



Cabinet Office

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Dr. Martin Read CBE
Senior Salaries Review Body
Fleetbank House
2-6 Salisbury Square
London EC4Y 8JX

19 November 2018

Dear Martin,

Senior Salaries Review Body (SSRB) 2019/20 Remit (Senior Civil Service)

I would like to confirm the SSRB's remit in relation to the SCS during the upcoming pay round for 2019/20. I would like the SSRB to conduct its usual annual review process and make recommendations to the Government on the pay of the SCS remit group from April 2019.

The Government's evidence to the SSRB in December 2017 set out a vision for a future SCS Pay framework which - in line with the Civil Service Workforce Plan - will help us attract, retain and develop the very best senior talent for government. This new pay system marks a significant strategic shift, and will aid us in achieving our vision for a future SCS which is more diverse, experienced and professionalised, with a better mix of specialist and generalist leaders. I am keen to give the SSRB full opportunity to bring its members' insight to bear on how we best realise this strategic vision, and to do this in the most effective way possible.

Over the last number of months, work has been underway to articulate further the Government's plans to achieve this significant strategic shift in the SCS pay structures with the focus on the following areas of work:

- moving to a set of consistent pay ranges by professional grouping over time, working with the Professions to achieve an ambitious new approach to the way pay is set for the SCS;
- providing greater reward for high performers and those who develop capability and increase depth by remaining in role;
- to provide clearer rules and control on how people move through and around the SCS pay system to reinforce consistency and coordination; and
- Exploring options for reforming the SCS performance management system.

Taken together, this programme of work starts to tackle some of the biggest issues identified with the current pay system as well as ensuring that the Civil Service is able to attract and retain key, scarce skills from the external market and balancing incentives in the current system.

We are pleased that the SSRB welcomed the direction of travel laid out in our 2017 evidence, and look forward to working in partnership with SSRB to further articulate our strategic plan to reach this vision.

In addition to exploring these topics, this year's evidence will:

- Discuss the desired application of the SCS pay system, whether that is centralised management of the workforce; delegation to departments; or an appropriate balance between the two. This will be explored in the context of other changes being proposed and will include explanation of the role of professions in the evolving reward framework. It will also consider the context of members of the SCS working in Scotland and Wales;
- Make proposals for the approach to Director's General pay; and
- Provide a clear proposal on the future of the SCS 1A grade.

This year I would ask that the following three central principles be considered when the SSRB makes its recommendations:

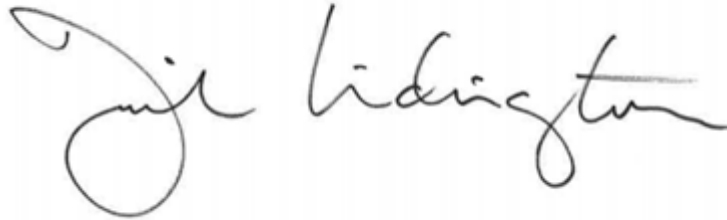
- Current and future affordability to the taxpayer;
- Targeting awards to ensure we can recruit and retain the best public servants; and
- Fairness in the approach for senior and junior grades.

Public sector wages account for one quarter of total public spending. The last Spending Review budgeted for one percent average basic pay awards, and there will still be a need for pay discipline over the coming years to ensure the affordability of the public service and the sustainability of public sector employment. The Government must balance the need to ensure fair pay for public sector workers with protecting funding for frontline services and ensuring affordability for taxpayers. For those reasons, I expect affordability to be a critical part of your consideration when determining final awards. This year, I also request that you describe in your final report what steps you have taken to ensure affordability has been given due consideration when reaching your recommendations.

As you know, a new Government Commercial Organisation (GCO) was created last year. The terms and conditions of GCO staff are ring fenced and differ slightly from the standard Civil Service offer. All staff on these terms are reviewed by an independent Remuneration Committee that reports annually to HM Treasury. However, those senior commercial staff who have not opted into GCO terms remain part of the SCS, and the SSRB's recommendations are taken into consideration when the pay award is applied. Further information will be provided on the GCO in this year's evidence.

We intend to submit written evidence in January, with oral evidence to follow in February. There was a collective decision taken this year that all review bodies should publish their reports at the same time. We would therefore ask you to provide us with your recommendations in the week commencing 6th May 2018.

I place great value on the independent advice of the SSRB and look forward to receiving your recommendations for the SCS. In the interim, I know that, under the direction of the Cabinet Secretary and the Chief Executive of the Civil Service, officials will be working with the SSRB in an iterative way to inform your deliberations.

A handwritten signature in black ink, reading "David Lidington". The signature is fluid and cursive, with a large loop at the start of the first name.

Rt Hon David Lidington CBE MP