Cabinet Office

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

December 2014

Introduction

1. The Government's evidence is arranged in two parts. The first section provides information on the **application of the 2014/15 award**. The second covers the Government's **proposals for 2015/16.**

In addition there are five annexes:

- Annex A: Evidence on the general economic context.
- Annex B: Information by department on the application of the 2014/15 pay award.
- Annex C: Key statistics (as at April 2013 data unless otherwise stated).
- Annex D: Fast Stream Development Programme 2013.
- Annex E: Permanent Secretaries' salaries in £5,000 bands.

2. This submission does not include the usual statistical tables for 2014. These are not currently available. We will provide the 2014 tables separately as soon as the information from the Office of National Statistics has been quality assured by Cabinet Office, Analysis & Insight Team. In the meantime a summary of the latest (2013) data held can be found at Annex C. As last year, the Cabinet Office will work with the SSRB secretariat to provide any additional information required.

3. Provisional 2014 data has been used to cost the proposals for raising minimum salaries and for base pay increases. We will revisit these costings when the 2014 data has been fully quality assured to ensure that the proposals remain affordable within the 1% average award envelope.

Summary of considerations for SSRB

4. Given the financial constraints, an average increase of 1 per cent per head, the Government recommends to the Review Body that the broad of direction of travel implemented in 2013/14 and 2014/15 is maintained with some additional proposed flexibility within current cost controls as summarised out below:

a. A consolidated 1% average award for base pay increases including small increases to the minimum salaries in each pay band, greater flexibility for individual pay repositioning (on an exceptional basis) and general awards that are suitably differentiated to reflect performance and business need.
b. Non-consolidated performance awards to top 25% performers with some flexibility on the timing of payments; and
c. The continued availability of a pivotal role allowance to address recruitment and retention issues for the most business critical roles across government.

5. The proposals been agreed by the Prime Minister, the Deputy Prime Minister, the Chancellor of the Exchequer, the Chief Secretary to the Treasury, and the Minister for the Cabinet Office.

Section 1: Application of 2014/15 award by departments

Background

1. The key elements of the 2014/15 award were:

- Consolidated pay increases limited to an average award of 1%.

- Small increases to the minimum salaries of each of the SCS pay ranges (other than Pay Band 1A). The revised ranges were:

SCS pay ranges from 1 April 2014

Pay Band	Minimum (£)	Maximum (£)
3	**£104,000**	**£208,100**
2	**£85,000**	**£162,500**
1A	**£67,600**	**£128,900**
1	**£62,000**	**£117,800**

- After raising staff to the new minima, departments had flexibility to use the remainder of the 1% average award to make base pay awards of between 0% - 9% depending on performance, job weight, challenge of role, and/or position in the pay range. Staff in the bottom 10% performance group were not eligible for a pay award.

- Departments do not have discretion to use recyclable savings in 2014-15.

- For 2013/14 performance, the non-consolidated performance pay pot continued to be 3.3% of the SCS pay bill with awards strictly limited to top 25% performers only. Within these controls, departments had flexibility to determine the size of individual awards.

- For 2014/15 performance the cost limit will remain at 3.3% of the SCS paybill and departments will continue to be able to make awards to up to the top 25% of performers with some additional flexibility on timing.

- The continued ability to recruit above Pay Band minima where there is a need to bring in particular skills and experience from outside.

- The continued availability of a Pivotal Role Allowance to help retain existing staff in highly specialised roles or who are responsible for delivering the most critical projects across government.

- The existing Permanent Secretary three tier pay structure was unchanged and the Permanent Secretary Remuneration Committee determined how the 1% average award was used:

Permanent Secretary pay structure from 1 April 2014

Tier	Minimum (£)	Maximum (£)
1	**£180,000**	**£200,000**
2	**£160,000**	**£180,000**
3	**£142,000**	**£160,000**

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Application of 2014/15 award

2. A Cabinet Office survey of the main SCS employers asked departments how they applied the 2014/15 award to their senior staff. The full results are set out in Annex A. In summary:

Base pay

- HMRC and Cabinet Office continued to adopt the radical targeting approach they applied in 2013/14 with individual repositioning and closer links to 'Top' performance and position in the pay range for general awards. More than half of SCS staff in these departments did not get a pay increase.

- The majority of departments took a less radical approach, but targeted the award nonetheless. In these departments, awards were differentiated by performance and/or position in the pay range (particularly at PB1 level) and targeted at individuals whose salary needed to be re-positioned. In these departments most staff (excluding the 'Low' performance group) got a pay increase. Some money was kept aside for individual re-positioning. HM Treasury and DECC simply paid a flat cash rate to all 'Top' and 'Achieving' staff (the effect of which was to provide larger percentage awards to those lower down the pay range).

Non-consolidated performance related pay (NCPRP)

- There is no indication that departments have departed significantly from previous prescription on use of NCPRP. Departments are continuing to make awards to their “Top” 25% performers with caps on individual payments by pay band. There is some variation. DCLG is making a single flat rate payment to all pay bands. DfE is differentiating within their “Top” 25% performers by varying awards between exceptionally high performance and high performance.

- The NCPRP pot cash limit currently stands at 3.3% of paybill or around £12.4m. Overall departments have been spending around 2.5% or £9m (based on spend for 12/13 performance), although we expect this may increase following the removal of the ceiling on individual payments (up to £17,500 without Chief Secretary sign-off). Spend varies by department. For example, DfT has chosen this year to pay higher amounts to its top 25%, using up the full 3.3% of its paybill limit. Home Office, on the other hand, is making lower awards and spending just over 1%.

3. In addition:

- The Permanent Secretary Remuneration Committee used the 1 per cent average award available for Permanent Secretaries to provide flat rate increases for those in the top two performance groups and to address any pay anomalies.
- Since its introduction in April 2013 there have been 35 applications for Pivotal Role Allowance, of which 22 have been approved and 11 rejected (with two pending). Around £1m of the £1.4m pot remains unallocated, but the allowance is bedding in and the quality of business cases has improved. We have asked Heads of Professions to work more closely with HR Directors to identify suitable cases.

- Reformed terms and conditions for the SCS were implemented from 1 July 2013, as part of the general review of Civil Service terms and conditions launched in the Civil Service Reform Plan, to bring them into line with a good modern employer practice. New entrants to the SCS, as well as staff that are promoted into an SCS role, automatically move onto the new reformed set of terms and conditions.

- From 1 April 2014 pension contributions for the SCS increased by a further 0.6 per cent. In total SCS members are paying an additional 5.35 per cent towards their current pension. SCS members will pay at least 7.35 per cent when the new scheme is introduced in 2015.

- SCS pay is subject to two pay controls. The CST continued to sign off all remuneration packages of £142,500 and above (including any benefits) and any performance pay opportunity worth more than £17,500. Departments were also required to secure Cabinet Office approval where they wished to pay above the pay band maximum.

Section Two: SCS pay proposals for 2015/16

Context

1. The latest turnover rate for SCS is 13.1%, the lowest level in recent years. While the resignation rate remains low at 3.8%, it increased by 1% over the previous year. Inflation, tax and NI changes and the three-year pay freeze have led to SCS take-home pay being reduced by approximately 17% in real terms since 2009, making promotion to the SCS less attractive for experienced, talented people. Higher pension contributions have been a major factor. Terms and conditions have also been reformed.

2. It is difficult to categorically evidence the effect of this on motivation and discretionary effort, but it cannot be costless. Civil Service People Survey data shows that with a backdrop of pension reforms, tax changes, public criticism of the Civil Service and a general erosion of terms and conditions, pay is becoming an increasingly referenced source of discontent and disengagement for staff. Amongst SCS in London, the proportion of staff who reported they were satisfied with pay fell from 53% in 2009 to 32% in 2013, with the numbers looking to leave within 12 months increasing over the same period from 16% to 24%[1]. Yet the apparent impact on turnover and the resignation rate (paragraph 1 above – both relatively low) in particular is limited. More evidence is clearly needed to better understand what drive perceived unfairness and motivation in this context. We do know that of the 39 SCS resignations reported since April 2014, 13 (a third) cited pay as one of the reasons for leaving.

3. The SCS pay system has been largely untouched since 2002 with reform precluded by pay restraint. In 2013/14 and 2014/15 we have made best use of the money available by: raising minimum salaries; giving departments flexibility to address pay anomalies and make general awards with the 1% award; and by introducing a Pivotal Role Allowance to retain major project leaders and those with niche skills. Departments can also bring in people above the minima of pay ranges to reflect their particular skills and experience. Within the 3.3% non-consolidated cost control, departments can make performance awards of up to £17,500 without sign off from the Chief Secretary.

4. Nevertheless, there remains some concern about our ability to recruit key staff of the right calibre due to uncompetitive reward packages and that we may not be able to hold onto talented people as the economy improves. A number of challenges remain:

- Significant pay overlaps between delegated grades and SCS1 and across SCS pay bands.
- Externally appointed salaries well above those of internal appointees (not always with sufficient justification), creating a “two-tier” system.
- Long salary ranges with slow movement up the pay range for many staff at a time of pay restraint, exacerbating differences between internal and external hires.
- More women occupying the lower end of the pay scales, thus impacting further on gender disparity.

[1] Need to note that this survey question does not differentiate those looking to move departments, ie within the Civil Service

2015/16 pay proposals

5. The proposals set out below are focussed on 2015/16, the last year of the current 1% public sector pay policy. We are considering our longer term reward strategy, but this will be heavily influenced by public sector pay policy going forward.

6. For 2015/16 we propose to continue the strategy that has been in place since April 2013 with some further departmental discretion within current cost controls.

7. The proposal is:

- Using the 1% consolidated pay increase to finance:
  - ➢ Limited range shortening across Pay Bands 1,2 and 3 by raising pay band minima.
  - ➢ A framework for base pay increases that can be used for targeted salary repositioning reflecting the weight/challenge of role and general pay increases that take account of performance and other business needs.
- Using the 3.3% of paybilll non-consolidated element of SCS reward to finance:
  - ➢ Non-consolidated end–year performance awards to top 25% performers with some flexibility on the timing of payments within the current 3.3% of the SCS paybill cost limit;
  - ➢ The continued availability of a Pivotal Role Allowance to address recruitment and retention issues for the most business critical roles across government, within a financial limit of 0.5% of the corporate SCS pay bill; and
  - ➢ In line with the delegated arrangements, allowing base pay repositioning with up to 0.5% of the pot, on an exceptional basis, to address pay anomalies.

Increasing minimum salaries

8. In 2013/14 and 2014/15 we increased the SCS Pay Band 1 minimum by £2,000 in each year (and by £1,000 each year for Pay Bands 2 and 3). This has helped to reduce the overlap between delegated grades and the bottom of SCS Pay Band 1 (from 9,000 in 2013 to 7,000 in 2014). Nonetheless, a number of departments, particularly those where raising the minimum for Pay Band 1 has used up a large proportion of the 1% award, have requested greater flexibility to target the resource available. Hence we are proposing a smaller centrally prescribed increase at Pay Band 1, although we will recommend to departments that they continue to raise the minimum as much as possible to target the award at those lowest in the range.

9. With 0.01% of the average 1% consolidated award available, it is proposed to shorten the pay ranges for Pay Bands 1, 2 and 3 as set out in the table below:

Proposed pay ranges from 1 April 2015

Pay Band		Current	From April 2015
1	Minimum	£62,000	£63,000
	Maximum	£117,800	£117,800
1A	Minimum	£67,600	£67,600
	Maximum	£128,900	£128,900
2	Minimum	£85,000	£86,000
	Maximum	£162,500	£162,500
3	Minimum	£104,000	£105,000
	Maximum	£208,100	£208,100

10. The current Pay Band 1 pay range is 90% per cent long (compared to 102.4% in 2012 and 96.3% in 2013), Pay Band 2 range is 90.7% (compared to 96% in 2012 and 93.4% in 2013) and the Pay 3 range is 100% (compared to 105% in 2012 an 102% in 2013). This is the third year of a long term programme to shorten ranges by raising pay band minima. While it is limited action given the financial envelope available, it continues to signal the intention to address overlaps, 'leapfrogging' on promotion and any gender disparities.

11. Provisional 2014 data was used to estimate the costs of raising minima for all pay bands. This shows that 86 staff would be affected at Pay Band 1 level, 39 individuals at Pay Band 2 level, and zero at Pay Band 3 level. These pay range shortening proposals will benefit a higher proportion of women compared to men:

- At Pay Band 1 level, 45% of those benefiting from the range shortening are females. Since females are a smaller proportion of the total Pay Band 1 population, 3.5% of females and 2.8% of males within this Pay Band will benefit from the range shortening.
- At Pay Band 2 level, 9% of females will benefit from range shortening, compared to 4% of males.
- At Pay Band 3 there are no numbers affected by range shortening.
- We are not proposing any changes to the minimum salary of Pay Band 1A for the reasons set out in paragraph 22.

The SSRB is asked to endorse the Government's proposals to continue raising minimum salaries for SCS pay ranges 1, 2 and 3.

Flexibility for targeted pay repositioning and general awards based on performance and business need within the overall 1% pay policy.

12. With the remaining 0.99% of the 1% average consolidated award available, it is proposed that departments will be able to make awards of between 0% to 9% to their staff, taking account of performance, job weight and challenge of role. As in 2013/14 and 2014/15, staff in the bottom 10% performance group will not be eligible for a pay increase.

13. In 2014/15, departments used their flexibility and to target the award at higher performers and on those lower in the pay range (particularly at Pay Band 1 level) and to address pay anomalies. Departments value the current flexibilities to determine pay awards and believe that they are best placed to make decisions about how to recruit, retain and motivate their own senior cadre.

The SSRB is asked to endorse the overall framework for determining base pay awards.

Controls

14. These proposals will be subject to existing controls:

- Chief Secretary sign off process for all packages of £142,500 and above, performance awards of more than £17,500 and Pivotal Role Allowance applications (where Minister for the Cabinet Office sign off is also required).
- Cabinet Office approval to pay above maxima.

Introduce further flexibility on use of non-consolidated pot

15. When Permanent Secretaries considered SCS reward for 2015/16 there was consensus that departments should have some limited additional flexibility within current cost limits to address their own workforce needs.

16. Accordingly we are proposing new flexibilities on use of the 3.3% non-consolidated pot. These would enable departments to:

I. Use up to 0.5% (the limit allowed by HM Treasury for converting non-consolidated pay to consolidated pay) for targeted salary re-positioning. This flexibility is already available for delegated systems. This would only be allowed exceptionally and subject to central approval. It would be prominently flagged to departments that any non-consolidated money spent on permanent consolidated pay adjustments would permanently reduce the size of the non-consolidated performance pay pot.

II. Continue making end-year bonus to top 25% performers, but with some additional flexibility on timing so payments can be made at the mid-year point or other points to be determined. This would be particularly appropriate for project based roles with clear milestones. This will need to be carefully managed with a significant element of the pot held back for non-project based roles and moderation at the end-year point to ensure that no more than 25% of SCS received an award.

The SSRB is asked to endorse the additional flexibility within existing cost controls.

Performance Management

17. All reward decisions for the SCS continue to be underpinned by the sharpened SCS performance management system that has been in place since April 2011. The latest version can be found at:

https://www.gov.uk/government/collections/senior-civil-service-performance-management-and-reward

Recyclable savings

18. Given the unpredictable nature of calculating recyclables, the Government continues to believe that their use is inappropriate, particularly during a period of pay restraint.

Pay Band 1A

19. At a time when many organisations are de-layering their workforces, the Government does not believe that continued use of Pay Band 1A is appropriate, particularly when there is enough flexibility in the SCS pay system to recruit into Pay Bands 1 and 2. While departments should not recruit into Pay Band 1A, existing staff are unaffected and departments will be able to make pay awards in the same way as other SCS staff.

Permanent Secretaries

20. A robust framework for Permanent Secretary starting pay on appointment has been adopted since the last general election. The three tiered model is based on agreed rates of pay for posts, based on job size and complexity. This applies regardless of whether it is an internal promotion or an external appointment.

21. As for other members of the SCS, the highest performing (top 25%) Permanent Secretaries are eligible for a non-consolidated performance related payment. This is assessed by the Permanent Secretary Remuneration Committee (PSRC) which has an independent chair, external members and includes the Cabinet Secretary, the Chief Executive of the Civil Service and the Permanent Secretary to HM Treasury. 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. PSRC's recommendations for performance pay are approved by the Prime Minister.

22. Permanent Secretaries, like the SCS, are covered by the current public sector pay policy and the 1% average consolidated award for the next year. The PSRC will

take account of wider SCS pay policy and practice on the distribution of the consolidated pay award.

Staff motivation

23. SCS results from the 2014 People Survey, including views on pay and benefits and resources and workload, can be accessed at:

https://www.gov.uk/government/publications/civil-service-people-survey-2014-results

24. Some of the key headlines include:

- 98% of SCS are interested in their work (a +1 change from 2013).
- 93% of SCS say their work gives them a sense of personal accomplishment (a +1 change from 2013).
- 96% of SCS believe they have the skills to do their job effectively (a +1change from 2013).
- 60% of SCS think they have an acceptable workload (a +2 change from 2013)
- The overall score on pay and benefits remains low at 36%, but there has been a positive change of 2 points since 2013.
- Only 5% of staff want to leave their organisation as soon as possible (no change from 2013) and 13% want to leave their organisation within the next 12 months (a -1 change from 2013).
- 45% of SCS want to stay working for their organisation for at least the next three years (a -1 change from 2013).

Exit interviews

25. The Government accepted the SSRB recommendation from its last report to adopt a more mandatory approach to exit interviews. The Cabinet Office is collecting quantitative and qualitative data from exit interviews, focussing on resignations from the SCS.

26. Information collected between April and September indicates that of the 39 resignations reported, 13 stated that pay was one of the factors for them leaving. Other reasons given included career progression/different experience (eight gave this as a factor for leaving), joining other sectors and lack of promotion opportunities. Most of these resignations were at Pay Band 1 level. There was no pattern in the job role or specialism of those who resigned. Caution should be used in interpreting these figures, as there were a large number of resignations where no leaving reason was explicitly stated (14 of the 39 resignations did not give a reason).

27. Building on this we will ensure that exit interviews are conducted with greater rigour, that we gather more insightful information to establish whether resignations are regrettable losses, and that we have better information on the career background of leavers. As we review our reward arrangements it is important that we are able to quantitively evidence the impact that pay restraint is having on motivation and discretionary effort.

28. Separately we have conducted an analysis of leavers by performance in 2011/12. That has revealed that Top performers are less likely to resign than lower performing colleagues The headlines are:

- Top performers in 2011/12 were the least likely group to resign in 2012/13, with a resignation rate of just 2%.
- Low performers were more than 60 percent more likely to resign in 2012/13 than their top performing colleagues, 3.8% vs. 2.4%.
- Only 18% of resignations in 2012/13 were Top performers compared to 29% of those that remained in the SCS.
- Low performers were the most likely to leave compared to their higher performing colleagues.
- However, external top performers have a higher resignation rate than low performing external colleagues (5% vs. 4%). But caution is advised as the 5% resignation rate is based on just 9 external resignations of top performers.

ANNEX A – ECONOMIC CONTEXT AND OUTLOOK FOR THE ECONOMY

Economic context and outlook for the economy

The Government's economic strategy set out in the June Budget 2010 is designed to protect the economy through the period of global uncertainty and support the process of recovery. This strategy is restoring the public finances to a sustainable path and the deficit is forecast to be halved by the end of 2014-15. The UK is seen as a relative safe haven, with low market interest rates helping keep interest payments lower for households, businesses and the taxpayer. This strategy has helped the Government equip the UK to compete in the global race.

UK economy is now on the path of recovery with positive growth since the second quarter of 2013. The UK economy grew by 0.8 per cent in each quarter of 2014 and the Office for Budget Responsibility (OBR) forecast the UK economy to grow by 2.7 per cent in 2014.

The Government remains committed to reducing the deficit and addressing the permanent structural deterioration in the public finances caused by the lasting impact of the financial crisis. Implementation of the fiscal consolidation plans is well underway. By the end of 2013-14, around 70 per cent of the annual fiscal consolidation planned for the Spending Review 2010 period had been achieved, with around 65 per cent of the spending and all of the tax consolidation in place. 80 per cent of the total consolidation in 2015-16 is expected to be delivered through lower spending.

While a significant amount of fiscal consolidation has already been achieved, the deficit and debt remain at unsustainable levels. The public sector net debt is forecast to continue to rise this year and reach its peak in 2015-16. Despite the positive economic growth significant risks remain to the structural position of the public finances. These include risks from external economic shocks (including ongoing weakness in the Euro area, financial instability in the emerging markets, situation in Russia and Ukraine) and weak receipts growth due to slow earnings growth (affected by low pick up in productivity as well as shift in employment pattern towards more self-employed).

The OBR forecast inflation of 1.9 per cent in 2014 and 2.0 per cent in 2015 and forecast it to continue to remain at target in 2016. The Bank of England's latest inflation forecast, published in the August Inflation Report is little changed compared to the May report. The Monetary Policy Committee (MPC) expect inflation to be about 1.8 per cent from fourth quarter of 2014 onwards.

Labour market figures continued to strengthen in the first half of 2014. The OBR expects employment to continue to rise over the forecast period although with slower growth than that seen over 2013. Unemployment rate has fallen by 0.9 percentage points since the end of 2013, and is now 6.4 per cent down from the peak of 8.4 per cent in the final quarter of 2011. Wage growth remains weak with regular pay growth slowing to 0.6 per cent in the second quarter of 2014 compared to the same period last year. While private sector pay growth has recovered somewhat from its large decline in 2009, it is growing at only about 1-2 per cent p.a. compared with the pre- recession trend of about 4 per cent p.a.

Public sector pay restraint has been a key part of the fiscal consolidation so far. Budget 2013 announced that public sector pay awards in 2015/16 will be limited to an average of up to 1 per cent.

Growth

The UK has been hit by the most damaging financial crisis in generations and the government inherited the largest deficit since the Second World War. The government's long-term economic plan has protected the economy through a period of uncertainty, and provided the foundations for the UK's economic recovery which is now well established.

The government's long-term economic plan is restoring the public finances to a sustainable path. The deficit has fallen by over a third as a percentage of GDP since 2009-10 and is forecast to have halved by the end of 2014-15. The government's plan has ensured economic stability and provided the foundations for the recovery. In order to safeguard the economy in the long term, the government continues to take decisive action through monetary activism and credit easing; deficit reduction; reform of the financial system; and a comprehensive package of structural reforms.

UK GDP growth has been positive since the second quarter of 2013 and growth has exceeded forecasts. The UK economy grew by 0.8 per cent in the second quarter of 2014, following 0.8 per cent growth in the first quarter. The level of UK GDP has surpassed its pre-recession peak for the first time in the second quarter of 2014. The recovery is also balanced across all the main sectors of the economy, with manufacturing, services and construction all growing by over 3 per cent in the second quarter on a year earlier.

Reflecting this increased momentum, the Office for Budget Responsibility's (OBR) Budget 2014 forecast revised up UK GDP growth in 2014 to 2.7% compared to 2.4% from the Autumn Statement 2013 forecast. GDP growth in 2015 was revised up to 2.3% from 2.2%.

However, external risks remain, reinforcing the case for stability in the government's long term economic plan. These include slowing growth and financial instability in some emerging markets, and ongoing weakness in the euro area. The situation in Russia and Ukraine is a new risk, and further deterioration is likely to have some impact on the UK. Abandoning the government's long-term economic plan and the path of fiscal credibility would represent the most significant risk to the recovery.

The Government is delivering ambitious structural reforms to enable the UK to compete in a rapidly changing global economy. These reforms are a key part of the Government's economic strategy, alongside fiscal consolidation, monetary activism, and reform of the financial system. To help equip the UK to succeed in the global race the government is implementing the most radical programme of economic reform in a generation. These reforms include making the tax system more competitive, equipping the UK's young people for the future, reforming the welfare system, increasing the income tax personal allowance and delivering improvements in the UK's infrastructure.

Table 1A: Forecasts for GDP growth 2014 to 2016

Forecasts for GDP growth (per cent)	2014	2015	2016

OBR (March Budget 2014)	2.7	2.3	2.6
IMF WEO (July 2014 update)	3.2	2.7	2.4
Avg. of independent forecasters (August 2014)	3.1	2.6	2.4

Inflation

Inflation has fallen significantly since its peak in September 2011. CPI inflation peaked at 5.2 per cent in September 2011 but fell back in 2012 as past rises in commodity and energy prices and VAT dropped out of the twelve month comparison. Inflation has been below the 2.0% target for the last seven months and over the second quarter of 2014 was 1.7 per cent.

Compared to the Bank of England's May 2014 Inflation Report, the outlook for inflation in the August report is largely unchanged. In the central case, inflation falls back a little in the near term as the appreciation of sterling bears down on import prices and, in turn, prices in the shops. The Bank of England expects inflation to remain around 1.8 per cent from Q4 2014 onwards.

The OBR expects the rate of inflation to remain close to the 2.0% target for the rest of 2014, before settling at target in the second half of 2015. The OBR states in its March 2014 Economic and fiscal outlook that "anchored expectations are assumed to help keep inflation around target".

Table 2A: Forecasts for CPI Inflation 2014 to 2016

Forecasts for CPI Inflation (per cent change on a year earlier)	**2014**	**2015**	**2016**
OBR (March Budget 2014)	1.9	2.0	2.0
IMF WEO (April 2014)	1.9	1.9	1.9
Avg. of independent forecasters* (August 2014)	1.7	2.1	2.1

***Fourth quarter**

Affordability

The Government inherited the largest deficit in post-war history due to the financial crisis and unsustainable pre-crisis increases in public spending. The historically high level of borrowing risked undermining fairness, growth and economic stability in the UK. In 2010 the Government set out clear, credible and specific medium-term fiscal consolidation plans to return the public finances to a sustainable path.

The Government's fiscal strategy has been effective in providing protection against a challenging backdrop of global uncertainty and fiscal vulnerabilities. This has restored fiscal credibility, and allowed activist monetary policy and the automatic stabilisers to support the economy through the headwinds it faced in 2011 and 2012, consistent with the approach recommended by international organisations.

The Government remains committed to reducing the deficit and addressing the permanent structural deterioration in the public finances caused by the lasting impact of the financial crisis. Substantial progress has been made, and the deficit has fallen by more than a third as a percentage of GDP since its peak (from 11.0% in 2009-10, to 6.5% of GDP in 2013-14). By the end of 2013-14, around 70% of the annual consolidation planned for this parliament had been achieved, with around 65% of the spending and all of the tax consolidation in place. 80% of the total consolidation in 2015-16 will be delivered by lower spending.

The improved economic outlook supports the public finances, with the 'underlying deficit' now expected to be around £95 billion lower over the forecast period than forecast at Budget 2013. However, although the structural deficit continues to fall year on year, the OBR judges that it has not been improved by stronger economic growth over the past year, which the OBR has judged represents an improvement in the economic outlook rather than than an improvement in the economy's growth potential. Substantial risks remain to the structural position of the public finances. These risks include external economic shocks, such as those set out in paragraph A5, public spending pressures and weak receipts growth driven by disappointing earnings growth. Therefore, the balance of fiscal risks argues strongly for sticking to the government's long-term economic plan.

The deficit and debt remain at unsustainable levels. This year, the deficit is forecast to be £95.5 billion (5.5% of GDP), and public sector net debt is forecast to continue to rise to peak at 77.3% of GDP next year (2015-16), at which point the government is forecast to be spending around £59 billion on servicing its public debt – more than is planned to be spent on the Department for Education. With the deficit and debt still at these unsustainable levels, deviating from the long-term economic plan as set out in 2010 would be the biggest risk to the recovery. Maintaining a clear and credible path of deficit reduction, which is based on continued public sector spending control and public sector pay restraint, is essential to ensuring market confidence in the government's ability to get the public finances back to a sustainable position.

The international fiscal context argues strongly in favour of maintaining a credible pace of deficit reduction. Despite significant progress since 2010, the European Commission forecasts that this year the UK will have the third largest deficit and the largest structural deficit in the European Union. Given this context, maintaining the current clear and credible path of deficit reduction is necessary in order to maintain the confidence of international bond markets.

The implication of fiscal consolidation for departmental spending levels can be seen in table 3A below, which shows resource DEL budgets for each department from the Public Expenditure Statistical Analyses 2013. An estimated £164.3 billion in 2013-14 was spent on public sector pay, around 50% of departmental resource spending.

Table 3A: Departmental Expenditure Limits

Table 2.4: Departmental Expenditure Limits

	£ billion		
	Estimate	Plans	
	2013-14	2014-15	2015-16
Departmental programme and administration budgets (Resource DEL excluding depreciation)[1]			
Education	51.7	53.5	53.5
NHS (Health)[2]	105.6	108.3	110.4
Transport	3.8	4.0	3.2
CLG Communities	2.0	2.5	1.1
CLG Local Government	16.6	13.8	12.1
Business, Innovation and Skills	14.8	13.8	13.2
Home Office	10.7	10.4	9.8
Justice	7.4	6.7	6.2
Law Officers' Departments	0.6	0.5	0.5
Defence[3]	27.1	25.3	23.6
Foreign and Commonwealth Office	2.0	1.5	1.1
International Development	8.1	8.3	8.5
Energy and Climate Change	1.2	1.5	1.3
Environment, Food and Rural Affairs	1.8	1.8	1.6
Culture, Media and Sport	1.1	1.2	1.1
Work and Pensions	7.2	7.8	6.2
Scotland	25.5	25.8	25.8
Wales	13.9	13.7	13.7
Northern Ireland	9.7	9.7	9.7
Chancellor's Departments	3.2	3.6	3.3
Cabinet Office	2.2	2.3	2.0
Small and Independent Bodies	1.5	1.9	1.6
Reserve	0.0	2.4	2.5
Special Reserve	0.0	0.6	1.0
Adjustment for Budget Exchange[4]	0.0	-2.2	0.0
Spending commitments not yet in budgets	0.0	0.0	0.9
Total Resource DEL excluding depreciation plans	**317.8**	**318.7**	**313.9**

Source: ***HM Treasury, March 2014***

Labour market

Headline labour market figures continued to strengthen in the first half of 2014. Employment has risen by 451,000 since the end of 2013 bringing the employment level to 30.6m. The employment rate rose 0.9 percentage points to 73.0 over the the same period, in-line with its pre-recession peak. The OBR expects employment to continue to rise over the forecast period, but at a slower pace than the increase over 2013. Unemployment fell by 264,000 over the first half of 2014 and is down 437,000 over the year. The unemployment rate has fallen by 0.9 percentage points since the end of 2013, by 1.4 percentage points compared to the same period last year and down from the peak of 8.4% in the final quarter of 2011. At 6.4% the unemployment rate is 0.4 percentage points lower than forecast than the OBR forecast at budget.

In the second quarter of 2014, the overall LFS employment level was 1.03 million above its pre-recession peak in the three months to May 2008. The number of vacancies increased by 119,000 over the year to 656,000 in the three months to July 2014, and is at its highest level since the three months to May 2008.

However, while employment growth remains robust and unemployment is falling wage growth remains weak. Regular pay growth (excluding bonuses) in the second quarter of 2014 slowed to 0.6% on the year.

Employment and unemployment

The increase in the level of employment of 820,000 over the year to the second quarter of 2014 continues to see employment grow strongly and outpace forecasts for the OBR.

Employment over the last year increased faster in the UK than in any other G7 country. The composition of the labour market has also changed over the last year with an increase in the share of total employment accounted for by self-employment, to 15 per cent from 14 per cent a year earlier. The composition of the labour market can have important implications for tax receipts with the self-employed typically paying less tax than employees.

The ILO unemployment rate, which rose from a low of 5.2% in the first quarter of 2008 to peak at 8.4% (2.66m people) in the final quarter of 2011, has subsequently fallen to 6.4% in the second quarter of 2014. Unemployment is down 437,000 on the year, the fastest annual decline since 1988.

Long term unemployment (unemployment of 12 months or more) stands at 738,000 in the second quarter of 2014, down by 171,000 over the year. Long-term unemployment now accounts for 35.5% of total unemployment, a reduction of 0.6 percentage points on the year.

Working age inactivity (16-64) was down by 130,000 over the year with the inactivity rate falling by 0.4 percentage points to 21.9 percent. The fall in activity has been driven by a decline in female inactivity which is down 93,000.

Youth unemployment (16-24) fell by 102,000 in the second quarter of 2014 and down 206,000 on the year,the fastest decrease since records began. The youth unemployment rate stands at 16.9%, down 2.1 percentage points on the year. Excluding people in full-time education (FTE), there were 502,000 unemployed 16-24 year olds, with a corresponding unemployment rate of 14.5 per cent.

The claimant count (the number of people claiming Jobseeker's Allowance) has fallen for twenty-one consecutive months and is down 420,000 in the year to July 2014, the fastest annual decline since December 1973. Table 4 summarises these statistics:

Table 4A: Labour market statistics summary (Levels in 000s, rates in %)*

	2010	2011	2012	2013	2014 Q2
Employment level **(All aged 16 and over)**	29,019	29,166	29,519	29,896	30,597
Employment rate **(All aged 16-64)**	70.5	70.5	71.1	71.7	73.0
Unemployment level **(All aged 16 and over)**	2,476	2.564	2,548	2,460	2,077
Unemployment rate **(All aged 16 and over)**	7.8	8.1	7.9	7.6	6.4
Youth unemployment level	932	985	992	954	767

(All aged 16-24)					
Youth unemployment rate **(All aged 16-24)**	19.8	21.1	21.2	20.8	16.9%
Claimant Count	1,496	1,534	1,585	1,421	1,008**

* The latest public and private sector employment figures available are for the first quarter of 2014. These show that private sector employment rose by 355,000 on the quarter and was up by 795,000 over the year. This more than offset the fall in public sector employment which decreased by 11,000 on the quarter and by 16,000 over the year. This takes into account of major reclassifications where large bodies employing large number of people have moved between the public and private sectos.

** Latest monthly data used (July 2014)

Public and private sector earnings

Earnings growth in the private sector continues to be weak and over the period since 2008 average earnings growth in the public sector has generally exceeded that in the private sector. While private sector pay growth has improved since 2009 (about 1-2 per cent p.a.) we are yet to a return to growth rates seen before the recession (about 4 per cent p.a.). Even after controlling for individual characteristics IFS study finds that the pay differential between public and private sector workers still continues to be in favour of the former and above the pre-recession trend.

Average total pay growth (including bonuses) decreased by 0.2% in the three months to June 2014 compared to the same three month period in 2013, the first time the rate has been negative since May 2009. This was mainly due to an unusually high growth rate in April 2013 as some employers who usually paid bonuses in March paid them in April last year to benefit from the lowering of the tax rate in April 2013. Regular pay growth (excluding bonuses) rose by 0.6% over the same period. Inflation as measured by the Consumer Price Index increased by 1.9% on the year to June, meaning that real pay growth continued to be negative over this period.

Average total private sector pay has recovered somewhat from its large decline in 2009 but remains mostly weak, growing by just 2.0% in 2010 and 2.6% in 2011, compared to above 4% prior to the recession. Private sector pay growth weakened to 1.4% in 2012 and 2013. Total private sector pay strengthened in the first quarter of 2014 and grew by 2% but decreased to -0.1% in the second quarter of the year.

Public sector (excluding financial services) average regular pay was 2.3% in 2010 and 1.8% in 2011. While this recovered slightly in the middle of 2012, growing by 2.3% in the third quarter of 2012, it weakened towards the end of the year and continued to weaken in 2013 growing by 0.9%. Pay in 2014 has picked up slightly, reaching 1.5% in Q1 before falling to 1.2% in Q2.

The sharp drop in bonuses for the whole economy seen in 2009 put more downward pressure on total pay (pay including bonuses). While there were some tentative increases in the levels during 2010 and 2011, it has remained mostly subdued. Whole economy bonus pay growth has seen large fluctuations during 2013 with a fall of 4.9% in March 2013 but an extremely large single month increase in April 2013 of 44.7%

corresponding to the shift in the timing of annual bonus payments. The base effects of the shifting of bonus payments meant that bonus payments were particularly weak in the second quarter of 2014, down -10.8%. This has been a large drag on private sector pay in particular.

Table 5 sets out the differences in regular and total pay growth across years in the public and private sector.

Table 5A: regular pay (excluding bonuses) and total pay growth[2]

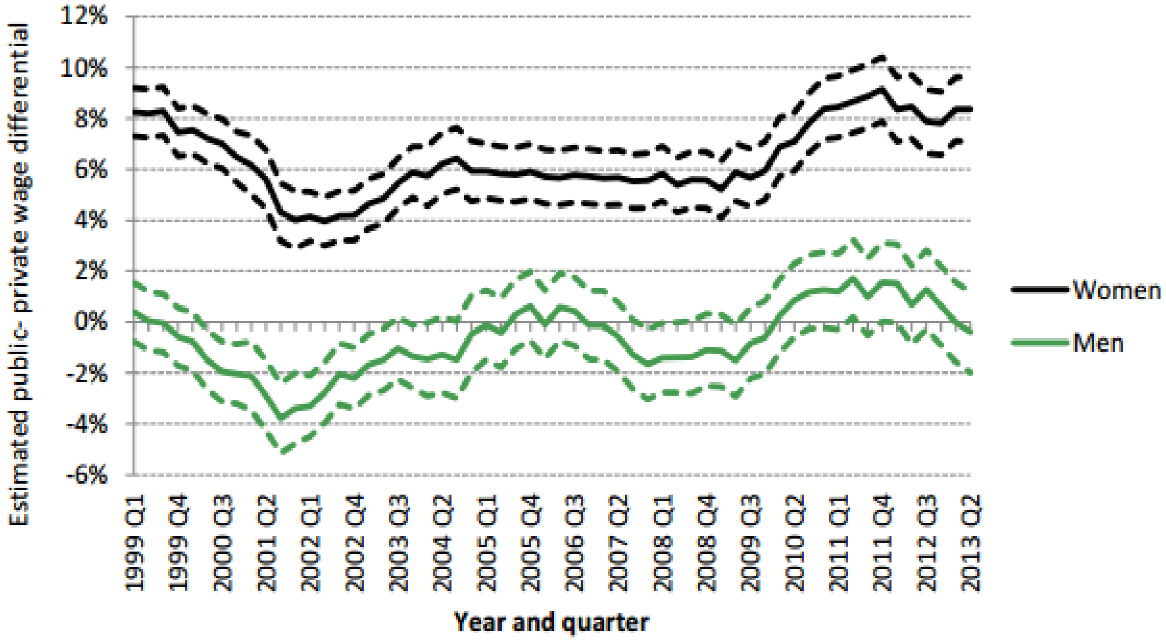
	Total Pay, annual growth			Regular pay, annual growth		
	All	**Private**	**Public[3]**	**All**	**Private**	**Public[2]**
2009	-0.1%	-0.9%	2.8%	1.7%	1.2%	3.0%
2010	2.4%	2.0%	2.2%	1.9%	1.5%	2.3%
2011	2.5%	2.6%	1.5%	2.0%	2.0%	1.8%
2012	1.4%	1.4%	1.7%	1.6%	1.8%	1.6%
2013	1.2%	1.4%	0.8%	1.0%	1.1%	0.9%
2014 Q2	-0.2%	-0.1%	0.9%	0.7%	0.9%	1.2%

Since the introduction of the pay freeze and the policy of pay restraint, average earnings in the public sector (as measured by the ONS) continue to display positive growth for a number of reasons: the provision of £250 to those earning £21,000 or less during the two years of pay freeze, the fact that some three year pay deals only ended in September 2011, and an upwards pay drift due to continued constrained recruitment.

In addition the public-private sector pay differential based on average hourly earnings controlling for worker characteristics, as published in the IFS report (December 2013) shows that the public sector premium still remains above its pre-recession level.

Figure 1: Public-private hourly pay differential controlling for individual characteristics, IFS (December 2013)

[2] Source: ONS, AWE; HMT calculations annual percentage change for quarter one.
[3] Public sector pay excluding financial services



Public sector pensions

When considering changes to remuneration, it is important to consider the overall value of the public sector reward package. As set out above, pay in the public sector continues to be above that of the private sector on average. However, there are many reasons aside from pay that may drive an individual's decision as to whether they will work in the public or private sector.

One major factor in the overall reward package is pension provision. In the last few decades pension provision in the public and private sectors has diverged, in response to pressures around longevity, changes in the business environment and investment risk. This has led to a sharp decrease in the provision of defined benefit schemes in the private sector. Around 85% of public sector employees are members of employer-sponsored pension schemes, compared to only 35% in the private sector.

Following a fundamental review of public service pension provision by the Independent Public Service Pensions Commission, the Government is introducing key changes to the pension element of the remuneration package. New public service pension schemes will be introduced in April 2015, which will:

- calculate pension entitlement using the average earnings of a member over their career , rather than their salary at or near to retirement;
- calculate pension benefits based on Normal Pension Age linked to the member's State Pension Age; and
- include an employer cost cap mechanism,which will ensure that the risks associated with pension provision are shared with scheme members to provide backstop protection for the taxpayer.

The changes being introduced through the Public Service Pensions Act 2013 will save an estimated £65 billion by 2061-62.

Wider changes to public service pension provision have also taken place. Progressive increases in the amount that members contribute towards their public service pension began in April 2012 and were phased in over three years, with the final increases made in April 2014. Members are now contributing an average of 3.2 percentage points more. This will deliver £2.8 billion of savings a year by 2014-15.

Protections from the impact of the contribution changes have been put in place for the lowest paid. Those earning less than £15,000 will see no increases; and those earning up to £21,000 (£26,000 for Teachers) will not see increases of more than 1.5 percentage points by 2014-15.

Public service pensions will remain among the best available and will continue to offer members guaranteed, index-linked benefits in retirement that are protected against inflation. Private sector workers buying benefits in the market would have to contribute over a third of their salary each year to buy an equivalent pension.

Putting together the evidence on pension provision and pay levels – and recognising that there will be significant variation between and within individual workforces – the overall remuneration of public sector employees is above that of the market. The Government is therefore clear that any changes to public service pensions, including the progressive increase in contributions from 2012-13, do not justify upward pressure on pay.

ANNEX B - APPLICATION OF 2014/15 PAY AWARD BY DEPARTMENTS

Department	Base pay award	NCPRP (for 13/14 performance) to 'Top' performers
Business, Innovation and Skills	Base pay awards were differentiated depending on position on the pay range (staff in the upper quartile or the bottom 10% or performers did not receive a base award). Some cash (about £30k) has been set aside to address anomalies	SCS1 - £14,000 SCS2 - £12,000 SCS3 - £10,000
Cabinet Office	CO targeted pay award to Top performers who are in the bottom half of the pay band. CO also paid a small consolidated gesture towards the cost of living to staff assessed as Achieving whose salaries are below the mid-point of the pay band, to recognise the fact that a number of individuals have not had a pay increase since the SCS entered the pay freeze. Anyone who has been substantively or temporarily promoted in the last 12 months was not eligible for the pay award	SCS 1 - £10,000 SCS 2 - £12,500 SCS 3 - £15,000
Department for Communities and Local Government	Adopted a tiered approach which gives 1.5% increases to the lower paid SCS, 1% increases to the middle paid and 0.5% increases to the highest paid – as that option allows DCLG to go the furthest in dealing with the DD/G6 overlap.	Flat rate payments of £9,500
Department of Culture, Media and Sport	SCS above the Median for their Grade and assessed as top 25% were awarded a 1% consolidated increase. SCS below the Median for their Grade and assessed as either Achieving or	SCS 1 - £10,000 SCS 2 - £12,500

	Top were awarded a 1% consolidated increase. If they were assessed as Top performers they were offered an additional 1% consolidated increase.	
Department for Energy and Climate Change	Paid flat cash amounts by Pay Band. Increases have been paid in addition to the increases to the minimums ensuring that those lower down the scale receive the largest percentage increase in pay	SCS 1 - £10,000 SCS2 - £12,500 SCS3 - £15,000
Department for Environment, Food and Rural Affairs	Base pay awards were based on a matrix approach with higher awards for top performers and those below the Whitehall median. There were no base pay awards for "Low" performers and those with salaries above the old Cabinet Office referral points	SCS 1 - £11,000 SCS 2 - £13,000 SCS 3 - £15,000
Department for Education	Base pay awards were differentiated by performance and position within the payband with higher consolidated awards for top performers and those at the lower end of the payband. Individual repositioning proposals were based on performance and position in the payband relative to the band median	SCS1 – top 10% - £12,500 next 15% - £10,000 SCS 2 – top 10% - £15,000 next 15% - £12,000
Department for Transport	Pay award was differentiated depending on position on the pay range. Those in the bottom quartile receive more than those in the 2nd quartile and so on, whilst those in the upper quartile will receive no pay base pay increase. Base pay awards not differentiated on performance but those in bottom 10% are not eligible for an award.	Utilising the full 3.3% pot this year by increasing size of awards: SCS1 - £14,500 SCS2 - £16,000 SCS3 - £17,500

Department of Health	DH strategy is to address the issue of 'lower pay' within the SCS pay bands and overlap with delegated grades pay scales and disparity between salaries of members of staff undertaking similar roles. Consolidated increases of £1,000 only paid to those below set 'break points' for PB1 and PB2 and £1,400 for PB3. Those staff whose salary is higher than the break point will not receive a consolidated payment this year (equating to between 1/4 and 1/3 of the SCS). Some money set aside for repositioning, particularly in respect of individuals relatively low in their respective pay scale, with at least two years exceptional performance (including 2013/14). This only impacted on a very small number of individuals (15).	SCS 1 - £10,000 SCS 2 - £12,500 SCS 3 - £15,000
Department for Work and Pensions	Targeted increases to those in PB1 and PB2 towards the bottom of salary ranges taking into account performance markings. This is a continuation of the targeted approach the department introduced in 2013 designed to address the Grade 6 overlap with the lowest paid SCS, the recruitment and retention of key skills and to provide an element of reward for high performers on lower pay. With a small number in this lower range DWP also made flat rate awards to those not benefiting from the targeted approach and not in the bottom 10%. A small number of pay anomalies were addressed; individual awards were limited to 9%.	SCS1 - £10,000 SCS2 - £12,500 SCS3 - £15,000 Some variation above these caps in a small number of instances, but all below £17,500.
Foreign and Commonwealth Office	Paid 1% of the median to Top group and 0.5% of the median for Achieving. Raised the band minima had a significant impact on the funds available.	SCS1 - £9,695

		SCS2 - £11,360 SCS3 - £13.650
Home Office	Adopted a targeted approach based both on performance and position in pay scale (relative to the median point). All Top and Achieving staff got an award.	SCS 1- £5,500 SCS 2 - £7,500 SCS 3 - £10,500
HM Revenue and Customs	HMRC used the median as the cut off rate. Final awards below median: Top £2500 (SCS1), £3000 (SCS2); Achieving £1100 (SCS1), £2000 (SCS2), plus targeting for critical pay anomalies. Awards not paid to those on or above the median.	SCS1 - £9,500 SCS2 - £12,500 SCS3 - £17,000
HM Treasury	HMT paid flat cash amounts so that performers at the lower end of the pay scale receive a larger percentage pay award	SCS1 - £9,750 SCS2 - £12,250
Ministry of Defence	Used a variable pay model so higher performers at the bottom of the pay scale receive a larger percentage pay award. Not targeting specific individuals.	SCS1 - £7,200 SCS2 - £9,300 SCS3 - £13,500
Ministry of Justice	Awards were differentiated by performance (for those staff not benefiting from a higher award through uplift to new pay band minima); base pay uplifts proposed at rates of 'Top' - £700 and 'Achieving' - £500. Budget created (within 1% cap) for further targeted positioning at an individual level (estimated at c£18.5k; should allow action on c. 5-10 cases. tbc by Ex-Co Workforce).	SCS 1 - £10,000 SCS2 - £12,500 SCS 3 - £15,000

ANNEX C: SCS KEY FACTS (APRIL 2013 DATA UNLESS OTHERWISE STATED)

General

SCS numbers (as at October 2013) stand at 3,767 – an increase of 4% since 2012, and an overall reduction of 13% since 2010.

Composition by Pay Band is:

74% at SCS1 level
3% at SCS 1A level
19% at SCS 2 level
4% at SCS 3 level

The SCS pay bill is £394.7 million - a reduction of 6.8% since 2012, and an overall reduction of 18.5% since 2010.

69% of the SCS is located in London and the South East.

Current turnover is 13.1%. The resignation rate is 3.8%.

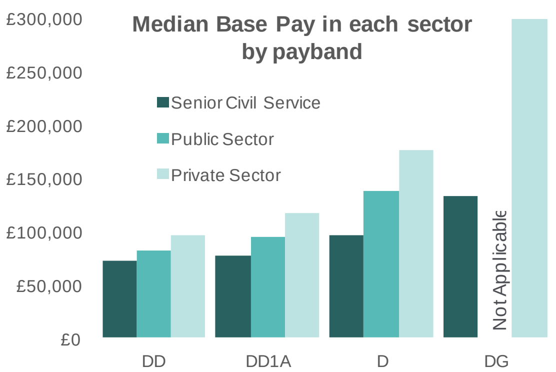
Base pay

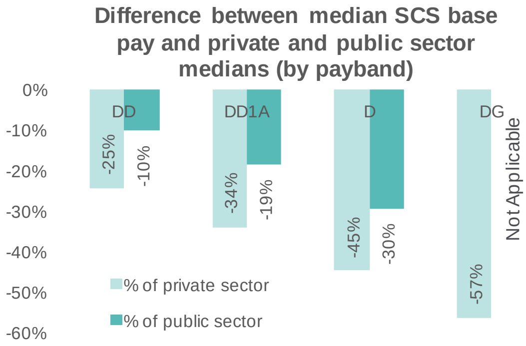
The overall median SCS salary is £76,900.

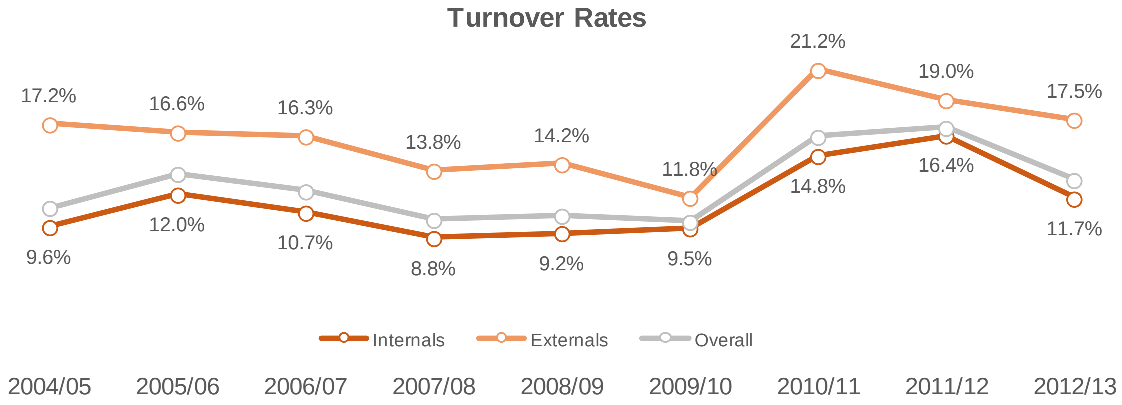
The median salaries by each SCS level are:

SCS level	Median salary
1	£73,000
1A	£77,200
2	£96,900
3	£132,500

Pay is behind other sector comparators and the differential is larger for the most senior posts. The gap widens when total remuneration (bonuses and benefits) is taken into account.

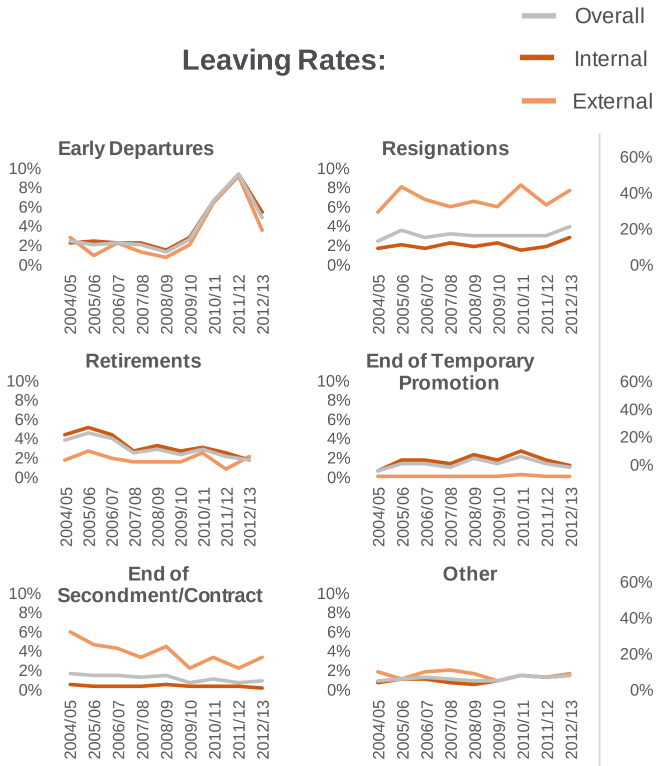


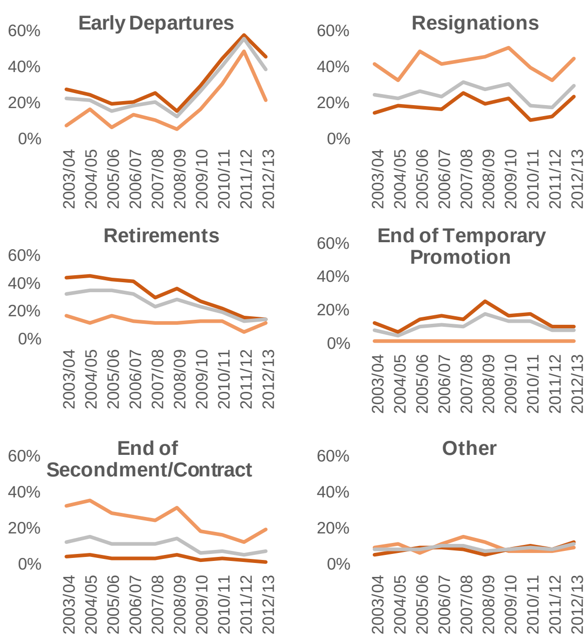




Leaving Rates:

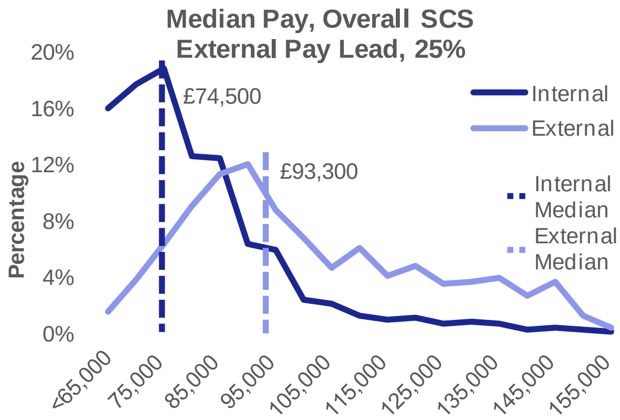
Composition of Leavers:

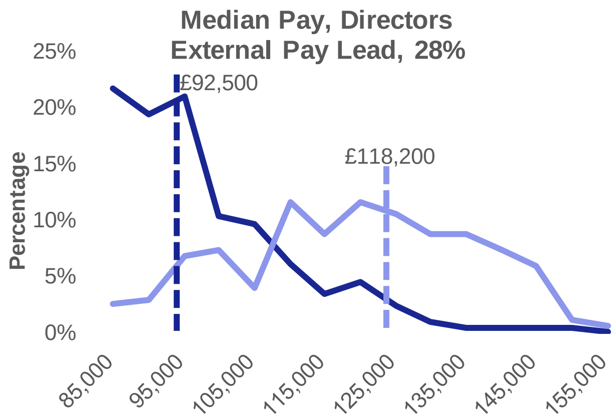


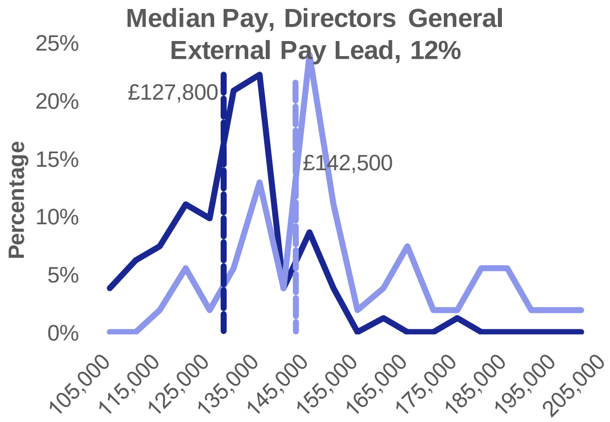


Starting salaries

There are significant differences between external and internal recruits' starting salaries



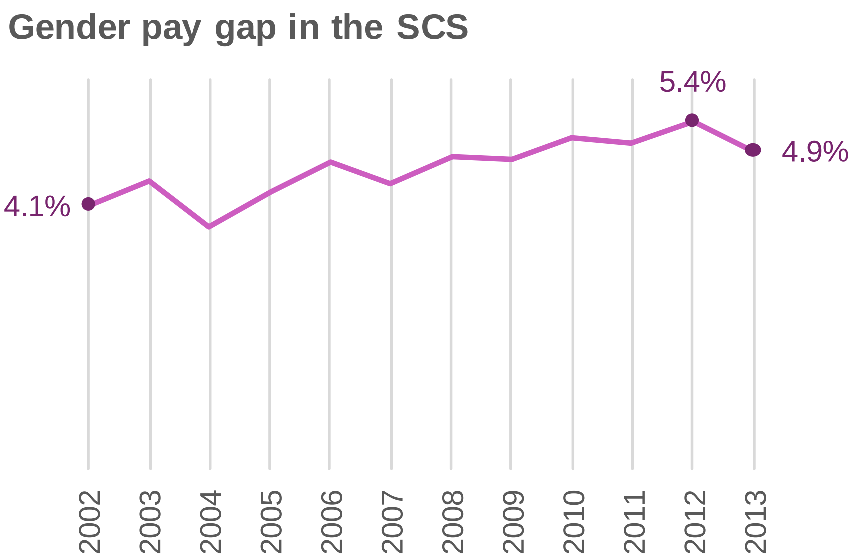




- The difference between external and internal recruits' starting salaries has created a 'dual market' issue
- The pay distribution of external SCS lies to the right of the pay distribution of internal SCS for every grade

Gender

The overall gender pay gap is 4.9% in favour of men, compared to 5.4% in 2012. This compares to the current gap for full-time employees of 19.2% in the private sector and 10.0% across the economy as a whole.



Non-consolidated performance related pay (NCPRP)

Eligibility to NCPRP is limited to the top 25% SCS performers.

Individual NCPRP awards were capped for 2012/13 performance:

SCS level	1	2	3	Permanent Secretaries
Max NCPRP	£10,000	£12,500	£15,000	£17,500

These limits were removed for the 2013/14 performance year, payable in 2014/15

The cost envelope for NCPRP is 3.3% of SCS pay bill. Actual spend in 2013-13 was around 2.5%.

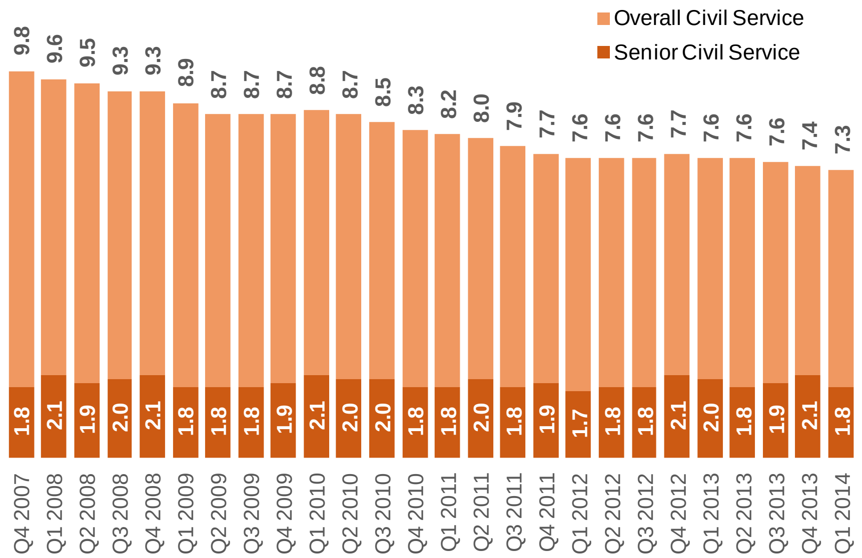
Average (median) NCPRP payments in 2012-13 were:

SCS level	Total
1	£8,948
1A	£9,115
2	£10,812
3	£12,775
Total	£9,627

Sickness

The sickness absence level for the SCS is 1.8 days lost, small decrease on last year's 2 days lost. This compares with 7.3 days lost for the whole Civil Service.

Sickness Absence in the Civil Service and Senior Civil Service, Q3 2007 to Q1 2014



ANNEX D: FAST STREAM DEVELOPMENT PROGRAMME

This annex summarises Fast Stream recruitment from the 2013 open competitions. A fuller account is available in the Fast Stream Annual Report at:

https://www.gov.uk/government/publications/civil-service-fast-stream-report

Vacancies, applications and appointments

In 2013 the total number of Fast Stream vacancies was 782 (649 in 2012). The total number of applications was 17,966 (21,542 in 2012).

The following table shows intake into each Fast Stream scheme in 2013.

		Applications	Vacancies	Recommended for appointment	Vacancies filled (%) in 2013	Vacancies filled (%) in 2012
Graduate Fast Stream	*Central Depts*	**8,978**	**237**	**311**	**100**	**100**
	Diplomatic Service	**1,430**	**32**	**29**	**91**	**100**
	Science and Engineering	**170**	**10**	**11**	**100**	**100**
	Houses of Parliament	**394**	**6**	**6**	**100**	**100**
Analytical Fast Stream	*Economists*	**1,079**	**217**	**226**	**100**	**70**
	Statisticians	**247**	**40**	**47**	**100**	**49**
	Social Researchers	**240**	**39**	**43**	**100**	**100**
	Operational Researchers	**253**	**30**	**23**	**77**	**77**
European Fast Stream		**2,041**	**18**	**19**	**100**	**100**
Technology in Business Fast Stream		**743**	**58**	**49**	**84**	**88**
HR Fast Stream		**909**	**80**	**82**	**100**	**100**

Northern Ireland Fast Stream		**1,482**	**15**	**18**	**100**	**100**
TOTAL		**17,966**	**782**	**864**	**N/A - the total number of vacancies filled does not reflect differences between schemes**	

There was also an In-Service Fast Stream competition for serving civil servants, which attracted 42 candidates, 18 of them successful.

The selection process

The selection process begins with an unsupervised online stage, which consists of a compulsory self assessment. This is followed by verbal and numerical cognitive tests and a competency questionnaire. Candidates who achieve a regulated cut off score are invited to attend a supervised electronic assessment known as the e-Tray. The e-Tray consists of an assessment simulating the work of a Fast Streamer, as well as a validation of the previous online stage. Candidates who achieve a regulated cut off score in the e-Tray are invited to a one day assessment centre.

Fast Stream leavers

Figures from the 2013 Fast Stream data collection indicate that 274 Fast Streamers left the Civil Service (while still a Fast Streamer) between 2005 and 2012, equivalent to 8.1 per cent of all Fast Stream entrants over the period. Turnover for the year 2012-13 was 2.9%, down from 4.8% in the previous year. Reasons for leaving include changes of profession, transfers within the wider public sector and other career development moves.

ANNEX D: EXISTING BASE OF PERMANENT SECRETARIES (IN £5K BANDS) AS AT OCTOBER 2014

Band £	Number in Band	Office Holder
235,000 – 240,000	-	
230,000 – 235,999	-	
225,000 – 229,999	-	
220,000 - 224,999	1	Chief Defence Materiel - Ministry of Defence
215,000 - 219,999	-	
210,000 - 214,999	-	
205,000 - 209,999	-	
200,000 - 204,999	1	Chief Medical Officer, Department of Health
195,000 - 199,999	1	Director of Public Prosecutions - Crown Prosecution Service
190,000 - 194,999	3	Cabinet Secretary and Head of the Civil Service Chief Executive of the Civil Service - Cabinet Office Permanent Secretary, Department for Communities and Local Government
185,000 - 189,999	-	

180,000 - 184,999	9	Permanent Secretary - Department for Work and Pensions
		Permanent Secretary - Foreign and Commonwealth Office
		Permanent Secretary - HM Revenue and Customs
		Permanent Secretary - HM Treasury
		Permanent Secretary - Ministry of Defence
		Permanent Secretary - Ministry of Justice
		Permanent Secretary - Home Office
		Permanent Secretary - Scottish Government
		National Security Adviser
175,000 - 179,999	1	Government Chief Scientific Adviser - Business, Innovation and Skills
170,000 - 174,999	1	Permanent Secretary - Secret Intelligence Service
165,000 - 169,999	2	Permanent Secretary - Department of Energy and Climate Change
		Permanent Secretary - Department for Transport
160,000 - 164,999	11	First Parliamentary Counsel and Permanent Secretary - Cabinet Office
		Permanent Secretary - Department for Business, Innovation and Skills
		Permanent Secretary- Department for Education
		Permanent Secretary - Department for Environment, Food and Rural Affairs
		Permanent Secretary - Department of Health
		Permanent Secretary - Department for International Development
		Permanent Secretary - Government Communications HQ
		Permanent Secretary - Welsh Government
		Permanent Secretary - Security Service

		Treasury Solicitor
		Second Permanent Secretary - HM Treasury
155,000 - 159,999	1	Permanent Secretary - Northern Ireland Office
150,000 - 154,999	5	Second Permanent Secretary - HM Revenue and Customs
		Permanent Secretary - Office for National Statistics
		Second Permanent Secretary - HM Treasury
		Permanent Secretary - Department for Culture Media and Sport
		Prime Minister’s Adviser on Europe and Global Issues, Cabinet Office
145,000 - 149,999	1	Chair of the Joint Intelligence Committee
140,000 - 144,999	-	