



Office of Manpower
Economics

Stewardship Report 2015/16

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Foreword by the Director, Office of Manpower Economics (OME)

For OME and the Pay Review Bodies that we support, 2015-16 was largely a period of continuity.

Following the General Election of May 2015, the new Conservative government reiterated its commitment to the pay review body process. The Chief Secretary to the Treasury, the Rt Hon Greg Hands MP, wrote to all Pay Review Body Chairs in July 2015 setting out the new government's general approach towards public sector pay over the next few years, and indicating that he looked forward to receiving the independent advice of the Review Bodies over the course of the coming Parliament. Review Bodies were subsequently asked by government departments for their recommendations and observations in the customary way, including by devolved administrations where applicable. All reports were produced on the timetables requested by the governments, and virtually all their recommendations were accepted.

Internally, like the rest of the public sector, OME sought ways to operate more efficiently and effectively. For example, for the first time we have published two Review Body reports (Armed Forces and Police) in HTML format on-line, to facilitate their being read from hand-held mobile devices. We ran a successful academic research conference on public sector pay developments in July 2015, and plan another for October this year, to ensure that we remain in touch with latest thinking on pay and reward matters.

The retirements of long-standing OME members of staff have made us look again at how we structure our support for Review Bodies, and make changes which will provide some efficiency savings. We have also recruited several new Review Body secretaries, and look forward to learning from their experiences in different government departments. One of OME's strengths is the continuity and experience provided by colleagues who have been with us for several years, but we also need to remain outward-focused and open to different approaches.

In July 2016 our parent department, BIS, changed its responsibilities following the new Prime Minister's machinery of government reorganisation; it is now the Department for Business, Energy and Industrial Strategy (BEIS). From OME's point of view, we hope and expect that our relationship with BEIS will be the same as our relationship with BIS; we continue to value the support we receive from our parent department on key corporate functions such as IT, human resources, finance and estates.

As ever, I am very grateful for the support that OME has received during 2015-16 from its own staff, from all those providing oral and written evidence to Review Bodies, and from Review Body members themselves. I have found it a pleasure to work with them.

Martin Williams
Director, OME
September 2016

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The Office of Manpower Economics (OME)

The Office of Manpower Economics provides an independent secretariat to the eight Review Bodies which make recommendations on pay for 2.4 million workers – about 44 per cent of public sector staff – involving a pay bill of £100 billion (about 60 per cent of the public sector pay bill).

The OME's 2015/16 aim remained unchanged from last year:

“Through the quality, timeliness, efficiency and rigour of its work, to support the Pay Review Bodies in offering evidence-based independent advice on public sector pay and conditions, in accordance with their terms of reference, and in making a positive contribution to public sector reform and delivery.”

The OME sought to do this by:

- Obtaining timely and high quality evidence, and providing research, analysis and advice, to inform Review Body decisions and underpin their recommendations.
- Enabling the Review Bodies to deliver their reports to the timetable and process required, and in accordance with their individual terms of reference and remits, by providing high quality secretariat services and through managing relationships with all parties to the process.
- Developing OME's capacity and capabilities through using the Civil Service Competencies and by meeting Investors in People, and Government Economic Service and Government Statistical Service standards for managing and developing people.
- Managing OME resources effectively with particular emphasis on flexible ways of working, and project management.

The OME is an independent non-statutory public body, free from Government direction in terms of its policy and operational activities. The staff are drawn mainly from the Department for Business, Energy and Industrial Strategy (BEIS), the Government Statistical Service, and the Government Economic Service. Its Director is responsible to the BEIS Accounting Officer for resource and staff issues.

Details of staffing and the organisational structure of OME are given in Chapter 1 and in Annex A.

The Public Sector Pay Review Bodies

There are currently eight independent Public Sector Pay Review Bodies serviced by OME. The Review Bodies advise the Prime Minister, relevant Secretaries of State, and the devolved administrations where required, on remuneration matters referred to them, including annual recommendations about pay levels.

Although the Review Bodies operate independently of one another, and each has different terms of reference, their procedures are broadly similar. Once issued with a remit they receive written and oral evidence from both the Government and representative organisations, such as trade unions and staff associations, about pay issues for the relevant workgroups; other interested parties may also submit evidence. The Review Bodies then consider the evidence and their own independent research to formulate recommendations on the remuneration of their remit groups. Following this they submit their recommendations to Government.

In addition to the annual pay round described above, the Review Bodies are often asked to look at other issues affecting the pay and other terms and conditions of their respective workforces.

The work undertaken by each Review Body is set out fully in their published reports which are available on the OME pages of GOV.UK. This report summarises their work.

Chapter 1: About the OME

- 1.1 The purpose of the OME is to provide the Pay Review Bodies with the support they require in order to fulfil their respective terms of reference in making pay, and related, recommendations for public sector workers. Similar to other government departments, it receives public funds to carry out this function, and by holding a secretariat role its purpose is predominantly the annual activity and process that is described in Chapter 2.
- 1.2 This report covers the period from 1 April 2015 to 31 August 2016 and provides an account of OME's use of public funds in terms of its budget and the work for which it pays. OME's forward activity is set out in a Business Plan, published on its GOV.UK website, which runs from September 2016 to August 2017, reflecting the Review Bodies' normal reporting cycle.

Budget and efficiency

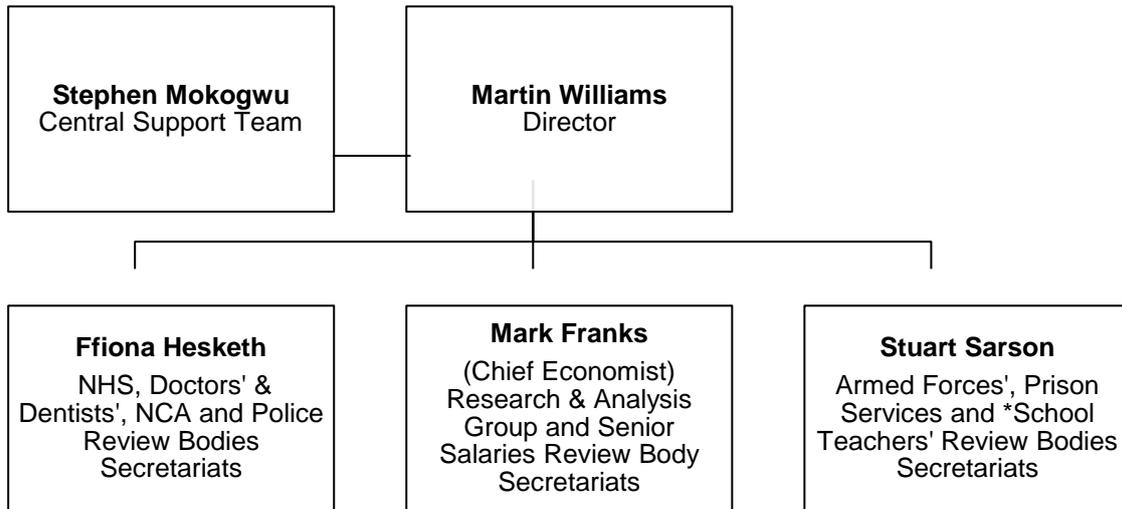
- 1.3 OME's total expenditure in 2015/16 was £2.91 million¹. This includes the costs of OME staff, the fees paid to Review Body members, the costs associated with running meetings and visits, and the costs of research and analysis commissioned by OME.
- 1.4 OME continues to look for further efficiency gains, for example from:
 - Rigorous assessment of business cases and effective procurement practice for research spending.
 - Promoting flexible and innovative ways of working.
 - Increased in-house and on the job training.
 - Bearing down on costs, for example, of publications, travel and photocopying, and the sharing of back-office costs (i.e. photocopier lease and consumables) with the Low Pay Commission.
 - Using the BEIS shared services programme.

Staff

- 1.5 The OME ended the year with 31 staff (full time equivalent of 30.04), four of whom were new staff joining in August 2016. The numbers (both headcount and full-time equivalent) by grade are given at Annex A.
- 1.6 OME provided secretariat support for eight Review Bodies across the year.

¹ The majority of OME expenditure is covered by the Department for Business, Energy and Industrial Strategy (BEIS). The fees paid to members are recovered from the relevant departments. Since a Cabinet Office review in 2006, it has been the policy that any new work must be fully funded by the sponsor department(s). So, for example, the OME costs of running the recently established Police and National Crime Agency Remuneration Review Bodies are recovered from a combination of the Home Office, the National Crime Agency and the Department of Justice in Northern Ireland.

Figure 1: The OME Organisational Chart as at 31 August 2016



*Jenny Eastabrook was responsible for the production of the School Teachers' Review Body Report in April 2016. Responsibilities at Deputy Director level were redistributed as shown above following her retirement at the end of April 2016.

Values and behaviours

1.7 The OME values and behaviours shown below help staff to ensure that their work for the Pay Review Bodies is independent, professional, collaborative and evidence-based.

Figure 2: The OME values and behaviours



Learning and development

1.8 The OME's training and development activities continue to focus on:

- Promoting best practice across teams to ensure it offers the best possible support to the Pay Review Bodies.
- Developing individuals to improve their performance and enable them to operate flexibly across OME and BEIS. We encourage staff to keep up to date with BEIS learning and development initiatives and seminars.
- Encouraging individuals to develop key professional skills for the relevant OME competences. As part of this, ensuring analysts (which comprise a third of OME staff) comply with Continuous Professional Development (CPD) requirements for the Government Statistical Service and the Government Economic Service as appropriate.

Our approach at OME uses a range of tools, including coaching, mentoring, short term attachments, internal cross-cutting projects and shadowing, as well as formal training courses.

1.9 During 2015/16 a significant proportion of our training spend was again devoted to increasing knowledge through attending specialist conferences and acquiring specific skills from courses, such as 'Read Smarter, Read Faster', utilising social media channels and a course delivered by the London School of Economics on labour markets and pay determination.

Staff engagement

1.10 The annual BIS People Survey for 2015 (which is part of the wider Civil Service People Survey which measures employee engagement) showed that, despite a drop from the previous year, the OME's engagement index remained high, at 64 per cent. This was eight percentage points higher than the average across the parent department, BIS, and one per cent higher than other high performing units in the Civil Service generally.

Working with BEIS

1.11 The OME is a small department and BEIS provides the IT, accommodation, HR and finance services. Consequently, staff members are usually considered to be part of the BEIS "family" for pay purposes and logistical issues. However, as a department, OME maintains policy and operational independence, and the Pay Review Bodies have no relationship with BEIS.

1.12 In 2015/16 OME staff were involved in a range of the Department's activity, including:

- Participating in the annual BIS People Survey.

- Participating in the BEIS professional networks for Economists and Statisticians.
- Attending BEIS Finance Network Group meetings and the Assistant Finance Business Programme.
- Participating in the BEIS Partner Organisation and Governance Team meetings and annual returns.
- Participating in many BEIS staff events and BEIS training programmes, including Learning and Development Network meetings, Aspiring Managers Programme and the BEIS Fast Stream Programme.
- Representing OME at the BEIS Oracle Champions meeting that promotes best practice on Oracle, a web based system that provides staff access to HR, Finance and Procurement transactional services.

The Freedom of Information (FOI) Act 2000

1.13 Details of requests received by OME for the release of information under the FOI Act can be found on our website:

<https://www.gov.uk/government/organisations/office-of-manpower-economics>

Chapter 2: The Work of the Teams



Overview

- 2.1 The work of OME staff is directed by the requirement of the Pay Review Bodies that it supports. The Review Bodies receive annual remits from Government to recommend on pay for the groups that they represent.
- 2.2 From time to time, the Review Bodies receive additional remits. The 2014/15 Stewardship report explained that the National Health Service Pay Review Body (NHSPRB) had been asked to report its observations on the barriers and enablers within the Agenda for Change pay system for delivering healthcare every day of the week in a financially stable way. The Review Body on Doctors' and Dentists' Remuneration (DDRDB) had been asked to report on contract reform for junior doctors and consultants. The reports produced entitled *"Enabling the delivery of the healthcare services every day of the week – the implications for Agenda for Change"* and *"Contract reform for consultants and doctors & dentists in training - supporting healthcare services seven days a week"* were published in July 2015.
- 2.3 Secretariats' work falls into a number of phases:
 - Organising and supporting Members across an extensive visits programme of information gathering.
 - Commissioning research and survey work (for example, pay comparability), and collecting data or analyses that the Review Body requests. These can include information about the remit group (such as on recruitment and retention) and more general information about the economy drawn from a variety of sources.
 - Liaising with the parties (such as Government departments and unions). This is to ensure that written evidence is provided to the Review Body on time and that subsequent oral hearings with the major parties are arranged and supported.
 - Scheduling, arranging and supporting all meetings.
 - Preparing briefing and technical papers on the written evidence and responses from both the Government and the other parties to assist the Review Bodies in their consideration of the remits from Government.
 - Drafting the reports following the evidence sessions and the Review Body decision-making process. This involves a considerable amount of background briefing and clearance of technical detail.
 - Informal discussions with the parties about the outcome of the last round and likely points for the future.
- 2.4 The exact nature of the work varies between secretariats. Timetables and submission dates depend on when the annual pay increases are applied (for example, changes to police officers' and teachers' pay apply from 1 September but most other groups, including the Armed Forces and NHS staff, have awards and changes applying from 1 April each year). The Review Bodies are independent of one another, as well as of Government.
- 2.5 See Table 1 for more detailed information about the Review Bodies.

Table 1: Review Bodies Supported by the OME

Review Body	Status	Sponsoring Department	Remit Group	Consultees	No. within Remit Group (000s)	Annual paybill	National coverage
Armed Forces' Pay Review Body	Non Statutory	Ministry of Defence	Members of the Armed Forces up to and including the rank of Brigadier (one star) and equivalents.	Ministry of Defence, Services Families' Federations, Reserve Forces' and Cadets' Association, British Medical Association and British Dental Association.	160 (headcount)	£7.8 billion	United Kingdom
Review Body on Doctors' and Dentists' Remuneration	Non Statutory	Department of Health	Hospital doctors and dentists; general medical practitioners; ophthalmic medical practitioners; general dental practitioners; and doctors and dentists in public health, community health, and salaried primary dental care services.	Department of Health, Welsh Assembly Government, Scottish Executive Health Department, Department of Health, Social Services and Public Safety in Northern Ireland, NHS Employers, NHS England, British Medical Association, British Dental Association, Advisory Committee on Clinical Excellence Awards, Scottish Advisory Committee on Distinction Awards, Foundation Trust Network and Health Education England.	217 (headcount)	£19 billion	United Kingdom
National Crime Agency Remuneration Review Body	Non Statutory	Home Office	National Crime Agency officers designated with operational powers.	Home Office, National Crime Agency, Public and Commercial Services Union, National Crime Officers' Association, FDA.	2.0 (headcount) 1.9 (FTE)	£73 million	United Kingdom

Review Body	Status	Sponsoring Department	Remit Group	Consultees	No. within Remit Group (000s)	Annual paybill	National coverage
NHS Pay Review Body	Non Statutory	Department of Health	All staff employed in the NHS, and paid under Agenda for Change. This covers all NHS staff, with the exception of doctors, dentists and very senior managers.	Department of Health, England; Department of Health and Social Services, Wales; Department of Health, Social Services and Public Safety, Northern Ireland; Scottish Government Health and Social Care Directorates; NHS Employers; NHS Providers (formerly Foundation Trust Network); Northern Ireland Public Service Alliance; the Joint Staff Side and its individual staff bodies, which are: British Association of Occupational Therapists; British Dietetic Association; British Orthotic Society; Chartered Society of Physiotherapists; Community and District Nursing Association; Federation of Clinical Scientists; GMB; Royal College of Midwives; Royal College of Nursing; Society of Chiropractors and Podiatrists; Society of Radiographers; Union of Construction, Allied Trades and Technicians; Unison; and Unite.	1,326 (headcount) 1,154 (FTE)	£43 billion	United Kingdom
Police Remuneration Review Body	Statutory	Home Office	Federated ranks of police officers and superintending ranks in England and Wales, and Northern Ireland.	Home Office; Police Federation of England and Wales; Police Superintendents' Association of England and Wales; National Police Chiefs Council; Metropolitan Police Service; Association of Police and Crime Commissioners; Mayor of London Office for Policing and Crime. Police Service of Northern Ireland; Department of Justice Northern Ireland; Northern Ireland Policing Board; Police Federation for Northern Ireland; Superintendents' Association of Northern Ireland.	136 (headcount) 133 (FTE)	£7 billion	England & Wales and Northern Ireland

Review Body	Status	Sponsoring Department	Remit Group	Consultees	No. within Remit Group (000s)	Annual paybill	National coverage
Prison Service Pay Review Body	Statutory	Ministry of Justice (England & Wales)	Governing governors, other operational managers, prison officers and operational support grades in the England and Wales Prison Service.	National Offender Management Service, POA, Prison Governors' Association and Public and Commercial Services Union.	25 (headcount; England & Wales) 24 (FTE)	£900 million	England & Wales
		Department of Justice (Northern Ireland)	Governor, officer and support grades (and equivalents) in the Northern Ireland Prison Service.	Northern Ireland Prison Service, POA (Northern Ireland) and Prison Governors' Association (Northern Ireland).	1.3 (headcount and FTE)	£60 million	Northern Ireland
Review Body on Senior Salaries	Non Statutory	Cabinet Office, Ministry of Justice, Ministry of Defence, Department of Health, Home Office, Department of Justice for Northern Ireland	Senior Civil Servants (SCS), Judiciary, Senior Military Officers, certain Very Senior Managers in the NHS (VSMs), Police and Crime Commissioners (PCCs), and Chief Police Officers	Cabinet Office, Ministry of Justice, Ministry of Defence, Department of Health, Home Office, Department of Justice for Northern Ireland, Association of Police and Crime Commissioners, Civil Service Commission, FDA, Prospect, Managers in Partnership, Lord Chief Justice, Lord President of the Court of Session (Scotland), Lord Chief Justice of Northern Ireland, Judicial Appointments Commission (England and Wales), Judicial Appointments Board for Scotland and Northern Ireland Judicial Appointments Commission, National Police Chiefs' Council, Chief Police Officers' Staff Association, Northern Ireland Policing Board, Police Service of Northern Ireland, the Metropolitan Police Service and members of the remit groups.	Judiciary 2.2; VSMs 0.4; Senior Military 0.1; SCS 4.0; PCCs 0.04; Chief Police Officers 0.2 (All headcount)	Judiciary: £450 million; VSMs: £70 million; Senior Military: £25 million; SCS: £451 million; PCCs: £3 million; Chief Police Officers: £34 million.	Judiciary and Senior Military: UK; SCS: GB; PCCs: England and Wales; VSMs: England; Chief Police Officers: England, Wales and Northern Ireland.

Review Body	Status	Sponsoring Department	Remit Group	Consultees	No. within Remit Group (000s)	Annual paybill	National coverage
School Teachers' Review Body	Statutory	Department for Education	Teachers, including head teachers, in maintained schools and services in England and Wales	<p>Department for Education, the Welsh Government. Association of local authorities: National Employers' Organisation for School Teachers.</p> <p>Organisations representing teachers: Association of School and College Leaders, Association of Teachers and Lecturers, British Association of Teachers of the Deaf, National Association of Head Teachers, National Association of Schoolmasters Union of Women Teachers, National Union of Teachers, Undeb Cenedlaethol Athrawon Cymru, Voice.</p> <p>Organisations representing governors: Governors Wales, National Governors' Association.</p>	<p>529 (headcount)</p> <p>480 (FTE)</p>	£24 billion	England and Wales

Notes:

1. The figures above are OME estimates mostly made in March 2016. They give a general indication of orders of magnitude but have not been compiled on a wholly consistent basis due to the different nature of the data sources, timing and methodological approaches.
2. DDRB figures include GMPs and GDPs as well as salaried staff.
3. Please contact OME (see front of this report) if you would expect to be included in the list of consultees but are not shown listed above.

The financial year 2015/16: context and Government pay policy

- 2.6 Pay rounds since 2010 have taken place within the context of a policy of centrally-led public sector pay restraint. The Chief Secretary to the Treasury wrote to the Review Bodies in July 2016 setting out the Government's policy on public sector pay awards for the 2016/17 pay round which was an average of up to one per cent.
- 2.7 In the course of 2015/16 the secretariats supported the Review Bodies in producing 17 reports which were submitted to the appropriate UK Governments and are published on the OME website. To support these, OME produced a large body of work including summaries and analysis of the evidence, reports on issues raised during visits, statistical and economic briefings, updates on pay and labour market issues, and the setting out of detailed options for Review Bodies to consider. Secretariats also arranged visits that enabled Review Body Members to meet the staff and managers affected by their recommendations and to discuss key issues with them. This complemented the formal evidence received from employers and staff representatives.
- 2.8 The following pages set out the main work of each secretariat, including the Review Body reports produced in the year and their main recommendations. The total number of visits, meetings and reports for each Review Body is at Annex B.
- 2.9 The final part of this chapter covers the work of the Research and Analysis Group as well as the Review Body appointments processes in which OME has some involvement.

Armed Forces' Pay Review Body (AFPRB) Secretariat

The AFPRB secretariat supports its Review Body in providing independent advice on the pay and charges for members of the Royal Navy, the Army and the Royal Air Force, stationed both within and outside the United Kingdom.

In 2015/16, the AFPRB secretariat supported the Review Body through its usual annual remit which covered both pay and allowances and accommodation and food charges. In addition, the AFPRB commissioned a further update to the independent research into pay comparability carried out by PricewaterhouseCoopers for the 2014 report. During the course of the year AFPRB endorsed Financial Retention Incentives (FRIs) for Army Air Corps Pilots, for Leading Engineering Technicians and a follow-on FRI for Petty Officer Engineering Technicians and Chief Petty Officer Engineering Technicians. It also approved the extension of a FRI for Weapons Engineering Submarines Strategic Weapons Systems and Tactical Weapons Systems.

The AFPRB submitted its main (45th) annual report on 29 January 2016. Its main recommendations were:

- An increase of one per cent in base pay;
- A one per cent increase in most rates of Recruitment and Retention Pay (RRP), compensatory allowances and Reserves' Bounties and Call-Out Gratuity;
- No increase in the rental charges for Service Family Accommodation (SFA) under the four-tier grading system in advance of the transition to the Combined Accommodation Assessment System (CAAS);
- The top charge band for each type of SFA in the CAAS to be set at the top charge of the four-tier grading system for that type, and that the level of reduction for lower bands for each type should be in steps of ten per cent;
- Increases of 3.2 per cent to grade 1, 2.1 per cent to grade 2, 1.1 per cent to grade 3 and zero to grade 4 for Single Living Accommodation (SLA) rental charges;
- No increase to the Daily Food Charge which remains at £4.79; and
- The daily price of the Core Meal (for all three meals) under Pay As You Dine to be set at the value of the Daily Food Charge plus VAT (an increase from £4.89 to £5.75).

The Government accepted the AFPRB's recommendations and the report was published on 8 March 2016.

Following submission of the main report, the Review Body began its normal supplementary work on Service Medical and Dental Officers' pay. The resulting supplementary report was submitted to Government on 16 March 2016. An overall recommendation of one per cent was accepted by the Government on publication of the report on 21 April 2016.

Review Body on Doctors' and Dentists' Remuneration (DDRB) Secretariat

The DDRB secretariat supports its Review Body in providing independent advice on rates of pay for doctors and dentists in England, Scotland, Wales and Northern Ireland.

In autumn 2014, following the breakdown of contract negotiations with the British Medical Association, the United Kingdom Government, Northern Ireland Executive, Welsh Government and Scottish Government gave DDRB a remit to look at contractual reform for junior doctors. Similarly, the United Kingdom Government, Northern Ireland Executive and Welsh Government also asked DDRB to report on consultant contract reform. The Review Body took written and oral evidence from the parties in early 2015, submitting its final report in July 2015: *Contract reform for consultants and doctors & dentists in training – supporting healthcare services seven days a week*. Based on the positions reached during the negotiations, the report made recommendations on contract reform for junior doctors; and made observations on contract reforms for consultants. In both cases, DDRB expected the parties to negotiate further on the detail of the contract reforms.

In 2015/16, the DDRB secretariat also supported the Review Body through its usual annual remit covering pay and allowances. DDRB was asked to recommend for all of its remit groups in all four countries.

DDRB submitted its 44th annual report in February 2016. Government published the report in March 2016. The central recommendations in the report were:

- An increase in basic pay of one per cent to the national salary scales for salaried doctors and dentists for all countries of the UK; and
- An increase of one per cent in pay, net of expenses, for independent contractor general medical practitioners and general dental practitioners for all countries of the UK.

The recommendations were accepted.

National Crime Agency Remuneration Review Body (NCARRB) Secretariat

The NCARRB secretariat supports its Review Body in providing independent recommendations on pay and allowances for NCA officers designated with operational powers below the level of Deputy Director. In 2015/16 the NCARRB secretariat supported the Review Body in producing two reports, one in May 2015 and one in April 2016.

2015 Report

The Government accepted the NCARRB's recommendations as follows on 20 July 2015:

- NCA officers designated with operational powers assessed as at least "good" under the NCA's performance management system receive consolidated pay increases at the following values - below target range £540, within target range £270, and above target range £135. Also a £135 increase to pay range maxima to ensure consolidated pay increases for those at the maxima;
- For officers yet to be assimilated (i) those offered NCA terms but electing to remain on precursor terms to remain on 2014/15 pay rates and (ii) Border Investigators not offered assimilation to receive a pay increase of one per cent (non-consolidated where above the pay range maxima);
- London Weighting Allowance to increase by one per cent; and
- No changes to the value of other NCA allowances within the Review Body's remit.

2016 Report

The Government accepted the NCARRB's recommendations as follows on 12 May 2016:

- A one per cent consolidated pay increase (including Border Investigators);
- Other officers offered NCA terms but electing to remain on precursor terms to remain on their 2015/16 pay rates; and
- A one per cent increase to London Weighting Allowance.

National Health Service Pay Review Body (NHSPRB) Secretariat

The NHSPRB secretariat supports its Review Body in providing independent advice on rates of pay for NHS staff (excluding doctors and dentists and Very Senior Managers) in England, Scotland, Wales and Northern Ireland.

In June 2015 the NHSPRB submitted its report on seven day services in the NHS *“Enabling the delivery of the healthcare services every day of the week – the implications for Agenda for Change”* to the UK Government, the Welsh Government and the Northern Ireland Executive. The report was published in July 2015.

In 2015/16 the United Kingdom Government, Scottish Government, Welsh Government and Northern Ireland Executive asked for pay recommendations from NHSPRB.

The central recommendations in the 2016 NHSPRB Report were:

- A one per cent increase to all *Agenda for Change* (AfC) pay points from 1 April 2016 for all AfC staff; and
- A one per cent increase to the High Cost Area Supplement minimum and maximum payment.
- The Review Body noted the features of the Scottish Government’s public sector pay policy of i) a £400 minimum increase for staff earning under £22,000 and ii) the application of the Scottish Living Wage and the application of the Living Wage in Wales.

The report also set out a number of observations relating to the need to monitor recruitment and retention indicators, the need for a workforce strategy in each of the four UK countries, the importance of staff engagement and its link with patient outcomes, funding arrangements for the implementation of the new National Living Wage and the impact of the removal of student nurse bursaries. It contained requests for future evidence on the approach to total reward including pensions, pay bill trends over time, agency expenditure details, data on vacancies and a request for all parties in England to develop their evidence base on issues around Higher Cost Area Supplement sites and surrounding areas.

The report also contained observations on the request for a national recruitment and retention premium (RRP) for paramedics. The Review Body did not believe there was a case for a RRP for paramedics as shortages appeared to be localised and short-term and could be better solved by local RRP. However, the report urged the parties to work together quickly to identify solutions and best practice for trusts and that a clear and tight timetable be agreed between the parties to reach a final decision on the banding position of paramedics.

The UK Government, the Scottish Government, the Welsh Government and the Northern Ireland Executive accepted the Review Body’s recommendations.

Police Remuneration Review Body (PRRB) Secretariat

The PRRB recommends on pay and allowances for all police officers up to and including the rank of chief superintendent in England, Wales and Northern Ireland.

During 2015/16, the secretariat supported the PRRB in submitting its first two reports on 12 June 2015 (since its establishment in September 2014) and its second two reports on 8 June 2016. Separate reports are produced for England and Wales, and Northern Ireland.

2015 Reports

The PRRB's First Report for England and Wales recommended the following (accepted by the Government on 16 July 2015):

- A consolidated increase of one per cent to all pay points for federated and superintending ranks;
- The London inspecting lead retained for now; and
- London Weighting (from 1 July 2015) and Dog Handlers' Allowance uprated by one per cent;

As requested by the Home Secretary, the report also made observations on existing arrangements for differentiation of police officer pay and allowances at regional and local level, and set out guiding principles for its five-year work programme.

The PRRB's First Report on Northern Ireland recommended a consolidated increase of one per cent to all pay points for federated and superintending ranks, and Northern Ireland Transitional Allowance and Dog Handlers' Allowance uprated by one per cent. These were accepted by the Minister of Justice Northern Ireland on 16 September 2015.

2016 Reports

The PRRB's Second Report for England and Wales recommended the following (accepted by the Government on 6 July 2016):

- A consolidated increase of one per cent to all pay points for federated and superintending ranks;
- A one per cent increase to London Weighting and Dog Handlers' Allowance;
- An increase in the maxima for South East Allowances to £2,000 and £3,000 respectively; and
- Motor Vehicle Allowances mileage rates to be the prevailing HMRC rates for essential and casual users.

The PRRB's Second Report on Northern Ireland 2016 recommended a consolidated one per cent increase to all pay points for federated and superintending ranks, and Northern Ireland Transitional Allowance and Dog Handlers' Allowance uprated by one per cent. These were accepted by the Minister of Justice Northern Ireland on 8 September 2016.

Prison Service Pay Review Body (PSPRB) Secretariat

The PSPRB secretariat supports its Review Body in providing independent advice on pay for governing governors, operational managers, prison officers and support grades in HM Prison Service (England and Wales) and equivalent posts in the Northern Ireland Prison Service.

In February 2016 the PSPRB submitted its (15th) annual report on the Prison Service in England and Wales. There were 13 recommendations in total, 12 relating to pay, pay structures and allowances and one on recruitment and retention:

- The maxima of the *Fair and Sustainable* National Bands 2 to 5 be raised by one per cent and the minima and intermediate points be adjusted.
- Staff in Bands 2 to 5 to progress by one pay point for satisfactory performance (unless on formal poor performance procedures).
- Staff in *Fair and Sustainable* Band 5 with an 'Outstanding' box marking receive an additional one per cent non-consolidated, non-pensionable award.
- The National maxima and minima of *Fair and Sustainable* Bands 7 to 11 to be increased by one per cent. This change to the ranges has no automatic effect on individual staff pay.
- Staff in Bands 7 to 11 that achieve a performance marking of 'Good' or 'Outstanding' to receive four per cent progression, capped at the new band maxima. Any staff who would be paid less than the minimum of their pay range after progression has taken place be moved to the new 2016 band minimum.
- Staff in Bands 7 to 11 with an 'Outstanding' marking to receive an additional two per cent non-consolidated, non-pensionable award.
- Non-consolidated, non-pensionable payments for all officers (in closed grade equivalents to Bands 3 to 5) at the maximum of the old, pre-*Fair and Sustainable* grades (including former G4S staff) of £300 for officers and equivalents, £325 for senior officers and equivalents and £350 for principal officers and equivalents (unless on formal poor performance procedures).
- Non-consolidated, non-pensionable payments for all support staff (in closed grade equivalents to Band 2) at the maximum of the old, pre-*Fair and Sustainable* grades (including former G4S staff, prison auxiliaries and night patrol staff) of £300 (unless on formal poor performance procedures).
- The fixed cash pay differentials for the *Fair and Sustainable* Outer and Inner London zones to be applied consistently across all bands (£2,525 and £3,840 respectively and based on 37 hour National zone).
- The required hours addition is increased to 17 per cent.
- The dirty protest allowance be increased to £10 for the first four hours or less and £20 for over four hours.
- A new care and maintenance of dogs allowance rate be introduced for carers of multiple dogs at £1,908 per year.
- The National Offender Management Service to arrange for a full review of its current approach to recruitment and retention issues in establishments in difficult labour markets.

The report was accepted by the Government in March 2016.

For the third year running, the round in Northern Ireland has again been similar to the situation for 2014/15 and 2015/16 pay. The Northern Ireland Prison Service is currently in discussions with the Prison Officers' Association and the Prison Governors' Association on a number of pay related matters with the aim of again reaching a joint agreement for 2016 pay. The Review Body has yet to receive a remit letter for this jurisdiction and may again be asked to note any joint agreements made.

Review Body on Senior Salaries (SSRB) Secretariat

The SSRB secretariat supports its Review Body in providing independent advice on the pay of: senior civil servants (the SCS) in Great Britain; the salaried judiciary in the United Kingdom; senior officers of the Armed Forces of the Crown (stationed both within and outside the United Kingdom); certain Very Senior Managers (VSMs) in the NHS in England; Police and Crime Commissioners (PCCs) in England and Wales; and chief police officers in England, Wales and Northern Ireland.

In June 2015 the SSRB submitted its first report on the pay of chief police officers. This recommended a consolidated one per cent increase to their base pay. Both the UK and Northern Ireland Governments accepted this recommendation when the report was published in July 2015.

In April 2016 the SSRB submitted its annual report on the pay of the SCS, the judiciary, the senior military and NHS VSMs in 2016-17. Its main recommendations were a uniform increase equivalent to one per cent of base pay for the senior military and the judiciary and an average increase of one per cent for the SCS (apart from those in the bottom 10 per cent of the SCS performance distribution). On the NHS VSMs in its remit the SSRB said that it did not have sufficient evidence to make a pay recommendation and that the Department of Health should determine the pay increase for 2016-17. When the report was published in April 2016 the Government accepted the recommendations for pay increases for the senior military, judiciary and the SCS. The Government also accepted a recommendation for the SCS to introduce an in-year contribution award scheme and partially accepted a recommendation to increase pay minima.

The SSRB was asked not to make recommendations on the pay of PCCs in 2016-17.

In June 2016 the SSRB submitted a supplement to the annual report on the pay of chief police officers. It recommended a consolidated one per cent increase to their base pay. In July 2016 the Home Secretary accepted the recommendation for chief police officers in England and Wales. A response from the Northern Ireland Government on chief police officers in Northern Ireland is awaited.

School Teachers' Review Body (STRB) Secretariat

The STRB secretariat supports its Review Body in providing independent advice on the pay, professional duties and working time of school teachers, including head teachers, in England and Wales.

STRB received a remit from the Secretary of State for Education on 7 October 2015. The remit asked the review body to consider:

- What adjustments should be made to the salary and allowance ranges for classroom teachers, unqualified teachers and school leaders to promote recruitment and retention within an average pay award of one per cent.
- What adjustments, if any, should be made to the pay and conditions framework to provide additional flexibilities for schools and incentives to recognise performance.
- Whether the existing salary sacrifice arrangements should be extended to provide scope for a salary advance scheme for rental deposits.
- What changes to the School Teachers' Pay and Conditions Document (STPCD) may be appropriate following the introduction of new registration fee arrangements to finance the Welsh Education Workforce Council (EWC).

The STRB submitted its 26th report in April 2016, making the following recommendations:

- A one per cent uplift to the minima and maxima of all the pay ranges and allowances in the national pay framework (unqualified teachers' range, main pay range, upper pay range, leading practitioner pay range and the leadership pay ranges), the three levels of Teaching and Learning Responsibility (TLR) payments and the Special Educational Needs (SEN) allowance.
- No changes to the STPCD in relation to non-consolidated payments.
- No change to the provisions in the STPCD on arrangements for upper pay range teachers.
- That the Department include a section in the statutory guidance making clear that a salary advance scheme for rental deposit is one of a number of tools that schools might consider for aiding recruitment or retention.
- That, subject to receiving appropriate assurances from the Welsh Government on the fee structure for teachers registering with the Welsh Education Workforce Council, the Secretary of State should remove the relevant provision from the STPCD.

The Government accepted all the recommendations and published the report in July 2016, prior to statutory consultation on the recommendations.

Research and Analysis Group

- 2.10 The Research and Analysis Group – comprising specialists in economics, statistics and remuneration – provides advice and analysis to the Review Bodies and their OME secretariats on pay, the economy and the labour market. As required, the Group commissions cross-cutting research of relevance across Review Bodies and to OME as a whole, and also contributes to research projects commissioned on behalf of *individual* Review Bodies. To do so, the Group draws on the expertise and knowledge of economist members of the Review Bodies. Members of the Group also keep up to date with external developments on the labour market and pay, including via professional networks within and outside Government.
- 2.11 In 2015/16 the Research and Analysis Group undertook in-house analysis, provided targeted statistical quality assurance, and ensured good quality research was procured. Cross-cutting research projects that began in the second half of the year (with final reports on these due for publication during 2016/17) included¹ one on ‘modern pay systems’ and another on ‘use of agency staff in the public sector’ (see Annex C for more details of all OME commissioned research under way during the year). All² contractors’ final research reports are published in full on the OME website and are often cited in Review Body reports. OME’s research spending in 2015/16 totalled just over £50,000 but in 2016/17 the corresponding figure is expected to be higher given the continuation of the two 2015/16 cross-cutting projects mentioned above and the prospect of new requirements arising. Two further projects were commissioned early in 2016/17 through an inaugural open call for research on public sector pay, with the aim of building OME’s knowledge and evidence base and encouraging research on public sector pay. One is on measuring changes in the educational attainment of graduate entrants to major public occupations and the other on wage growth in pay review body occupations. Both are due to complete in late 2016.
- 2.12 During the year 2015/16 the Group helped BEIS and its central services provider UK Shared Business Services Ltd to procure a new ‘Research and Evaluation Framework Agreement’. This will allow OME quickly to use shortlists of preferred suppliers to invite tenders, in particular, for specialist research and advice in the remuneration area and in pensions.
- 2.13 The Research and Analysis Group also instigates, or otherwise engages with, a wide variety of corporate initiatives. For example, it arranged for an academic from Cambridge University to present a tailored training course on ‘Labour Markets and Pay Determination’ for OME staff. The Group also hosted a Public Sector Pay and Reward seminar for both internal and external delegates. More recently it has begun to champion, within the OME analyst community for Review Body purposes, exploration of datasets historically less used by Review Bodies – such as the UK Commission for Employment and Skills’ Employer Skills Survey and the HM Revenue and Customs’ Survey of Personal Income – and also to advocate greater exploitation of more familiar ones – such as the Office for National Statistics’ Annual Survey of Hours and Earnings (ASHE) and Labour Force Survey (LFS).

¹ A commissioned project on hard-to-fill posts was cancelled, at no cost to OME, by mutual agreement with the contractor.

² Provided they meet quality standards.

Review Body appointments

- 2.14 The OME does not appoint Pay Review Body Chairs and Members; this is the responsibility of the sponsoring departments. However, the secretariats support the process; for example, they check that adverts and candidate packs contain up-to-date information about the roles. The OME Director usually sits on the interviewing panel.
- 2.15 During the course of the year, 16 new Members joined the Review Bodies and four existing Members were re-appointed. OME provided advice to the sponsoring departments to support these processes and OME secretariats organised induction programmes for the new Members.

Annex A

OME Staff Resources 2015/16

Table A: OME Staff in post (Headcount and Full-Time Equivalent)

Range	As at 31 March 2015		As at 31 August 2016	
	Headcount	<i>Full-Time Equivalent</i>	Headcount	<i>Full-Time Equivalent</i>
SCS	5	4.2	4	4.0
Grade 6	1	1.0	1	1.0
Grade 7	12	11.3	11	10.64
SEO	1	1.0	1	1.0
HEO	8	8.0	7	7.0
EO	3	3.0	2	2.0
AO	5	4.4	5	4.4
Total	35	32.9	31	30.04

Note: Staffing for 2015 includes the creation of an additional team to support the National Crime Agency Remuneration Review Body and the Police Remuneration Review Body.

Annex B

Review Body Secretariat Work Volumes 2015/16

Secretariat	Visits	Meetings	Reports
AFPRB	20	18	2
DDRB	3	14	2
NCARRB	2	6	2
NHSPRB	5	16	2
PRRB	6	17	4
PSPRB	12	11	1
SSRB	2	13	3
STRB	7	17	1
Total	57	112	17

Annex C

Research commissioned and managed by the OME April 2015 to August 2016

Research title	Pay Body / all OME	Aim and weblink (where available)
Armed Forces Pay Comparability 2015	AFPRB	To provide AFPRB with the best available information on the pay levels and movements of civilian comparators, primarily in the private sector, to inform its judgement on the appropriate level of the pay recommendation. https://www.gov.uk/government/publications/comparison-of-pay-in-the-armed-forces-and-the-civilian-sector--2
Pay comparability methodology options	AFPRB	To investigate and assess approaches to pay comparability, including new and innovative approaches and those that include pensions and total reward, in order to help determine the most appropriate approach. [We expect this research to be published late autumn 2016]
Modern pay systems	OME	To provide a detailed picture of recent developments in pay systems and reward strategies outside of the public sector, focussing on innovation and post-recession reform and drawing out insights of potential relevance to the design of public sector pay systems. [We expect this research to be published in autumn 2016]
Hard-to-fill posts	OME	This project aimed to increase knowledge of the prevalence and drivers of hard-to-fill posts, and how these might best be managed, through incentives linked to employee pay and reward or other means. [This project was cancelled, at no cost to OME, by mutual agreement with the contractor.]
Use of Agency staff in the public sector	OME	To explore the extent to which relevant public sector organisations use agency workers, through analysis of how HR practice, local and national labour markets (including skills availability, pay & working conditions) interact in employment decisions. [We expect this research to be published during late autumn 2016]
Comparing public and private sector earnings growth	OME	To compare earnings growth for Review Body remit occupations with non-Review Body occupations, constructing appropriate comparator groups (via propensity score matching) in terms of qualifications, earnings and workforce profile. [We expect this research to be published late autumn 2016]
Quality of public sector graduate entrants	OME	To assess whether and how the educational attainment (UCAS tariff point score) of graduate entrants to major public sector occupations has changed over time. [We expect this research to be published late autumn 2016]