



Cabinet Office

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

7 December 2015

Introduction

1. The Government is clear that there is a continuing need to ensure that the reward package for its Senior Civil Service (SCS) will recruit, motivate and retain the very best capabilities for the future leadership needed in the Civil Service.
2. This year's evidence largely focuses on the core package including base pay and variable performance pay, as it has done in recent years. The Government is clear that this is only part of the package.
3. The Civil Service is looking to open up a wider and more proactive discussion with the SSRB, outside the formal Review Body process, on its longer-term strategy on the wider package. In particular the need for better targeting of the SCS reward package to meet the recruitment and retention challenges of professions and functions, greater focus on consistently rewarding the best performers, and considering how wider elements of the employment offer (e.g. pensions) may need to change in the future so the SCS is able to continue attracting the best talent and senior specialists.

The Government is inviting the Review Body to provide its views on the wider package and to continue a dialogue with the Civil Service following its formal recommendations.

Evidence for 2016-17

4. The Government's evidence is provided in two parts. The first part is the main evidence and provides an evaluation of the pay award in 2015/16, a narrative on the strategic approach to SCS reward going forward and the Government's proposals for 2016/17. The following information is annexed to the main evidence:
 - Annex A – Civil Service Workforce Strategy.
 - Annex B – Application of the 2015/16 Pay Award by Department.
 - Annex C – Pay of Permanent Secretaries (in £5,000 Bands).
5. The second part is the supporting statistical data requested by the Review Body.
6. The following information is also being provided as part of the evidence pack:
 - Government Evidence on the General Economic Outlook.

- Toolkit on Conducting Exit Interviews and Reporting Requirements.
 - 2014 People Survey Results for the SCS.
7. As in previous years, the Cabinet Office will work with the SSRB secretariat to provide any additional information required.

Summary of considerations for SSRB

8. Within the financial envelope available, an average consolidated increase of 1 per cent per head, the Government recommends the following proposals for 2016/17:
- Increases of £1,000 to the minimum salaries of Pay Bands 1,2 and 3.
 - With the remainder of the 1 per cent, a flexible framework for general awards that reflect business need, take account of weight/challenge of role and are suitably differentiated to reflect performance and position in pay range.
9. Non-consolidated end-year performance awards will continue to be available to the top 25 per cent of performers within the cost limit of 3.3 per cent of SCS paybill.
10. Departments will continue to be able to apply for Pivotal Role Allowances, within the cost limit of 0.5 per cent of SCS paybill, to help them retain highly specialised staff and those responsible for delivering the biggest and riskiest projects across government.
11. The limited flexibilities introduced last year will also be retained:
- a. Discretion to stage non-consolidated performance payments for the 'Top' 25 per cent of performers.
 - b. The ability, using the existing agreed exceptions process, to convert a small portion of the non-consolidated performance related pay pot into consolidated base pay to address retention issues and other pay anomalies.
12. Further flexibility is proposed to reward and incentivise high performance from 2016/17. A new in-year non-consolidated award scheme will be introduced to enable departments to recognise outstanding contribution for 10% of SCS staff (within existing cash limits).
13. This package of proposals been agreed by the Prime Minister, the Chief Secretary to the Treasury, and the Minister for the Cabinet Office.

Section 1: Application of the 2015/16 SCS pay award by departments

Background

14. The key elements of the SCS pay award for 2015/16 comprised:

- Consolidated pay increases limited to an average award of 1%.
- Small increases to the minimum salaries of SCS pay ranges 1, 2 and 3. The revised ranges were:

SCS pay ranges from 1 April 2015

Pay Band	Minimum (£)	Maximum (£)
3	£105,000	£208,100
2	£86,000	£162,500
1A	£67,600	£128,900
1	£63,000	£117,800

- After raising staff to the new minima, departments had flexibility to use the remainder of the 1 per cent average award to make base pay awards of between 0 - 9 per cent depending on performance, job weight, challenge of role, and/or position in the pay range. SCS in the bottom 10 per cent performance group were not eligible for a pay award.
- The ability to recruit above Pay Band minima as necessary to bring in particular skills and experience from outside.
- Non-consolidated Performance Related Pay awards to the 'Top' 25 per cent of performers within a cash limit of 3.3 per cent of the SCS pay bill. Flexibility was introduced for the 2015/16 performance year enabling departments to stage these awards to provide a closer link between reward and delivery.

- Ability to convert, on an exceptional basis, up to 0.5 per cent of their 3.3 per cent non-consolidated performance pay pot to address recruitment and retention issues and other pay anomalies.
- The availability of a Pivotal Role Allowance to help retain existing staff in highly specialised roles or those responsible for delivering the most critical and riskiest major projects across government.
- An unchanged Permanent Secretary three tier pay structure with the Permanent Secretary Remuneration Committee determining how the 1% average award was used:

Permanent Secretary pay structure from 1 April 2015

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

Application of the SCS pay award for 2015/16

15. Cabinet Office surveyed main SCS employers on how they applied the pay award in 2015/16. The full results are set out in Annex A. In summary:

Base pay

- Departments targeted the award to reflect performance and position in pay range (either referencing quartiles, or other set points within the pay range, or the median). In these departments most staff (excluding the 'Low' performance group) got a pay increase. Cabinet Office adopted a more targeted approach with pay awards made to the 'Top' 25 per cent of performers only. In a number of cases part of the award was set aside for individual re-positioning to address pay anomalies.

- In most departments raising staff to the new minima only used up a small proportion of the 1 per cent average award. It was most expensive in Department of Culture, Media and Sport (39 per cent), Cabinet Office (35 per cent), HM Treasury (22 per cent) and Ministry of Justice (20 per cent).

Non-consolidated performance related pay (NCPRP)

- Most departments spent the full, or a high proportion of, the 3.3 per cent NCPRP pot with individual payments capped by pay band. The most notable exception was Home Office which only spent 1.5 per cent of the pot available, but did make a successful business case to Cabinet Office and HM Treasury to convert 0.25 per cent of its NCPRP pot into consolidated base pay awards to address retention issues for some of its lowest paid highest performing staff in business critical roles.
- There are no current proposals to use the flexibility available to stage end-year awards.

16. 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 34 successful applications for Pivotal Role Allowance for staff in a variety of positions delivering key Government priorities. These include major transport infrastructure projects and sustainable energy programmes, those protecting the borders and national security, those providing digital services to the public and to departments, and those in highly technical defence roles. Around 45 per cent of the available pot has been committed. An audit will be conducted shortly with departments to confirm the status of allowances and their success in retaining and motivating recipients.
- Pay controls continued to apply. All remuneration packages of £142,500 and above (including any benefits in kind) and any performance pay opportunity worth more than £17,500 required sign off from the Chief Secretary to the Treasury. Pivotal Role Allowance applications required the approval of both the Chief Secretary and the Minister for the Cabinet Office. Departments are required to secure Cabinet Office approval where they wished to pay above the Pay Band 1 maximum.

- From 1 April 2015 all except the most senior SCS pay 7.35 per cent towards their pension. Those under age 50 are now accruing in a new pension scheme (Alpha) on a career average basis.
- Due to changes in pensions taxation, some staff will be seeing higher tax charges from April 2016.
- From April 2016, staff will pay higher National Insurance Contributions as the contracted out discounted rate ends

Section Two: SCS pay proposals for 2016/17

Background

17. The developing economic context is:
 - The Summer Budget extended the 1 per cent pay restraint policy for four more years.
 - The Institute of Fiscal Studies reports that pay in the private sector is likely to rise faster than public sector wages in the next four years.
 - The 2015 Spending Review is seeking departmental savings in the range of 25 per cent to 40 per cent.
 - Taken together, 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.
 - Changes to pensions tax and national insurance have contributed to this reduction:
 - a. Pensions tax regime changes mean that Defined Benefit (DB) schemes will become less attractive to SCS earning in excess of £110,000.
 - b. Impact of National Insurance changes on contracted out DB schemes may effect the additional State Pension.

18. Against the economic background, there is not a general recruitment and retention problem for the SCS:
 - The Civil Service continues to attract talent. In 2014 there were 20,072 Fast Stream applications for 820 vacancies and a record number (915) recommended for appointment.
 - The latest (2014/15) turnover rate for SCS is 12.1 per cent, its lowest level since 2009/10. The resignation rate has fallen to 3.7 per cent in 2014/15 from 4.4% the previous year.
 - Current exit data does not suggest that the best performers are leaving. The percentage of top performers resigning was 2 per cent in 2014/15 whereas the resignation rate for low performers was 6.5 per cent.
 - Pay flexibilities enable departments to bring in people with particular skills and experience above pay range minima; performance pay and general awards are being targeted at the very best performers and the lower paid; and a Pivotal Role Allowance is available to retain highly specialised staff and people leading the biggest and riskiest projects across government.

19. Nevertheless a number of challenges remain:

- The ability to recruit key staff of the right calibre if the SCS is unable to offer competitive reward packages and concerns that it may not be able to hold onto talented people as the economy improves.
- Despite overall engagement levels being at an all time high, SCS perceptions of pay have markedly dropped since 2009 particularly for London based staff. Over the same period there has also been a rise in the proportion of SCS indicating that they want to leave their organisation.
- Externally appointed salaries well above those of internal appointees, 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.
- Significant pay overlaps between delegated grades and SCS1 and across SCS pay bands.
- More women occupying the lower end of the pay scales, thus impacting on gender disparity.

Reward Strategy

20. This year we have developed a Civil Service Workforce Strategy that sets out the key priorities for making the Civil Service more professional, dynamic and capable. A summary of the Strategy is provided at [Annex B](#). This highlights the need for a high performing workforce that is more efficient and productive.
21. A key element of workforce planning is a supporting reward strategy and this is being developed with the following strategic objectives that will inform the Government’s annual pay proposals over the period of this Parliament.
22. Performance and capability will be improved by:
 - Providing appropriate and innovative incentives that drive and reward excellence; and
 - Facilitating movement in and out of the Civil Service to improve the mix of skills and insight.
23. The SCS cadre will be retained and motivated by:
 - Maximising the value of the employer offer with tailored reward design that can attract and motivate the best talent and senior specialists;
 - Providing fairness, whether by gender, route of entry into the SCS, or by performance; and
 - Offering a more coherent and fair transition from delegated grades to senior levels.

24. Diversity will be increased by reward and flexible working design that can attract, recruit, retain and motivate people from all backgrounds.
25. The reward strategy will need to be:
 - Affordable and consistent with public sector pay policy, supported by appropriate controls; and
 - Transparent so departments can be held to account for their spend on pay.
26. Pay restraint presents some significant challenges when developing future reward strategy for the SCS. The focus will remain on using the existing flexibilities and considering what new ones to explore. In addition to the values above, the strategy will need to be targeted. This means examining the evidence of recruitment and retention issues and focusing limited funds where the need is most pressing, segmenting roles as necessary with tailored reward design. It is clear that there are some issues with digital and commercial specialists and the reward strategy needs to address these areas.
27. The Government has already taken action on commercial pay where more work to tighten up contracts with suppliers and generate greater savings is needed. Departmental commercial capability reviews have identified a number of improvement actions, including the recruitment of a core group of senior commercial specialists, complementing existing SCS, to be the most senior commercial specialists across Whitehall.
28. Accordingly, the Treasury has agreed that there should be flexibility to recruit up to 25 commercial specialists, sitting outside the SCS, with remuneration packages beyond those normally available to SCS members.

The Review Body is asked to offer its view on the targeting of reward, within the parameters of public sector pay policy, at specialist posts or professions. What additional flexibilities should be explored?

2016/17 pay proposals – summary

29. Within the financial envelope available, an average consolidated increase of 1 per cent per head, the Government recommends the following proposals for 2016/17:
 - a. Increases of £1,000 to the minimum salaries for Pay Bands 1, 2 and 3.

- b. With the remainder of the 1 per cent, a flexible framework for general awards that reflect business need, take account of weight/challenge of role and are suitably differentiated to performance and position in pay range.
- 30. Non-consolidated performance awards will continue to be available to the top 25 per cent of performers within the cost limit of 3.3 per cent of SCS paybill.
 - 31. Departments will continue to be able to apply for Pivotal Role Allowances, within the overall cost limit of 0.5 per cent of SCS paybill, to help them to retain highly specialised staff and those responsible for delivering the biggest and riskiest projects across government.
 - 32. The limited flexibilities introduced last year will also be retained:
 - a. Discretion to stage non-consolidated performance payments for the top 25 per cent of performers.
 - b. The ability, using the existing agreed exemptions process, to convert a small portion of the non-consolidated performance related pay pot into consolidated base pay to address retention issues and other pay anomalies.
 - 33. Further flexibility to reward and incentivise high performance is proposed from 2016/17 by introducing a new in-year non-consolidated award scheme to recognise outstanding contribution for 10% of SCS (within existing cash limits).

Increasing minimum salaries

- 34. Since April 2013 the SCS Pay Band 1 minimum has been increased by £3,800. This has helped to reduce the overlap between delegated grades and the bottom of SCS Pay Band 1 from 11,000 individuals in 2012/13 to 8,000 in 2015/16. The proposal to increase the minimum by another £1,000 will further reduce the overlap to 7,000.
- 35. Prescribing a £2,000 increase to the Pay Band 1 minimum was considered, but departments have requested maximum flexibility to target the resource available, in particular those major SCS employers with staff at and close to the bottom of the range and where raising the minimum for Pay Band 1 would use up a large proportion of the 1 per cent award. While a smaller centrally prescribed increase is proposed at Pay Band 1, it will be recommended to departments that they continue to raise the minimum as much as possible to target the award at those lowest in the range and to address overlaps with delegated grades.
- 36. With 0.01 per cent of the average 1 per cent consolidated award available, the following pay ranges for Pay Bands 1, 2 and 3 are proposed:

Proposed pay ranges from 1 April 2016

Pay Band		Current	From April 2016
3	Minimum	£105,000	£106,000
	Maximum	£208,100	£208,100
2	Minimum	£86,000	£87,000
	Maximum	£162,500	£162,500
1A	Minimum	£67,600	£67,600
	Maximum	£128,900	£128,900
1	Minimum	£63,000	£64,000
	Maximum	£117,800	£117,800

37. The proposals to raise minima for Pay Bands 1,2 and 3 will affect 104 staff at Pay Band 1 level, 76 individuals at Pay Band 2 level, and none at Pay Band 3 level. These proposals will benefit a higher proportion of women compared to men:
- At Pay Band 1 level, 47 per cent of those benefiting from the range shortening are females. Since females are a smaller proportion of the total Pay Band 1 population, 4.3 per cent of females and 3.3 per cent of males within this Pay Band will benefit from the range shortening.
 - At Pay Band 2 level, 12 per cent of females will benefit from range shortening, compared to 9.6 per cent of males.
 - At Pay Band 3 there are no individuals affected by range shortening.
38. Changes to the minimum salary of Pay Band 1A are not being proposed. 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.

The Review Body is asked to endorse the Government's proposals to raise minimum salaries for SCS pay ranges 1, 2 and 3.

Flexibility for general awards and targeted pay repositioning

39. With the remaining 0.99 per cent of the 1 per cent average consolidated award available after raising minima, it is proposed that departments will be able to make awards of between 0 per cent to 9 per cent to their staff, taking account of performance, job weight and challenge of role. Staff in the bottom 10 per cent performance group will not be eligible for a pay increase.
40. Departments use this flexibility 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 Review Body is asked to endorse the overall framework for determining base pay awards.

A new in-year performance award scheme

41. An in-year scheme would provide Permanent Secretaries/Non-Executive Directors with a much sought additional reward tool within current cost limits. It would:
 - Provide instant in-year recognition opportunities for SCS staff in the 'Top' 25 per cent and 65 per cent 'Achieving' performance categories. It will not be available to the bottom 10 per cent of performers.
 - Provide a highly symbolic form of recognition for a relatively small investment that can have a disproportionately positive impact on morale.
 - Provide parity with delegated grades – most departments already operate long standing in-year schemes below the SCS.
 - Provide a much closer link between pay and performance by recognising outstanding contribution in "real time"; seen to have a positive effect on motivation in delegated grades.
42. The scheme would be strictly controlled, within a centrally agreed framework and in line with transparency requirements. With the following features:
 - Awards should be exceptional and paid only to people with proven evidence based delivery e.g. against stretching project milestones. More work on the criteria could be developed.
 - Must be financed within current non-consolidated performance pay pot cost limit of 3.3 per cent of paybill.

- Departmentally managed nomination process with Permanent Secretary sign off for all individual cases.
- Available to all SCS staff apart from the bottom 10 per cent performance group (so the 'Top' 25 per cent could receive an end-year award and an in-year award)
- A cap on total awards to 10% of a department's eligible workforce
- A maximum payment of £5,000 to ensure an adequate incentive after tax and National Insurance.
- Non-consolidated and non-pensionable.
- A reporting process to the Cabinet Office at the end of the year.
- Subject to existing transparency requirements with spend published as part of the current annual disclosure by departments.

The Review Body is asked to endorse the introduction of a new in-year non-consolidated performance award scheme.

Controls

43. Pay proposals will continue to be subject to existing controls:
- Chief Secretary sign off process for all packages of £142,500 and above (or any other defined threshold that may be agreed by the Chief Secretary), 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.

Performance Management

44. 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>

Permanent Secretaries

45. 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.
46. As for other members of the SCS, the highest performing ('Top' 25 per cent) 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.

47. 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.
48. 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

49. SCS results from the 2015 People Survey, including views on pay and benefits and resources and workload is being provided separately as part of the evidence pack. While overall engagement is at its highest level since 2009, SCS perceptions of pay and benefits remain low, particularly for those based in London.

Exit interviews

50. The Government accepted the Review Body's recommendations in its 36th and 37th reports to adopt a more mandatory approach to exit interviews. It is fully acknowledged that exit interviews are a key element, alongside the People Survey results, in being able to evidence the quantitative impact that pay restraint is having on retention, motivation and discretionary effort as SCS reward arrangements are reviewed.
51. Since the last report a standard Exit Interview Toolkit has been developed for departments and this was issued for use from 1 April 2015. From July 2015, Cabinet Office began commissioning quarterly returns from departments on exit interviews conducted throughout the previous quarter. The toolkit and the data commission are being separately provided for the Review Body's information. To date information on exit interviews covering the period April to June 2015 has been collected. Previously we have relied on departments submitting individual exit questionnaires.
52. It is too early to establish a clear pattern of reasons for resigning and on the career background of leavers. From the limited data received so far, pay is

rarely the main reason for leaving and often it is not a factor. As more insightful information is gathered, updates will be provided to SSRB.

2015/16 SCS Pay Award – Application of Flexible Framework by Departments

Department	Base pay award	Proportion of 1% average award used to raise staff to new minima from 1 April 2015	Non-consolidated performance related pay
Business, Innovation and Skills	<p>Base pay increases dependent on performance and position in the pay range:</p> <ul style="list-style-type: none"> For 'Top' performers the range of awards for SCS1s and SCS2s was £700 (highest quartile) to £1,000 (lowest quartile). For 'Achieving' staff the range of awards for SCS1s and SCS2s was £0 (highest quartile) to £800 (lowest quartile) <p>No award for 'Low' group.</p>	<p>A total of 0.09% was used to raise staff to the new minima.</p>	<p>3.2% of the pot was used for performance in 2014/15.</p> <p>Individual awards of: SCS1: £10,000 SCS2: £12,000 SCS3: up to £16,000</p> <p>No proposals to stage awards for performance in 2015/16</p>
Cabinet Office	<p>Base pay awards targeted only at 'Top' performers with level of awards set at 2.4% per individual.</p> <ul style="list-style-type: none"> Average award for SCS1: £1,663 Average award for SCS2: £2,178 Average award for SCS3: £3,151 <p>No award for 'Low' group.</p>	<p>34.8% of the 1% award was used to raise staff to the new minima.</p>	<p>The full 3.3% pot was used for performance in 2014/15.</p> <p>Individual awards of: SCS1: £10,000 SCS2: £12,000 SCS3: £14,000</p> <p>No current proposals to stage awards for performance in 2015/16</p>
Department for Communities and Local Government	<p>For 'Top' performers:</p> <ul style="list-style-type: none"> Those above the median salary in their grade received a 1.5% pay increase; Those on or below the median salary in their grade received a 3% pay increase; and <p>For 'Middle' performers</p> <ul style="list-style-type: none"> A flat rate increase of £744 <p>No award for 'Low' group.</p>	<p>0.036% of the 1% award was used to raise staff to the new band minima.</p>	<p>2.86% of the pot was used for performance in 2014/15.</p> <p>Individual awards of: SCS1: £10,000 SCS2: £12,500 SCS3: £15,000</p> <p>No proposals to stage awards for performance in 2015/16</p>
Department for Culture, Media and Sport	<p>Base pay increases were dependant on performance and position in the pay range.</p> <ul style="list-style-type: none"> 'Top' performers earning below £66,000 were uplifted to this salary 	<p>39% of the 1% award was used to uplift employees to the new minima.</p>	<p>2.9% of the pot was used for performance in 2014/15</p> <p>Only SCS Pay Band 1 were paid a non-consolidated award of £11,500.</p>

	<ul style="list-style-type: none"> 'Achieving' performers earning below £64,250 were uplifted to this salary One employee's base pay was increased to 9% to mitigate against a potential equal pay claim No performance award was paid to those in the 'Low' group. 		
Ministry of Defence	<p>Base pay calculated on the relationship between % progression across the pay scale and performance group marking, with variable awards up to 2%.</p> <p>No award for 'Low' group.</p>	0.13% of the 1% award was used to increase those to the new band minima.	<p>3% of the pot was used for performance in 2014/15.</p> <p>Individual awards of: SCS1: £8,800 SCS2: £11,000 SCS3: £14,300</p> <p>No current proposals to stage awards for performance in 2015/16</p>
Department for Education	<p>Awards ranged from 0.3% -1.52% depending on performance ('Top'/'Achieving') with those lowest in the pay bands with the highest performance receiving the most.</p> <p>Targeted action was taken for top performers who had their salaries increased to a 'spot rate' (£69,000/£72,000 for SCS1s; £89,000/£95,000 for SCS2s) depending on performance over the last two years.</p> <p>No award for 'Low' group.</p>	7.5% of the 1% award was used to increase those to the new band minima.	<p>The full 3.3% was used for performance in 2014/15.</p> <p>Individual awards ranging between £10,000 and £15,000</p> <p>No current proposals to stage awards for performance in 2015/16</p>
Department of Environment, Food and Rural Affairs	<p>Base pay awards differentiated based on performance and position in pay range, with higher awards for 'Top' performers and those with salaries below the Whitehall median.</p> <p>No award for 'Low' group.</p> <p>Targeted awards for top performing SCS1s with salaries below the Grade 6 maxima and to address pay anomalies.</p>	0.1% of the 1% award was used to increase those to the new band minima.	<p>2.65% of the pot used for performance in 2014/15.</p> <p>Individual awards of: SCS1: £15,000 SCS2: £13,000 SCS3: £11,000</p> <p>No current proposals to stage awards for performance in 2015/16.</p>
Foreign & Commonwealth Office	<p>'Top' performers got 1.2% of median salary for grade, and 'Achieving' got 0.6% of median salary for grade.</p> <p>No award for 'Low' group.</p>	0.3% of the 1% award was used to increase those to the new band minima.	<p>The full 3.3% pot used for performance in 2014/15.</p> <p>Individual awards of: SCS1: £10,045 SCS2: £11,685 SCS3: £13,975.</p> <p>No proposals to stage awards for 2015-16 performance year</p>

<p>Department of Health</p>	<p>The agreed strategy adopted an approach to address problems with overlapping pay scales between Grade 6 and SCS1, limited pay progression and to differentiate awards based on position in range.</p> <p>Break points applied:</p> <p>SCS1: £80,000 SCS2: £110,000 SCS3: £140,000</p> <p>After raising staff to the new pay band minima, those below the break point received a cash award of £1,000, with no differentiation by grade. Staff above the respective break point received a cash award of £250. This effectively delivered a higher percentage award to those who earn less in comparison with their peers.</p> <p>No award for 'Low' group.</p> <p>Special Cases: A small group of 'Special Cases' in SCS1 and SCS2 (15 in total), relatively low in their respective pay band, with at least two years of performance assessed as 'Exceeded' (including 2014-15) received a cash award of £2,000 in total.</p>	<p>The cost of raising staff to the new pay band minima was effectively cost neutral, as it was offset by the non-payment of any consolidated pay award for those assessed in the bottom 10% performance group.</p>	<p>The full 3.3% pot used for performance in 2014/15.</p> <p>Flat rate awards of £11,000 were paid to the 'Top' 25% of performers. No differentiation by grade.</p> <p>Staged awards in respect of 2015-16 performance were considered but will not be implemented.</p>
<p>Department for International Development</p>	<p>The largest awards were made to those at or near the bottom of the range. Individual awards ranged from 0% to 2.25%, the majority receiving 0.75%.</p> <p>No award for 'Low' group.</p>	<p>Zero</p>	<p>3.28% of the pot used for performance in 2014/15.</p> <p>Individual awards ranged from £10,750 to £14,000.</p> <p>No proposals to stage awards for 2015-16 performance year.</p>
<p>Home Office</p>	<p>Only top and achieving performers below the Home Office median for their pay range received a base pay uplift, with those at the bottom of the pay range receiving the highest uplift.</p> <p>No award for 'Low' group.</p>	<p>Minimal - only three people moved to the pay scale minima.</p>	<p>1.5% of the pot used for performance in 2014/15, but converted (with CO/HMT approval) 0.25% to use on targeted consolidated awards</p> <p>Individual awards of: SCS1: £7,000 SCS2: £10,000 SCS3: £12,000</p> <p>No proposals to stage awards for 2015-16 performance year.</p>
<p>Medicines and Health Regulatory Authority</p>	<p>A flat rate award of £755 paid to all 'Top' and 'Achieving' staff. No award for 'Low' group.</p>	<p>Minimal - two members of staff were raised to the new pay minimum. The cost of raising staff to the new pay band minima was effectively cost</p>	<p>3% of the pot used for performance in 2014/15.</p> <p>Individual awards of:</p>

	Approx. £21,000 out of the £100,000 available for the pay award was set aside to address pay anomalies.	neutral, as it was offset by the non-payment of any consolidated pay award for those assessed in the bottom 10% performance group.	SCS1: £10,250 SCS2: £12,750 SCS3: £15,000 No proposals to stage awards for 2015-16 performance year.
Ministry of Justice	SCS staff received consolidated performance awards of £700 for a "Top" performance marking and £500 for an "Achieving" marking (65% of workforce). No award for 'Low' group. In addition, targeted action increases were applied to around 12 posts, averaging at £5,000. In total this accounted for approx. 80% of the budgeted 1% award.	Around 20% of the 1% award was used to increase those to the new band minima.	The full 3.3% pot was used for performance in 2014/15. Individual awards of: SCS1: £10,000 SCS2: £12,500 SCS3: £15,000. No proposals to stage awards for 2015-16 performance year.
Public Health England	All eligible SCS1 and 2 staff received a consolidated award of £800 and those SCS1 staff on salaries below the maximum point of Grade 6 received an award of £1000. PHE also used the opportunity to address a very small number of historic pay anomalies.	Zero	Approximately 2.7% 81% of the pot was used for performance in 2014/15. All eligible staff received an award of £11,000. No proposals to stage awards for 2015-16 performance year.
HM Revenue & Customs	Award targeted at the lowest paid and highest performing SCS in each band. <ul style="list-style-type: none"> Base pay awards were made to staff paid below the pay range median receiving a 'Top' or 'Achieving' performance rating. This resulted in the following base pay awards to those below the median: <ul style="list-style-type: none"> ➤ SCS1: £2,500 (Top); £1,100 (Achieving) ➤ SCS2: £3,000 (Top); £1,400 (Achieving) ➤ SCS3: £0 (Top); £2,900 (Achieving) Those above the pay range median receiving a Top or Achieving received no base pay award, except for a small group of SCS who received an award by exception to recognise their contribution to the department: <ul style="list-style-type: none"> ➤ SCS1: £1,000 (Top); £900 (Achieving) ➤ SCS2: £1,100 (Top); £1,000 (Achieving) 	2.1% of the 1% average award was used to raise staff to the new minima.	3.1% of the pot was used for performance in 2014/15. Individual awards of: SCS1: £9,500 SCS2: £12,500 SCS3: £17,500 No proposals to stage awards for 2015-16 performance year.

<p>Department for Transport</p>	<p>DfT continued with the previous year's policy of dividing the range of salaries in each band into quartiles, from 1 (lowest) to 4 (highest). Pay awards for DfT and its Executive Agencies (but excluding Highways England) were as follows:</p> <ul style="list-style-type: none"> • Quartile 1 – 1.6% • Quartile 2 – 1.3% • Quartile 3 – 1.1% • Quartile 4 – 1% <p>Additional eligibility criteria was applied to award higher pay awards to those lower down the scale than would have otherwise been possible.</p> <p>There was one targeted award, made to resolve an equal pay risk.</p>	<p>2.1%</p>	<p>The full 3.3% pot was used for performance in 2014/15.</p> <p>Individual awards of: SCS1: £13,500 SCS2: £15,000 SCS3: £16,500</p> <p>There are no current plans or proposals to stage awards for 2015/16 performance.</p>
<p>HM Treasury</p>	<p>Flat rate increases to eligible staff including targeted increases to those lower in the pay range:</p> <p>SCS1 - £675 SCS2 - £1,000 SCS3 - £1,500</p>	<p>22% of the 1% average award was used to raise staff to the new minima.</p>	<p>3.1% of the pot was used for performance in 2014/15.</p> <p>Individual awards of: SCS1: £12,750 SCS2: £13,250 SCS3: £15,000</p> <p>May consider an application in 2016/17 to convert a portion of the pot for target base pay increases.</p>
<p>Department for Work and Pensions</p>	<p>DWP made differentiated awards to SCS1s and SCS2s reflecting performance and lower end of their respective pay ranges. 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. DWP also made a small number of targeted awards, to address pay anomalies; individual awards were limited to 9%.</p>	<p>About 1.5% of the 1% average award was used to raise staff to the new minima (or £3,000 of the available pot of approximately £200,000).</p>	<p>The full 3.3% pot was used for performance in 2014/15.</p> <p>Individual awards of: SCS1: £10,000 SCS2: £12,500 SCS3: £15,000.</p> <p>As the previous centrally determined caps have been lifted, DWP has paid more in a few exceptional cases.</p> <p>There are no proposals to stage awards for 2015/16 performance.</p>

Workforce Strategy at a glance

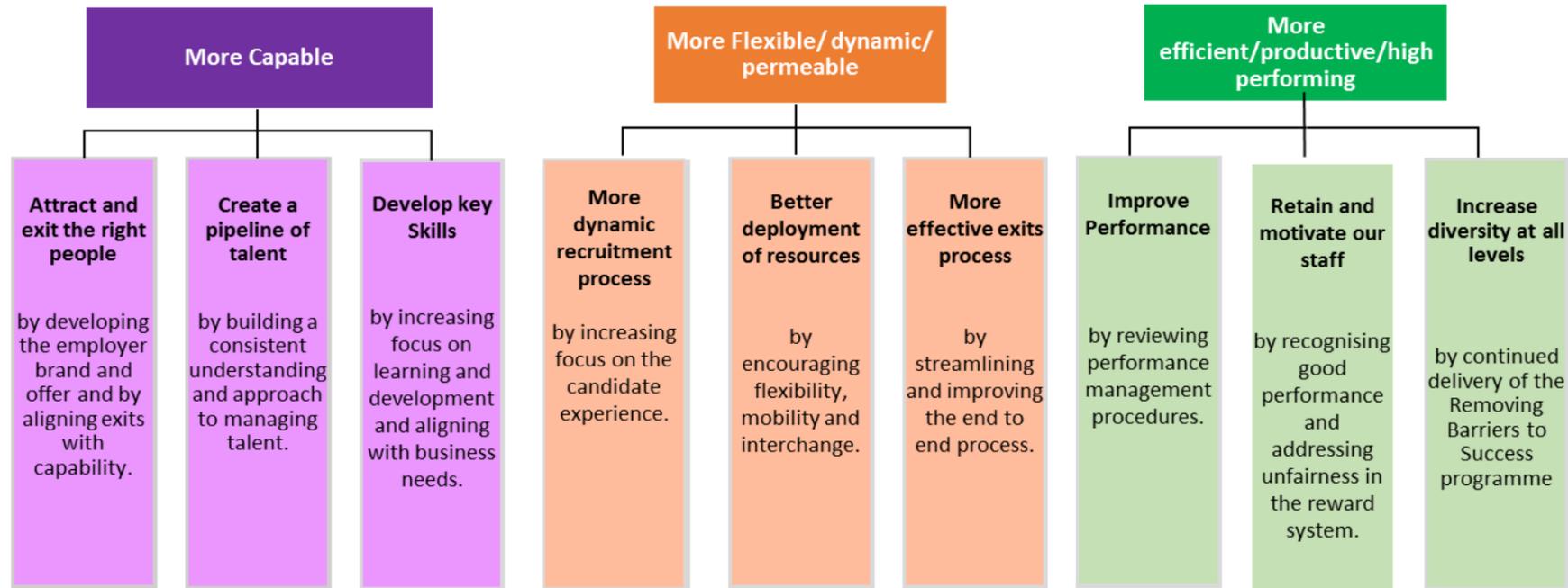
ANNEX B

Over the coming Parliament, we need to:

To achieve this outcome, we need a workforce that is:

Or current priorities are:

Make the Civil Service more professional, dynamic and streamlined



Much of this will require:

A fundamentally different relationship with staff, which will have industrial relations implications. To deliver this we will need freedom to operate

Underpinned by:

(1) Inspiring, Confident & Empowering Leadership, (2) Focus on diversity, (3) Modernised workplace environment and (4) Better collection and use of data

Salary Bandings of Permanent Secretary Posts - September 2015

Roles (£190,000 - £235,000)

- Head of CS (195-200)
- Chief Executive of CS (230-235)

Tier 1 roles (£180,000 - £200,000)

- | | |
|--------------------|---------------------------------------|
| • HMT (185 - 190) | • MOJ (180-185) |
| • FCO (180-185) | • HO (180-185) |
| • DWP (180-185) | • National Security Advisor (160-165) |
| • HMRC (185 - 190) | |
| • MOD (185 - 190) | |

Tier 2 roles (£160,000 - £180,000)

- | | |
|--|--|
| • SG (160-165) | • DFE (160-165) |
| • Secret Intelligence Service (160-165) | • DFID (160-165) |
| • CLG (160-165) | • DH (160-165) |
| • DFT (170 - 175) | • First Parliamentary Counsel (vacant) |
| • DECC (165-170) | • GCHQ (160-165) |
| • Security Service (165 - 170) | • Treasury Solicitor (160-165) |
| • BIS (160-165) | • WG (160-165) |
| • DEFRA (160-165) | |
| • European and Global Issues Adviser (160 – 165) | |

Tier 3 roles (£142,000 - £160,000)

- | | |
|--|---|
| • HMT – 2 nd Perm Sec (160-165) | • HMRC – 2 nd Perm Sec Tax (150-155) |
| • NIO (155-160) | • ONS (150-155) |
| • DCMS (150- 155) | • Chair of JIC (145-150) |

Specialist/Advisory roles (May attract skills or market premium)

- | | |
|--|---|
| • Chief Defence Materiel MOD (220-225) | • Chief Medical Officer DH (205-210) |
| • Director for Public Prosecutions - pay determined by Judiciary panel (200 - 205) | • Chief Executive Defence Equipment & Support MOD (285 – 290) |
| | • Government Chief Scientific Adviser (175-180) |