to work through the practicalities of this approach in more detail, so will return to the SSRB next year having tested the viability of this proposal in a few departments first.

The SSRB is asked to comment on the new SCS performance management framework and use of the non-consolidated pay pot, in addition to the plans to introduce milestone-based reward.

CHAPTER 1 – 2021 SSRB RECOMMENDATIONS FOR THE SCS

46. Given the public sector pay pause in 2021, the Government made no proposals for a pay award or for changes to pay ranges. The SSRB was instead asked to comment on two main areas:
- a. the Government's current proposals for a new capability-based pay progression system; and
 - b. the proposed long-term vision for the SCS performance management policy and use of the non-consolidated pay pot.
47. The SSRB made a number of comments on the Government's proposals for Capability Based Pay

Comment 1 We were pleased to see the Minister's confirmation in her letter to us of March 2021 that delivery of outcomes will be a requirement for the receipt of capability-based pay uplifts. This is an indispensable feature. Simply staying in post should not be enough to access additional reward. However, although careful thought has clearly been given to how capability and performance should be determined, we have yet to see this expressed in a simple and cogent way. This is essential if any new system is to have any chance of success

Comment 2 The relationship between a non-consolidated reward for high performance and a consolidated pay rise for increased capability needs to be clear. This is likely to be a complex message to understand and implement.

Comment 3 The opportunity for pay progression occurring only every two years is too infrequent to have a motivational impact.

Comment 4 It is important that the plans for capability-based pay are carefully designed to increase the incentives for individuals to stay in their posts. We do not see how rewarding the development of transferable skills encourages individuals to develop expertise in the subject matter of their jobs.

Comment 5 There should be a step change in urgency and sense of purpose in addressing churn, not only through pay progression but also through the other measures the Government says it has under consideration such as minimum tenure requirements, promotion criteria and central career management.

Comment 6 We would like to see the benefits in significantly improved outcomes and delivery included in the business case for capability-based pay, as well as the input costs and savings. Increasing the paybill by £45 million (around 7 per cent) to save up £7.1 million a year is hardly persuasive and we believe it could be substantially misleading because it omits the savings arising from improved outcomes. In 2019, the Institute for Government estimated that excessive staff turnover in the civil service as a whole was costing the Government up to £74 million a year in recruitment, training and lost productivity, of which £41.7 million related to the SCS.

Comment 7 We recognise that any near-future change must take place in the context of the public sector pay pause. However, the challenge is to progress necessary change within these constraints, rather than allow it to be placed in the too difficult to handle category. Questions to explore include how far some of the non consolidated pot can be used to fund the investment needed and whether clarifying the task and purpose of the SCS may suggest a smaller cadre, which could fund the paybill investment.

Comment 8 There should be transparency on what individuals can expect in terms of pay progression and increases, or what their pay trajectory might look like (in terms of incremental steps), including clarity for those already above the target rates.

48. The points raised in these comments are addressed, where relevant, in chapter 3.

49. The SSRB also made comments on the proposals on performance management:

Comment 1 We welcome the review of SCS performance management, which we have recommended for a number of years. The current system is widely discredited among the remit group.

Comment 2 We are supportive of many of the priorities identified – features such as more frequent performance conversations as part of a culture of continuous consideration of performance, best use of and value from 360-degree feedback and adopting best practice from the system in place for delegated grades. However, we do not understand the delay in implementing such measures.

Comment 3 We would like to see the management of poor performance added as a focus. The challenges of the last 12 months have highlighted the quality and commitment of the great majority of the SCS. However, in our discussion groups, we continue to hear about the difficulties in addressing poor performance – more so in the SCS than in our other remit groups. This is partly a question of leadership and culture and partly an outcome of the short tenure in post which prevents the proper assessment of longer-term objectives and outcomes.

Comment 4 Our most important comment is that a really material improvement in the management of SCS performance depends on individuals having appropriate outcome-focused objectives. Good performance management presupposes clarity about what good performance looks like, which in turn presupposes personal objectives that advance the objectives of the organisation and which reflect a clear and shared understanding of the role a leader will play. For these reasons, the development of the future approach to SCS performance management should be firmly rooted in the work on The 21st Century SCS.

Comment 5 For the same reasons, we are glad that the review of the size of the pot for non consolidated performance-related pay, which we welcome, is taking place as part of the wider strategic approach.

Comment 6 We are very interested in the DfE pilot of performance management of the SCS using the system already in place for delegated grades. Where there are strengths in

departments' systems for other grades, we favour incorporating these into the performance management of the SCS, within parameters set by the Cabinet Office.

50. The points raised through these comments are addressed, where relevant, in chapter 3.

51. The SSRB also made a number of observations about the SCS:

The SCS should be much more focused on cost-effective outcomes. We recommend a step change in urgency to:

- Develop and introduce The 21st Century SCS strategy, which should set out the future purpose, size and composition of the SCS.
- Make outcome-based performance requirements the leading success criterion for a reformed performance management system under which individuals can see clearly how their achievements will be rewarded and recognised.
- Launch a simple and clear pay progression system, grounded in a business case which sets out how investment will secure higher productivity through significantly improved outcomes and delivery.
- Make performance against outcome-focused objectives a precondition for pay progression, excluding the possibility of pay increases solely for remaining in post.
- Take vigorous action to control undesirable churn, which continues to act as a brake on productivity and performance.
- Respond to the factors that have driven differences of approach across the UK's nations, particularly in Scotland, to achieve greater clarity over where responsibilities lie.
- Clarify what is to be set from the centre and what is delegated to departments.
- Resolve how far and in what circumstances there need to be exceptions to a new pay system to attract and retain key specialists, so that recruitment and retention challenges can be met without undermining the single leadership cadre.

52. The points raised through these comments are addressed, where relevant, throughout the written evidence.

CHAPTER 2 – VISION AND WIDER SCS CONTEXT

53. The Declaration on Government Reform, published in June 2021, sets out how the Civil Service and Ministers will reform Government together to deliver better for citizens.
54. This outlines our action in three areas: People, Performance and Partnership. Under the People strand, six aspirations are defined:
- i. we will look beyond London to all corners of the UK;
 - ii. we will improve the way we recruit and the way we manage moves into and out of government;
 - iii. we will invest in training for Civil Servants and for Ministers;
 - iv. we will promote mixed disciplinary teams and avoid hierarchies slowing down action;
 - v. we will reward people for being exceptional in what they deliver for the country; and
 - vi. we will set a new standard for Diversity and Inclusion
55. The SCS cadre will have a multifaceted role in delivering the changes set out in the Declaration; as leaders implementing the reform actions, who role model reform, and as a workforce group that will evolve as part of the reform programme.
56. A number of the actions in the Declaration relate directly to the SCS including Capability Based Pay Progression, SCS Performance Management and setting expected assignment duration on appointment for SCS roles.
57. The Declaration specifically commits to:
- a. Implement plans to move 22,000 roles out of London by 2030, including 50% of all Senior Civil Servant (SCS) roles, confirming at least five major departmental relocations this year (**Action 1**).
 - b. Establish new, appropriately and consistently managed, entry routes for professionals from outside government, including for time-limited periods to be attached to specific projects or tasks (**Action 2**).
 - c. Work with the Civil Service Commission to review how it can encourage entrants with specific, high demand skills, particularly scientists and engineers (**Action 3**).
 - d. Reinvigorate the interchange scheme for civil servants between the UK Government and the Scottish Government, Welsh Government and Northern Ireland Civil Service (**Action 4**).
 - e. Develop a pipeline of secondments from the Civil Service into major organisations within the UK and internationally, including other governments, led by professions and departments, with support from Non-Executive Directors, as a core part of talent development (**Action 5**).
 - f. Establish a new curriculum and training campus for government, with a new digital way to access learning, a mandatory induction package, and a data masterclass for the SCS (**Action 6**).
 - g. Set expected assignment durations on appointment for all SCS posts, taking account of the requirements of the role (**Action 10**).

- h. Implement capability-based pay, starting with the SCS (**Action 11**).
- i. Set a new performance management framework for the SCS – with targets to ensure visibility over delivery – alongside revised performance management arrangements for Permanent Secretaries that are closely aligned to the new departmental Outcome Delivery Plans (**Action 12**).
- j. Publish a diversity and inclusion strategy to better promote fairness and performance (**Action 14**).

SCS vision and strategy - the SCS Strategic Plan

58. The SSRB has consistently identified the need for a strategic vision for the future size and shape of the SCS, a long-term, coherent, outcomes-focussed strategy to achieve this vision, and an approach to pay and reward that supports the development and sustainment of this cadre for both the immediate future and the longer term.

59. The SCS Strategic Plan is the ‘wrapper’ for the SCS elements of people reform - to build a skilled, innovative and ambitious SCS and Civil Service equipped for the future, as set out in the Declaration on Government Reform. The Plan lays the foundation for planned and future activity based on the priority areas of reform - skills, porosity, accountability - building on the evidence and insights gathered on the SCS.

60. The Plan is shaped around four priority themes:

Priority Themes		
Theme	What we will do	How we will do this
1: Skills and Capability	To equip leaders and managers with the skills, knowledge and networks to deliver for the Government, for citizens and for the country	Setting expectations of the skills, knowledge and networks, providing learning and opportunities and offering challenging careers
2: Attracting New Talent	To attract, recruit and motivate a diverse leadership cadre targeting the best leaders from across all sectors	Providing a range of entry routes to achieve a permeable SCS aligned to delivery and outcomes
3: Setting Clear Leadership Expectations	To set clear expectations on leadership, accountability and delivery, underpinned by workforce planning and reward	Achieving high standards of delivery and outcomes across the SCS
4. Identity and Community	To provide our SCS with a fulfilling employee experience	Creating a connected, high performing, cross Government SCS community

The Themes for SCS reform

Skills and capability

61. For our SCS to deliver the Government's priorities and drive outcomes for the UK it is essential that we focus not just on the skills and capabilities needed now but those that we need to identify, develop and support for the future. In a rapidly changing work environment with automation and hybrid working it will be more and more critical that the SCS are comfortable and able to operate in the space of large, ambiguous, cross-system, digitally-driven projects, including managing and developing the skills of their teams to deliver them.

62. We will do this by:

- a. Setting clear expectations of leadership and skills.
- b. Designing a clear learning offer.
- c. Embedding career development and a learning culture.

Attracting New Talent

63. People are at the heart of Government and the Civil Service. The Declaration on Government Reform is clear about the need to ensure 'the right people are working in the right places with the right incentives'.

64. The Government will attract new talent into the SCS from a range of backgrounds and entry routes to achieve a permeable, representative SCS. Porosity will help to build new ideas, skills and experiences that are valued by the Civil Service and aligned to delivery and outcomes.

65. We will do this by:

- a. Increasing porosity in the SCS. Porosity is about the movement of people between the Civil Service and other sectors (including academia) to share valuable skills, expertise and knowledge, and build better relationships and partnerships with other sectors.
- b. Increasing representation in the SCS (including increasing the number of external hires joining the SCS from around 20% to 25%, and having 2% of our G7 and above workforce filled by secondments, by 2023).
- c. Developing talent pipelines into the SCS.

Setting Clear Leadership Expectations

66. For leaders in the Civil Service to deliver for citizens across the UK and beyond it is essential to set, articulate and robustly maintain high expectations. Clear standards which link organisational priorities to measurable and manageable individual objectives will ensure accountability.

67. One major risk to accountability and effective delivery of outcomes is excessive turnover in key roles. This can result in institutional and specialist knowledge loss and negative impacts on delivery of Government Major Projects. Over the last 5 years, median length of time in role for the SCS was around two years, while time spent within a given SCS pay band has fallen from 3.2 years to 2.7 years over this

period. The Government will tackle this by setting expected assignment duration for roles and rewarding increased capability gained through time in role. We are working through the policy detail and implications of setting expected assignment durations and will provide an update to the SSRB in due course.

68. We will do this by:
- a. Defining SCS accountabilities
 - b. Ensuring a clear outcome focus through setting assignment durations
 - c. Developing more robust SCS workforce planning

Identity and Community

69. To support and encourage multi-disciplinary teams, a strong community and effective networks across the SCS cadre and the wider public sector are essential. We also know from conversations with the SCS and research into the experience of new joiners² that there is a desire for better connection and networking across the cadre.
70. There is still a lack of knowledge and information available about what it means to be a member of the SCS and what the employee offer is for senior leaders in the Civil Service. This is relevant not just to the SCS but to aspiring SCS within the Civil Service and external leaders who may never have considered a career in government because they are not aware of the range of opportunities and benefits available.
71. We will build on and structure the sense of community across the Civil Service by:
- a. Providing an attractive employee offer
 - b. Creating one supportive SCS community
 - c. Improving the SCS experience

SCS Project Activity

72. A number of projects with clear and measurable programme deliverables underpin the delivery of these themes, enabling us to monitor, evaluate and showcase our success in delivering across the Plan. These projects are at different stages of delivery and we are working across the Civil Service with departments, functions and professions as well as other expert delivery teams in the centre to prioritise and progress these.

Projects being scoped include one on how to ensure the understanding of what it means to be in the SCS both to support engagement and attraction with delivery anticipated to be through an SCS prospectus. Another project will focus on SCS identity and community and how we support an engaged, effective SCS by connecting them up better across boundaries.

73. This programme of work sequenced from 2021- 2026, delivers through shared accountability with departments, functions, professions, the Devolved Administrations

² [Baxendale report](#)

and the centre working together to drive outcomes.

Progress to date

74. Undesirable turnover (and churn) in the Civil Service, and particularly in the SCS, has been identified by several sources, including the Institute for Government, as an issue impacting the delivery of Government major projects over a number of years. We are producing a new policy and supporting guidance that will set an assignment duration for all newly advertised SCS roles across Government. A minimum expected assignment duration for all roles will be set to support delivery of the requirements of the Outcome Delivery Plans and/or Project timelines for roles. There will be scope for exceptions to assignment durations in line with business requirements and to take into account personal circumstances. This will not constitute a contractual change, but will instead be driven by a change in culture and organisational and vacancy holder and applicant expectations. We will evaluate the impact of the policy change on SCS assignment duration.

75. As part of commitment to build SCS skills and capability, in conjunction with the Central Digital and Data Office (CDDO) we are developing a Digital and Data Criterion which sets the standard for assessing the digital capability and confidence non-DDaT SCS1 and 2 will be expected to demonstrate. A draft criterion was introduced at the People and Professions Group and consultation is underway around the initial criteria. A pilot will commence in early 2022 to test the criteria. Training to support development of the necessary capability is also being scoped, to support the assessment mechanism.

Leadership in Action

76. In April 2020, the Civil Service launched *Leadership in Action*, these are eight attributes of leadership we expect to see in action everyday across the Civil Service when leaders are at their very best. The attributes were designed to act as a guide for Civil Service leaders and those supporting their development. Since then the attributes have been used as a foundation for leadership thinking across government priorities, for example for alignment across HR products and for commissioning and designing leadership and development programmes.

Government Campus for Skills

77. The Government Skills and Curriculum Unit (GSCU) was established in September 2020 to improve the capabilities of civil servants. GSCU published Better Training, Skills and Networks³ in January 2021. The aim is to 'raise the floor, and the ceiling' - higher universal standards, and greater specialist and technical skills, as befits the challenges of modern government. As committed in the Declaration on Government Reform, the GSCU is building a Government Campus. A multi-site, UK-wide, physical Campus and an online equivalent, supported by the Chancellor through the Spending Review ^[11]_[SEP].

³ <https://www.gov.uk/government/publications/the-new-curriculum-and-campus-for-government-skills/better-training-knowledge-and-networks-the-new-curriculum-and-campus-for-government-skills>

78. A five-strand curriculum framework defines the required skills and knowledge, from foundation to specialist for all civil servants. It comprises: **Foundations of public administration, Working in government, Leading and managing, Specialist skills and Domain knowledge**.^[SEP] With an emphasis on improved digital and data knowledge and skills, accreditation and qualifications, equipping those managing complex projects and leading effective public services with the expertise they need, and getting the basics right, we'll be able to build back stronger, fairer, safer and greener. We are also doing more to support our ministers to be effective, both in induction, and throughout their ministerial careers as committed in Action 9 of the Declaration on Government Reform.
79. The Declaration on Government Reform commits to a 'mandatory induction package'. Around 40,000 people join the Civil Service every year. They might be school leavers who've never worked in an office, or they may be experienced professionals from another sector. Either way, we want to provide them with a superb, professional induction which equips them for their job and career, as part of A Modern Civil Service. This year we have tested a new online Induction to the Civil Service (similar style to a 'MOOC' - Massive Open Online Course - designed wholly in-house, using FutureLearn) with over 1,700 participants across 25-30 departments and agencies. We are now working on expanding access to the pilot to reach the backlog of new civil servants who have joined during the pandemic. We will roll out to the whole system from spring 2022: a high-quality, mandatory and central offer that complements local inductions.
80. These principles apply fully to the Senior Civil Service. New members of the SCS have already been benefiting from revised inductions and these are set to evolve further in line with the MOOC style offer detailed above. There will also be greater coherence to central leadership programmes delivered in collaboration with departments, functions and professions under one umbrella. As well as improving management skills, developing a cadre of leaders with a robust approach and syllabus, to work effectively across complex policy and delivery systems and building future capability through the Apprenticeship Strategy and Fast Stream reform, maintaining our global reputation for rigorous entry-level training.

Places for Growth

81. The Declaration on Government Reform sets out how the Government will look beyond London to all corners of the UK, to ensure we have a Civil Service that is representative of the communities we serve with more civil servants, including senior leaders, working outside of the capital, joining the many dedicated front line staff already based in towns and cities across the UK.

82. Levelling up is at the heart of the Government's agenda. As part of this, the Government has committed to relocating 22,000 roles from London across the UK, with up to 15,000 roles expected to relocate by 2025.
83. In its role overseeing the delivery of this agenda, the Places for Growth Portfolio works closely with departments and public bodies to ensure roles are relocated at pace. So far 11 departments have announced their relocation plans, including the Cabinet Office establishing a second HQ in Glasgow. Further announcements are expected to take place in due course.
84. By 2030, we intend to have established a network of locations across the UK where Civil Servants are rooted in local communities and reflective of the places they serve. Recruitment will support sustainable career pathways in all locations and enable diversity of thought and experience to grow and flourish within the Civil Service.
85. The Civil Service needs to be visible in, and representative of, the entire UK, across all departments, functions and professions. A more regionally dispersed workforce has its benefits for the UK Civil Service as an organisation. By having policy-makers, strategists and a large percentage of the SCS based in Whitehall, the Civil Service is not taking advantage of the untapped and diverse talent available across the whole of the UK.
86. In order to build sustainable career pathways and increase opportunities in locations targeted for Civil Service growth, the presence of SCS roles is key. This is why the Government has committed to ensuring that 50% of the UK-based SCS roles are located outside of London by 2030.

A more inclusive Civil Service

87. The Declaration on Government Reform set a vision for Diversity & Inclusion across the Civil Service and committed to a standalone Civil Service Diversity & Inclusion strategy to better promote **fairness** and **performance**. It provided clarity that:
- a. We will set a new standard for diversity and inclusion, challenging tired prejudices and championing a diversity of backgrounds and opinions, with the merit principle front and centre.
 - b. In order to better serve the public, the government must also ensure it draws on the talents of the widest possible range of geographical, social and career backgrounds.
 - c. We will make sure that citizens from minority ethnic backgrounds, those living with disabilities and those who have experienced disadvantage in their early lives can flourish in public service.
 - d. We will develop an ethos of a connected government across the UK - with career **opportunities** in every part of the country **open to all**.

88. The Civil Service Diversity & Inclusion Strategy therefore positively reflects this position in its entirety, outlining our vision for D&I as set out in the Declaration. The Strategy outlines our aim of a Civil Service that:

- a. understands and draws from the communities it serves – drawing from a range of backgrounds, experiences and locations
- b. is visible to everyone – engaging the communities we serve and showcasing what the Civil Service offers
- c. is flexible – supporting innovation, performance and engagement
- d. welcomes talent from wherever it comes – attracting the best talent from all backgrounds

89. It sets a clear vision on how to achieve those aims, being a Civil Service that:

- **Values Diversity of Teams;**
 - *Challenging groupthink and inspiring a greater diversity of thinking.*
- **Values and invests in its People;**
 - *Enabling career development through accessible and universal training.*
- **Has Collaborative Partnerships Underpinned by Our Values;**
 - *Systems and communities working collectively to deliver improved inclusion.*
- **Tackles Bullying, Harassment and Discrimination;**
 - *Specific actions for departments to take in continuing to address BHD.*
- **Tests its Policies.**
 - *Activity to be data-driven, evidence-led, and delivery focussed.*

90. Work to operationalise the commitments in the Civil Service Diversity & Inclusion strategy will involve collaborating with the relevant stakeholders to agree and establish actions which reflect the broadening definition of diversity (diversity of teams, geographical, social, career and skills).

Progress to date:

91. Over the past few years, the Civil Service has made excellent progress on increasing diversity across Departments:

- a. Across the Civil Service, representation of ethnic minority civil servants has grown from 9.2% in 2010 to 14.3% in 2021 (against an economically active ethnic minority population of 13.6% in 2021). Representation has increased at every grade. **Ethnic minority representation in the SCS is at 8.2%** in 2021 which is the highest it has ever been.
- b. Representation of civil servants who are **declared disabled** in 2021 is 13.6% (compared to 7.6% in 2010) and has increased across all grades since 2010. **For the SCS, representation is 6.1%** in 2021.
- c. The percentage of **SCS who are women is increasing**. In 2021 47.3% of the SCS were women compared to 35.2% in 2010. There has been an increase in the number of women in grade 6 and 7 roles, rising to 48.4% in 2021 from

40.2% in 2010, which serves as an important pipeline into the senior civil service.

92. Our Accelerated Development Schemes (Future Leaders Scheme (FLS) and Senior Leaders Scheme (SLS) aim to build a robust and diverse pipeline to the most senior and critical roles in the Civil Service. The schemes equip high-potential individuals with the skills, knowledge and networks to realise their full potential.

FLS - 2021	Female	Disability	Ethnicity	LGBO
Benchmark: All civil servants at G6/7⁴	48%	10%	12%	6%
Stage One Successful	55%	17%	19%	10%
Stage Two Successful	58%	29%	22%	11%

SLS - 2021	Female	Disability	Ethnicity	LGBO
Benchmark: All civil servants at SCS1⁵	49%	6%	9%	6%
Stage One Successful	56%	9%	13%	7%
Stage Two Successful	56%	11%	14%	7%

Talent Pipeline

93. The Civil Service talent approach works to ensure that the Civil Service attracts, develops and retains talented people from a diverse range of backgrounds, to create a brilliant Civil Service now and for the future.

94. The Government's aim is to develop a strong and diverse pipeline of inspiring, confident and empowering leaders to shape the future of the Civil Service. The cross-Civil Service centrally managed accelerated development schemes aim to create a strong, diverse and robust pipeline through to the most senior roles in government.

⁴ Civil Service Statistics, March 2021

⁵ Cabinet Office SCS database, March 2021

Future Leaders Scheme (FLS)

Purpose - An Accelerated Development Scheme aimed at the top 1% of G6/G7 staff across the Civil Service (including Welsh and Scottish Governments) and Arms Lengths Bodies (ALBs) who have the potential to reach SCS.

Key facts and figures:

FLS started in 2013 with 86 participants. The number of participants increased year on year to 2017, where there were 421 participants. Since then, intake is consistently between 400 and 420, which achieves the aim of 1% of G6/G7.

On average, the scheme receives around 2,500 applications per year.

- Key 2021 FLS Intake Data
 - 417 successful participants (excluding deferrals)
 - 62.4% female participants (above G6/G7 CS average of 48.4%)
 - 24% participants with a recorded disability (above G6/G7 CS average of 9.7%)
 - 21.1% participants from an ethnic minority background (above G6/G7 CS average of 12.1%)
 - 12.2% participants declared LGBO (above G6/G7 CS average 6.2%)
 - 28.8% of participants Low SEB (Self-reported) / 17.3% of participants Low SEB calculated

- The 2021 intake has 20⁶ different functions and professions represented:
 - Policy - 37%
 - Operational Delivery - 9%
 - Project Delivery - 8%
 - Government Legal Service - 8%
 - Human Resources - 5%

- Promotion and Resignation Rates
 - A comprehensive data set, including information on FLS promotion and resignations, will form part of our future evaluation strategy. The most recent data we have is from a self-completion survey sent in 2019 to the 2017 intake of FLS, SLS and META. It was also sent to Alumni members of FLS, SLS and the HDPS programme (response rate 51%)

- Promotion rates for FLS participants to SCS:

⁶ This figure excludes responses where 'other', 'prefer not to say' and 'not known' have been selected.

- 30%⁷ for 2017 participants (above G6/G7 average of 2.8%⁸ in 2017/18)
- Resignation rate for the duration of the 2017 FLS programme⁹
 - 2.6% for 2017 participants (The resignation rates for G6/G7 across the Civil Service was 2.8% for 2017/18)

META

Purpose - META is an accelerated development programme, aimed to support the development of staff from ethnic minority groups at Grade 6/7 with the ambition and potential to become future leaders of the Civil Service.

As of 2017, META has been offered as a bespoke programme to all ethnic minority participants who successfully gain a place on the FLS. There are currently 75 participants on the META 2021 programme from 22 different departments and 14 different professions, with 2 deferrals.

Key facts and figures:

- The 2021 intake includes:
 - 65.3% female participants (G6/G7 average 48.4%)
 - 17.3% participants with a declared disability (G6/G7 average of 9.7%)
 - 6.6% participants declared LGBO (G6/G7 average 6.2%)
- The top five professions represented amongst the 2021 intake are:
 - Policy: 38.7%
 - Project delivery: 10.7%
 - Operational Delivery: 8%
 - Government Legal Service: 6.7%
 - Human Resources: 6.7%
- Promotion rates for META participants to date:
 - 2017 intake: 66% to G6 and DD
 - 2018 intake: 40% to G6 and DD
 - 2019 intake: 40% to G6 and DD
 - 2020 intake: 15% to G6 and DD

Statistics for promotion and resignation rates for META have been unreliable. This is mainly due to the only method of collection being active participant feedback. This will be overhauled and strengthened in the new evaluation strategy for the redesigned FLS programme.

⁷ Of those who responded to the May 2019 Survey combined with those who confirmed that had a promotion.

⁸ ONS Civil Service Statistics, Cabinet Office SCS Database, information based on March 2017-March 2018 numbers of internal Civil Servants at Grades 6 & 7, substantively promoted to SCS roles.

⁹ Resignation rates for FLS participants are based on cases where a participant or their department have informed CS Talent they have left the Civil Service.

DELTA

Purpose - Launched in 2019, DELTA is offered as a bespoke programme for participants with a disability and/or long-term health condition who successfully gain a place on the FLS.

Key facts and figures:

DELTA has a record number of participants this year with 63 people opting into the programme, a 70% increase from last year. Participants come from 24 different departments/government agencies and from 14 different professions.

- The 2021 intake includes:
 - 65.1% female participants (G6/G7 average 48.4%)
 - 4.8% participants from an ethnic minority background (G6/G7 average of 12.1%)
 - 25.4% participants declared LGBO (G6/G7 average 6.2%)
- Promotion rates for 2020 DELTA participants:
 - 37.84% (14 out of 37 participants) to either G6 or DD.

Senior Leaders Scheme (SLS)

Purpose - Senior Leaders Scheme (SLS) is an accelerated development scheme aimed at the top 3% of Deputy Directors across government who have the potential to progress in the Senior Civil Service.

Key facts and figures:

SLS started in 2012 with 48 participants. With 32 cohorts to date across eight years, participant numbers remained steady until 2017 and 2018 when the intake numbers doubled to 94 and 96 respectively. For the 2019 and 2020 intakes the number of participants increased again to 110, split in five cohorts for each year group. For 2021, this number has increased further to 118 participants, split across six cohorts.

- The 2021 intake includes:
 - 58.1% female participants (above SCS average of 48.7%);
 - 9.4% participants with a declared disability (above SCS average of 6.3%)
 - 17.1% participants from an ethnic minority background (above SCS average of 8.7%)
 - 7.7% participants declared LGBO (above the SCS average of 5.8%)
- There are 24 departments and 17 Functions and Professions represented in the 2021 cohort. They include:
 - Policy: 43%
 - Operational delivery: 18%

- Digital, data & technology: 6%
- Project delivery: 5%
- Communication: 3.4%
- Government finance: 3%
- Government Statistical service: 3%
- Security profession: 3%
- Tax: 2.56
- Commercial: 1.7%
- Economics: 1.7
- Human Resources: 1.7
- Medical profession: 1.7%

For the 2019 intake, 23 (21%) participants have been promoted to Director since beginning the programme. This data is unavailable for the 2020 intake.

The resignation rate for SLS participants for the 2019 intake is 7.1% and for our 2020 intake is currently 5.5%. The resignation rates for SLS participants are based on cases where a participant or their department have informed CS Talent they have left the Civil Service. As with FLS, a comprehensive data set, including information on FLS promotion and resignations, will form part of our future evaluation strategy.

High Potential Development Scheme (HPDS)

Purpose - The High Potential Development Scheme (HPDS) is the cross-Civil Service scheme aimed at accelerating the development of high potential Directors with the potential to progress to Permanent Secretary, Head of Function and Chief Executive level.

Key facts and figures:

The first HPDS cohort was launched in 2004 and to date there have been 14 cohorts, consisting of 354 participants and alumni. The current cohort, Cohort 14, consists of 56 Directors from across the Civil Service.

- The 2020 intake includes:
 - 57% female participants (above SCS average of 48.7%)
 - 5.4 % participants from an ethnic minority background (below SCS average of 8.7%)
 - 8.9% participants declared LGBO (above SCS average of 5.8%)
 - 7.1% participants with a declared disability (above SCS average of 6.3%)
- Representation of functions and professions on the 2020 intake are as follows:
 - Policy: 46%
 - Operational Delivery: 9%
 - Finance: 9%
 - Legal: 7%
 - Project Delivery: 7%
 - Economics: 7%
 - Commercial: 5%

- DDAT: 4%
- Human Resources: 2%
- Intelligence Analysis: 2%
- Operational Research: 2%

Over the past three cohorts (from cohort 12, 2018 intake through to cohort 14, 2020 intake), 20% of participants have been promoted to DG level. This goes up to 25% if temporary appointments are included).¹⁰

The resignation rate for the last three cohorts* is 7.6% (12/157) - 10 at director level and 2 at DG level. The reasons for leaving the CS are as follows:

Moved to wider public sector	Moved to voluntary sector	Moved to private sector
58%	33%	8%

Fast

Stream

95. The Civil Service Fast Stream is the government’s flagship talent development programme. The Fast Stream’s overarching strategic aim is to be ‘a diverse pipeline of talent to the Senior Civil Service’ and the best available evidence suggests that just over 20% of existing SCS participated in the Fast Stream either on entry to the Civil Service or in subsequent years¹¹.

96. The Fast Stream comprises 10 schemes managed by the Fast Stream and Early Talent (FSET) team in the Cabinet Office. An additional six schemes are managed directly by professions and departments (e.g. the Diplomatic Scheme is managed by Foreign Commonwealth and Development Office) but are still recruited through the same selection process, administered by FSET. FSET centrally managed schemes currently support and manage c.2,200 Fast Streamers posted across 27 government departments, 10 schemes and 10 professions.

97. To the external audience, the offer for graduates is highly regarded, in 2021 achieving Number 1 in The Times Top 100 Graduate Employer listing for the third year running. Internally, the Fast Stream is a valuable, flexible resource pool of high calibre HEOs, SEOs and, on exit, G7s, in addition to being part of the talent pipeline to SCS. In 2021 the Fast Stream attracted 59,592 applications.

¹⁰ Cohort 12, concluded in November 2020, Cohort 13 concluded in summer 2021, current cohort 14, due to conclude in summer 2022.

¹¹ Many of these individuals would have participated in a different model of the current Fast Stream scheme which has only existed in its current form since 2013.

98. There were 1,237 recommended appointments in 2021, a decrease of 6.5% compared to 2019 (1,323). This is purely a result of the lower number of bids received from departments and is not a reflection of the quality of applicants. A higher number of applications and lower number of appointments means that the number of applications to appointments has increased from 42 to 52.
99. Attrition from the Fast Stream is a complex picture as individuals may leave for roles in the departments of their postings – taking roles from HEO to G7. They do this for a number of reasons, and it is not a reflection of their capability. Early research suggests that a third of those leaving at lower grades still progress to G7 within a few years. A smaller proportion leave the Civil Service. For the 2015 and 2016 cohorts, this was 9.7% and 6.1% respectively.
100. As Fast Stream graduates move to different departments, we are currently unable to track progression to SCS. However the newly introduced alumni network aims to improve monitoring in the future.

SCS workforce - key facts and figures

Reward package

101. The current SCS pay bands and medians are as follows:

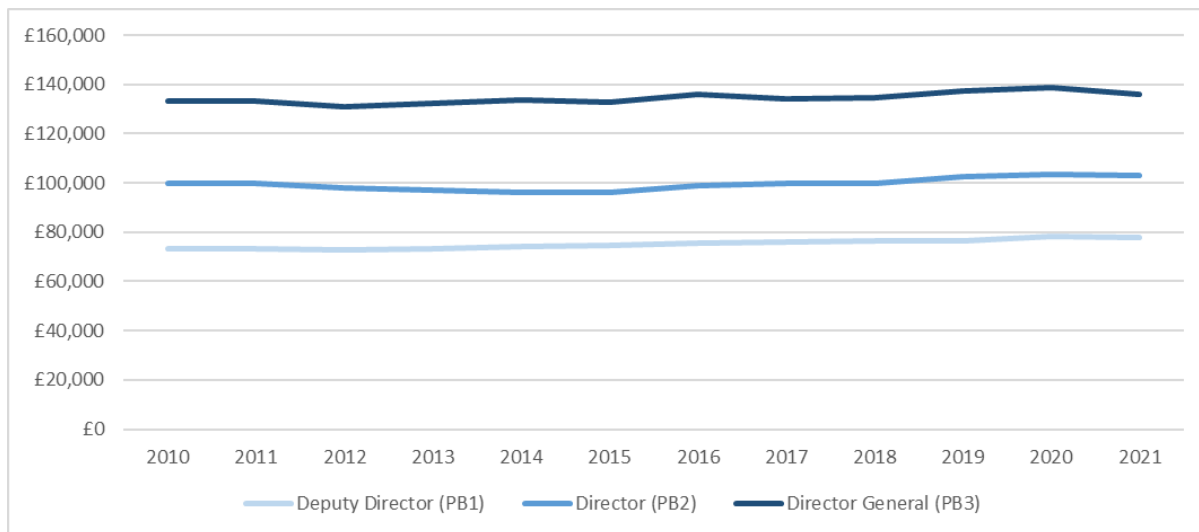
Table 2: SCS Pay bands and medians

	Minimum	Maximum	Median ¹²
SCS1	£71,000	£117,800	£77,900
SCS2	£93,000	£162,500	£102,900
SCS3	£120,000	£208,100	£135,800

102. Median salaries fell for all pay bands between 2020 and 2021. This is likely to be in part due to a combination of the pay freeze and a high number of new entrants. Median salaries for all paybands have not substantially increased since 2010.

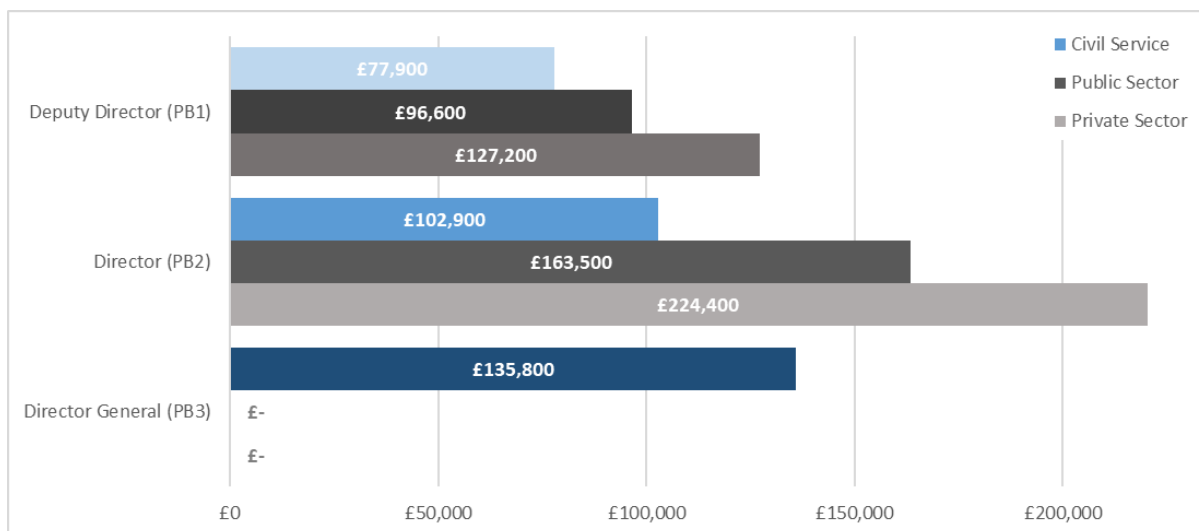
¹² As of 1 April 2021

Figure 1: SCS median salaries¹³, 2010-2021



103. Both base salary and total remuneration for all SCS pay bands remain lower than that for private sector and public sector equivalents. This differential increases with seniority within the SCS, where comparison figures are available.

Figure 2: Median base salary for SCS and public and private sector equivalents¹⁴ by grade (April 2021 for SCS and October 2020 for private and public sectors)

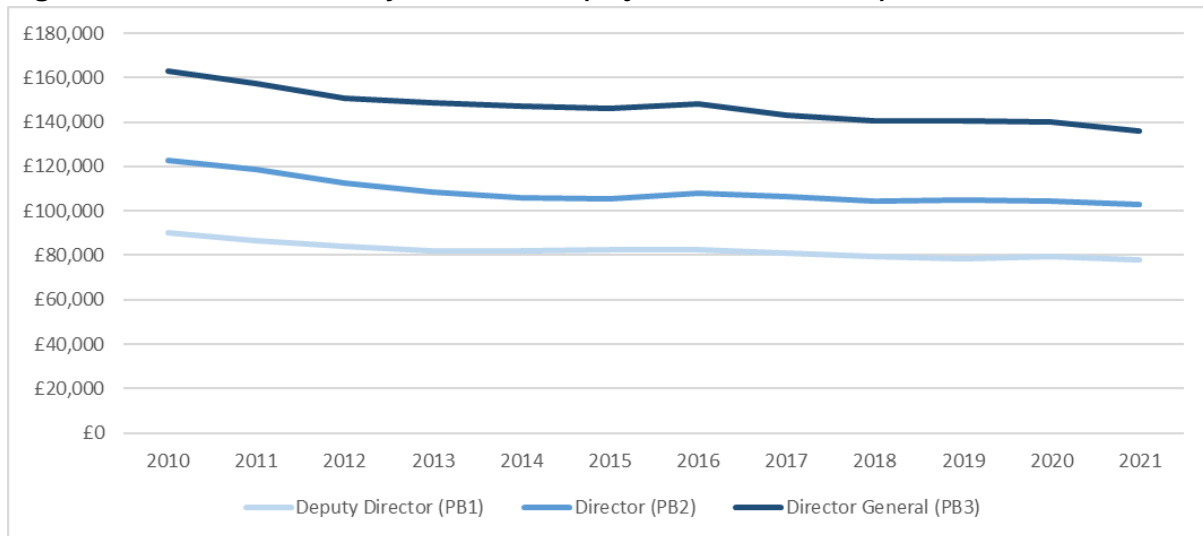


¹³ SCS database, 2021. Figures for PB1A are available in Annex C

¹⁴ Civil Service figures are from the Cabinet Office SCS database (2021), private sector figures are based on market data from the 2021 CSHR benchmarking tool produced by Korn Ferry. Comparison figures are not available at DG level.

104. When considering cost of living inflation¹⁵, median salaries in real terms were 14%-17% higher for each pay band in 2010 compared to 2021 .

Figure 3: Median SCS salary¹⁶ real terms (adjusted for inflation), 2010-2021



105. In April 2018, a new pay on appointment policy for the SCS was introduced to help control departmental turnover. The rules are:

- a. that no increase is given for moves on level transfer; and
- b. on promotion, SCS receive no more than 10% increase or the minimum of the new grade.

106. An exception process is, however, available in cases where internal candidates are moving to roles with greater scale or responsibility for increases to be offered, with the agreement of the Permanent Secretary and the relevant Head of Profession.

107. Pay exceptions at Director General level require the approval of a DG Pay Committee. Seven Director General exceptions were agreed in 2020/21: six pay on promotion exceptions and one level transfer exception (and one level transfer application was rejected). During this period there were 46 new Director General appointments, of which 39 were internal moves (29 on promotion and 10 level transfers). At Director and Deputy Director level, main departments have reported 46 exception cases. The table below shows the number of cases and median salary agreed for each SCS grade. More information can be found in **Annex B**.

¹⁵ CPIH inflation, as used by ONS for wage estimates, 2021

¹⁶ SCS database, 1st April 2021, figures do not include PB1A

Table 3: Pay exceptions by pay band

Grade	Deputy Director	Director	Director General
Number of exceptions	33	13	7
Median salary agreed	£77,693	£106,950	£128,295

Corporate Recognition Scheme

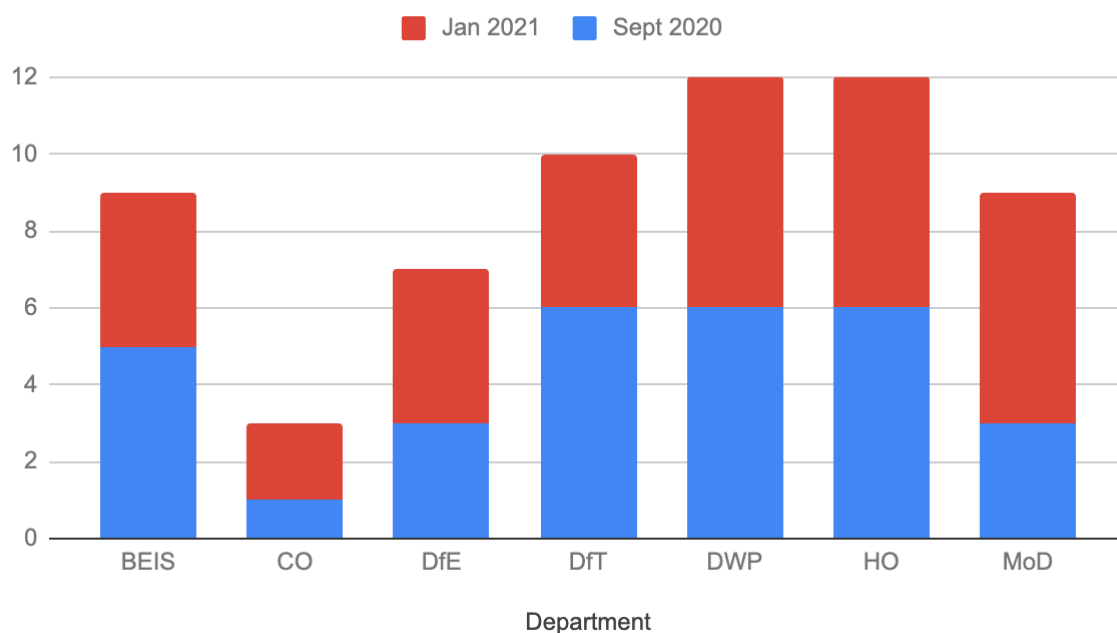
108. The SCS corporate recognition scheme was introduced in early 2019 with awards of up to £1,000. The overall amount available represents 0.1% of the paybill.
109. SCS Nominations for this scheme need to demonstrate that an individual has met one of three criteria:
- a. a significant contribution that an individual makes to a cross-departmental initiative; or
 - b. a significant contribution that an individual makes to the development of a function or profession; or
 - c. a significant contribution that an individual makes outside the Civil Service, which enhances the reputation of the Civil Service.
110. The scheduling of nominations for the 2020-21 financial year was altered in light of departments' response to Covid-19 due to the demands on departments with no awards being made in June 2020. However, in September the awards were reopened.
111. Details of the awards made in 2020/21 and the total amount are set out in table 4.

Table 4: Number and level of corporate recognition scheme awards made in 2020/21

	Awards made	Total Award Amount
September 2020	30	£29,750
January 2021	32	£32,000
Total	62	£61,750

Figure 4 - Corporate Recognition Scheme Usage by Department 2020/21

SCS Corporate Recognition Scheme - Summary of Nominations



112. Work continues to increase participation across the Civil Service, including publicising the awards and showcasing the work that individuals have delivered.

Pensions

113. Pensions continue to form a key part of the Civil Service total reward package, with both Defined Benefit and Defined Contribution pensions arrangements¹⁷ available to members of the SCS.

114. Prior to August 2007, new civil servants joined a final salary scheme with a normal pension age of 60. Those who joined before 30 September 2002 entered the classic final salary pension scheme. Those who joined between 1 October 2002 and 29 July 2007 entered the premium final salary scheme.

115. When premium was introduced in 2002, employees had the option to:

- continue in classic;
- switch to classic plus, with pre-2002 service based on a classic benefit structure and post-2002 service based on a premium benefit structure; or,
- switch to premium, and also move their accrued pension into premium.

116. From 30 July 2007 a career average pension scheme, nuvos, was introduced for new joiners with a normal pension age of 65.

117. In April 2015 all civil servants under the age of 49.5 moved to the new post-2015 pension scheme, alpha. The normal pension age of alpha is equal to an

¹⁷ Details of each Civil Service pension scheme are available in scheme guides at <https://www.civilservicepensionscheme.org.uk/members/>

individual's State Pension age. Some members aged over 49.5 in April 2015 had protection to remain in their pre-2015 pension scheme for either a period beyond April 2015 or for the remainder of their Civil Service career, depending on their age. The current position is that everyone now aged under 59 has moved to alpha for future pension accrual.

118. The Partnership pension scheme was introduced in October 2002 as an optional alternative to the main pension scheme arrangements for new joiners. Partnership is a Defined Contribution pension scheme. Eligibility was restricted by joining date until April 2018, but from April 2018 all civil servants are able to switch to Partnership if they wish.

119. As a consequence of the McCloud judgement, civil servants in post as at 31st March 2012 with service after 1 April 2015 will be provided with a choice of pension benefits for the period 2015-22. The choice will be to have pre-2015 scheme benefits or alpha benefits for this period. From April 2022 all civil servants will move to the alpha scheme for future pension accrual.

120. The pension contribution rate a member pays is determined by their actual earnings (i.e. taking into account part-time status), according to the salary bands shown in the table below. The overall average employee contribution rate is 5.6%.

Table 5: Civil Service pension scheme contribution rates, 1 April 2021 - 31 March 2022

Actual Earnings	Contribution Rates
£0.00 to £23,100	4.60%
£23,101 to £56,000	5.45%
£56,001 to £150,000	7.35%
£150,001 and above	8.05%

121. Table 7 shows the automatic Partnership employer contribution rate. The Partnership pension scheme does not require any member contributions, but if a member chooses to make contributions their employer will match their contribution, up to 3%. For example, if a 47 year old chooses to contribute 4%, their employer contributes 14.75% + 3% = 17.75%, which along with the member's 4% contribution gives a total contribution of 21.75%.

Table 6: Employer Partnership contribution rates, 1 April 2020 - 31 March 2021

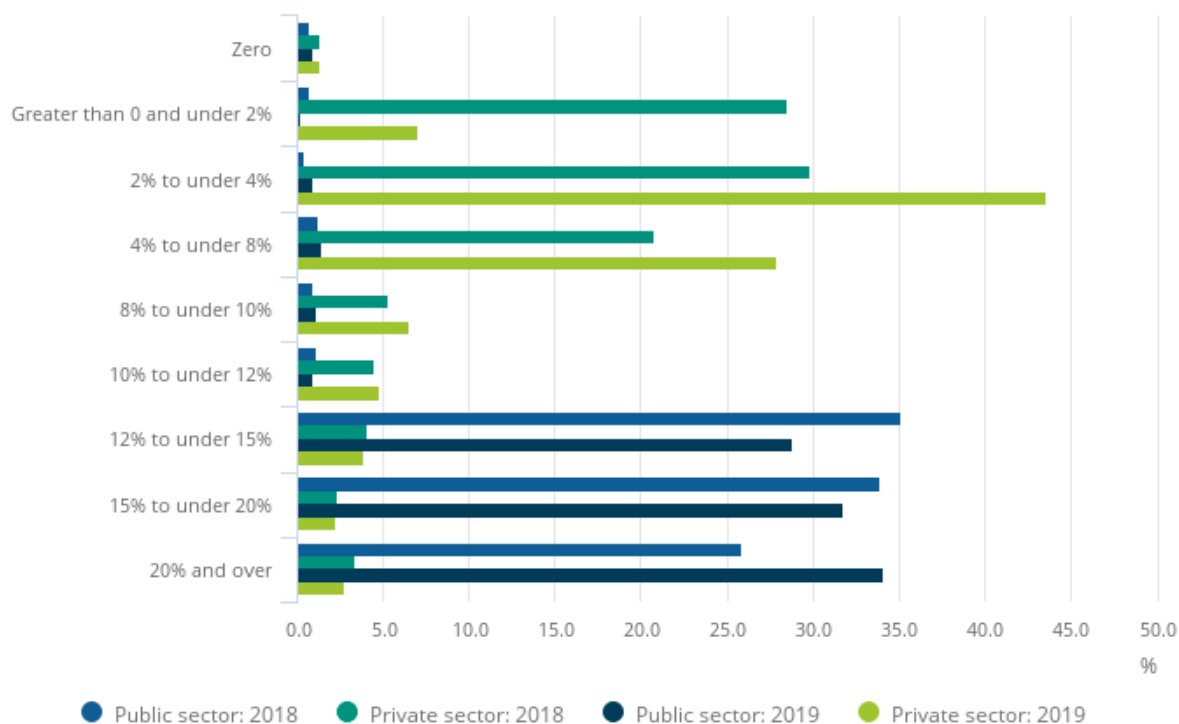
Age at last 6 April	Percentage of pensionable earnings
Under 31	8.00%
31 to 35	9.00%
36 to 40	11.00%
41 to 45	13.50%
46 or over	14.75%

122. Table 7 sets out the employer contribution rates for the main pension schemes. The overall average employer contribution rate is 27.3%. Of this, 19.3% relates to the cost of newly accruing service and 8.0% relates to payment of past notional deficits. This is particularly generous when compared to the private sector where employer contribution rates are considerably lower, even for large employers with competitive remuneration packages, as shown in figure 5.

Table 7: Employer contribution rate to Defined Benefit schemes, 1 April 2020 - 31 March 2021

Salary (£)	Contribution rate
23,000 and under	26.6%
23,001 to 45,500	27.1%
45,401 to 77,000	27.9%
77,001 and over	30.3%

Figure 5 - Employees with workplace pensions¹⁸: percentages by banded rate of employer contribution and sector, UK, 2018 and 2019



123. Table 8 sets out the numbers in each pension scheme with salaries above and below £70,000.

Table 8: Civil Service Pension Scheme membership, as at September 2021¹⁹

Scheme Type	>=70k	<70k	Total
Alpha (2015)	14,398	483,994	498,392
Classic	883	35,890	36,773
Premium	377	11,215	11,592
Partnership	296	6,896	7,192
Non-member	82	4,829	4,911
Nuvos	70	2,237	2,307
Classic Plus	80	1,183	1,263
Total	16,186	546,244	562,430

¹⁸ Office for National Statistics, Annual Survey of Hours and Earnings

¹⁹ Taken from scheme member data, as at October 2021. Figures rounded to nearest 100. Figures may not sum to total due to rounding. Includes active and active pensioner members

124. As at October 2021 0.9% of the total active population had opted out of the main pension scheme²⁰. 98%²¹ of those opting out earned under £70,000.
125. When members move to alpha for future service they retain final salary links if they were previously in classic, classic plus or premium.
126. With the introduction of alpha in April 2015, members who moved into alpha have a pension input from their alpha accrual even if their salary does not increase. For a member earning £70,000 their annual alpha pension input is approximately £26,000. The Annual Allowance was reduced to £40,000 from 2014/15. This meant that a member earning £70,000 in alpha would be able to build up a maximum of about £42,000²² of carry-forward, less the pension input arising from their final-salary linked service. Hence when they receive a significant pension input from promotion there is less carry-forward available to mitigate the input, and so having to pay a pension tax charge became more likely.

Table 9: Number of Pension Saving Statements (PSSs) issued, by salary

Salary	Number	% of total
Earning under £60,000	3,625	43%
Earning £60,000 to £65,000	677	8%
Earning £65,000 to £72,500	878	11%
Earning over £72,500	3,228	38%
Total	8,408	100%

Table 10: Number of Pension Saving Statements (PSSs) issued, by pension input

Pension input	Number	% of total
Pension input under £40,000	1,296	15%
Pension input between £40,000 to £50,000	3,539	42%
Pension input over £50,000	3,573	43%
Total	8,408	100%

²⁰ These individuals do not receive any civil service pension provision and are not part of the partnership scheme

²¹ Data taken from October 2021. This does not take into account members who have rejoined the scheme during the period of Dec19 - Oct20, just confirms the numbers opting out

²² 3 * (£40,000 - £26,000)

127. For 2019/20 there were 7,820 Pension Savings Statements (PSS) issued to members who breached the Annual Allowance and/or earn over £100,000 to date, or who requested a statement. Only a small percentage of those receiving a PSS will have a tax charge to pay, as most will be able to carry-forward unused Annual Allowance from the last 3 years.
128. 5,081 PSSs have been issued to members earning under £72,500 which is 65% of all statements issued.
129. 42% of all breaches of the standard Annual Allowance amount involve pension inputs between £40,000 to £50,000 p/a. This demonstrates the significant impact of the 2014/15 reduction of the Annual Allowance from £50,000 to £40,000 p/a, which approximately doubled the number of breaches of the standard Annual Allowance amount.
130. It should be noted that whilst many members will have received a PSS due to having long service in a final salary pension section and receiving a significant salary increase, many will have sufficient carry-forward available to avoid an Annual Allowance charge having to be paid. It is not known what proportion have a tax charge to pay, as this depends on their external taxable income and contributions to other pension schemes, which is not information held by the pension scheme.
131. Members can choose to reduce their pension to meet an Annual Allowance tax charge using a process called Scheme Pays. The scheme calculates the value by which their pension has to be reduced by, in order to meet a given charge level.
132. Whilst HMRC value £1 of pension as being worth £16, the scheme (using actuarial factors) values alpha pension in particular as typically being worth less than £16. In the case of younger higher earners (usually around 40 years of age) their alpha pension may be valued on an actuarial basis as being worth below £10 per £1 of pension. Hence when paying a charge via Scheme Pays, to calculate the charge the pension is considered to be worth £16 per £1 of annual pension, but when paying the charge it is considered to be worth significantly less, leading to larger reductions of pension.
133. Alpha members will breach the Annual Allowance every year if their salary is over about £108,000. Between 2016/17 to 2019/20 (inclusive) Alpha members will have their Annual Allowance tapered below the standard amount of £40,000 if their salary exceeds £118,000.
134. From 6 April 2020 the Threshold Income and Adjusted Income levels which form the tapered Annual Allowance increased by £90,000. This means the vast majority of civil servants are no longer affected by the tapered Annual Allowance. The benefit of this HMRC policy change will mostly be felt by those earning over £118,000, although all members in alpha earning over £108,000 will have a tax charge each year, as a result of the scheme's high accrual rate.

135. The design of nuvos and alpha combined with the income tax system leads to quite high marginal deduction rates for those with gross salary²³ between about £108,000 and £135,000, although this is partly driven by very high pension accrual rates and can be mitigated through use of Scheme Pays:
- a. Standard income tax (40%) and employee National Insurance contributions (2%)
 - b. Withdrawal of the personal income tax allowance (leading to an effective additional income tax rate of 20%)
 - c. Standard pension scheme contribution rate (7.35%)
 - d. Annual Allowance Charge
136. The combination of the above generates high marginal tax rates, particularly for those members who will also breach the Lifetime Allowance in future or those who are repaying Student Loans through income.
137. For those affected by pension tax issues, the main option is to consider switching to Partnership. For Partnership members, Annual Allowance charges will not be due until salary exceeds £160,000 p/a (assuming no other pension contributions or taxable income) and so most members can avoid tax charges if they switch to Partnership. However, this is a difficult financial decision, as Partnership is a completely different type of pension and the most appropriate pension scheme will differ between individual preference, age and risk tolerance. In many cases, and especially for older members, it will be financially optimal to remain in the Defined Benefit schemes and pay the tax charges.
138. The Lifetime Allowance has implications in two particular ways:
- a. For those who have already exceeded the Lifetime Allowance, the pension being accrued is worth less due to the tax charge it will attract
 - b. For those who have not yet exceeded the Lifetime Allowance but expect to do so in the future, behaviours may be affected.

Recruitment

139. At present data on SCS recruitment is captured through a range of sources:
- a. Data from the Civil Service Commission covers all campaigns which require a commissioner chair. This includes all external recruitment competitions for Director, Director General, and Permanent Secretary posts as well as internal competitions for Director General and Permanent Secretary posts
 - b. The Senior Talent and Resourcing Team collates data on all Permanent Secretary and DG level recruitment campaigns
 - c. The Civil Service Recruitment team collates data on all SCS campaigns run through the Civil Service Jobs website which covers the majority, but not all, of SCS recruitment campaigns.

²³ Assuming no other pension contributions or taxable income aside from salary

140. When considering all of these sources, alongside data from the Civil Service Fast Stream, attraction into the Civil Service remains strong. For example:
- In 2021 the Fast Stream attracted 59,592 applications, albeit this was a decrease of ~7.9% on the 2020 campaign.
 - Of the 163 competitions²⁴ that were chaired by Civil Service Commissioners, 55% of recommended candidates were rated outstanding or very good²⁵
 - Of the same competitions, 65% produced more than one appointable candidate, up from 61% in both 2019/20 and 2018/19; and up from 42% in 2017/18.
141. For appointments overseen by the Civil Service Commission, the number of existing Civil Servants appointed was 64% in 2020/21. For DG campaigns the proportion of internal appointees was 73.4% in 2020/21 with a much larger proportion of external candidates than internal candidates at the application stage,

Table 11: External/Internal candidate split throughout external DG recruitment campaigns (32) run April 2020 - March 2021

Applications	
External	2196 (91%)
Internal	213 (9%)
Shortlist	
External	42 (33%)
Internal	85 (67%)
Appointed	
External	8 (26.6%)
Internal	22 (73.4%)
Additional assessed as appointable)	
External	9 (22%)
Internal	32 (78%)

142. Feedback from the DG recruitment team suggests that external appointments at Director General level are usually to a specific type of role (either a function specialist role such as Science and Project Delivery) rather than to generic policy roles. A recent review of the evidence in Commissioner panel reports for Policy roles showed that external candidates often:

²⁴ Civil Service Commission Annual Report and Accounts 2020/21

²⁵ The Civil Service Commission's marking frame has four categories for candidates judged appointable to the role - 'outstanding', 'very good', 'clearly above the minimum acceptable level' and 'acceptable'

- Show a limited understanding of what is required at this level in government and do not demonstrate their ability to influence the most senior stakeholders
 - Provide examples that are sometimes niche and / or transactional rather than demonstrating broader experience.
 - Show less evidence of large-scale responsibility and / or impactful organisational leadership.
143. The quality of external candidates is not always consistent - in part because it is difficult to judge what external experience maps to a particular Civil Service grade. In particular, we see speculative applications from candidates who do not have the breadth of skills and experiences for DG roles but are currently earning salaries one notch down elsewhere (in management consultancies, for example).
144. When considering the internal talent pipeline, of the 213 Directors who applied for DG roles between April 2020 - March 2021, 76 (36%) were assessed through the talent moderation process as 'Star' or 'Excellent', with the proportion of individuals assessed as 'Star' and 'Excellent' increasing at each stage of the process to 71% at appointment. The high proportion of appointable 'Star' and 'Excellent' Directors has been a consistent trend over the past three years.

Retention

145. Turnover rate for the SCS was 10.7% in 2020/21 (down from 11.2% in 2019/20), and the lowest it has been since 2009/10. The resignation rate also declined to 3.1% 2020/21 (from 4.0% in 2019/20). While turnover is higher than the Civil Service overall rate (5.9%), it is still lower than that of the general UK workforce, estimated to be 16% by CIPD in 2019. However, when movement between departments is added, this number rises to 17.4% and may well be higher still if movement between roles within departments is included. There is also substantial variation between departments, with current estimates showing turnover ranging from around 5% to almost 17% across departments.
146. Median tenure in post is around two years and has remained consistently at that level over the last 5 years. Median tenure within pay band was at 2.7 years at 1st April 2021, decreasing over the last 5 years from approximately 3.2 years in 2017.
147. Although movement amongst senior talent is not problematic in itself (and indeed may be reflective at times of necessary agility to respond to changing Government priorities such as the response to Covid-19), churn within the Senior Civil Service is felt to occur too frequently without reference to business need, exacerbated by the current incentives within the system. This theme is picked up further in Chapter 3.
148. High performers in the SCS were less likely to resign than low performers. Low performers in March 2020 had higher resignation rates in 2020/21 (5.0%) than their top performing colleagues (2.7%).

149. The proportion of SCS saying they want to leave their organisation within one year through the 2021 Civil Service People Survey was 19%, increasing by 2 percentage points since 2020²⁶.
150. Career development outside the Civil Service continues to be the most common reason for exits, and has been the most cited reason for the last 5 years. Pay is less of a motivating factor in exits in 2020/21 compared to 2019/20.

Engagement

151. When considering the 2021 People Survey, SCS experienced a second dip in engagement since 2010, down from 79% in 2019 to 77% in 2020 and 76% in 2021. However, there is great variation in SCS engagement scores and trends among departments.
152. Only one of the nine theme scores saw a rise for SCS (resources and workload by 1 percentage point). Two theme scores stayed the same whilst six, as well as the engagement index, fell. Pay and benefits fell by 3 percentage points, after previously increasing by 3 percentage points from 2019.
153. The Government is conscious of the challenges faced by civil servants through the Covid-19 pandemic over the past year and will continue to monitor engagement levels over the next year and through the 2021 engagement survey and respond accordingly.

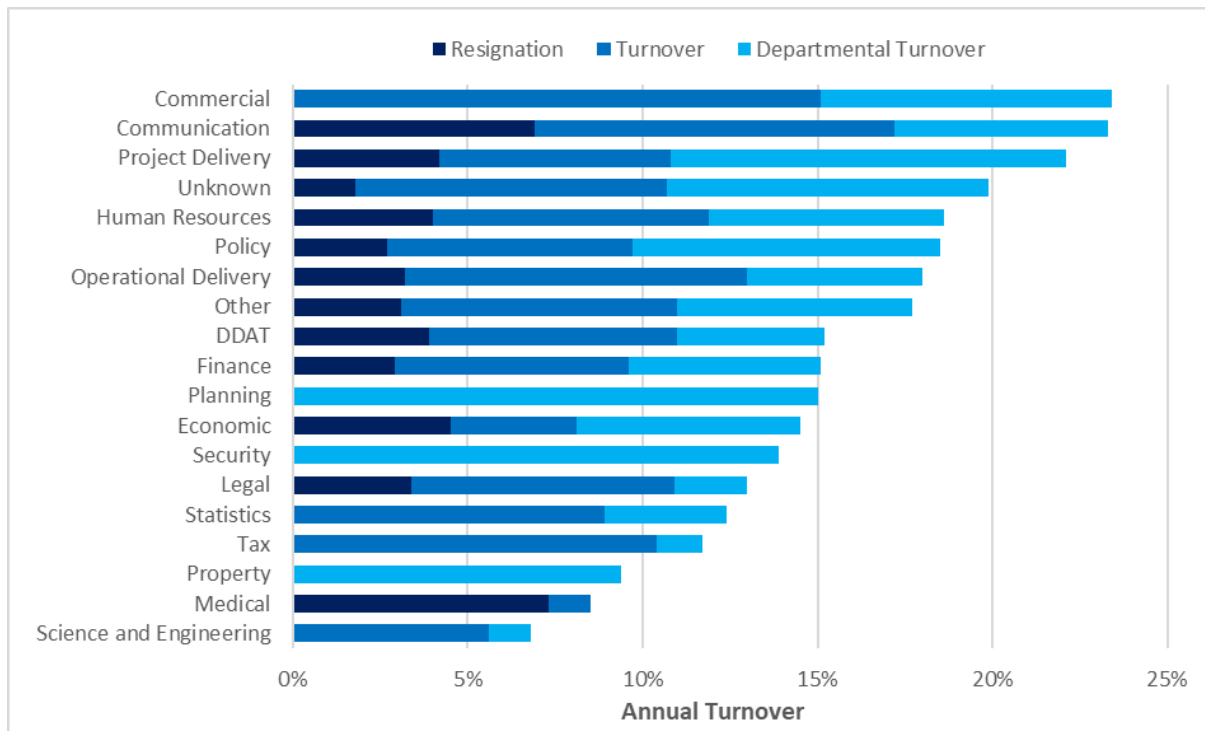
Specialists

154. When considering specialists within the Civil Service, there are some professions where we see noteworthy differences particularly when we consider recruitment and retention:
- a. the proportion of SCS recruited externally is above 40% in the Property and Internal Audit professions, when compared to less than 10% in the Social research, Tax, and Veterinarian professions.
 - b. turnover²⁷ varied by profession in 2020/21 with rates ranging from 17.2% in Communications to 5.6% in Science & Engineering roles.
 - c. Medical SCS roles had resignation rates of 7.3%, over twice the overall rate (3.1%) in 2020/21, with Policy and Finance roles having the lowest rates (2.7 and 2.9% respectively).

²⁶ These figures combine staff who wish to leave immediately and staff who wish to leave within a year

²⁷ SCS members leaving the Civil Service. This does not include movement between departments.

Figure 6: SCS turnover by profession 2020/21



CHAPTER 3 – PAY PRIORITIES AND DIRECTION OF TRAVEL

155. The Spending Review announcement on 27 October 2021 ended the public sector pay pause with effect from 2022/23. The government is committed to price stability and has reaffirmed the Bank of England’s 2% consumer price inflation target at the Budget. As set out in HMT’s Economic Evidence to Review Bodies 2021, if public sector pay increases were to exacerbate temporary inflationary pressure, for instance through spilling over into higher wage demands across the economy or contributing to higher inflation expectations, then these short-term pressures would become more sustained. Given that price stability is part of the objectives for PRBs, this must be considered as part of their recommendations.
156. The Government maintains the position (as in 2020/2021) that the headline figure for the SCS should be no higher, on average, than that for delegated grades through the annual pay remit guidance. However, it also recognises that the difference between the levels of remuneration (including pension) within the SCS and those for equivalent roles in other sectors, is generally greater than that at other grades, and that flexibility is required to respond to this, particularly for specialist roles. The appropriate headline figure will be provided at Oral Evidence.
157. The Government also believes that the majority of any award to the SCS should be targeted to address current and future problems and priorities, rather than being set as a flat or average increase for all SCS.
158. We are recommending a similar approach to 2020/21, where in addition to implementing raised minima and general awards, departments use a ring-fenced pot of the SCS paybill to address pay progression and anomalies with awards that, in accordance with the SSRB’s recommendation, were dependent on:
- demonstration of increased capability and deepened expertise; and
 - their position in the pay range.
159. Our proposals are to therefore consider the following, in priority order:
- **Priority 1:** To increase the pay band minima for all pay bands;
 - **Priority 2:** To allocate a consolidated basic pay increase to all SCS, with proportionately higher increases allocated to those in the lower pay range; and
 - **Priority 3:** For departments to allocate additional consolidated increases to individuals, by discretion, to address problems arising from the lack of a pay progression system and other anomalies.
160. In last year’s evidence, the Government updated the SSRB on the latest developments towards introducing a capability-based pay progression system for the SCS. This chapter provides an update on the pilot of the system that is currently underway.

Capability Based Pay Progression

161. As has been outlined in recent Government evidence, the Government is exploring approaches for the introduction of a capability-based pay progression system to reform SCS pay.
162. The SSRB is well aware of the long-standing issues with SCS reward, as demonstrated by a variety of data, which outlines:
- a. In 2020/21, 17.4% of the SCS moved between departments or out of the Civil Service. This is turnover of over a sixth of the SCS in one year.
 - b. Median time in post in the SCS is 2 years, inhibiting development of expertise in role. This diverges from our data that indicates that performance in role peaks between 3-5 years;
 - c. Individuals recruited externally have salaries between 13 and 24 per cent higher than those recruited internally at the same payband;
 - d. Feedback from SCS that states over 50 percent do not believe that pay adequately reflects SCS performance;
 - e. Inconsistencies in pay between professions, with median pay ranging from approximately £74,000 - £86,000 for SCS1, and approximately £95,000 - £141,000 for SCS2; and
 - f. Inconsistencies in pay between departments. There are instances where SCS1 members are being paid less than their Grade 6 reports, with approx. 12% of G6 employees earning more than the lowest paid DDs within their department²⁸.
163. Following the SSRB's report in 2017, which asked for a fundamental review of the SCS pay system, work has been underway to reform the approach taken to pay for the SCS and to move towards a system that rewards SCS who build depth as well as breadth of experience, that attracts and retains key scarce skills from the external market, while also ensuring consistent and fair application of pay policies across the whole SCS cadre. This will help us create a future SCS which is more diverse, experienced and professionalised, with a better mix of specialist and generalist leaders.
164. The Government shares the SSRB's belief that pay progression for the SCS should be the highest priority for incentivising and rewarding staff to stay in post. The core aim of a capability-based pay system is for SCS to be incentivised and rewarded for developing capability and depth of expertise in post, through a robust assessment that ensures that the Civil Service has the skills and capability it needs in the future. This will address long standing issues of turnover in the SCS which have prevented the necessary capability building.
165. Since the last evidence, the Government published the Declaration on Government Reform in June 2021, outlining how the Civil Service and Ministers will

²⁸ Based on analysis carried out on 2020 data.

reform government together to deliver better for citizens. The People section of the Government Declaration on Reform states:

We will reward people for being exceptional in what they deliver for the public. Performance management for the senior civil service will be overhauled so there is a clear link from overall priorities to individual objectives. We will define the outcomes for which ministers and senior officials are responsible, with measurable targets for delivery. We will link rewards and bonuses to meeting those targets and demonstrating wider performance. We will incentivise those with deep subject expertise who stay in areas where they add value and continue to develop. We will intervene to help improve performance in areas of weakness – providing the support, mentoring and resources to match the best – and we will manage out those whose performance consistently falls below the level the public have a right to expect.

166. Action 11 in the Declaration is:

Implement capability-based pay, starting with the SCS.

167. Building and improving capability in the Civil Service is a key element of the Government's reform agenda. It is essential that the Civil Service has the skills and capabilities it needs for running an efficient and effective business and ultimately delivering better outcomes for citizens. A capability-based pay progression system is a key contributor to these wider aims. The implementation of a new system for the SCS would be the start in seeking to achieve the Government's ambition, through a mechanism that would reward individuals' development of capability and depth of expertise, and therefore incentivise them to remain in post.

168. As was mentioned in last year's evidence, although there are many good reasons for the movement of SCS around the system, such as responding to a crisis (such as Covid-19) and changing government priorities, it is important to set the expectation that remaining in role to develop is both valuable and desirable. Pay is only one of the levers for addressing high levels of churn within the SCS, and that a number of other interventions will be required to fully tackle this issue, alongside the introduction of capability-based pay progression. Since the last evidence, work has progressed on the setting of clear requirements for minimum tenure in role for certain roles, addressing cultural expectations that movement is a necessity for progression, and reviewing talent and promotion processes to ensure depth of experience in role is being properly valued.

169. Our proposal of a capability-based pay system is part of a wider holistic package of reforms to the SCS. The Government is taking a coordinated approach to delivery of the SCS people-focused actions in the Declaration on Government Reform by developing an overarching set of goals and principles to drive consistent, cross-Civil Service delivery of key priorities for reform.

170. There is a particular focus on the SCS in recognition of the dual role they have as both leaders implementing the Declaration and as a group that needs to evolve to fulfil these ambitions for the whole Civil Service and the Public Sector.

171. Further, porosity, and its positive impact on the Civil Service in a post-Covid landscape, is a golden thread through the Declaration on Government Reform. It underpins all people-related Reform commitments and Civil Service people strategies, and is key to our ambition to build a Civil Service with enhanced skills, capabilities and experience. This encompasses:

- attracting, recruiting and retaining (including reward) excellent people
- developing the knowledge, skills and networks of our workforce
- movement across boundaries and talent development
- an increasingly diverse workforce (including locations)

172. In the context of the SCS, achieving porosity; in conjunction with other delivery mechanisms; will support the vision of ‘Senior Civil Servants who are excellent leaders and public servants who thrive in A Modern Civil Service. They provide direction to successfully deliver both Civil Service and organisational goals and reform.’

Overview of the System

173. The Government’s proposal to introduce a new pay progression system offers a way to address the aforementioned issues, and is an opportunity to drive positive reform more widely than SCS Pay. Ultimately, the focus is on ensuring that the new system is simple, has longevity and is credible and affordable, and achieves the necessary funding to allow for its effectiveness to be maximised.

174. A programme board provides oversight for piloting, reviewing and implementing the approach to Capability Based Pay for the SCS. It has a membership of senior officials representing a range of professions and functions. This follows on from the work of Task and Finish Group which previously existed to design a model for Capability Based Pay that could be adopted across all Civil Service professions and functions.

175. As set out in the 2019 evidence, the system should be based on the following principles:

- a. rewarding the development of professional skills and competence
- b. rewarding experience and performance
- c. enabling greater diversity in the SCS, and
- d. enabling the development of leaders of whole systems.

Update on Pilot

176. In the last evidence, the Government outlined its intention to pilot a system for capability based pay. Since then, a pilot of the capability measurement aspect of

the system has been launched in six departments. The pilot does not include pay uplifts and will test the capability assessment process and the frameworks to ensure that the system is fully operable. Evaluation of the pilot is expected to conclude by Summer 2022.

177. The pilot is being rolled out with SCS in the following organisations:
- a. Ministry of Justice
 - b. Department for Work and Pensions
 - c. Department for Transport
 - d. Submarine Delivery Agency
 - e. Department for Education
 - f. Department for International Trade
178. As the system is piloted, the Cabinet Office will be conducting an evaluation. The purpose of this evaluation process is:
- a. To establish the effectiveness of the Capability Assessment process, frameworks, and guidance.
 - b. To ensure that the system can be understood and applied across the Civil Service; and
 - c. To establish whether the system is likely to impact on the key outcomes it is set up to influence.
179. A plan for monitoring and evaluating the pilot is in place, with metrics and questions that will predominantly measure 'short-term impacts', which are defined as the effects that would be observable and achievable during or after the pilot where capability is assessed. The current metrics are as follows:

Metric	
1	<p>Provide Fairness in Application</p> <p>Description: The CBPP system can be applied in a way that is demonstrably fair across the Civil Service, with a longer term ambition of reducing pay disparities between professions, departments, diversity characteristics and internal/external hires in the SCS.</p> <p>System should provide greater reward individuals demonstrating high capability</p>

2	<p>System is understood</p> <p>Description: System is a simple process understood by internal and external audiences with varying HR and reward knowledge, and fits within the wider employee lifecycle and enhances (or at least does not counteract or disrupt) existing processes.</p>
3	<p>Be a credible and robust system</p> <p>Description: System is recognised as demonstrably robust and credible, and applied in a way that means it can be continuously built on and improved to ensure it continues to meet its aims.</p>
4	<p>Be an affordable system</p> <p>Description: System does not produce any unintended consequences that hinders the imminent affordability of the programme</p>

180. Full details of how the CBPP system will operate in practice, following evaluation of the pilots, will be agreed through a business case which will be developed for Ministers in due course. We will provide further updates on this to the SSRB.

Directors General

181. The details of the system and framework for measuring capability at Director General level are being developed and will be shared with the SSRB in due course.

We will update the SSRB on the details of our proposals for the introduction of capability based pay in due course, following the conclusion of the pilots.

Pay ranges

Minima

182. Although a lot of progress has been made to increase pay band minima over time, particularly at SCS1 level (see table 12), there still remain issues arising in a number of departments with unwanted crossover between pay ranges.

183. For example, in 2020 almost a quarter of Grade 6s earned over the SCS1 minimum. Although this is the case for most grade boundaries, with the overlap ranging from 9% to 39% in 2020, this is a particular issue at the G6/SCS1 crossover due to the fact that individuals move from a departmentally controlled pay system to one that is centrally controlled. When looking within departments, approximately 12% of G6 employees earn at or above the lower 5th percentile of DD salaries within that department, compared to between 8% and 39% at other grade boundaries. The extent of the overlap at G6 varies widely across professions, with the largest overlap seen for G6s working in niche specialist roles such as Medicine or Psychology (44% and 32% overlap), while only 6% of G6s working in Policy roles earn above the lower paid DDs in their department²⁹. In 2021, the majority of Civil Service organisations³⁰ who have shared their pay scales centrally have a London G6 maximum higher than the SCS1 minimum.

Table 13 SCS pay band minima 2009-2021

Year	SCS1	SCS2	SCS3
2009 - 2012	£58,200	£82,900	£101,500
2013	£60,000	£84,000	£103,000
2014	£62,000	£85,000	£104,000
2015	£63,000	£86,000	£105,000
2016	£64,000	£87,000	£106,000
2017	£65,000	£88,000	£107,000
2018	£68,000	£90,500	£111,500
2019	£70,000	£92,000	£115,000
2020	£71,000	£93,000	£120,000
2021*	£71,000	£93,000	£120,000

*Public Sector pay pause

184. Anecdotal feedback from members of the SCS suggests that the relatively small increase in salary when joining the SCS, coupled with the perceived large increase in responsibility and working hours, runs the risk of making promotion into the SCS less attractive. This issue is exacerbated in the Devolved Administrations where pay progression exists for those at delegated grades meaning a large proportion of G6 staff sit at the top of the pay range, leading to issues such as leapfrogging on promotion to SCS1.

²⁹ All figures are based on analysis of 2020 data

³⁰ From 45 organisations who have so far submitted data for 2021/22

185. It remains the Government's intention to continue to rationalise the current SCS pay ranges by increasing the minima for all SCS grades, while recognising that a balance needs to be struck between funding increases to the minimum and targeting funding towards those low in the pay range who increase their capability.
186. To address the issues outlined above, we believe there is a good rationale to increase the SCS1 minimum by £2,000 this year to £73,000. With the onset of capability-based pay progression those Deputy Directors who increase their capability can expect, over time, to erode any overlap that exists between their salary and that of the individuals that they manage.
187. Over the past 10 years, the SCS2 minimum has increased at a slower rate than for SCS1 (it has increased by 12.2% since 2011, compared to 22.0% for SCS1). We therefore believe there is a case to increase the SCS2 minima by the same proposed rate as for the SCS 1 minimum.
188. For Directors General (DGs), we proposed in 2019 that the DG minimum should be increased to £125,000 over two years to reduce the length of the pay range, have closer alignment with the wider public sector, and to reduce the wide use of pay on promotion exceptions which left very few DGs placed at the band minimum across the cadre. As a result, the DG minimum was uplifted from £115,000 to £120,000 in 2020/21.
189. SCS median salary is lower than in the private sector at all SCS pay bands for which we have comparable figures.
190. Moreover, when considering DG pay exceptions, £125,000 has been used as the notional starting salary on the basis that all DGs sitting on the current minimum of £120,000 were, prior to the pay pause, due to move to that figure. For exceptions, the case must be based on the weight/challenge of the role and proven expertise of the individual. We therefore propose to uplift the DG minimum to £125,000.

Maxima

191. In 2017 the government first stated the intent to reduce the SCS maxima:
- a. to facilitate quicker progress on shortening the pay ranges to both increase engagement and reduce inequities associated with maintaining a long pay range, which cannot be solely addressed through minima raises; as well as
 - b. in preparation for the introduction of capability-based pay progression and movement through the (ideally shorter) pay ranges.
192. Since 2017, the implementation of the reduction of the maxima has been postponed whilst work on capability-based pay progression remained ongoing. It was felt it would be more beneficial to wait to ensure the levels set are robust in the context of capability-based pay progression. That rationale still holds and we would not propose to decrease the maxima for 2022/23.
193. The following pay ranges are therefore proposed for the 2022/23 pay year:

	Deputy Director	Director	Director General
Minimum	£73,000	£95,000	£125,000
Maximum	£117,800	£162,500	£208,100

Right rate of pay

194. Given the challenges around leapfrogging between G6 and SCS1 and the fact that we have already reached the new minima set out in the 2017 SCS Reward Strategy, we will take forward a piece of work over the next year to look at the right rate of pay for the SCS, including what the appropriate minima is for SCS1 and SCS2.

Consolidated pay increase and targeting

195. To recognise expected inflation increases, we propose a consolidated increase across the cadre. Further, to align with our strategy to direct available funds towards pay progression there is a strong case to allocate any consolidated basic pay increase to the SCS applying the principle that proportionately higher increases are allocated to those in the lower pay range.

196. Our data suggests that allowing greater funding could be effective in preparing for capability-based pay progression, given the ability to greater spread the distribution of salaries at the lower end. Increases for those in the higher ranges, where in some cases the individual may already be above the respective target rate, could be seen in the context of the pay pause and expected inflation increases.

197. Further, as with previous years, where guidance has been provided to departments on how to target the headline figure to address inconsistencies across the system, we propose again to provide advice on targeting the award to address the inconsistencies identified and detailed guidance on how these payments should be coordinated will be issued in due course. In keeping with the overall strategy the guidance will cover how departments should distribute based on:

- a. demonstration of increased capability and deepened expertise; and
- b. their position in the pay range.

Non-consolidated pay

Performance-related pay

198. The current non-consolidated pay pot for SCS is 3.3% of the overall SCS pay bill. The pot is used to fund end-of-year awards and in-year awards. Following the removal of forced distribution, there is no cap on the number of staff eligible for an end of year award. All staff are eligible for in-year awards to recognise high performance in the moment provided they are not on formal poor performance measures.
199. Under the new performance management framework that will launch in April 2023, only those staff who receive an 'Exceeding' or 'High Performing' box marking in their end-year assessment are eligible for end-year non-consolidated awards. Departments have discretion to differentiate the level of payment they award each box marking to acknowledge different levels of contribution.
200. As part of the ongoing review into the non-consolidated performance-related pay pot, the application, value and parameters for non-consolidated reward will continue to be explored, as well as proposals to test the viability of milestone-based reward within select departments.

Pivotal role allowances

201. PRAs have been in place since 2013 to retain members of the SCS delivering critical programmes and those responsible for implementing the Government's priorities. They are removable and non-pensionable and controlled within a notional central pot set at 0.5% of the overall SCS pay bill. Pending substantive reform of the SCS pay system, PRA is recognised as a useful tactical solution to address flight risk.
202. Since its introduction in April 2013, 222 PRAs have been agreed for people responsible for delivering the Government's priorities, including: EU exit priorities, COVID-19 response, major transport infrastructure projects and sustainable energy programmes, key health and safety specialists, those protecting the borders and national security, those providing digital services to the public and to departments, and those in highly technical defence roles.
203. 65 PRAs are in payment. 17 PRAs were agreed in 2020/21 compared to 24 agreed in 2019/20. From April 2020 to the end of November, a further 35 PRAs have been agreed. PRAs generally range from £10,000 - £15,000 per annum in value. The PRAs currently in payment are spread across a wide range of professions, but are being used mainly by Policy (25%), Science and Engineering (18%) and Project Delivery (9%).
204. In addition, in March 2021, the Infrastructure and Projects Authority was given the authority to use 20-30 PRAs to support the recruitment and retention of SROs

responsible for delivering projects in the Government Major Projects Portfolio (GMPP). Qualifying SRO roles must:

- Be responsible for a project or programme on the GMPP.
- The duration of the project or programme must be more than four years.
- The whole life cost of the project or programme must be more than £100M.
- The agreed tenure of the role must be for at least three years.
- The SRO must have completed the MPLA or committed to completing it within an agreed period.
- The SRO must spend more than 50% of their time on the project or programme.
- Level of PRA is £10K - £30K per annum depending on the size of the project.

205. In September 2021, it was agreed that the Digital profession could pilot a similar proposal for 10 bespoke PRA focussed remuneration packages to support the recruitment and retention of highly skilled SCS1/2 Digital, Data and Technology specialists. This will help address high turnover in the digital profession and reliance on contingent labour / contractors to fill specialist SCS DDaT posts, specifically Chief Architects, Chief Technology Officers, Chief Data Officers and Chief Information Security Officers. Base pay will be maintained at consistent levels for qualifying roles, with higher value PRAs (up to £35K per annum for SCS1s and up to £45K for SCS2s) linked to achievement of key milestones.

206. The Government is considering proposals to simplify and streamline the PRA process, for example through delegation to departments, to encourage greater use. The SSRB will be notified of any changes in due course.

Senior Civil Servant Model Contract Review

207. The Senior Civil Service (SCS) is a centrally managed cadre with its own standard model contract for those employed permanently and on a fixed term basis. The SCS model contract was last updated in 2018 to reflect GDPR changes and although there have been a number of minor reviews since then focusing on compliance with other legislative obligations, there has not been a full review of the document since 2010.

208. As the Cabinet Office proceeds with the Civil Service reform agenda which includes a programme of work focussing on creating a 21st Century SCS, we are using this as an opportunity to undertake a thorough review of the SCS model contract, aimed at examining the current iteration to ensure that it is fit for purpose, best in class and that it helps to facilitate and support the wider Civil Service reform agenda where possible.

209. The SCS contract is an important tool in articulating and clarifying expectations from the start of individuals' SCS career. It's therefore critical to ensure that it reflects and supports the vision, aspiration and strategic aims for the SCS cadre now and in the future. The contract review is an opportunity to reshape this vital document to reflect the high expectations of our senior leaders in delivering our ambitious agenda for citizens as well as outlining our excellent employee offer.

210. Based on the evidence gathered there are a number of amendments we can make to the model contract in the short term. These will aim to address questions related to clarity and transparency in the contract:
- a. Revise the language to use more modern terms and references;
 - b. Update sections that makes reference to information or guidance that are no longer relevant or in use;
 - c. Rewrite sections of the contract to provide options to better suit flexible approaches to work such as hours;
 - d. Rewrite sections that are not clear to the user such as the notice period section; and
 - e. Introduce a probationary period policy for the SCS.
211. In addition to the above, other areas of focus for the short term review, focused on improving SCS accountability, include:
- a. Providing clarity of the business appointment rules and requirements for all members of the SCS, in particular, guidance on waiting periods; and
 - b. Clarification around the declaration of interests obligations members of the SCS have and the process they need to follow to ensure they meet these obligations.
212. To support the introduction of these changes, a guidance document has been created to support departments, which will outline the key principles and expectations of how the contract will be used, including setting out which areas can be amended and what will need to be approved centrally.
213. The new contract, departmental guidance and probationary period will be launched in early 2022. The new contract will be used by any new joiner to the SCS including those internally promoted. The probationary policy will only apply to new external joiners to the SCS.

Performance management

214. The current SCS performance management system is set centrally by the Cabinet Office. This contrasts with arrangements for delegated grades, which are set by departments in line with an agreed framework. The flexibility in the delegated grades space allows departments to implement different approaches to fit their unique workforce context, but does mean that there can be a significant disconnect between policies for the SCS and delegated grades in departments.
215. In January 2019, the Civil Service Board commissioned a review into the SCS performance management system to assess the impact of the removal of forced distribution and the policy as a whole.

216. Over the past three years, an extensive review of the current policy has been conducted, including: SCS focus groups, engagement with departmental performance management and reward leads and engaging with external organisations to identify best practice.
217. The evidence gathered identified a number of issues with the current policy and process, including: a lack of transparency in both performance differentiation, specifically moderation, and reward allocation processes and an overly rigid structure which runs counter to the structure of performance management for delegated grades. In addition, engagement with SCS found that many individuals were unaware of the removal of forced distribution, reinforcing the lack of transparency in the current system. Further detail on the evidence gathering phase was included in the Government's 2019/20 and 2020/21 evidence to the SSRB.

Monitoring the Department for Education pilot

218. Following the move to a framework-based performance management policy for the delegated grades, the Department for Education (DfE) found that the way they managed performance and pay below the SCS was having significant positive impact on the quality of performance management and staff engagement. This change in policy meant that there was now a disconnect between the process for the SCS and delegated grades which increased the dissatisfaction their SCS had with the current policy.
219. As part of the performance management review, approval was given to the DfE to run a pilot to extend the 'ABLE' system which is used for delegated grades to SCS. DfE have been running the ABLE pilot for the past four years and approval was granted to DfE to continue their pilot for the 22/23 performance year alongside the introduction of the new framework. Over the course of the 22/23 performance year, we will continue to assess how these two processes interact with each other.
220. Key components of the pilot are:
- a. monthly performance check-ins accompanied by formal quarterly conversations;
 - b. regular collection of performance information, whereby managers are required to answer a few questions to share whether someone has been exceeding or underperforming over the past month (this has since been evolved to focus on richer information about what action a manager has taken, for example, whether they have put any support in place to manage underperformance); and
 - c. all SCS are eligible for an in-year award up to £5000 with the decision-making process for this delegated to Directors General. At the end of the financial year, staff are eligible for an award to recognise sustained exceptional performance.
221. Under the ABLE Pilot, SCS have monthly check-ins with their line manager which gives them the opportunity to review performance against agreed objectives, share feedback and recognise achievements. Check-ins should focus on the

discussion and actions that are being taken to support, to further develop capabilities and potential and to reward successes. Monthly check-ins should cover recent progress, performance, and upcoming key priorities. Other areas may also be discussed, such as recent achievements, learning and development, wellbeing and career conversations. Following each monthly check-in, managers should submit outcomes of this discussion into the online database Workday by the deadline. Each quarter the monthly check-in should include a longer-term look back at performance, a discussion on the talent grid and a look forward over priorities for the next quarter.

222. There have been high levels of engagement with the performance management process. There has been an increase in monthly check-in completion rates, with the average completion rate for 2021 as about 70% (January 2021 - October 2021). Under this pilot, the gaps between percentages of female/male colleagues receiving in-year awards has closed and the number of disabled/non-disabled staff, white/BAME staff, heterosexual/LGBO staff receiving in year awards is gradually narrowing.
223. At DfE, ahead of the introduction of Workday in September 2020, a review of the performance data captured through the monthly check-in process was undertaken. A substantive review with a number of stakeholders including networks, DTUS, SCS working group, DD working group and People Committee suggested that;
- There were some issues in terms of the language of ratings and the impact that language had on performance conversations.
 - Concerns over the consistency in how and where the ratings were applied, and
 - A view that we have very broad ranges of perceptions of PM standards, which ultimately questioned the meaningfulness of those ratings – suggesting this approach did not provide us with a true picture of performance across the department.
224. In September 2020, DfE removed the use of performance ratings from the ABLE SCS Pilot. Questions recorded from monthly check-ins were therefore realigned to ensure they record the actions taken by managers regarding performance, when assessed in line with in-year awards and talent grid data. Questions that managers record following check-ins are much more action specific and allow the conversation to be flexible and tailored to what is important to the individual and their line manager. The removal of performance ratings has been welcomed by staff and has allowed for meaningful conversations.

Changes to the performance management policy for the 22/23 performance year

225. A full implementation of a new performance management policy was planned for April 2021. However, owing to limited departmental capacity as a result of EU Exit priorities and the COVID-19 pandemic, as well as the need to ensure any new policy aligned with the wider SCS Strategic Plan, which was still in its early stages, we took the decision to pause the implementation of the framework and instead introduced a series of smaller changes aimed at increasing departmental flexibility. These

included making the objective setting form non-mandatory, introducing quarterly performance conversations and lifting the cap on the number of SCS eligible for in-year non-consolidated reward.

226. For this performance year we have taken a similar approach and have delayed a full implementation of the framework until the 2023/24 performance year. This is to allow us additional time to work through our proposals with Ministers to ensure they fulfil the ambitions set out in the Declaration on Government Reform. It will also provide departments with sufficient implementation time to ensure the new framework is properly rolled out. Instead for this performance year we have made a number of minor changes which shift the policy and process for the way performance is managed for the SCS in the direction of travel that will allow the framework to land successfully in the following performance year. This includes:
- a. the introduction of four box markings - Exceeding, High Performing, Achieving and Partially Met (more information on the justification behind this is provided below)
 - b. strengthened the wording around guided distribution to make it clear that under the four box markings introduced this year you would still expect performance distribution to take the shape of a curve. To do this we have made it clear that if departments performance management process were working as intended then you would expect to see around 5% of their overall SCS rated as 'Partially Met' at the end of year assessment process.

227. The framework will address shared concerns over accountability, lack of transparency and meaningful reward in the existing performance management arrangements. By fulfilling commitments outlined in the Declaration on Government Reform, this new framework is intended to promote greater transparency, support and appraisal of poor performers and will ensure robust links between individual objectives and overall departmental priorities.

The performance management framework

228. Although much of the work is done on the development of the new performance management framework, we intend to take the next year to refine our proposals and agree the final position with Cabinet Office Ministers. Below we have outlined the current details of the new proposed framework.

Performance management lifecycle

229. The new performance management framework will introduce more rigour into the performance management process through the continual monitoring and assessment of performance through quarterly conversations, which will be bookended by a start-year performance expectation setting meeting and an end-year assessment process and moderation meeting. This end-year assessment process will evaluate performance both across the year and against departmental objectives in a systematic and comprehensive manner. Below is a timeline of the key features of the new framework.

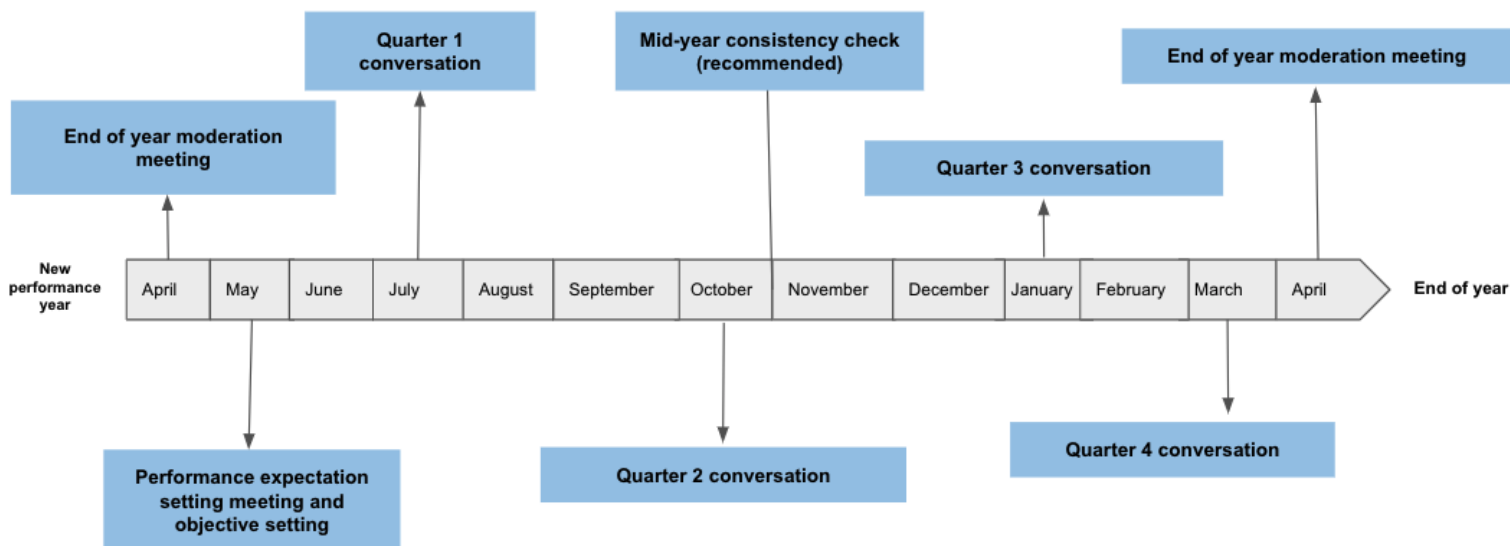


Figure 8 - SCS Performance Management framework timeline

Start-year performance expectation setting meeting and objective setting

230. Each performance year should begin in April with a performance expectation setting meeting, which would be best handled by Directors General (DGs), Heads of Professions and Permanent Secretaries. These meetings are intended to both ensure:
- a. consistency across the department in how they approach the upcoming performance year by agreeing expected standards for delivery and behaviour for each grade of the SCS, and;
 - b. that members of the SCS at all grades understand what the box markings they will be assessed against at the conclusion of the performance year mean in practice.
231. A key component of this expectation setting meeting will be to agree and develop business unit objectives that align with the Priority Outcomes and/or Strategic Enablers as set out in the organisation's Outcome Delivery Plan or business plan, which should then cascade down into individual objectives. This fulfils the commitment set out in the Declaration on Government Reform to align 'individual objectives with overall priorities'.
232. The move to four box markings (Exceeding, High Performing, Achieving and Partially Met) intends to create greater nuance in how performance is assessed for members of the SCS, and provides an opportunity to recognise high performing 'near misses'. In our new framework, we will be issuing extensive guidance that outlines the criteria for each category to ensure consistency across departments.

233. Once expectations for the performance year have been agreed, each member of the SCS should set stretching objectives in agreement with their line manager, which must be SMART and focus on both the what and the how.

Quarterly conversations

234. Members of the SCS and their line managers must hold regular performance conversations throughout the performance year. **As a minimum, the frequency of these must be quarterly.** As part of these quarterly conversations, line managers should evaluate whether the member of the SCS they manage, is **on track**, based on the work they have completed that quarter, **to be marked as 'Exceeded', 'High Performing', 'Achieving' or 'Partially Met' for their end of year discussion.** The marking should reflect the performance as a whole based on the objectives, rather than on each objective individually
235. All members of the SCS are eligible for in-year non-consolidated performance-related payments provided they are not on formal poor performance measures. We encourage departments to make use of their non-consolidated pay pots to recognise and reward SCS in-year for real-time performance.

Mid-year consistency check

236. A mid-year consistency check is **recommended** to evaluate the distribution of indicative markings across the SCS cadre within a department and particularly to evaluate its impact across protected characteristics. Departments are free to conduct these meetings as they see fit, but we recommend that some, if not all, of the participants from the performance expectation setting meeting, in addition to the department's Diversity & Inclusion team, reconvene to discuss the distribution of indicative markings as a result of the performance standards set at the outset of the performance year. It is recommended that a record is kept of this meeting so that comparisons can be made between the distribution of indicative markings during, and at the end, of the performance year, but this is not a formal mid-year process and is intended merely as a stocktake to mitigate unintended D&I outcomes.

Performance assessment and end-year calibration

237. The **final quarterly conversation** in March should be used to carry out the end of year performance assessment for members of the SCS and is the point where a **formal box marking** (Exceeded, High Performing, Achieved, Partially Met) should be agreed between the individual and their line manager.
238. Following the final quarterly performance conversation, departments must conduct moderation meetings. These meetings will provide the opportunity for senior leaders to confront their performance curves transparently and head on, by evaluating delivery of behaviours and objectives in a systematic and comprehensive manner. In this meeting, participants in the expectation setting meeting will reconvene to evaluate the distribution curve of markings. Should there be a disproportionate spread of markings, participants should rectify this in the start-year performance expectation setting meeting by setting more robust standards for each performance marking, but are free to adopt guided distribution if they wish. This builds greater rigour into the system by ensuring a year-round focus on performance

that judges members of the SCS absolutely on their delivery against key government priorities and relative to their peers across the cadre.

Underperformance

239. As outlined in the steers made clear in the Declaration on Government Reform, the new framework includes strengthened guidance to identify, tackle and monitor underperformance.
240. Where the performance of the job holder is not up to the standards of the role, in terms of either the achievement of objectives, or the behaviours being demonstrated, this should be brought to the attention of the job holder immediately. A single 'Partially Met' marking does not necessarily need to be a trigger for formal poor performance procedures, but rather for intensive support, training and coaching. This might include:
- a. coaching to enhance performance further;
 - b. setting more stretching goals;
 - c. tailoring development to build confidence and experience;
 - d. plugging competency gaps; and
 - e. looking at ways to re-energise in the current role, considering whether they have been in the role too long.
241. If a member of the SCS is marked as **'Partially Met' for two consecutive quarters**, their line manager should draw up a **performance development plan**, provide the individual with the necessary support to improve their performance and **schedule a review meeting** to evaluate improvement. If the SCS **continues to be marked as 'Partially Met'** after this, including as part of their end of year discussion, there will be an expectation that they are **placed on formal poor performance measures** as part of the SCS poor performance policy. However, managers should consider the impact of exceptional circumstances that could affect individual performance before they operate the poor performance policy.
242. This underperformance proposal provides a bridge between the performance management and poor performance policies and ensures that any underperformance is identified and tackled promptly through a focus on continuous improvement and development.

Non-consolidated reward

243. Under the new performance management framework, all members of the SCS continue to be eligible for in-year non-consolidated awards, provided they are not on formal poor performance measures. Only those members of the SCS who receive an 'Exceeding' or 'High Performing' box marking will be eligible for an end-year non-consolidated award. Departments have discretion to differentiate the level of payment they award each box marking to acknowledge different levels of contribution.

244. As part of our ongoing review, we will continue to evaluate the application and parameters of the non-consolidated performance related pay pot to ensure our overall approach effectively incentivises members of the SCS.

Milestone-based reward

245. As part of the longer-term review into non-consolidated reward, we are also exploring the possibility of introducing 'milestone-based reward'.
246. This would allow departments to agree a bonus up-front with a member of the SCS based on the successful delivery of a particular project and/or key milestones, where the delivery end date of a particular project is several years away, but high priority enough that it warrants the individual staying in post until its completion. As such, the bonus could be greater than the amount normally paid out to members of the SCS for exceeding their performance objectives, but would only be payable on successful completion of the agreed objectives within the agreed timescale. This would not preclude the individual from receiving additional bonuses during their time in the organisation, either in-year or end-year payments.
247. This proposal is tied to long-term performance and fulfils the commitment outlined in the Declaration on Government Reform to 'meet measurable targets for delivery and demonstrate wider performance'. It also mirrors academic research on motivation theory and the wider direction of travel in public and private sector organisations.
248. We believe that this proposal is a welcome and flexible solution to the issue of distributing meaningful reward to the SCS. However, we recognise that we will need to work through the practicalities of this approach, including the size of bonuses and the parameters of the pot, in more detail first, so will return to the SSRB next year having tested the viability of this proposal in a few departments.

The SSRB is asked to comment on the new SCS performance management framework and use of the non-consolidated pay pot, in addition to the plans to introduce milestone-based reward.

CHAPTER 4 - PERMANENT SECRETARIES, THE GOVERNMENT COMMERCIAL ORGANISATION (GCO), AND THE DEVOLVED ADMINISTRATIONS

Permanent Secretaries

249. A robust framework applies to Permanent Secretary pay; roles are assigned to one of three pay tiers, within the overall range, based on size and complexity.
250. Pay and performance is assessed by the Permanent Secretary Remuneration Committee (PSRC) comprising an independent chair, external members (including the Chair of SSRB) as well as the Cabinet Secretary, the Civil Service Chief Operating Officer and the Permanent Secretary to HM Treasury. PSRC's remit is to provide an annual independent assessment of the performance of individual permanent secretaries, and to make recommendations to the Prime Minister on the consolidated and non-consolidated pay awards for individuals. As for other members of the SCS, the highest performing (those assessed 'Top') Permanent Secretaries are eligible for a non-consolidated performance related payment.
251. The PSRC considers Permanent Secretary performance on the basis of a wide range of robust evidence and feedback, including from the relevant Secretary of State/Minister and Lead Non Executive Director and a variety of business performance metrics. The Non-consolidated performance related pay for Permanent Secretaries is currently set at £17,500. The Prime Minister approves PSRC's recommendations for consolidated base pay and non-consolidated performance pay.

Pay award

PSRC approach to Permanent Secretary pay

252. In 2018/19, PSRC agreed on a set of principles, which would deliver a more systematic approach to Permanent Secretary pay in the future. These principles remain consistent with current SSRB recommendations and were applied again in 2019/20, and 2020/21. The principles are:

- To appoint new Permanent Secretaries at, or close to, the minimum of the relevant pay tier;
- After a qualifying period (in post for the duration of one PRSC cycle), to reward the development of skills, capability and experience through pay progression, moving people more quickly towards the mid-point of their tier, with a focus on those on the lower quartile of their pay tier; and
- To take opportunities to address anomalies should they arise; and
- To reward the strongest performance with non-consolidated awards.

2021/22 award

253. There was no consolidated pay increase for Permanent Secretaries in 2021/22 in line with the public sector pay pause.

254. As in previous years, it was agreed that the 3.3% non-consolidated pot should be used to make performance-related awards of £17,500 to the strongest ('Top') performers.

Table 14: Permanent Secretary performance ratings: 2015/16 to 2020/21

Performance Rating	2015/16 distribution	2016/17 distribution	2017/18 distribution	2018/19 distribution	2019/20 distribution	2020/21 distribution
Top	26%	26%	29%	34%	32%	34%
Achieving	74%	69%	66%	66%	68%	66%
Low	0%	6%	6%	0%	0%	0%

Tier ranges

255. The full Permanent Secretary pay band spans £150,000 to £200,000. Roles are assigned to tiers within the pay band: tier 3 includes Second Permanent Secretaries and a handful of other smaller roles; tier 2 where most roles sit; and tier 1 which typically includes roles in the biggest departments.

256. The minimum of tier 2 was increased from £160,000 to £162,500 in 2018/19 and the tier 3 minimum from £142,500 to £150,000 the year before. PSRC did not see a case for increasing the minimum of tier 1.

257. For a number of specialist Permanent Secretary roles, their pay sits outside the tiers and attracts a pay premium.

258. The pay ranges for Permanent Secretaries and where each role sits is set out in table 15:

Table 15: Permanent Secretary pay structure from 1 April 2021 (updated Nov 2021)

Tier and salary	Roles in the tier
Tier 1 £180,000 to £200,000	HM Treasury Ministry of Defence Home Office HM Revenue & Customs Foreign Commonwealth & Development Office Dept Work & Pensions Ministry of Justice National Security Adviser

Tier 2 £162,500 to £180,000	Dept Health & Social Care Dept Transport Govt Legal Dept Dept International Trade Dept Education Security Service Scottish Govt	Dept Digital Culture Media & Sport Dept Environment Food & Rural Affairs Dept Levelling Up, Housing & Communities Business Enterprise & Industrial Strategy Secret Intelligence Services Govt Communications HQ Welsh Govt
Tier 3 £150,000 to £160,000	<u>First Permanent Secretaries</u> Northern Ireland Office Office National Statistics <u>Second Permanent Secretaries</u> HM Revenue & Customs Home Office Dept for Health & Social Care Office for National Statistics HM Treasury CO /DLUHC Ministry of Defence Cabinet Office - Joint Intelligence Committee HM Treasury Ministry of Justice Dept for Transport	
Specialists and other roles not assigned to these tiers:	Cabinet Secretary Civil Service Chief Operating Officer Director of Public Prosecutions Chief Medical Officer Government Chief Scientific Adviser Chief Executive UKHSA Government Chief Trade Negotiation Adviser First Parliamentary Counsel DG, National Crime Agency CEO, Defence, Equipment & Support	

The Devolved Administrations

259. The SCS in both devolved administrations continue to be part of the centrally managed cadre which is governed by the UK, which differs from the delegated grades which are managed by their own respective government.

260. For both governments, over time, the position in regards to the SCS has shifted in recognition of the changing shape of devolution. For example the sign off for new senior appointments has moved from the Prime Minister to the First Minister of the respective administration, and there has been a delegation of certain decisions regarding the Civil Service Compensation Scheme. While these changes in responsibilities did not require amendment of the Civil Service Management Code, they do acknowledge the different position of devolved administrations when compared to other departments.

261. Financial accountability to the Scottish Parliament and increasing fiscal autonomy, such as the Scottish Rate of Income Tax, also factor as part of the developing context. One feature of the evolving devolution context is that Scottish Ministers now have an established and distinctive Public Sector Pay Policy. As this

has diverged from the UK Government's policy choices, the position for the reserved SCS in the Scottish Government has become increasingly complex to navigate.

262. Both administrations operate remuneration committees (similar to those in other government departments). The Welsh Government's SCS Remuneration Committee is responsible for recommending senior pay decisions and managing the performance, potential and talent of senior staff. The Committee ensures remuneration is handled in a fair and appropriate way and in line with UK Government guidance. Similarly the Scottish Government has a Top Level Pay Committee (for Deputy Directors and Directors) and a Talent Action Group (TAG) for Directors General which is responsible for recommending senior pay decisions. The Executive Team and TAG manage performance, potential and talent of senior staff. Issues affecting the Devolved Administrations.

263. For a number of years an overview of the issues affecting senior reward arrangements for the Devolved Administrations has been included in the Government's evidence to the SSRB. Some of these are also experienced by other government departments, such as the loss of senior staff to the wider public sector where pay levels are higher or access to pay progression exists, and the 'leapfrogging' and overlap issues at the low end of the Deputy Director range. However, some are particular to the Devolved Administrations, including the ministerial decision on the non-payment of performance awards

264. The issue of leapfrogging is also exacerbated in the Devolved Administrations by the practice of pay progression at delegated grades leading to many of the Grade 6 and 7 cadre sitting at the top of the pay band while the members of the SCS stay clustered towards the bottom of the pay band due to the relative lower increases in recent years for this grade in comparison to at delegated grades.

265. The UK Government continues to endorse the model of a UK-wide SCS and expects to see the approach to SCS pay within the different administrations align even more closely over time, including on the payment of performance-related awards. Responsibility for setting the SCS pay framework remains with the Cabinet Office, nevertheless, the Government continues to recognise the particular issues faced by the Devolved Administrations and will work closely with them to ensure that their contexts are fully considered as pay reform is progressed.

The Government Commercial Organisation (GCO)

266. The Government Commercial Organisation (GCO) was established in 2017 to address capability issues within the senior commercial population in central government and enable government departments to deliver their aims at the best value for the taxpayer.

267. Serving as a single employer of all commercial specialists in central government, the GCO is able to offer unique market-aligned terms and conditions. This has enabled the successful attraction and retention of experienced and expert

commercial specialists through a coordinated recruitment approach, compelling development and pay offer, enhanced talent plan and career path.

268. The GCO now comprises Commercial Leads (Grade 7), Associate Commercial Specialists (Grade 6), Commercial Specialists (SCS1) and Senior Commercial Specialists (SCS2/3). It has grown from 341 employees in October 2018 to 1166 in October 2020 and to 1,296 in November 2021³¹, an 11% growth over the last year.

269. The highest growth in this timeframe has occurred at the delegated grades, with the number of Commercial Leads in particular, increasing by 8.6%; in addition to recruitment, this included the transition of two groups of staff on 1 May 2021 and 1 November 2021 from other government departments who were considered in scope for the GCO.

270. There are 218 Senior Civil Servants (Commercial Specialists and Senior Commercial Specialists) in the GCO. This represents 17% of the total GCO population and a small increase from 209 employees in October 2020.

Table 16: Number of Senior Civil Servants by grade and terms

Position	Terms	Number of Employees
Commercial Specialist (SCS1)	Existing Equivalent terms and conditions	67
Senior Commercial Specialist (SCS2)	Existing Equivalent terms and conditions	10
Senior Commercial Specialist (SCS3)	Existing Equivalent terms and conditions	<10
Commercial Specialist (SCS1)	GCO terms	102
Senior Commercial Specialist (SCS2)	GCO terms	35
Senior Commercial Specialist (SCS3)	GCO terms	<10
Total		218

³¹ All data as at 5 November 2021 unless specified otherwise

271. GCO employees take GCO terms and conditions or Civil Service “Existing Equivalent” terms and conditions depending on their entry route and performance at the Assessment & Development Centre.
272. Employment on GCO terms and conditions requires:
- a. Recruitment from the external market, or;
 - b. Recruitment from the internal market and an “A” at the Assessment & Development Centre; or,
 - c. Transition from the internal market and an “A” at Assessment & Development Centre.
273. 63% of Senior Civil Servants in the GCO are on GCO terms and conditions, with a significant proportion of these joining from the external market.
274. 48% of those Senior Civil Servants who joined the GCO via internal recruitment or transition, and were eligible to take up GCO terms and conditions, have chosen to do so.

2021 Pay Award

275. As a result of the pay pause, the GCO did not award any consolidated base salary increases through the pay award process this year as no GCO employee earns less than £24,000.
276. However, non-consolidated, end of year performance awards were paid to eligible employees to recognise performance over the 2020 / 2021 performance year (1 April 2020 to 31 March 2021).
277. GCO employees on Existing Equivalent terms are eligible for an end of year performance award as agreed by the GCO Remuneration Committee through the pay award process.
278. In line with the Senior Salaries Review Body Report: 2021, end of year performance awards were made only to those receiving a “top box” performance marking ie. those marked as ‘Exceptional’ through the GCO performance management process.
279. Conversely, GCO employees on GCO terms and conditions have a separate arrangement with the ability to receive Performance Related Pay (PRP). Commercial Specialists and Senior Commercial Specialists are eligible to receive up to 20% of their base salary as a non-consolidated Performance Related Payment. The proportion of this 20% (i.e. the amount payable) is determined by the overall percentage achievement of the employee against their objectives at their end of year review.
280. For 2020/21, the average PRP percentage achievements were:
- a. Commercial Specialist: 88.52%
 - b. Senior Commercial Specialist: 88.55%

Future Pay Priorities

281. The GCO are currently developing their future reward strategy and further discussions are planned to take place across 2022 with the GCO Remuneration Committee as future priorities are identified and how best to address them.
282. It is expected that priorities will focus around:
- a. The competitiveness of salaries for GCO employees on both sets of terms, based on internal and external salary benchmarking;
 - b. The use of the in-year bonus policy and procedure; and
 - c. Ways to address and improve the gender pay gap, and potentially the ethnicity pay gap.

ANNEX A - SCS PAY AWARD 2021/22 – APPLICATION OF AWARD BY DEPARTMENTS

Department	Use of non-consolidated performance pay pot.	<u>End year</u> non-consolidated performance related pay for 2020/21 performance	<u>In year</u> contribution awards for 2020/21 performance
Cabinet Office	Full 3.3% pot used	SCS1 – £5,250 SCS2 - £7,613 SCS3 - £9,975 Paid to 27% of staff	<ul style="list-style-type: none"> ● 25% used. ● Awards made to 108 SCS. ● Awards ranged from £3,000 to £4,000 each. ● Awards recognised contribution to projects including Covid 19 response, EU exit transition, going the extra mile on specific pieces of work and those that just missed out on an end-year top performance award for 2019/20. ● Payments made in June, August and November 2020 and in March 2021.
Department for Digital, Culture, Media and Sport	3% used	Paid to 29% of SCS that received a top marking: SCS1 - £7,500 SCS2 – £9,000 SCS3 –£11,500	<ul style="list-style-type: none"> ● 12% of the non-consolidated performance pot was used for in-year awards. ● The IYR scheme was run on a quarterly basis. There are three levels of award with clearly defined criteria based on Cabinet Office guidance and DCMS Leadership Attributes. ● Awards ranged from £1,000 to £5,000 and 33 individuals received an award. ● Awards recognised contributions to the Coronavirus pandemic response and above and beyond contribution to

			<p>the delivery of complex programmes.</p> <ul style="list-style-type: none"> Q1 nominations include individuals who have performed to a high standard but have not received a top performance award.
<p>Department for Business, Energy and Industrial Strategy</p>	<p>Full 3.3% pot used</p>	<p>SCS1 – £6,000 SCS2 - £7,000 SCS3 - £8,000</p> <p>Paid to 32% of staff</p>	<p>For 2021-22, the approach to recognising in-year contributions was divided into two parts:</p> <p>(a) Near Miss top performance award set at 10% of the SCS workforce (24 awards – DD £2,500 and D £3,000)</p> <p>(b) In-year recognition awards set at c.24% of the SCS workforce (awards set at £2,000, although DGs have scope to vary the level of award within their budget)</p> <p>All the in-year awards to target individuals to recognise significant contributions to Departmental outcomes, including EU Exit, COP26, Ministerial priorities, responding to the COVID pandemic, where staff have gone the extra mile and evidenced high commitment.</p> <p>Payments are made during the year, with review points set at quarterly.</p>

Department for Education	Full 3.3% pot used.	<p>No 'end year payments' were made as the department is piloting its 'SCS ABLE' approach as agreed with Cabinet Office. The approach includes In Year Awards and a small number of Sustained Excellence Awards (SEA) paid towards the financial year end.</p> <p>SEAs were paid to 64 SCS staff (25%), averaging £3,890 an award.</p>	<p>The Department is operating its SCS ABLE pilot with agreement from the Cabinet Office. This pilot has different parameters to the central guidance and includes a mix of In Year Awards and Sustained Exceeding Awards (SEAs).</p> <p>In total last year:</p> <ul style="list-style-type: none"> ● In Year Awards were made to 187 SCS (68%). ● All In Year Awards were capped at £5,000 each. <p>Awards recognised excellence in a variety of areas, from management to business delivery and for varying periods of time with payments made throughout the year.</p>
Department for Environment, Food and Rural Affairs	Full 3.3% pot used	<p>SCS1 – £6,000 SCS2 – £6,000 SCS3 – £6,000</p> <p>Paid to 28.5% of staff</p>	<ul style="list-style-type: none"> ● 33% used. ● Awards made to 63 SCS. ● Awards ranged from £1,000 to £5,000 each. ● Awards recognised contribution to projects including Covid 19 response, EU exit transition, going the extra mile on specific pieces of work and those that just missed out on an end-year top performance award for 2020/21. ● Payments were made throughout the year.

Department of Health and Social Care	Full 3.3% pot used	SCS1 – £7,000 SCS2 - £7,000 SCS3 - £7,000 Paid to 28.1% of staff	<ul style="list-style-type: none"> ● 29.4% of SCS awarded. ● Awards made to 73 SCS. ● Awards ranged from £1,000 to £5,000 each. ● Awards recognised contribution to projects including: Covid 19 response, EU exit transition, ministerial priorities, going the extra mile on a specific piece of work (BAU) and those that just missed out on an end-year top performance award for 2019/20. ● Payments made following the three SCS in-year bonus rounds. Payments made in Nov-20, Feb-21 and May-21 (last round delayed due to Covid-19 response)
Department for International Trade	Full 3.3% pot used	SCS1 - £7,500 SCS2 - £10,000 No end of year bonuses paid to SCS3. Paid to 31% of staff	<ul style="list-style-type: none"> ● Awards made to 34 SCS (21% of SCS workforce) ● Awards ranged from £1,900 - £5,000 ● Awards recognised specific milestones/deliverables and contributions to specific projects, as well as those just missing out on a Top performance marking for 2019/20. ● Payments made in October 2020 and February 2021.

<p>Department for Levelling Up, Housing and Communities (this relates to the former MHCLG and does not include data for SCS joining DLUHC from Cabinet Office)</p>	<p>Full 3.3% pot used</p>	<p>SCS1 – £7,500 SCS2 - £10,000 SCS3 - £12,000</p> <p>Paid to 27.5% of staff (34 people)</p> <p>3 were adjusted pro-rata to reflect part-time hours Of the 34 EOY recipients, 17 were female</p>	<ul style="list-style-type: none"> ● 40% of headcount (48 people) received an in-year performance bonus during 2020/21. ● Awards ranged from £2,800 to £3,500 each, but the majority of awards were for £3,000 ● All awards were in recognition of exceptional contribution to projects including Covid 19 response, EU exit transition, and going the extra mile on specific pieces of work. We did not use the in-year scheme to recognise near-misses from 2019/20 performance year. ● A small number of payments (4) were made in June 2020 to recognise exceptional leadership on Covid 19 response. The majority of payments were made at mid-year (28 payments in October 2020) and last quarter (16 payments in February 2021) points. ● Of the 48 recipients of in-year performance bonuses, 29 were female
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<p>Department for Transport</p>	<p>Full 3.3% pot used, mixture of end-year and in-year awards.</p>	<p>SCS1 - £7,500 SCS2 - £8,500 SCS3 - £9,500</p> <p>Paid to 29% of staff</p>	<ul style="list-style-type: none"> ● Awards made to 77 staff (c. 30% of SCS) ● Awards ranged from £1,550 to £5,000 each ● Awards recognised exceptional effort, contribution on projects including Covid 19 response and EU exit transition and those that just missed out on an end-year top performance award for 2019/20. ● Payments made in January 2021 and March 2021, all from 20/21 pot.
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Department for Work and Pensions

Full 3.3% pot used

SCS1 - up to £6,850
 SCS2 - up to £9,100
 SCS3 - up to £13,150

End year bonuses are 'up to' the amount quoted. Individuals that met the criteria for an end year bonus who had not received an in-year award received the amount above. Individuals that met the criteria for an end year bonus who had already received an in-year award were paid a reduced end year bonus so that the total of bonuses they received over the full performance year did not exceed the amount above.

DWP operates strong governance arrangements in regards to the allocation of end of year bonuses, through Pay Committee meetings.

33.8% (95 out of 281) of SCS received an end year bonus. This is reflective of the exceptional contribution made by colleagues as part of the department's response to the Covid 19 pandemic.

- 26% of the non-consolidated pot was used to fund in-year awards.
- 90 awards were made in total, to 33% of SCS.
- Awards ranged from £1,000 to £5,000. The average award was £2,283

In-year awards are used to recognise exceptional contributions, both in teams and as individuals, to delivering first class internal or external services and to modernising and improving DWP.

The DWP criteria allow awards to be made to individuals that make a significant contribution:

- to a cross departmental initiative;
- to the development of a function, profession or network; or
- that enhances the reputation of the Civil Service.

Many of the awards in 2020-21 were linked to the Covid-19 response.

Following the internal budget allocation, in-year payments were made consistently across the remainder of the performance year.

Foreign, Commonwealth and Development Office	2.9% of pot spent	Tranche 1 ratings SCS1 – £5,000 SCS2 - £7,000 SCS3 - £9,000 Tranche 2 ratings SCS1 - £3,000 SCS2 - £3,500 SCS3 - £4,000 Paid to 56% of staff (total)	<ul style="list-style-type: none"> ● 0% used. ● Awards made to 0 SCS
Home Office	Full 2.88% available was used. (Home Office non-con pot is smaller)	SCS1 – £8,000 SCS2 – £11,000 SCS3 – £14,000 Paid to 32% of staff	<ul style="list-style-type: none"> ● Awards made to 100 SCS. ● Awards ranged from £1,000 to £5,000 each. ● Awards recognised contributions to projects and going the extra mile on specific pieces of work. ● Payments were made throughout the year.
HM Revenue & Customs	Full 3.3% pot used	SCS1 - £6,000 SCS2 - £9,000 SCS3 - £12,000 Paid to 31% of staff	<ul style="list-style-type: none"> ● Awards made to 184 individuals (40% of SCS) ● Awards ranged from £500 to £5,000 each.
Ministry of Defence	Full 3.3% pot used	SCS1 – £8,000 SCS2 - £10,000 SCS3 - £13,000 Paid to 25% of staff Top SCS performers' values were pro-rated based on hours worked	<ul style="list-style-type: none"> ● 15% used ● Awards made to 43 SCS. ● Awards made at £5,000 but pro rata on hours worked ● Awards recognised those staff that just missed out on an end-year top performance award for 2020/21 ● Payments made at the end of the reporting year

Ministry of Justice	Full 3.3% pot used	SCS1 – £9,000 SCS2 - £11,000 SCS3 - £13,000 Paid to 26% of staff	<ul style="list-style-type: none"> ● 32% used. ● Awards made to 101 SCS. ● Awards ranged from £500 to £4,140 each. ● Awards recognised excellence in achieving business objectives, including delivering challenging objectives, innovate programmes and exceptional leadership. ● Payments made at mid-year (August to December 2020) and last quarter (January to March 2021) points.
HM Treasury	Full 3.3% pot used	SCS1 – £10,750 SCS2 - £13,500 SCS3 - £16,750 Paid to 30% of staff	<ul style="list-style-type: none"> ● 24% used. ● Awards made to 36 SCS. ● Awards of £5,000 each. ● Awards recognised contribution to projects including Covid 19 response, EU exit transition, going the extra mile on specific piece of work and those that just missed out on an end-year top performance award for 2020/21. ● Payments made at mid-year (September 2021).

ANNEX B - SCS PAY EXCEPTIONS

In April 2018, a new pay on appointment policy for the SCS was introduced to help control churn:

- That no increase is given for moves on level transfer; and
- On promotion, members of the SCS receive no more than 10% increase or the minimum of the new grade.

An exceptions process is, however, available in cases where internal candidates are moving to roles with greater scale or responsibility for increases to be offered, with the agreement of the Permanent Secretary and the relevant Head of Profession. We are not aware of any disagreements between Permanent Secretaries and Heads of Profession. For Directors General the additional approval of a DG Pay Committee, chaired by the Permanent Secretary of the Treasury, is required.

Cabinet Office issues guidance to departments with the annual SCS pay award practitioners guide. SCS pay exceptions are subject to the following criteria:

- *Sustained high performance, increased effectiveness, deepened capability and expertise; and*
- *That the individual is relatively low in the pay range and/or have benefited less or not at all from the rise in the minima.*

Departments should also consider the equality impact of any decisions made on exceptions, as well as any precedents they might be setting.

Cabinet Office helps departments make assessments of pay position by providing pay data by profession (lower quartile/median/upper quartile) annually. Some professions e.g. Finance also actively support departments with applications by providing additional guidance.

Assessment of cases – Directors General

More information is held centrally on Directors General cases because they require approval by the DG Pay Committee. In accordance with the criteria, the weight and challenge of the role was considered as well as the skills and experience of the individual. The proposed increase for each case was assessed against the SCS3 minimum of £120,000 (and the aspirational minimum of £125,000); the overall SC3 cross-departmental median of £138,600; and the relevant professional medians (e.g. £132,000 for Policy and £149,800 for Operational Delivery).

Eight DG exceptions were considered by the DG Pay Committee in 2020/21: six pay on promotion exceptions and three level transfer exceptions. The key headlines for each exception are set out below:

Level transfer - key facts

- The DG Pay Committee considered two cases.

	No increase agreed	Full increase agreed
Total	1	1

- A 3% increase was agreed for the approved application.
- A level transfer application was rejected because the role was not considered sufficiently niche to qualify for an exception.

Pay on promotion - key facts

- The DG Pay Committee considered six cases.

	Partial increase agreed	Full increase agreed
Total	4	2

- Increases agreed for pay on promotion cases range from 10%-32%.

In July 2020, the DG Pay Committee agreed that stricter conditions should be applied in the assessment of pay exception cases to ensure greater consistency across the DG group. The following principles are now being applied for DGs:

Type of appointment	Principles for starting pay
Promotion to DG level	<p><u>Default position</u> 10% increase or the minimum of the range, whichever is the greater.</p> <p><u>An exception must be based on the weight/challenge of the role and proven expertise of individual</u> A maximum of £125,000 (the proposed DG minimum from April 2021) unless the role is considered specialist, in which case an application for up to the overall median for the profession may be made.</p>
Level transfer within DG group	<p><u>Default position</u> Transfers on existing salary (no increase).</p>

Any exception must be based on the weight/challenge of the role, taking account of niche skills, and sustained high performance and deepened capability demonstrated by the individual. Up to the overall median for the profession can apply, but only if the role is considered to be sufficiently specialist.

To inform consideration of any exceptions, the current SCS medians, by profession, will continue to be used. The DG Pay Committee will not agree to applications solely based on seeking pay parity within the organisation, unless there is a genuine equal pay risk confirmed by lawyers (departments have been reminded of the need to monitor pay decisions to ensure they comply with diversity legislation and to take any appropriate action, using your anomalies pot accordingly). It is acknowledged that the introduction of a capability-based pay progression system and the higher range minimum should replace the need for pay exceptions in the longer term.

Assessment of cases – Deputy Directors and Directors

Main Whitehall departments reported that 46 exception cases were agreed at SCS1 and 2 level in 2020/21. The key headlines are:

Pay Band	Level transfer cases agreed	Pay on promotion cases agreed
SCS1	11	22
SCS2	7	6
Total	18	28

- Exceptions have been granted for 13 different professions – DDaT (11), Project Delivery (6), HR (5) and Policy (4) have the highest numbers.
- The median increase agreed for level transfer was 10% and 18% for pay on promotion.

ANNEX C - ADDITIONAL DATA TABLES

Table 1: SCS headcount by payband and year (2010-2020)

Year	Quarter	Deputy Director	Deputy Director (PB1A)	Director	Director General	Perm. Sec.	Other	All SCS
2010	Q1	3,140	185	795	190	35	10	4,355
	Q1 Pay	3,095	175	750	170	-	-	4,190
2011	Q1	2,785	205	725	155	35	10	3,910
	Q1 Pay	2,795	190	680	135	-	-	3,800
2012	Q1	2,640	115	685	140	30	5	3,615
	Q1 Pay	2,590	80	650	130	-	-	3,450
2013	Q1	2,685	120	700	145	35	10	3,695
	Q1 Pay	2,580	90	675	140	-	-	3,480
2014	Q1	2,790	105	695	145	40	30	3,800
	Q1 Pay	2,780	105	690	140	-	-	3,715
2015	Q1	2,910	105	745	150	35	25	3,975
	Q1 Pay	2,870	100	740	150	-	-	3,860
2016	Q1	3,010	125	765	140	40	10	4,085
	Q1 Pay	2,970	95	760	135	-	-	3,965
2017	Q1	3,160	115	815	130	40	5	4,265
	Q1 Pay	3,085	95	780	130	-	-	4,090
2018	Q1	3,455	85	860	155	40	..	4,605
	Q1 Pay	3,400	75	820	150	-	-	4,445
2019	Q1	3,885	50	925	165	35	..	5,065
	Q1 Pay	3,860	50	920	165	-	-	5,000
2020	Q1	4,190	40	1,005	175	35	..	5,445
	Q1 Pay	4,190	40	1,005	175	-	-	5,410
2021	Q1	4,790	45	1,080	175	45	..	6,135
	Q1 Pay	4,790	45	1,080	175	-	..	6,090

Notes:

".." suppressed due to small numbers

"-" not available

Figures are rounded to the nearest 5

Q1 includes all SCS still in post as at 31st March, or 1st April from 2019 onwards

Q1 pay includes all SCS in scope for the SSRB pay award remit as at 1st April

Source:

SCS database, Cabinet Office

Table 2: SCS FTE by payband and year (2010-2020)

Year	Quarter	Deputy Director	Deputy Director (PB1A)	Director	Director General	Perm. Sec.	Other	All SCS
2010	Q1	3,085	180	790	185	35	10	4,290
	Q1 Pay	3,045	175	745	165	-	-	4,125
2011	Q1	2,730	205	715	155	35	10	3,845
	Q1 Pay	2,740	190	670	135	-	-	3,735
2012	Q1	2,590	110	675	140	30	5	3,550
	Q1 Pay	2,540	75	640	130	-	-	3,385
2013	Q1	2,625	120	685	145	35	10	3,620
	Q1 Pay	2,525	85	660	135	-	-	3,410
2014	Q1	2,730	105	685	140	40	30	3,725
	Q1 Pay	2,715	105	675	140	-	-	3,635
2015	Q1	2,840	105	730	150	35	25	3,890
	Q1 Pay	2,800	100	725	150	-	-	3,775
2016	Q1	2,935	125	750	135	40	10	3,990
	Q1 Pay	2,900	95	745	135	-	-	3,875
2017	Q1	3,080	110	800	130	40	5	4,170
	Q1 Pay	3,010	95	765	130	-	-	4,000
2018	Q1	3,370	85	845	150	40	..	4,490
	Q1 Pay	3,315	70	805	145	-	-	4,335
2019	Q1	3,785	45	905	165	35	..	4,940
	Q1 Pay	3,760	45	900	165	-	-	4,870
2020	Q1	4,075	40	980	170	35	..	5,300
	Q1 Pay	4,075	40	980	170	-	-	5,265
2021	Q1	4,670	45	1,055	170	45	..	5,985
	Q1 Pay	4,670	45	1,055	170	-	-	5,940

Notes:

".." suppressed due to small numbers

"-" not available

Figures are rounded to the nearest 5

Q1 includes all SCS still in post as at 31st March, or 1st April from 2019 onwards

Q1 pay includes all SCS in scope for the SSRB pay award remit

Source:

SCS database, Cabinet Office

Table 3: SCS median salary by payband and year (2010-2020)

Year	Deputy Director	Deputy Director (PB1A)	Director	Director General
2010	£73,400	£84,100	£100,000	£133,000
2011	£73,100	£83,200	£100,000	£133,000
2012	£73,000	£77,800	£97,900	£131,000
2013	£73,000	£77,200	£96,900	£132,500
2014	£74,000	£78,500	£96,000	£133,500
2015	£74,800	£78,500	£96,000	£132,600
2016	£75,500	£78,700	£98,800	£135,900
2017	£75,900	£81,200	£99,900	£134,000
2018	£76,200	£80,000	£99,800	£134,500
2019	£76,700	£80,000	£102,500	£137,300
2020	£78,500	£84,700	£103,500	£138,600
2021	£77,900	£84,700	£102,900	£135,800

Notes:

Salary figures are calculated on a full time equivalent basis, and are for those SCS in scope for the SSRB pay award remit as at 1st April

Figures are rounded to the nearest £100

Source:

SCS database, Cabinet Office

Table 4: SCS mean salary by pay band and year (2010-2021)

Year	Deputy Director	Deputy Director (PB1A)	Director	Director General
2010	£74,700	£85,700	£104,400	£140,500
2011	£74,400	£85,300	£104,100	£142,400
2012	£74,400	£82,100	£102,900	£138,100
2013	£74,800	£82,500	£102,900	£135,800
2014	£76,200	£82,000	£102,700	£137,900
2015	£77,300	£81,800	£104,000	£137,400
2016	£78,200	£82,900	£106,800	£141,100
2017	£78,800	£85,500	£107,700	£139,900
2018	£79,600	£84,000	£107,900	£142,300
2019	£80,700	£83,800	£109,800	£143,800
2020	£82,100	£86,800	£110,600	£146,800
2021	£81,200	£85,600	£110,000	£144,300

Notes:

Salary figures are calculated on a full time equivalent basis, and are for those SCS in scope for the SSRB pay award remit as at 1st April

Figures are rounded to the nearest £100

Source:

SCS database, Cabinet Office

Table 5: SCS turnover, departmental turnover and resignation by payband, department and year (2018-2021)

Payband	Resignations			Turnover			Departmental Turnover		
	2018/19	2019/20	2020/21	2018/19	2019/20	2020/21	2018/19	2019/20	2020/21
Deputy Director	4.6%	3.8%	2.8%	12.5%	11.4%	11.0%	19.0%	18.1%	17.5%
Deputy Director (1A)	..	..	..	13.2%	..	..	21.6%	11.4%	..
Director	6.5%	4.7%	3.3%	13.0%	9.6%	8.8%	20.7%	16.6%	15.9%
Director General	11.3%	4.7%	8.6%	17.0%	13.6%	13.7%	25.2%	24.3%	24.0%
Overall	5.2%	4.0%	3.1%	12.8%	11.2%	10.7%	19.5%	18.0%	17.4%
Department	Resignations			Turnover			Departmental Turnover		
	2018/19	2019/20	2020/21	2018/19	2019/20	2020/21	2018/19	2019/20	2020/21
BEIS	6.1%	4.7%	5.2%	11.5%	7.4%	11.0%	18.0%	16.2%	18.6%
CO	6.2%	5.4%	3.1%	11.4%	9.0%	8.7%	23.8%	18.6%	20.7%
DCMS	..	5.9%	..	11.8%	22.5%	15.3%	18.4%	30.8%	23.9%
DEFRA	4.6%	5.2%	4.4%	12.2%	11.7%	12.7%	17.4%	18.7%	22.8%
DEXEU	..	..	-	10.8%	-	-	23.5%	-	-
DfE	4.9%	2.4%	..	10.7%	10.1%	7.3%	20.9%	15.3%	15.7%
DfID ¹	..	..	-	9.2%	16.5%	-	13.4%	25.3%	-
DfT	4.3%	3.6%	..	10.6%	7.6%	5.3%	15.4%	12.2%	10.7%
DHSC	4.9%	5.4%	3.8%	11.6%	10.6%	11.4%	15.6%	13.6%	15.2%
DIT	9.2%	7.3%	3.5%	13.8%	19.4%	12.6%	25.8%	25.8%	22.4%
DLUHC	8.9%	6.7%	..	17.7%	16.0%	13.1%	28.4%	29.5%	18.9%
DWP	4.2%	3.7%	2.3%	17.9%	15.2%	9.4%	24.4%	19.6%	13.7%
FCO ^{1,2}	..	..	-	10.9%	16.6%	-	21.8%	29.0%	-
HMRC	3.6%	4.0%	1.9%	11.6%	14.2%	9.5%	16.1%	16.9%	17.3%
HMT	5.2%	..	..	10.4%	6.2%	6.4%	21.5%	15.2%	17.9%
HO	1.9%	2.6%	4.2%	11.8%	7.9%	13.5%	20.1%	17.2%	21.3%
MoD	10.5%	2.6%	4.0%	16.5%	12.0%	11.1%	21.1%	16.9%	17.0%
MoJ	5.8%	2.5%	3.4%	15.5%	8.3%	16.9%	25.8%	15.0%	28.0%
SG	2.4%	4.1%	1.6%	10.1%	11.1%	7.5%	10.5%	12.6%	8.8%
WG	..	..	..	10.3%	6.8%	6.6%	12.9%	8.0%	7.2%
Other	5.8%	5.0%	4.4%	14.2%	10.5%	12.9%	19.4%	12.5%	15.9%
Overall	5.2%	4.0%	3.1%	12.8%	11.2%	10.7%	19.5%	18.0%	17.4%

Definitions:

Resignation rate includes all centrally managed SCS who resigned in the specified year

Turnover rate includes all moves out of the centrally managed SCS over the specified year, including secondments, movements to an 'SCS level' role outside the centrally managed SCS (e.g. the diplomatic service), end of temporary promotion, etc

Departmental turnover rate includes moves between departments or their executive agencies / crown NDPBs within the year, in addition to moves included under turnover rate

Further guidance on turnover calculations is available at:

<https://www.gov.uk/government/publications/turnover-in-the-civil-service>

Notes:

Data is revised for each collection year. To ensure all leavers are counted, a small number of leavers from a previous year will be included in a more recent collection year

¹ Figures for FCO and DFID have been suppressed in 2020/21 due to the merger of FCO and DFID.

² A substantial proportion of the senior workforce at FCO are SCS level rather than part of the centrally managed SCS (as shown in these figures).

".." suppressed due to small numbers

"-" not available

Source:

SCS database, Cabinet Office