



Office of Manpower
Economics

Business Plan 2016-17

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Foreword by Director, Office of Manpower Economics

The Office of Manpower Economics (OME) was created in 1971. Based for pay and rations purposes within the Department for Business, Energy and Industrial Strategy, OME is a non-departmental public body that provides an independent secretariat to eight pay review bodies. Taken together, these review bodies make recommendations on pay for 2.4 million workers (or around 45 per cent of public sector staff) involving a paybill of £100 billion (or over 60 per cent of the total public sector paybill). The workers covered are employed in the National Health Service (NHS), HM Prison Service, the armed forces, police, judiciary, senior civil service (SCS), and as Police Crime Commissioners and school teachers.

The purpose of this Business Plan is to set out what OME will do in 2016-17, and its longer-term strategy. The main focus of OME will continue to be the support it offers to the independent pay review bodies. Over the next 12 months OME will in particular be planning how it can best develop its staff; seeking to increase its efficiency and effectiveness; and developing and using its wide knowledge and understanding of public sector pay, reward and labour market matters.

The plan is divided into three sections:

- 1: What OME will do in 2016-17 (its deliverables);
- 2: How it will do this (its resources and capabilities); and
- 3: The wider context (the challenges and risks for OME).

This plan, like its predecessor, runs from 1 September. This is to fit with the Review Bodies' normal cycle of annual meetings, which commence in the autumn at the end of their programme of visits. However, the financial information provided in this Plan is aligned with the conventional financial year (April to March).

Martin Williams

**Director, OME
September 2016**

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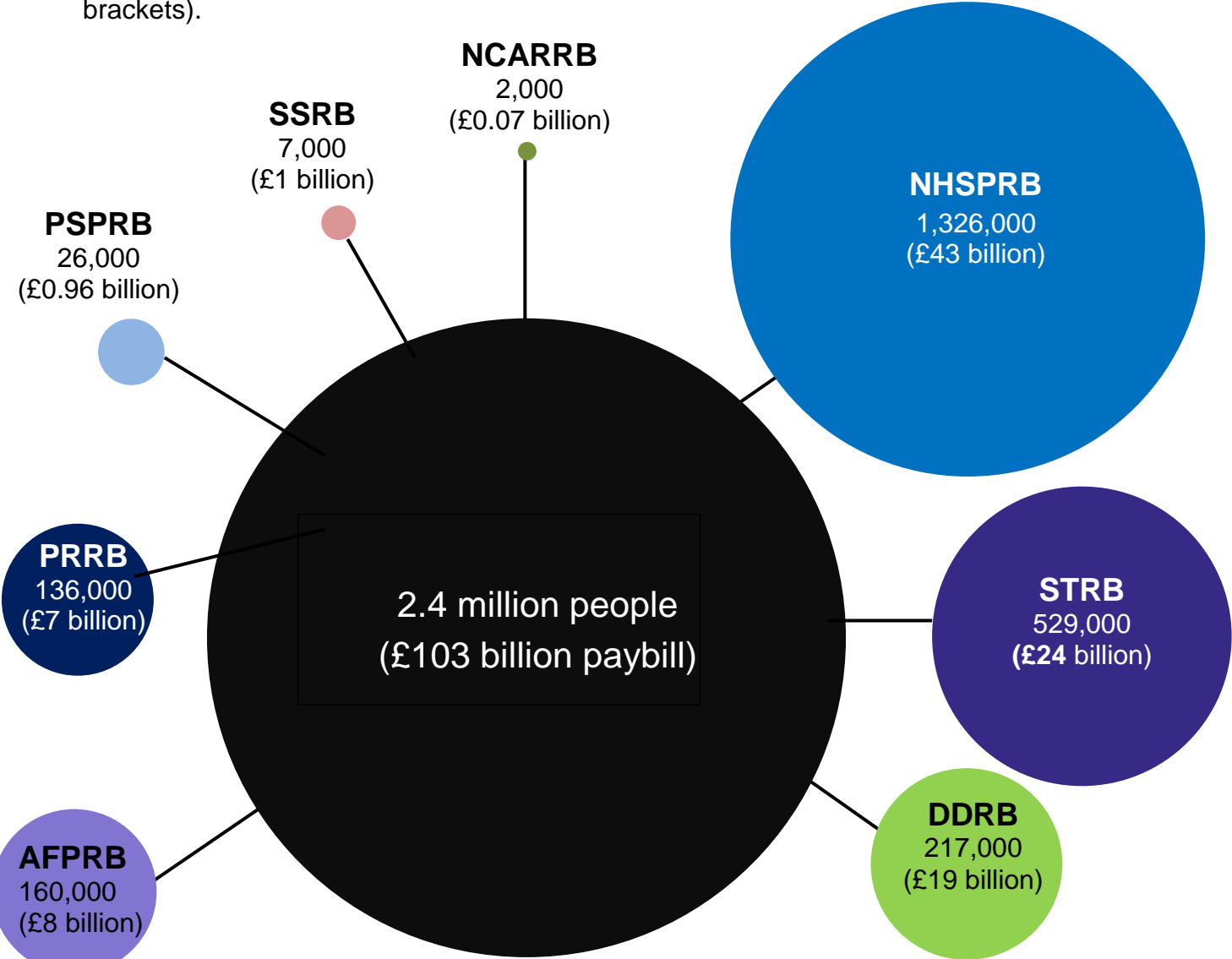
Chapter 1: OME’s mission, strategy and deliverables 2016-2020

OME’s purpose is:

“To provide professional, independent, evidence-based support for the Public Sector Pay Review Bodies.”

OME provides an independent secretariat for each of the eight public sector pay review bodies.

Figure 1 below shows each review body scaled by headcount (with paybill shown in brackets).



- Key:**
- **AFPRB:** Armed Forces’ Pay Review Body
 - **DDRB:** Review Body on Doctors’ and Dentists’ Remuneration
 - **NCARRB:** National Crime Agency Remuneration Review Body
 - **NHSPRB:** National Health Service Pay Review Body
 - **PRRB:** Police Remuneration Review Body
 - **PSPRB:** Prison Service Pay Review Body
 - **SSRB:** Review Body on Senior Salaries
 - **STRB:** School Teachers’ Review Body

OME's strategy 2016-2020

- Provide effective **secretariat support** for each of the independent pay review bodies as they make recommendations on pay and reward for their public sector workforces;
- Engage effectively with all key **stakeholders**, so that the pay review bodies receive high quality, comparable and timely evidence from the parties upon which to base their recommendations;
- Conduct **research and analysis** of public sector pay and reward and labour market matters, with a focus on helping pay review bodies in their work.

Overview of OME's deliverables 2016-17

The pay review bodies have terms of reference approved by their sponsoring department. All are advisory non-departmental public bodies and some of them are statutory. Each year, a review body typically receives a remit letter from the relevant Secretary of State, or devolved administration Minister where applicable. These letters cover the annual pay round for each workforce group and any particular workforce issues. Helping the review bodies to respond to these remits, and produce independent advice on the agreed timescales, is the major part of OME's work.

The Rt Hon Greg Hands MP, then Chief Secretary to the Treasury, also wrote to all review body chairs on 13 July 2016, reaffirming the government's high level strategy for public sector pay during the current Parliament, as announced at summer Budget 2015.¹ Mr Hands wrote of the value that the government attached to the review bodies' independent, evidence-based recommendations, and said he looked forward to receiving their advice over the remainder of the current Parliament.

A provisional list of OME's deliverables in 2016-17 is provided at **Table 1** below (predicted numbers of reports, visits and meetings and possible additional projects). This will be updated as remits are finalised.

In addition during 2016-17, OME's Research and Analysis Group (RAG) is managing externally commissioned research projects on modern pay systems, the use of agency workers, the quality of public sector graduate entrants, and wage growth over time in pay review body occupations. The research and analytical group will also host two conferences this year on public sector pay and pay research. The group is also progressing a number of strategic internal work strands, looking at developing an

¹ These letters have been published on GOV.UK at:

AFPRB:https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/539366/CST_letter_to_AFPRB_chair.pdf;PSPRB:https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/539345/CST_letter_to_PSPRB_chair.pdf;NHSPRB:https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/539339/CST_letter_to_NHSPRB_chair.pdf;PRRB/NCARRB:https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/539325/CST_letter_to_PRRB_and_NCARRB.pdf;SSRB:https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/539442/CST_letter_to_SSRB_chair.pdf;DDRBRB:https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/539369/CST_letter_to_DDRB_chair.pdf;STRB:https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/539439/CST_letter_to_STRB_chair.pdf

economic framework to underpin pay targeting decisions, the links between pay and productivity, potential new and underexploited data sources, and improving data visualisation in OME's outputs.

Table 1: OME outputs/deliverables (1 September 2016 - 31 August 2017)

Review Body	Reports	Report details (and submission date)	Visits	Meetings	Member appointments/ reappointments
Armed Forces' Pay Review Body (AFPRB)	2	<ul style="list-style-type: none"> 46th report (February 2017) Supplementary report on Service Medical and Dental Officers (March 2017) 	15	18	1
Review Body on Doctors' and Dentists' Remuneration (DDRB)	1	<ul style="list-style-type: none"> 45th report (February 2017) 	8	11	2
National Crime Agency Remuneration Review Body (NCARRB)	1	<ul style="list-style-type: none"> 4th report (April 2017) 	2	4	0
NHS Pay Review Body (NHSPRB)	1	<ul style="list-style-type: none"> 30th report (February 2016) 	8	12	1
Police Remuneration Review Body (PRRB)	2	<ul style="list-style-type: none"> 3rd report (England and Wales (May 2017) 3rd report (Northern Ireland) (May 2017) 	6	15	0
Prison Service Pay Review Body (PSPRB)	2	<ul style="list-style-type: none"> 16th annual report England and Wales (February 2017) 10th report Northern Ireland (March 2017) 	16	11	5 (incl. Chair)
Review Body on Senior Salaries (SSRB)	2	<ul style="list-style-type: none"> 39th annual report (February 2017) Supplementary report on Chief police officers (June 2017) 	10	13	0
School Teachers' Review Body (STRB)	1	<ul style="list-style-type: none"> 27th report (April 2016) 	6	19	3
TOTALS	12		71	103	12

Chapter 2: OME resources and capabilities

Machinery of Government Changes

Following the EU Referendum, the new Prime Minister Theresa May has made a number of machinery of government changes. As a result, the majority of the former Department for Business, Innovation and Skills (BIS), within which OME was based for pay and rations purposes, has now become part of the Department for Business, Energy and Industrial Strategy (BEIS). Some of BEIS's core responsibilities differ from those of BIS, but OME's relationship with its parent Department remains effectively unaltered. For more information go to:

<https://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2016-07-18/HCWS94/> .

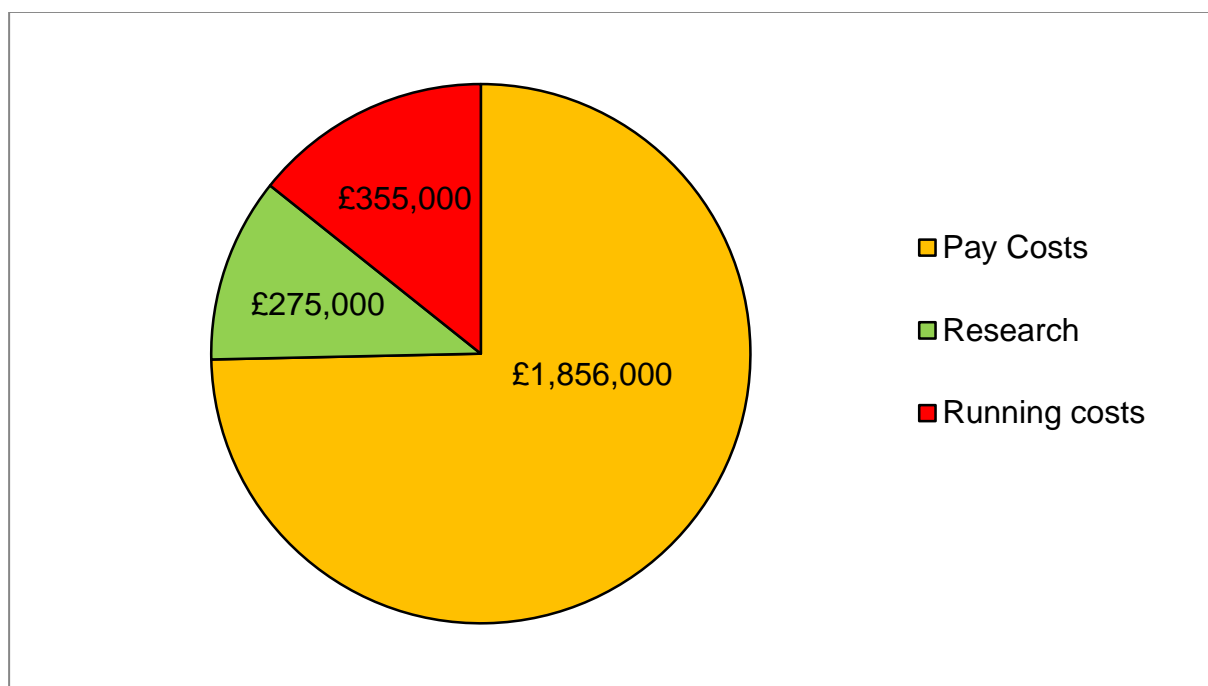
OME finances

BEIS provides OME's core funding. OME's administration costs budget is consolidated into the BEIS budget, although ring-fenced within it. OME's expenditure has three main elements: pay costs; purchased research; and running costs (e.g. catering, travel and subsistence, IT, training and reprographics). OME also receives income (£615,000 in 2016-17) from sponsoring departments. Most departments pay for pay review body members' fees and expenses but, in line with 2006 Cabinet Office guidance, the departments concerned are charged for the full costs of the recently established Police Remuneration Review Body and National Crime Agency Review Body and for the work of the Senior Salaries Review Body with respect to Chief Police Officers and Police and Crime Commissioners. OME has no capital or programme spend.

Table 2: The OME Budget 2015-16 and 2016-17

£000s	2015-16	2016-17
Gross	2.914	2.486
Income	-0.600	-0.615
Net	2.314	1.871

Chart 1: A breakdown of OME's allocated expenditure in 2016-17



OME staff resources

At the start of September 2016, the anticipated OME staffing for the coming year was 33 (Full-Time Equivalent: 31.4). A summary table is provided below:

Table 3: Staff resources in OME in 2016-17

Range	Staff numbers (including vacancies)			
	Headcount	Full-Time Equivalent	Headcount (Generalist)	Headcount (Specialist posts: Economist, statistician, remuneration specialist)
SCS	4	4.0	3	1
Grade 6	1	1.0		1
Grade 7	11	10.4	5	6
SEO	1	1.0	1	
HEO	9	8.6	7	2
EO	2	2.0	1	1
AO	5	4.4	5	
Total	33	31.4	22	11

OME capabilities

OME learning and development for 2016-17 focuses on each staff member using their annual learning and development allowance and choosing digital, corporate and overarching development objectives. In addition, analysts in OME will undertake a range of activities in order to comply with Continuous Professional Development (CPD) requirements from the Government Statistical Service and the Government Economic Service.

OME organisational priorities

In 2016-17 OME is putting in place an effectiveness programme, with the aim of continually improving the service offered to pay review bodies. The programme aims to further optimise OME's use of technology and space and the efficiency of its processes and to develop its people and capability. It covers a range of topics including new IT tools, knowledge management, understanding stakeholders and analytical best practice.

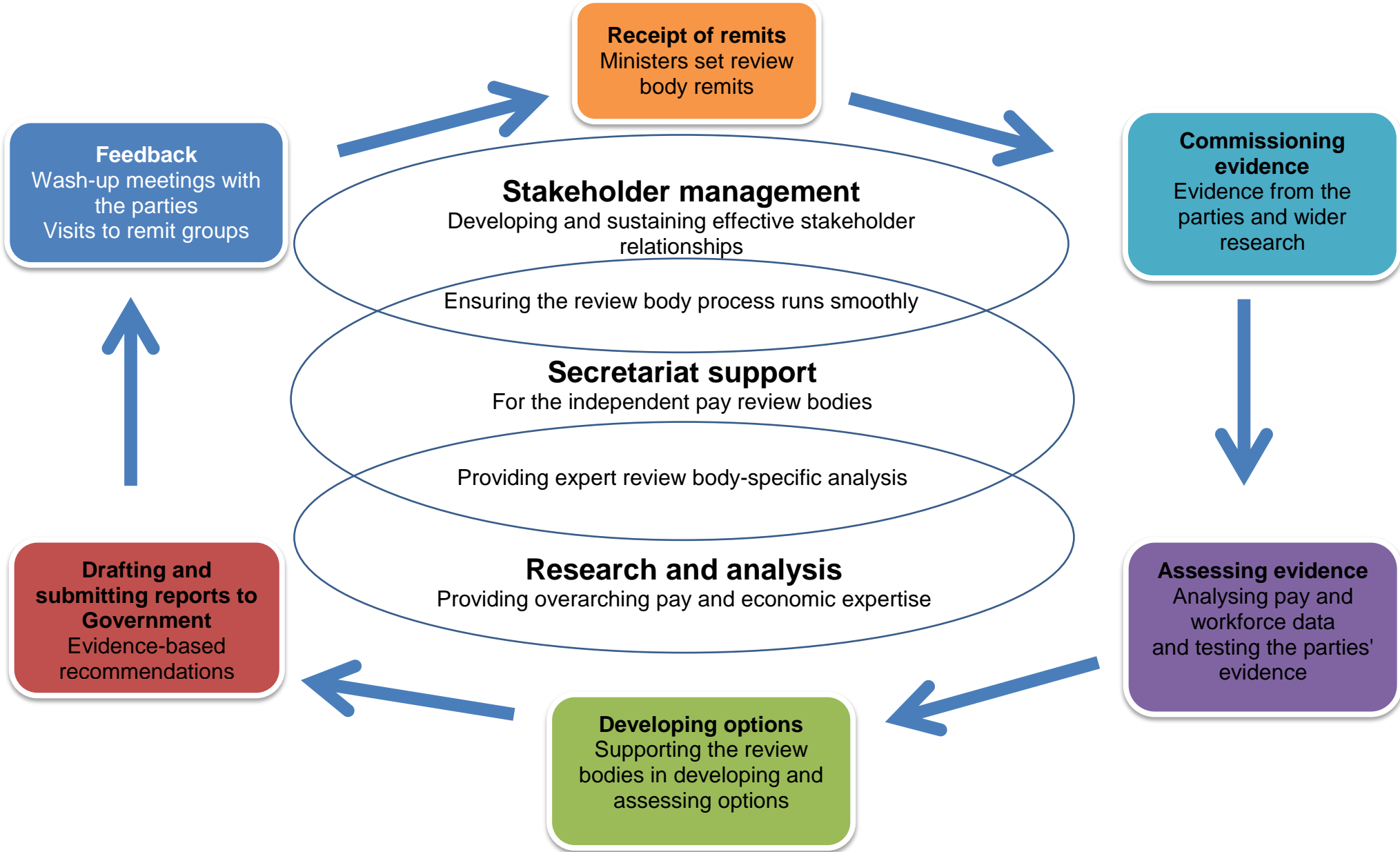
Efficiency

At the start of financial year 2016-17 all BIS administration budgets were reduced to make further efficiency savings, in line with the BIS 2020 programme. OME has reflected these savings in its own 2016-17 budget. It will continue to seek savings while also seeking to ensure that the pay review bodies it supports can continue to deliver high quality and timely advice in accordance with their remits.

OME operating model

OME's operating model is designed to support the pay review bodies in their work to develop recommendations for both annual rounds and reform remits. It seeks to maximise responsiveness to both pay review bodies and stakeholders, and easily adapt to changing demands. At its heart is OME's expertise in public sector reward and its ability to offer a professional and responsive secretariat service and stakeholder management function. It is shown at **Figure 2**.

Figure 2: The OME operating model



Chapter 3: Challenges: the wider environment

OME operates in a climate of uncertainty, which affects the scope and timing of its work programme. Factors include: the future direction and detail of public sector pay policy; affordability constraints; and reform of remit groups' terms and conditions of employment. The work of the pay review bodies is also affected by the industrial relations climate; and wider changes impacting on public sector workers, including pensions reform.

Risk management

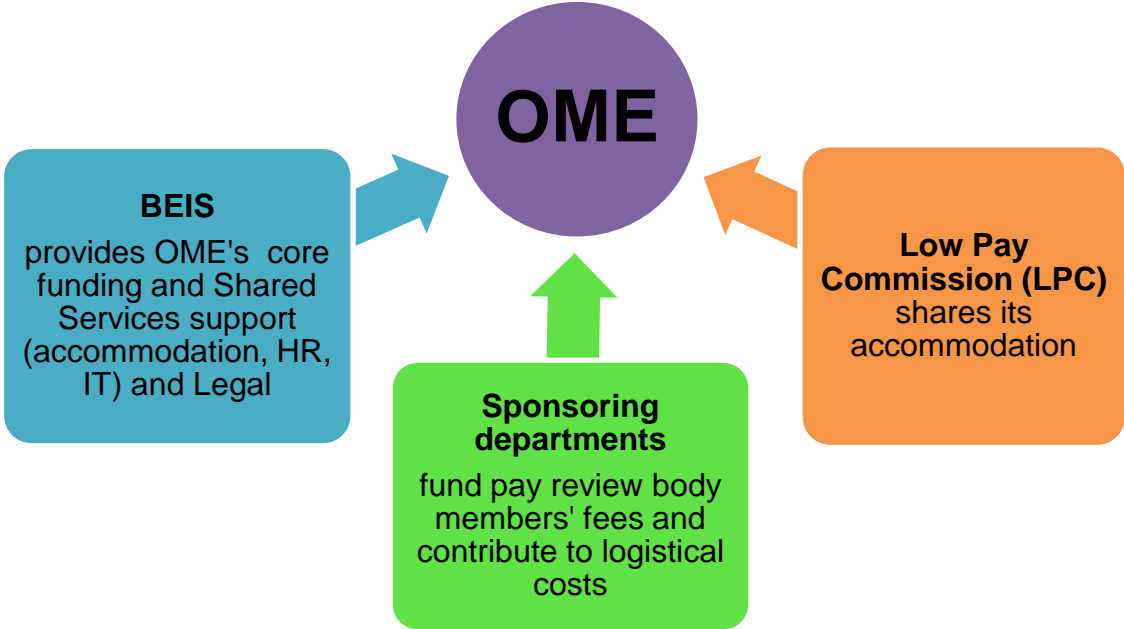
The main risks which OME will manage in 2016-17 are at **Annex C**. They are managed principally at team level through risk registers specific to the circumstances of the individual review bodies.

Interdependencies

OME has three main interdependencies:

- with **BEIS** which funds OME and provides its Information Technology (IT), accommodation, Human Resource (HR) and legal support and finance services;
- with the **sponsoring departments** which fund pay review body members' fees and in some cases contribute to OME's logistical costs; and
- with the **Low Pay Commission (LPC)** with whom it shares its accommodation.

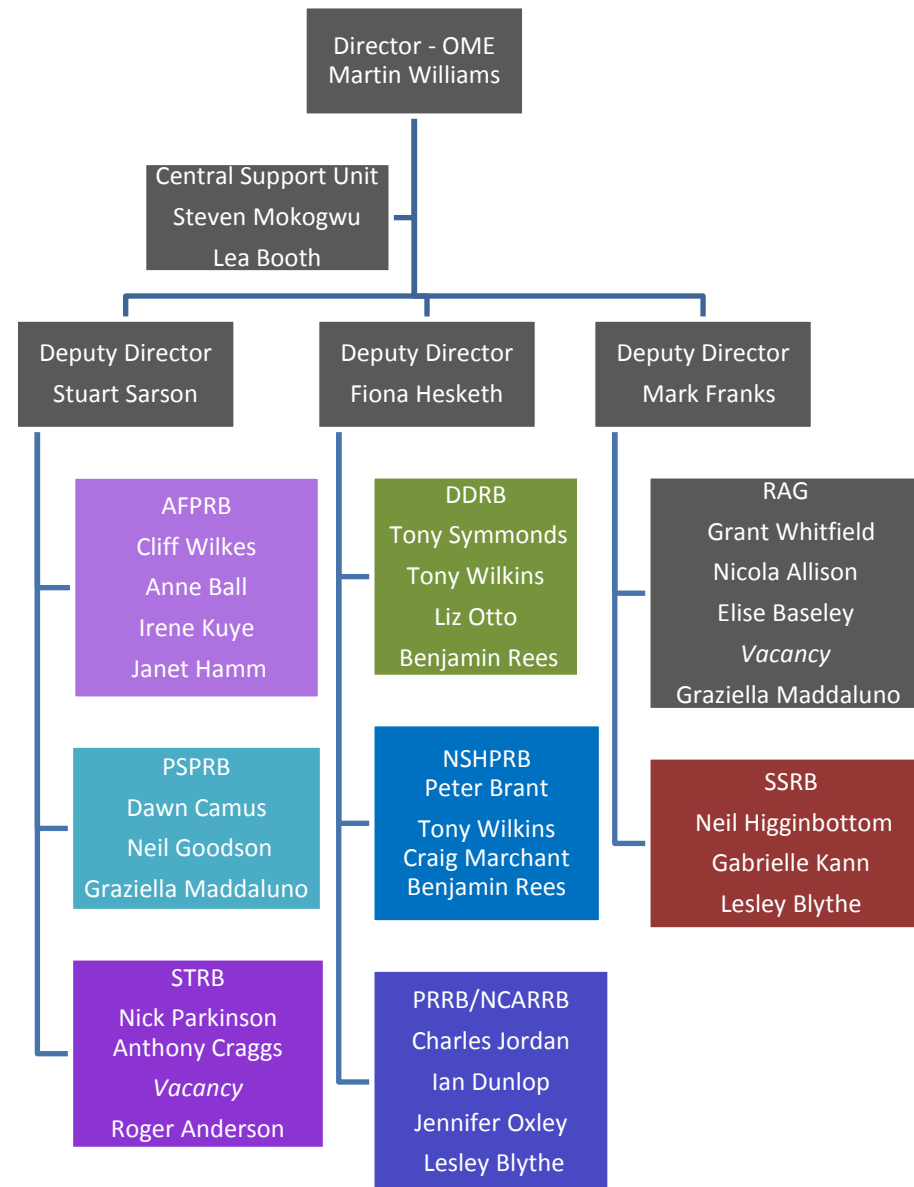
Figure 3: OME's interdependencies



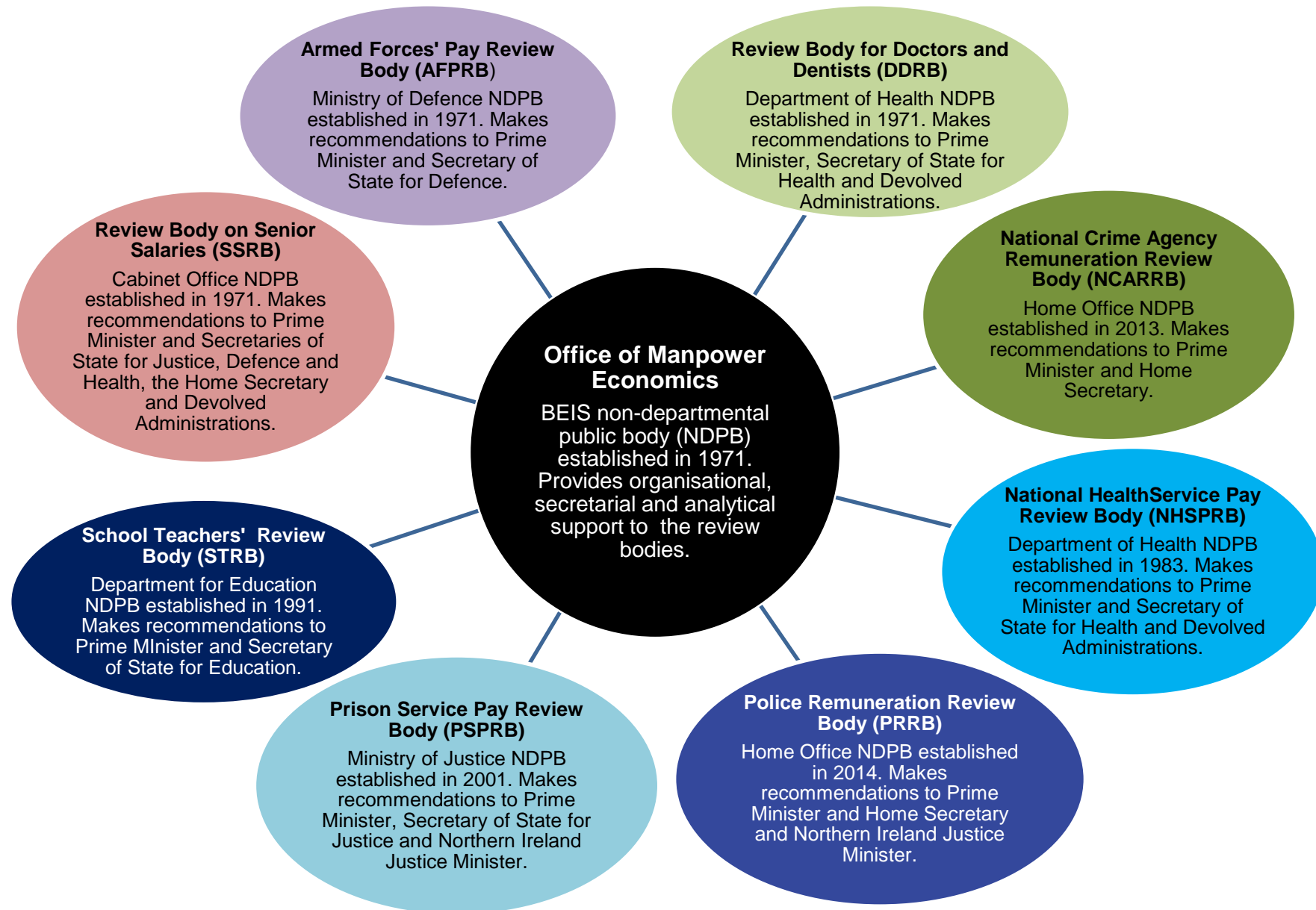
OME communication and engagement

OME aims for proportionate, accurate and positive media representation of itself and the pay review bodies. In 2016-17 OME is building its profile as a source of expertise on reward systems in the public sector with its external audience through conferences and development of analytical products for policy makers.

Annex A: OME organisation September 2016



Annex B: OME and the pay review bodies it supports



Annex C: Main risks for OME to manage in 2016-17

Risk	Impact High, Med, Low	Probability High, Med, Low	Counter measures	Owner/ responsible	Review and other comments
Review Bodies do not get the necessary evidence, delivered to time, to allow the process to work effectively, with all parties feeling that good quality reports have been produced.	H	M	Keep in regular contact with the parties and remind them of the importance of timely evidence. Make clear that timing of evidence affects timing of reports.	Pay review body secretariats	Not, ultimately, within pay review body or OME control. This year the uncertain effects of the EU referendum vote may make it harder for the parties to offer strong evidence-based propositions on the normal timescales.
OME has inadequate resources to deliver to the expectations of its various stakeholders, especially if new work is requested, or each devolved administration asks for separate reports, tailored to their needs.	H	M	Maintain good contact with departments, including central departments, and devolved administrations. Explain what can be delivered from OME core funding, while constantly seeking further efficiency. Ensure that significant extra remits are accompanied by extra resources to deliver them.	OME Senior Management Team	OME core funding comes via BEIS, but BEIS is not itself a recipient of any pay review body reports.
Disengagement of parties because of headline public sector pay policies may appear to predetermine results of the pay round.	H	M	Pay Review Body chairs, and secretariats, work with the parties to help them to consider the full range of issues on which pay review bodies could offer recommendations or observations, and to provide evidence accordingly.	Pay review body chairs and secretariats	HMT 2016 letter to Review Body chairs expresses support for targeting, but recognises this requires strong, evidence-based propositions.

Annex C: Main risks for OME to manage in 2016-17

Risk	Impact High, Med, Low,	Probability High, Med, Low	Counter measures	Owner/ responsible	Review and other comments
Machinery of government changes affecting OME's parent department (BEIS) disrupts OME operations.	M	L	Maintain close working links with key support functions (HR, Finance, IT, Estates).	OME Director and central team	OME is unlikely to be a top-priority area of BEIS focus in such changes.
The OME secretariats lack the knowledge and/or skills to support the pay review bodies.	M	L	Review OME learning and development regularly and identify any knowledge and skills gaps. Hold regular performance reviews with staff and consult pay review body chairs and members to confirm support and service is to standard. Consider how better to promote OME opportunities to potential new staff.	OME Senior Management Team	Following the retirement of some very experienced staff, their replacements can offer different perspectives, but OME needs to help them become familiar with the Review Body system.
Delays in appointments to pay review bodies risk their membership falling below required or effective numbers.	M	M/L	Alert sponsoring departments in good time to impending appointment/reappointment issues. Support departments with administering recruitments, as desired. Review all recruitment campaigns in case of failure to appoint or low application rates and liaise with sponsoring department on effective recruitment methods.	OME Senior Management Team and pay review body secretariats	General government policy on public appointments will be relevant here.