



Office of Manpower
Economics

Stewardship Report 2017/18

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

This report briefly describes the work of the OME in 2017/18 in support of the independent public sector Pay Review Bodies.

The pay round that ran from the autumn of 2017 to late summer 2018 was marked by a change in government policy with regard to public sector pay. Treasury ministers announced the end of “the 1 per cent pay policy” in autumn 2017. For several years previously, the government’s evidence to the Review Bodies had provided a common headline figure for what pay increases, if any, were considered affordable. For this round, Departments instead asked Review Bodies for recommendations that reflected the need for pay discipline, but also flexibility and the recruitment and retention of skilled workforces. All Review Bodies welcomed this encouragement to look more broadly at value for money, and OME sought to support them in responding appropriately.

This was also the first year of a November Budget, and government evidence to the Review Bodies was submitted later than had previously been the norm. This had knock-on effects on the timing of oral evidence sessions, and on submission dates for the Reports, and secretariats had to adjust to these changes. The government ultimately responded to almost all of the Review Body reports in a single batch, towards the end of July. It was clear that Departments had engaged seriously with the recommendations, although not all of these were accepted.

A further feature of this pay round was the SSRB’s Major Review of Judicial Pay, submitted at the end of September 2018. In terms of workload, this was at least equivalent to producing an extra Review Body Report, and both SSRB members and OME staff put a great deal of time and effort into it.

Internally, OME has now had a full year of using its Twitter account to draw attention to the work of Review Bodies, and has also established a LinkedIn page. Our third academic research conference on public sector pay developments was successful, and we continued to commission and publish our own research.

As ever, I am very grateful for the support that OME has received during 2017/18 from our own staff, from all those providing oral and written evidence to Review Bodies, and from Review Body members themselves. In 2018/19, new Chairs will take the reins of three of the Review Bodies, and I pay particular tribute to the contribution of the previous Chairs, who have stepped down after many years of sterling service.

Martin Williams
Director, OME
September 2018

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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 45 per cent of public sector staff – involving a pay bill of more than £100 billion (just over 60 per cent of the public sector pay bill)¹.

The OME's 2017/18 aim remained unchanged from previous years:

“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.

¹ Estimates include academy schools which are not strictly part of the STRB remit group but in practice many use national pay and conditions. See more details in Table 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 OME

- 1.1 The purpose of 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. Its purpose is predominantly a secretariat role in support of the annual activity and process that is described in Chapter 2.
- 1.2 This report covers the period from 1 September 2017 to 31 August 2018, reflecting the Review Bodies' normal reporting cycle. It 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.

Budget and efficiency

- 1.3 OME's total expenditure in 2017/18 was £2.48 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.
 - 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.
 - Better use of space; during the year we were pleased to offer office accommodation on the 7th floor of Fleetbank House to the UK Health Forum
 - Using the BEIS shared services programme.

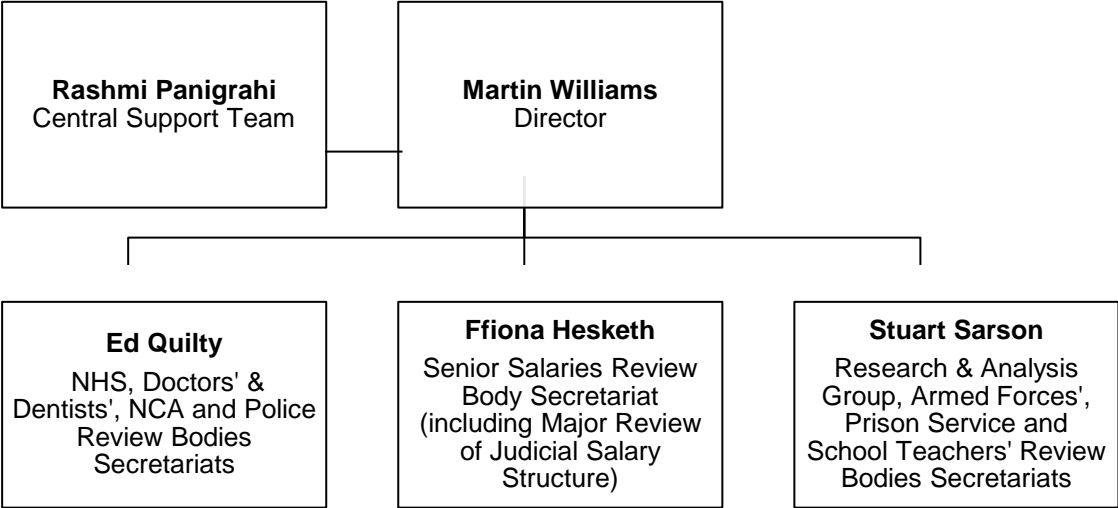
Staff

- 1.5 The OME ended the year with 32 staff (full time equivalent of 29.5), four of whom were new staff joining between October 2017 and January 2018. 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 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 2018



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

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 they offer the best possible support to the Pay Review Bodies.
- Developing individuals to improve their performance, enable them to operate flexibly across OME and BEIS and assist them to achieve future career aspirations. 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 (who 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 2017/18, our approach involved both organising in-house training and highlighting the opportunities for other learning and development activity – for example, through Civil Service Learning. The OME has always focused on increasing knowledge through attending specialist conferences and acquiring specific skills from internal courses and seminars. This year these included: a research conference for OME staff and external stakeholders; a seminar from a review body member on working with trade unions and staff associations; presentations from a review body chair and a senior Departmental official at a staff away day; and a presentation on public sector pay research.

Staff engagement

1.10 OME's 2017 People Survey results (part of the wider Civil Service People Survey) were generally good. Our overall engagement index dropped a couple of percentage points to 65%, but we remained in the category of "High Performing Units". In fact, we well exceeded this benchmark in many areas, other than satisfaction with Pay and Benefits, where we are 20 percentage points below it. No OME staff reported discrimination, bullying or harassment at work during the preceding 12 months

Working with BEIS

1.11 The OME is a small organisation 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, OME maintains policy and operational independence, and the Pay Review Bodies have no relationship with BEIS.

1.12 In 2016/17 OME staff were involved in a range of the Department's activity, including:

- Participating in the annual BEIS 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 and BEIS Fast Stream Programme.
- Working with the Cirrus team to achieve a successful transition to BEIS's new ICT arrangements and attending various training events to learn and refresh IT skills. A member of the OME Senior Management Team was on the Business Design Authority (BDA) for the programme for the roll out of the new hardware and software across the Department.
- Managing OME's recruitment by fully engaging with BEIS Recruitment Team and Policy colleagues and by adhering to the procedures in place.

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/publications?departments%5B%5D=office-of-manpower-economics&publication_type=foi-releases

Chapter 2: The Work of the Teams



Overview

- 2.1 The work of OME staff is directed by the requirements of the Pay Review Bodies that it supports. The Review Bodies normally receive annual remits from Government to recommend on pay for the groups that they represent, but may also receive “special remits”, such as the SSRB’s Major Review of the Judicial Salary Structure.
- 2.2 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.
- 2.3 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.
- 2.4 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 (MOD)	Members of the Armed Forces up to and including the rank of Brigadier (one star) and equivalents.	Ministry of Defence, Service Families' Federations, British Medical Association and British Dental Association.	158 (headcount)	£9.4 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.	1.9 (FTE)	£116 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 and Social Care	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 and Social Care, England; Welsh Government's Health and Social Services Group; Department of Health, Northern Ireland; Scottish Government Health and Social Care Directorates; NHS Employers; NHS Providers; Northern Ireland Public Service Alliance; the Joint Staff Side and its individual staff bodies, which are: Royal College of Nursing; Royal College of Midwives; Chartered Society of Physiotherapists; Society of Radiographers; Unison; GMB; Unite; British Association of Occupational Therapists; British Dietetic Association; British Orthotic Society; Community and District Nursing Association; Federation of Clinical Scientists; and Society of Chiropodists and Podiatrists.	1,310 (headcount) 1,194 (FTE)	£43 billion	United Kingdom
Police Remuneration Review Body	Statutory	Home Office, Department of Justice for Northern Ireland.	Federated ranks of police officers and superintending ranks in England and Wales, and Northern Ireland. Chief police officers (2017-18).	Home Office; Police Federation of England and Wales; Police Superintendents' Association; National Police Chiefs' Council; Metropolitan Police Service; Association of Police and Crime Commissioners; Chief Police Officers' Staff Association; Police Service of Northern Ireland; Department of Justice Northern Ireland; Northern Ireland Policing Board; Police Federation for Northern Ireland; Superintendents' Association of Northern Ireland.	133 (headcount) 127 (FTE)	£7 billion	England & Wales 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, officers and support grades in the England and Wales Prison Service.	Her Majesty's Prison and Probation Service, the POA, the Prison Governors' Association and the Public and Commercial Services Union.	25 (headcount) 26.4 (FTE)	£1 billion	England & Wales
		Department of Justice (Northern Ireland)	Governor grades, officers, support grades and Prisoner Escorting and Court Custody Service staff in the Northern Ireland Prison Service.	Northern Ireland Prison Service, the POA (Northern Ireland) and the Prison Governors' Association (Northern Ireland).	1.2 (headcount) 1 (FTE)	£51.1 million	Northern Ireland
Review Body on Senior Salaries	Non Statutory	Cabinet Office, Ministry of Justice, Ministry of Defence, Department of Health, Home Office.	Senior Civil Servants (SCS), Judiciary, Senior Military Officers, Executive and Senior Managers in Department of Health Arm's Length Bodies (ESMs) and Police and Crime Commissioners (PCCs).	Cabinet Office, Ministry of Justice, Ministry of Defence, Department of Health, Home Office, Department of Justice for Northern Ireland, Scottish Government, Welsh government, 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, Northern Ireland Judicial Appointments Commission, members of the remit groups.	Judiciary 2.1; ESMs 0.4; Senior Military 0.1; SCS 4; PCCs 0.04; (All headcount)	Judiciary: £403 million; ESMs: £53 million; Senior Military: £27 million; SCS: £493 million; PCCs: £3 million.	Judiciary and Senior Military: UK; SCS: GB; PCCs: England and Wales; ESMs: England.

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 local authority maintained schools and services in England	Department for Education, National Employers' Organisation for School Teachers, National Governance Association, Association of School and College Leaders, British Association of Teachers of the Deaf, National Association of Head Teachers, NASUWT, National Education Union, Voice	264 (headcount) 236 (FTE)	£11 billion	England

Notes:

1. The figures above are OME estimates mostly made in August 2018. 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. SSRB figures include the number of salaried judges in post in the UK. In addition, the Major Review of the judicial salary structure also included fee paid members within the UK court and tribunal judiciaries.
4. Remuneration of Chief police officers was covered by the Police Remuneration Pay Review Body in 2017-18.
5. 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.
6. The STRB's remit group also included teachers in Wales until September 2018, when these matters were devolved to the Welsh Government.
7. The DfE pay bill estimate for 2018/19 covers all maintained schools in England. It includes basic salary costs and allowances, and on-costs (employers' national insurance and pension contributions).
8. All staff numbers (rounded to nearest 100) relate to maintained schools in England for 2017/18, based on the English Nov 2017 School Workforce Census).
9. Academy schools are not formally part of the STRB's remit group but, in practice, many choose to use the national teachers' pay and conditions framework. The combined annual paybill for all state-funded schools in England (local authority maintained schools and academies) is £ 23.3 billion, and the number of teachers (000s) is 491 (headcount) / 451 (FTE).

The financial year 2017/18: 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. 2017 marked a change in this approach with the Chancellor of the Exchequer confirming in the 2017 Autumn Budget a move away from the previous policy of pay awards of an average of one per cent. The Chief Secretary to the Treasury subsequently wrote to the Review Bodies in September 2017 explaining that pay discipline was necessary but recognizing the need for flexibility in some parts of the public sector, particularly in areas of skill shortages. Review Bodies took evidence on affordability into account, alongside their other terms of reference.
- 2.7 In the course of 2017/18 the secretariats supported the Review Bodies in producing 10 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 2017/18, the AFPRB secretariat supported the Review Body through its usual annual remit which covered both pay and allowances and accommodation and food charges. During the course of the year AFPRB endorsed Financial Retention Incentives (FRIs) for Army Reserves, Royal Signals Communications Systems Engineers and Communication System Operators, and for some categories of Royal Electrical and Mechanical Engineers.

The AFPRB submitted its main (47th) annual report in March 2018. Its main recommendations were:

- An increase of 2.9 per cent in base pay;
- All rates of X-Factor should remain unchanged;
- Targeted measures as part of the Defence Engineering Remuneration Review;
- A 2.9 per cent increase in most rates of Recruitment and Retention Payments (RRP), compensatory allowances and Reserves' Bounties;
- RRP (Flying Crew): some re-profiling of the structure of this RRP for specific groups of recipients;
- RRP (Hydrographic): some re-profiling of this RRP;
- RRP (Parachute), RRP (High Altitude Parachute), RRP (Mountain Leaders), RRP (Parachute Jumping Instructors) and RRP (Special Forces) to remain at current rates;
- Mine Counter Measure Vessels Environmental Allowance to be increased by 2.9 per cent, and an additional higher value tier should be introduced for Junior Ratings at £5.00 per day;
- The continuation of the bespoke pay spine for the main Officers Commissioned From the Ranks cohorts and the equivalent bespoke pay spines for analogous groups in the Special Forces and the Royal Gibraltar Regiment; all increased by 2.9 per cent;
- Recruitment and Retention Allowance (London) to be increased by 2.9 per cent;
- The retention of the Unpleasant Working Allowance, with the three Daily Rates to be increased by 2.9 per cent;
- For the Defence Medical Services:
 - A 2.9 per cent increase in base pay for all ranks within the Medical and Dental Officer cadre;
 - A 2.9 per cent increase in General Medical Practitioner (GMP) and General Dental Practitioner (GDP) Trainer Pay and Associate Trainer Pay;
 - A 2.9 per cent increase in the value of military Clinical Excellence Awards and legacy Distinction Awards;

- For Service Family Accommodation (SFA), CAAS Band A charges to be increased by 0.6 per cent. This recommendation will affect the charges for all lower bands as they are in descending steps of 10 per cent of the Band

A rate;

- For Single Living Accommodation (SLA), charges for grade 1 to be increased by 0.6 per cent to grade 1, 0.4 per cent for grade 2, 0.2 per cent for grade 3 and no increase for grade 4; and
- The Daily Food Charge should be increased by 18 pence to £4.97.

The Government responded on 24 July 2018 and did not accept AFPRB's recommendations in full. Instead, base pay was increased by 2.0 per cent with effect from 1 April 2018, with a non-consolidated 'bonus' payment of 0.9 per cent to be implemented later in the year.

A similar approach was taken to the pay spines for Officers Commissioned From the Ranks and for Medical and Dental Officers.

The other recommendations were accepted – compensatory allowances, Reserves' Bounties and RRP's were all increased by 2.9 per cent.

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.

DDRB's latest pay round took place from December 2017 to June 2018. It was asked to recommend on pay and allowances for all of its remit groups in all four countries.

DDRB submitted its 46th annual report in June 2018. The central recommendations in the reports were, from April 2018:

- For independent contractor GMPs across the UK, a 4 per cent increase in pay, net of expenses. The maximum and minimum of the salary range for salaried GMPs to increase by 4 per cent.
- For specialty doctors, an increase in pay of 3.5 per cent.
- For all other salary scales for doctors and dentists an increase of 2 per cent
- For independent contractor GDPs across the UK, a 2 per cent increase in pay, net of expenses.

For England the Government, from 1 October 2018, increased basic pay by 1.5 per cent for consultants, 2 per cent for doctors and dentists in training, 3 per cent for specialty doctors, and the salary scale for salaried GMPs by 2 per cent. For independent contractors, GDP incomes were increased by 2 per cent (from October 2018) and GMP incomes by 2 per cent (from April 2018).

The Scottish Government made an award, from April 2018, of 3 per cent for all salaried doctors and dentists earning up to £80,000 per annum and £1,600 for those earning more than £80,000 per annum. Independent contractor incomes were increased by 3 for GMPs and 2 per cent for GDPs.

At the time of writing there had not been a response from Wales or Northern Ireland.

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 2017/18 the NCARRB secretariat supported the Review Body in producing one report covering both 2017/18 and 2018/19.

In October 2017, the Home Secretary's remit letter asked the Review Body for recommendations on how to apply the pay award in 2017/18 and 2018/19 and to have regard to:

- The affordability of any recommendations within the existing budget of the NCA;
- The need to recruit, retain and motivate suitably able and qualified officers in high priority areas;
- The need for the NCA to transform to meet the rapidly evolving threat from serious and organised crime;
- The targeting of any pay award to enhance the productivity and efficiency of the NCA workforce;
- The Home Secretary's strategic priorities set for the NCA as published in the NCA's 2017/18 annual plan; and
- The effects of any pay divergence between NCA officers designated with operational powers and those without.

The Home Secretary also asked NCARRB to provide observations on NCA pay reform proposals.

The NCARRB Fourth Report was published on 8 March 2018. It contained the following recommendations:

- A variable pay award, reflecting the NCA proposals for 2017/18, backdated to 1 August 2017 and modified so that officers on existing pay ranges received a minimum consolidated pay award of 1%, the maxima of all the pay ranges were uplifted by 1% and the minima of Grades 1 and 2 were uplifted by 1%;
- A variable pay award, reflecting the NCA proposals for 2018/19, backdated to 1 August 2017 and modified so that officers on existing pay ranges received a minimum consolidated pay award of 1%, the maxima of all the pay ranges were uplifted by 1% and the minima of Grades 1 and 2 were uplifted by 1%;
- Officers electing to remain on precursor terms should remain on their 2016/17 pay rates.
- A two per cent increase to London Weighting Allowance in 2017/18.

It also contained observations on the NCA proposals for pay reform.

The Government responded by implementing:

- A varied award for staff in two targeted operational grades choosing to opt into a new pay structure and move onto new terms and conditions, including an increase in contracted hours;
- A minimum one per cent award for all officers not eligible for the new pay structure and not already receiving the pay range maximum for their grade;
- A one per cent award made up of consolidated and non-consolidated elements for officers not eligible for the new pay structure and already in receipt of the maximum for their grade or reaching it; and
- A one per cent increase to the London Weighting payment in 2017/18, with the 2018/19 amount to be determined following a formal review.

National Health Service Pay Review Body (NHSPRB) Secretariat

The OME secretariat supports the NHSPRB in its role to provide independent advice on the pay for NHS Agenda for Change staff (which excludes doctors and dentists and Very Senior Managers) in England, Scotland, Wales and Northern Ireland. For its 2018 Report the NHSPRB received remit letters from the UK Government, the Scottish Government, the Welsh Government and the Department of Health, Northern Ireland.

In June 2018, NHS Employers and NHS trades unions in England announced a three-year pay agreement from 2018/19 which included, in summary:

- A 6.5% cumulative increase for those at the top of AfC pay bands (2 to 8c);
- Variable increases to other AfC staff between 9% and 29% through pay progression, changes to starting salaries and restructuring pay bands;
- An increase to starting salaries by removing overlaps between pay bands and a new minimum basic pay rate of £17,460; and
- Other changes such as a new progression framework, improved attendance, consistency of terms and conditions, and adjustments to unsocial hours payments.

The NHSPRB Report, published in June 2018, made no pay recommendations but provided commentary on its standing remit and made observations on the three-year pay agreement:

- Workforce issues were of the highest priority for healthcare providers;
- The workforce gap identified in the draft Health and Social Care Strategy for England created an unsustainably high level of vacancies, work pressures and potential risks to care. The gap will persist to 2027 if there was no action on workforce numbers, productivity or service redesign;
- Recruitment risks were domestic routes into nursing, potential impacts of Brexit, reduced advocacy among AfC staff and medium-term reward. Retention risks were high workload, insufficient flexible working, leadership capacity and medium-term reward;
- The AfC pay agreement
 - The agreement provided a balanced package of reforms to address concerns of both AfC staff and employers, and to contribute to the sustainability of the workforce;
 - The parties have taken a planned approach to manage the transitional effects and to address affordability;
 - The elements of the agreement, when taken together, began to respond to the Review Body's conclusions from the evidence on recruitment, retention and motivation;
 - The complexity of the agreement required effective communication;
 - Effective performance management systems were difficult to implement;
 - The gender pay gap and any effects from the new pay structure required monitoring;
 - The Scottish Government announced 2018/19 pay awards for AfC staff. The pay agreement allowed the parties in Scotland, Wales and Northern Ireland to discuss whether and how the content of the agreement could be implemented, and negotiations were underway.

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.

2017 Reports

The 2017 PRRB Report for England and Wales was published on 12 September 2017. It recommended:

- A consolidated increase of 2 per cent to all pay points for federated and superintending ranks;
- London Weighting and Dog Handlers' Allowance to be updated by 2 per cent;
- The introduction of appropriate, targeted arrangements in 2017/8 to allow local flexibility for chief officers to make additional payments to police officers in hard to fill roles and in superintending ranks. This interim measure should have a time limit through to September 2020.
- In order to support our consideration of pay and reward, the Home Office, National Police Chiefs' Council (NPCC) and College of Policing should publish an integrated police workforce and pay reform plan through to 2020 which specifies the strands of reform, their purpose, lead responsibilities and implementation strategy.

The Home Secretary responded to the recommendations by awarding police officers in England and Wales a 1 per cent consolidated increase to all pay points and an additional one-off non-consolidated payment to officers at federated and superintending ranks. The Government also increased the London Weighting payment and Dog Handlers' Allowance by 1 per cent.

The 2017 PRRB report for Northern Ireland was submitted on 19 May 2017. It recommended:

- A consolidated increase of 2 per cent to all pay points for federated and superintending ranks;
- An increase of 2 per cent to the Northern Ireland Transitional Allowance (NITA) and Dog Handlers' Allowance;
- The Competence Related Threshold Payment (CRTP) scheme remains open to new applicants pending the outcome of the comprehensive review and no increase in the current level of CRTP.

On 13 April 2018, in the absence of a Minister of Justice, the Permanent Secretary at the Department of Justice for Northern Ireland responded to the recommendations by awarding police officers at the federated and superintending ranks in Northern Ireland a 1 per cent consolidated pay increase and an additional 1 per cent non-consolidated payment. The Department of Justice also approved an increase to the NITA and Dog Handlers' Allowance of 1 per cent.

2018 Reports

At the request of the Home Secretary, chief police officers were included in the PRRB remit in 2017/18. The recommendations from the 2018 PRRB report for England and Wales were:

- That the time-limited 1 per cent non-consolidated pay award received by the federated and superintending ranks in 2017/18 should be consolidated onto all pay points for officers at these ranks.
- In addition to and following our previous recommendation, a consolidated increase of 2 per cent to all police officer pay points at all ranks;
- An increase of 2 per cent in London Weighting and Dog Handlers' Allowance.

The Government responded to the recommendations on 24 July 2018. It did not accept the PRRB's recommendations in full. It awarded police officers in England and Wales a 2% consolidated increase to all pay points. The Government also increased the London Weighting payment and Dog Handlers' Allowance by 2%.

In a letter to the Chair of the PRRB, the Home Secretary expanded upon his reasoning for implementing a 2% consolidated award. He provided his view that the previous year's 1% non-consolidated award was a one-off payment to recognise the extraordinary contribution of the police that would cease at the end of the pay year.

The completed PRRB report for Northern Ireland was submitted to the Permanent Secretary at the Department of Justice for Northern Ireland on 25 May 2018. A response is awaited.

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.

The recommendations from the 2018 PSPRB England and Wales report were:

- The *Fair and Sustainable* National Band 2 and National Band 5 base pay points are increased by 2.75%, consolidated and pensionable for all staff
- All closed grade officer and support grade scales and spot rates (including former G4S staff) are increased by 2.75%, consolidated and pensionable for all staff.
- The *Fair and Sustainable* National Band 3 base pay minimum is increased by 2.75% and the National Band 3 base pay maximum by 5.25%, with associated increases to the three intermediate pay points to leave them at the same relative positions on the pay scale. The increases to be consolidated and pensionable for all staff on this scale.
- The *Fair and Sustainable* National Band 4 base pay minimum is increased by 2.75% and the National Band 4 base pay maximum by 3.5%, with associated increases to the three intermediate pay points to leave them at the same relative positions on the pay scale. The increases to be consolidated and pensionable for all staff on this scale.
- The consolidated, pensionable salary for prison auxiliary staff and night patrol staff is increased to the National Living Wage or by 2.75%, whichever is the greater.
- The *Fair and Sustainable* National Bands 7 to 11 base pay minima and maxima and the closed operational manager scales are increased by 2.75%. Staff in *Fair and Sustainable Bands 7 to 11* should have their pay increased by 2.75% so that they remain at the same relative position in the 2018 pay range. Staff on the closed operational manager scales should move with their pay point. The increases to be consolidated and pensionable for all staff on these grades and ranges.
- All staff in *Fair and Sustainable Bands 2 to 5* who are in post on 31 March 2018 progress by one pay point effective from 1 April 2018, unless they have been placed on formal poor performance procedures.
- Staff in *Fair and Sustainable Band 5* who are in post on 31 March 2018 and receive a performance marking of 'Outstanding' receive an additional one per cent non-consolidated, non-pensionable pay award based on their 31 March 2018 base pay.
- Staff in *Fair and Sustainable Bands 7 to 11* who are in post on 31 March 2018 and receive a performance marking of 'Good' receive a consolidated and pensionable progression increase of four per cent, capped at the new 2018 band maximum.
- Staff in *Fair and Sustainable Bands 7 to 11* who are in post on 31 March 2018 and receive a performance marking of 'Outstanding' receive a consolidated and pensionable progression increase of six per cent, capped at the new 2018 band maximum. Those within six per cent of the maximum, or at the

maximum, should receive the balance of the six per cent as a non-consolidated, non-pensionable payment, capped at two per cent of base pay.

- The *Fair and Sustainable* operational graduate scheme consolidated, pensionable pay rates are raised by 2.75%.
- The fixed cash pay differentials for the *Fair and Sustainable* Outer and Inner London zones are increased by 2.75% and continue to be applied consistently across all bands, positioning maxima at £2,620 and £3,990 respectively above the base 37 hour National zone pay. We also recommend adjusting minima and intermediate points so that progression steps are the same percentage as on the National bands. The increases to be consolidated and pensionable.
- Before the pay award is implemented for 2018, operational Band 2 staff in receipt of the market supplement at 'red' sites should have their supplement for 2017 adjusted so that the total of base pay plus supplement is increased with effect from 1 April 2017 by the £400 that we recommended last year. We further recommend that the market supplements for these staff remain at the same level from 1 April 2018 so that again the total of base pay plus supplement increases by our recommended award for Band 2 staff this year.
- The £5 increase to the rates for Payment Plus, OSG overtime and Tornado currently in place be extended to 31 March 2019 while proposals for new arrangements are developed.
- The Prison Governors' Association and Her Majesty's Prison and Probation Service present, in evidence for our 2019 report, a joint proposal to recognise and reward the role of duty governor.
- Staff promoted between *Fair and Sustainable* bands receive a full base pay percentage increase of 10 per cent or the band minima, whichever is greater, for a promotion of one band, and of 15 per cent or the band minima, whichever is greater, for a promotion of two bands or more.
- Her Majesty's Prison and Probation Service present, in its evidence for our 2019 report, a proposal to pay allowances and associated payments based on the grade being temporarily covered rather than the substantive grade.

The recommendations were partially accepted by the Government. All staff received an award of 2.75%, of which 2% was consolidated and 0.75% was non-consolidated. The additional uplifts to the *Fair and Sustainable* National Band 3 and Band 4 pay points were rejected.

The PSPRB received an activation letter from the Permanent Secretary in May 2018 to proceed with the 2018-19 Northern Ireland pay round. The PSPRB is expected to submit the 2018 Northern Ireland report by the end of 2018.

Review Body on Senior Salaries (SSRB) Secretariat

The SSRB secretariat supports its Review Body in providing independent advice on the pay of: the Senior Civil Service (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); Executive and Senior Managers (ESMs) in the Department of Health Arm's Length Bodies in England; Police and Crime Commissioners (PCCs) in England and Wales; and chief police officers in England, Wales and Northern Ireland.

In July 2018, the SSRB submitted its annual report on the pay of the SCS, the senior military and PCCs for 2018-19. Executive and Senior Managers in the NHS were been temporarily removed from the SSRB's remit at our suggestion. The Police Remuneration Review Body has been asked by the government to consider Chief Police Officers this year, instead of the SSRB. The SSRB's headline recommendations were:

- Senior civil service (SCS): a 2.5 per cent increase in pay budgets. This comprises a 1 per cent consolidated basic pay increase for all SCS members (except those subject to performance improvement measures), 0.25 per cent to raise the pay band minima and 1.25 per cent to be used to address anomalies.
- Senior military: a 2.5 per cent consolidated increase to base pay.
- Police and crime commissioners: a consolidated pay uplift of £5,000 to each of the bottom four PCC salary bands and an additional allowance of £3,000 for those PCCs who take on responsibility for the governance of fire and rescue services.

The report was published on 13 September 2018 and the response from the government on the main recommendations were:

- Senior civil service: an overall 1 per cent available for consolidated increases, with departments retain flexibility to target it (and applied after the increases to minima have been made). An additional 0.25% to be used to address anomalies.
- Senior military: a 2% consolidated pay increase and 0.5% non-consolidated one-off payment.
- Police and crime commissioners: a 2% increase for the bottom 4 pay bands. An additional consolidated allowance of £3,000 for those PCCs taking on fire and rescue governance.

In October 2016, the SSRB was asked by the then Lord Chancellor and Secretary of State for Justice to conduct a Major Review of the judicial salary structure. The SSRB was invited to make recommendations on the judicial salary structure and appropriate pay levels required to recruit, retain and motivate high calibre office holders at all levels in Courts and Tribunals. The Review also looked at whether the current salary structure could be simplified and how best to reward judicial leadership.

A Judicial Sub-Committee of the SSRB oversaw this work, which included a large number of visits, meetings, a public consultation and consideration of oral and written evidence (including a public call for evidence). The final report was submitted to government in September 2018.

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. The Review Body also advised on the pay and conditions of teachers in Wales until September 2018.

STRB received a remit from the Secretary of State for Education on 7 December 2017. The remit asked the review body to consider:

- An assessment of what adjustments should be made to the salary and allowance ranges for classroom teachers, unqualified teachers and school leaders to promote recruitment and retention.

The STRB submitted its 28th report in May 2018, making the recommendation that all pay and allowance ranges for teachers and school leaders are uplifted by 3.5% from September 2018.

The Government published the report in July 2018 and stated that, subject to statutory consultation, it planned to make the following changes to the pay and allowances ranges for teachers and school leaders:

- A 3.5% increase to the minima and maxima of the unqualified pay range and main pay range;
- A 2% increase to the minima and maxima of the upper pay range, leading practitioner pay range and all allowances; and,
- A 1.5% increase to the minima and maxima of the leadership pay ranges.

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. The Research and Analysis Group also undertakes in-house analysis, provides targeted statistical quality assurance, and ensures value for money, good quality research is procured.
- 2.11 The year to August 2018 saw the completion and publication on OME’s website of several externally-commissioned cross-cutting research projects including valuing different workplace reward (Economic Insight, October 2017), effectiveness of pay supplements (Institute for Employment Studies, November 2017) and discrimination law and pay systems (Incomes Data Research, August 2018). Early results from these and other research projects were presented under Chatham House rules at an OME ‘research on public sector pay’ conference on 21 September 2017.
- 2.12 A new Open Call research procurement exercise was conducted during summer 2018 resulting in three new pieces of research being commissioned in August: understanding the gender pay gap in the UK public sector (Cardiff University); labour market interactions (NIESR); and total reward, pay and pensions in the public sector Pay Review Body remit groups (University of Sussex). It is intended that final reports on these projects will be published in late-Spring 2019.
- 2.13 As in the previous year, RAG continued to operate a flexible fast stream resource initiative: a junior statistician and a junior economist in the team helped progress strategic cross-cutting research and analysis and were also made available to support analytical work within secretariat teams. In practice, the fast streamers were deployed extensively in Review Body secretariats.
- 2.14 RAG continued to promote analytical priorities within the Office, including analytical quality assurance; data visualisation to help Review Bodies’ key messages more accessible to a wider audience; an analytical innovation initiative, including learning and development-focused ‘show and tell’ sessions to stimulate analytical curiosity; and implementing and extending the scope of the OME Twitter policy.
- 2.15 RAG also provided specific analytical support to the SSRB by assisting with research and analysis underpinning the major review of the judiciary.

Review Body appointments

- 2.16 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.
- 2.17 During the course of the year, 7 new Members joined the Review Bodies and 16 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 2017/18

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

Range	As at 31 August 2017		As at 31 August 2018	
	Headcount	<i>Full-Time Equivalent</i>	Headcount	<i>Full-Time Equivalent</i>
SCS	4	4.0	4	3.8
Grade 6	1	1.0	1	1.0
Grade 7	11	10.1	11	10.7
SEO	2	2.0	1	1.0
HEO	6	6.0	7	7.0
EO	2	2.0	1	1.0
AO	5	4.4	5	4.4
Total	31	29.5	30	28.9

Annex B

Review Body Secretariat Work Volumes 2017/18

Secretariat	Visits	Meetings	Reports
AFPRB	24	19	1
DDRB	8	12	1
NCARRB	0	6	1
NHSPRB	0	14	1
PRRB	4	9	2
PSPRB	12	16	1
SSRB	2	16	1
SSRB – Major Review	17 ²	26 ³	1
STRB	18 ⁴	18	1
Total	75	110	10

² Total number of visits undertaken during the Major Review (July 2016-February 2018)

³ Total number of Judicial Sub-Committee (JSC) and Advisory and Evidence Group (AEG) meetings held throughout the Major Review.

⁴ The number of individual schools (or other organisations) visited.

Annex C

Research commissioned and managed by the OME September 2017- August 2018

Research title	Pay Body / all OME	Aim and weblink (where available)
Valuing different workplace rewards	OME	To assess, via literature review, the evidence on how different elements of reward affect motivation, performance, recruitment, and retention, and examine the implications for review body workforces. It seeks to capture differences in valuation for different individual characteristics, such as age and gender. [https://www.gov.uk/government/publications/valuing-different-workplace-rewards-october-2017]
Academies' reward strategies	OME	Using a case study approach to examine academies' reward strategies and how and why these differ from the national terms and conditions set by the School Teachers' Review Body. [https://www.gov.uk/government/publications/academies-approaches-to-teachers-pay-october-2017]
Effectiveness of Pay Supplements	OME	Case study based approach to assess the effectiveness of using pay supplements and allowances to address labour and skill shortages and recruitment and retention issues for public sector workers. [https://www.gov.uk/government/publications/review-of-the-use-and-effectiveness-of-market-pay-supplements-november-2017]
Discrimination Law and Pay Systems	OME	To inform on recent developments in the case and other law relating to discrimination, enabling Review Bodies to fulfil their remits to have regard to equality legislation. Also, to increase understanding of how developments in discrimination case law might be relevant to public sector pay structures and pay determination. [https://www.gov.uk/government/publications/discrimination-law-and-pay-systems-2018]
AFPRB review of civilian trends in X-Factor components	AFPRB	To identify and provide time-series data (2011-2016) and analysis for the civilian sector relating to each of the X-Factor components set out in the 2014 review of components. [https://www.gov.uk/government/publications/review-of-the-x-factor-changes-in-civilian-life]
Barriers to application for judicial appointment	SSRB	To gather qualitative evidence exploring why some candidates with the apparent skills and experience to take judicial posts (at various levels) do not apply to do so. [We expect this research to be published autumn 2018]

Job comparability and grouping of judicial roles	SSRB	To provide the SSRB with a grouping and hierarchy of judicial posts, which will form the basis of a structured external consultation in autumn 2017. In particular, to help SSRB: <ul style="list-style-type: none"> - understand which salary groups new posts should be placed in and to identify and understand any anomalies in the current groups; - identify and understand where stakeholders hold different views about the placement of particular posts; - categorise and assess how leadership tasks and functions should affect placement of relevant roles into salary groups; - consider whether there is scope to simplify the current structure. [We expect this research to be published autumn 2018]
Survey of newly appointed UK judges	SSRB	To provide an understanding of: where judges are recruited from and the salary differential experienced on taking up a judicial appointment; motivations to join and remain in the judiciary and the part which remuneration plays in this; motivations to move from a fee-paid to salaried judicial appointment. [We expect this research to be published autumn 2018]
Police and Crime Commissioner role review	SSRB	To review and evaluate how the Police and Crime Commissioner role has evolved, for example taking on additional statutory functions. [https://www.gov.uk/government/publications/review-of-police-and-crime-commissioners-remuneration-report-on-job-evaluation]

1. Some OME research is funded from our own research budget and some by Government departments (e.g. MOJ in the case of SSRB projects in support of the major review of the judiciary).