

## PRACTITIONER GUIDANCE ON SCS PAY AWARD FOR 2018/19<sup>1</sup>

This note provides an overview of key changes to SCS pay for 2018/19 following the Government's response to this year's SSRB recommendations, as well as general guidance on continuing flexibility available within the SCS pay framework.

### Base pay increases from 1 April 2018 (for 2017/18 performance)

1. There are increases to the minimum salaries of each Pay Band. The revised ranges are:

#### SCS Pay Ranges from 1 April 2018

Pay Band	Minimum (£)	Maximum (£)
1	£68,000	£117,800
1A	£68,000	£128,900
2	£90,500	£162,500
3	£111,500	£208,100

2. **Any staff subject to poor performance procedures should not be uplifted to the new minimum salaries until their performance improves to an acceptable level.**
3. After you have raised staff to the new minima set out in paragraph 1 above, you should apply consolidated pay increases limited to an average award of 1%, with flexibility to make individual base pay awards of between 0% and 9% based on performance, job weight, challenge of role, and/or position in the pay range. Please discuss with the Cabinet Office any cases where you propose to make pay increases of more than 9%. **Staff subject to poor performance procedures should not a receive pay increase.**
4. **An additional 0.25% of the SCS paybill is available to departments to address individual pay anomalies.** Use of this discretionary flexibility should only be used in the following circumstances and must be approved by your Permanent Secretary/Accounting Officer:
  - To address an equal pay issue that is supported by legal advice.  
Or
  - To address a misalignment between job weight and challenge of role and the current salary received. In such cases departments should target individuals who have:
    - demonstrated sustained high performance, increased effectiveness, deepened capability and expertise; and
    - who are relatively low in the pay range and/or have benefited less or not at all from the rise in the minima.

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<sup>1</sup> Issued to departments on 13 September 2018

5. **This flexibility should not be used for general pay increases.**
6. **Please ensure that all such repositioning cases are carried out against these criteria and recorded. To include in the 2019/20 evidence, we will be asking departments for information on numbers of cases, the level of individual pay increases made and in which circumstances. We will be formally commissioning this information in November 2018 for any cases already made and for intended use for the remainder of the year. Thereafter, and subject to this flexibility continuing, this information will be collected annually each April.**

#### **Differentiating performance for 2018/19**

7. As for 2017/18 departments should rank SCS members' performance relative to their peers, assigning individuals to one of the three performance groups shown below.

<b>Performance Group</b>	<b>% of staff</b>
<b>Top</b>	<b>Top 25%</b>
<b>Achieving</b>	<b>Next 65%</b>
<b>Low</b>	<b>Bottom 10%</b>

8. SCS members whose performance has triggered poor performance procedures should be included in the distribution for assigning a performance mark. Action should be taken to address poor performance using the streamlined process introduced in April 2012. This can be found at:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/366656/Managing-Poor-Performance-Policy-Procedures-for-SCS-April2012.doc](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/366656/Managing-Poor-Performance-Policy-Procedures-for-SCS-April2012.doc)

#### **Performance Management and Non-consolidated Performance Related Pay for performance in 2017/18**

9. This year, due to timing of the SSRB's report, there has been a significant delay between the end of the last performance year and the issuing of this year's SCS pay guidance. Departments should, however, have used the SCS Performance Management Guidance (link below) to assess performance in 2017/18 (including carrying out the relative assessment of individuals and their allocation to a performance grouping).

<https://www.gov.uk/government/collections/senior-civil-service-performance-management-and-reward>

10. The policy for end-year Non-consolidated Performance Related Pay (NCPRP) awards remains that such payments should be restricted to the top 25% of performers. This means that you should continue with your arrangements to make NCPRP to those identified under the performance management process as the top 25% of performers within your department. This continues to be subject to a cost control of 3.3% of your SCS payroll.

11. Under the senior pay control process, any new performance pay arrangements with individual awards worth more than £17,500 a year require the approval of the Chief Secretary to the Treasury.

### **Flexibility to recognise outstanding in-year contribution**

12. **Departments will have increased discretion to make in-year non-consolidated award payments to recognise outstanding contribution for up to 20% (increased from 10%) of SCS staff** within the following framework:
  - a) Awards should be exceptional and paid only to individuals with proven evidence based delivery e.g. against stretching project milestones or for an exceptional corporate contribution.
  - b) Must be financed within the current NCPRP pot cost limit i.e. 3.3% (with no case for additional funding).
  - c) Departmentally managed nomination process with Permanent Secretary sign off for all individual cases.
  - d) Available to all SCS staff apart from those assessed in the bottom 10% performance group at the point of the award (so for example top performers could receive an in-year award as well as an end year award).
  - e) A cap on total awards to 20% of a department's eligible SCS.
  - f) A maximum individual payment of £5,000.
  - g) Awards will be non-consolidated and non-pensionable.
  - h) A reporting process to the Cabinet Office at the end of the year.
13. Use of this flexibility is subject to existing transparency requirements. Spend on in-year awards will be published as part of the current annual disclosure on NCPRP by departments.

### **Corporate recognition scheme**

14. A new recognition scheme to reward corporate values and behaviours will be introduced for 2018/19. Sir Jeremy Heywood is keen to personally recognise SCS members that make exceptional contributions to cross-government initiatives that go above and beyond their day-to-day roles.
15. The criteria are:
  - a significant contribution that an individual makes to a cross-departmental initiative e.g. diversity and inclusion; or
  - a significant contribution that an individual makes to the development of a function or profession; or
  - a significant contribution that an individual makes outside the Civil Service, which enhances the reputation of the Civil Service;and
  - goes above and beyond the normal requirements of their role.

16. The scheme will grant small one-off recognition awards (c. £1,000) to SCS of any grade, nominated by Permanent Secretaries and approved by a senior Board including Sir Jeremy. The scheme will operate in-year with awards made on a rolling basis, funded within a maximum of 0.1% of the overall SCS payroll. **More detailed guidance will follow shortly.** In the meantime please begin considering which of your SCS cadre might be nominated for a corporate recognition award.

## **Other flexibilities**

17. The limited flexibilities introduced previously have been retained for 2018/19:

### *Converting non-consolidated funding into consolidated pay*

18. The Cabinet Office and HM Treasury will consider, on an exceptional basis, requests from departments for the flexibility to address specific recruitment and retention pressures and other pay anomalies by re-allocating some limited funding within their overall SCS paybill.
19. Departments wishing to convert part of their non-consolidated pot to address recruitment and retention pressures are required to submit a business case to the Cabinet Office. This should meet all three of the following eligibility criteria:
- I. The roles should be business critical.
  - II. Current pay should be below the median for the whole SCS population at the relevant pay band (currently £75,900 at SCS1, £99,900 at SCS2 and £134,000 at SCS3).
  - III. Subject to performance of individuals.
20. The flexibility is also available to address equal pay liabilities where these can be fully evidenced and supported by legal advice.
21. Conversion is limited to a maximum of 0.5% of the 3.3% performance pay pot available. Any agreed conversion permanently reduces the NCPRP pot. Departments must be satisfied that the proposed reduction in the pot will not jeopardise the operation and effectiveness of their performance-related pay arrangements.
22. HM Treasury will be consulted on all cases and will want to consider the relative pay position of applicant departments compared to others in Whitehall. But that does not rule out higher paying departments if the eligibility criteria are met.
23. Departments should support their business case with the following information and data:
- Details of the recruitment or retention pressure to be addressed and details of the business critical area(s) involved.
  - The number and nature of posts involved; existing and proposed pay rates and the level of adjustments involved; the proposed reduction in the PRP pot; and the cost to the consolidated pay bill including on-costs (employer pension contributions and ERNICS).
  - The amount of the existing NCPRP pot calculated as a percentage of current SCS paybill.
  - Demonstrate how the 1% average award is already being targeted to reflect position in pay range and performance, and to address any other anomalies.

### *The timing of NCPRP awards for top 25% performers*

24. To strengthen the link between key achievement and reward departments are able to stage NCPRP awards to top 25% of performers so that some payments can be made at the mid-year point or held over to other points to be determined. This is particularly relevant to project work with key milestones. This will be for

departments to manage within the existing framework for NCPRP. If you would like to discuss how this flexibility might operate within your department, please contact the Cabinet Office.

### **Pay Committees assessing 2017/18 performance**

25. It is for Pay Committees, in the light of line managers' pay recommendations, to:

- a) **make and communicate judgements** about individuals' performance and delivery in relation to peers, their competence, job challenge and sustained performance over time. They need to take into account position in pay range and recent pay history as well as any market intelligence on professional or specialist skills and relativities across the Department and the wider SCS;
- b) **monitor results** to ensure that there is no bias on the grounds of gender, ethnicity, disability or working pattern and take any appropriate action; and
- c) **oversee the distribution** of performance groups to ensure that they meet the requirements of your Departmental SCS pay strategy and the Cabinet Office guidance on performance management for the SCS.

### **Pivotal Role Allowance**

26. Pivotal Role Allowance is available to help departments retain major project leaders and those in highly specialised roles. The current guidance is set out in **Attachment 1**.

### **Pay controls**

27. The Treasury issued revised senior pay control guidance in December 2017 that raised the control threshold from £142,500 to £150,000 and above:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/682643/Guidance\\_for\\_approval\\_of\\_senior\\_pay.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/682643/Guidance_for_approval_of_senior_pay.pdf)

28. Departments must secure the approval of the Chief Secretary to the Treasury (CST) for any remuneration at or above £150,000, as defined in the guidance, before advertising. Please ensure that you provide up to three weeks for approval. As indicated in paragraph 11 any performance pay arrangements with an annual value of more than £17,500 require the approval of the CST. You should aggregate in-year and end-year payments for the same performance year to determine whether the control threshold is triggered.

29. Departments must seek Cabinet Office approval where they wish to pay a salary for an SCS1 member of staff that is above the maximum of the SCS1 pay range.

30. The pay controls for 2018/19 are set out in **Attachment 2**.

### **Non-standard terms**

31. Please discuss with the Cabinet Office any proposals to offer non-standard terms that may raise issues of propriety and controversy (e.g. benefits in kind) in 2018/19.

## **Pay Band 1A**

32. At a time when many organisations are de-layering their workforces, recruitment into Pay Band 1A is not appropriate, particularly when there is enough flexibility in the SCS pay system to recruit into Pay Bands 1 and 2. While departments should not recruit into Pay Band 1A, existing staff are unaffected and departments will be able to make pay awards in the same way as for other SCS staff.

## **Pay on appointment/promotion**

33. As part of the wider review of the SCS pay framework it was agreed to consider the policies for pay on promotion, pay on appointment and pay on movement.

34. **With immediate effect, the departments should apply the following SCS pay policies consistently for SCS staff:**

- **That no increase is given for moves on level transfer; and**
- **On promotion, SCS receive no more than 10% increase or the minimum of the new grade (n.b. this applies to all internal moves where a circa salary was advertised).**

35. An exceptions process will, however, be available in cases where internal candidates are moving to roles with greater scale or responsibility for increases to be offered, with the agreement of the Permanent Secretary and the relevant Head of Profession. More detail on the process is set out in **Attachment 3**.

36. **Please ensure that all exceptions are carried out against these criteria and recorded in the business case pro-forma provided. Cabinet Office will monitor use of this flexibility, so all business cases with the agreed salary should be sent to [civilservicepay@cabinetoffice.gov.uk](mailto:civilservicepay@cabinetoffice.gov.uk) for information.**

37. These rules supersede the guidance issued in July 2010.

## **Exit information**

38. HR Directors are personally accountable for ensuring exit interviews are properly conducted and returns made to the Cabinet Office.

39. Sir Jeremy Heywood regards exit data as vitally important in understanding why senior staff are leaving and wants HR to adopt a mandatory approach to exit interviews. Sir Jeremy has previously written to Permanent Secretaries about the low return rate for exit interviews for SCS resigning from the Civil Service. Following a review of the current process with departments, Rupert McNeil, Chief People Officer, wrote to HR Directors in February with a new set of user-friendly interview products to replace the previous SCS exit interview template and reporting process.

40. **Please ensure that exit interviews are conducted and quarterly returns made to the Cabinet Office.**

## **Statutory Office Holders**

41. From 1 April 2018 the salaries of statutory office holders whose pay is directly linked to movements in the SCS pay bands will increase by 1%.

**Cabinet Office support**

42. For any outstanding queries on SCS pay, SCS Performance Management and Exit Information please contact: [civilservicepay@cabinetoffice.gov.uk](mailto:civilservicepay@cabinetoffice.gov.uk)

## Control process for Pivotal Role Allowance

- Introduced in April 2013. Aimed at retaining members of the SCS in highly specialised roles and those delivering the riskiest major projects across government.
- The non-consolidated allowance is removable and non-pensionable and is being strictly controlled within a financial limit of 0.5% of the overall SCS pay bill. The allowance relates to the role not the individual. The allowance should be removed when the recipient leaves the role or the role is longer pivotal to the organisation. This ensures that funds are recycled back into the central notional pot for future cases.
- All cases require approval of the Chief Secretary to the Treasury and the Minister for Implementation. All cases need prior clearance from a Permanent Secretary Sub-Group comprising Cabinet Secretary, Chief Executive of the Civil Service, Treasury Permanent Secretary, and Chair of People Board.
- **Any proposal to pay the allowance must meet four qualifying criteria:**
  - **Where the role is critical to delivering the strategic goals of the organisation.**
  - **Where there is potential to make a disproportionately large impact on the business if left unfilled.**
  - **Where the role requires specific skills that are not easily available in the Civil Service.**
  - **Where there is a genuine flight risk.**
- The approval process operates as follows:
  1. Department identifies a role that meets all four eligibility criteria and develops business case using the standard pro-forma below.
  2. Department gains approval of Accounting Officer/the Permanent Secretary and Minister for the proposed allowance. Heads of Professions consulted (particularly commercial, digital and project management and finance roles).
  3. Department formally submits their case to Civil Service HR (Cabinet Office).
  4. A Sub-Group of Civil Service Board is consulted before any proposal is put to ministers. This currently comprises Jeremy Heywood (Cabinet Secretary), John Manzoni (Chief Executive of the Civil Service), Tom Scholar Permanent Secretary Treasury) and Melanie Dawes (Permanent Secretary MHCLG and Chair of People Board).
  5. If Sub-Group consensus is to reject, departments are told at this stage and provided with appropriate feedback.
  6. If the consensus is to approve, Cabinet Office submits the case to the Mfl and CST concurrently for approval.
  7. The Mfl/CST approves the proposed allowance. Civil Service HR informs the department.
- Once agreed, departments must review allowance every six months to ensure that role remains pivotal to the organisation.



## PRO FORMA FOR APPLICATION FOR PIVOTAL ROLE ALLOWANCE

Title of role	
Employing department	
Brief Description of the role.	
Is this a designated SRO role? If yes, please name the project	
Please describe how each of the eligibility criterion has been met	<i>How the role is critical to delivering the strategic goals of the organisation.</i>
	<i>The impact on the business if the role is left unfilled.</i>
	<i>The specific skills for this role that are not easily available in the Civil Service.</i>
	<i>The flight risk for this role (evidence that that the incumbent is looking for a new role or being headhunted etc).</i>
Level of allowance being sought and supporting justification, including market evidence	
Please provide details of the remuneration package being proposed/currently received (including base salary, performance pay opportunity and any other benefits/allowances)	
Mode of payment (i.e. in full at end of project or in instalments linked to achievement of key milestones)	
Key milestones against which payment would be assessed	

er of SCS in the department already in receipt of a Pivotal Role Allowance	
Name of Accounting Officer supporting this application	
Name of Permanent Secretary supporting this application	
View of Departmental Minister	
Name and post of person submitting this application	
Contact telephone and email	
Date of application	

Attachment 2

Salary controls for SCS

Level	Approval by Department (All appointments above former CO reference points to be signed-off by Accounting Officer)	Approval by Cabinet Office (All requests for approval to be made <u>before</u> hiring process commences)	Approval by the Chief Secretary to the Treasury (All requests for approval to be made <u>before</u> hiring process commences)
Deputy Director Pay band 1	Salary up to £117,800 pa  <i>(salaries above £90,000 to be approved by Accounting Officer)</i>	Salary above £117,800pa	All posts with a package worth £150,000 or more as defined in the Treasury guidance
Director Pay band 2	Salary up to £162,500pa  <i>(salaries above £120,000 to be approved by Accounting Officer)</i>	Salary above £162,500pa	
Director General Pay band 3	Salary up to £208,100pa  <i>(salaries above £140,000 to be approved by Accounting Officer)</i>	Salary above £208,100 pa	
Permanent Secretary	Set by Cabinet Secretary and HoCS within the Permanent Secretary pay bands		

## SCS Pay - Exceptions Process Guidance

### Policy

From 2018/19 it has been agreed that the following rules for movement into and around the SCS will be enforced:

- No pay increases for moves within the SCS on level transfer; and
- On promotion to the SCS or to a higher SCS grade, SCS will receive no more than a 10% salary increase or the minimum of the new grade.

The aims are to:

- Tackle inconsistency of current approaches, which result in unequal outcomes for those moving into and around the SCS;
- Balance incentives for both breadth and depth of experience, encouraging SCS to build capability by remaining in post for longer;
- Make more efficient use of existing funding, releasing savings to fund structural reform.

An exceptions process will exist to enable flexibility in cases where internal candidates move to roles with greater scale or responsibility. This will require agreement from the **Permanent Secretary** and relevant **Head of Profession** and evidence should be given, including against both of the following criteria:

- sustained high performance, increased effectiveness, deepened capability and expertise; and
- that the individual is relatively low in the pay range and/or have benefited less or not at all from the rise in the minima.

Departments should also consider the equality impact of any decisions made on exceptions, as well as any precedents they might be setting.

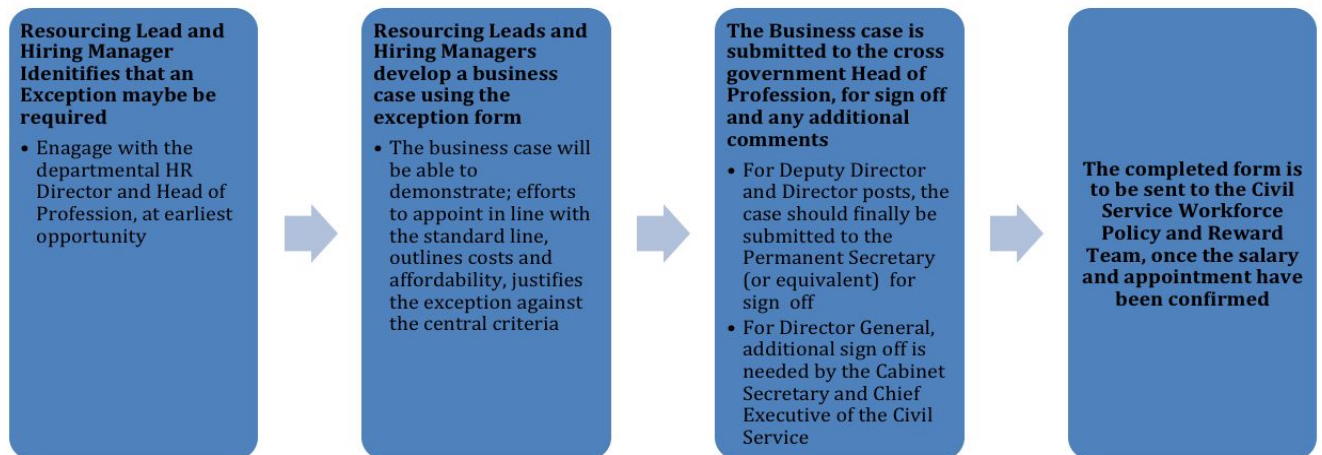
No limit has been imposed on the number of exceptions that can be approved, but Cabinet Office will collate the number of exceptions made each year to feed in to Senior Salary Review Body evidence. Although there is no centrally imposed limit on the number of exceptions, it is expected that they will make up only a small minority of cases.

### Process:

- Resourcing leads and hiring managers will identify that an exception is likely to be required and engage with the departmental HR Director and Head of Profession at the earliest opportunity.
- Resourcing leads and hiring managers will develop a business case **using the standard pro-forma below** for the exception which:
  - Demonstrates efforts to appoint in line with standard rules;
  - Outlines costs and affordability;
  - Justifies the exception against central criteria.
- Once any departmental governance processes have been followed, the case should be submitted to the cross Civil Service Head of Profession for sign-off and any additional comments or endorsement.

- For Directors and Deputy Directors, the case should be finally submitted to the departmental Permanent Secretary (or equivalent).
- For Directors General the case should also be submitted to:
  - the Chief Executive of the Civil Service and the Cabinet Secretary.
- Once appointment has been finalised, the business case and agreed salary should be submitted to the Cabinet Office Workforce Policy and Reward team. This is to enable monitoring of the application of the process from the centre.

## Process Flow Chart



## Frequently Asked Questions:

- **Often an SCS role can overlap with more than one profession - which Head of Profession should sign off on an exception?**

The vacancy holder should make a decision as to whether the role has a clear anchor in one profession, and subsequently that Head of Profession will be approached for approval alongside the Permanent Secretary. However, if there isn't a clear anchor, more than one Head of Profession may be consulted for approval and joint agreement should be sought.

- **In some cases the Head of Profession is also the Permanent Secretary - who should be the second signatory in this case?**

In this instance, we would expect the Permanent Secretary to suggest an appropriate and independent alternative, to provide the dual-key approval.

- **Some Heads of Profession have significantly larger SCS workforces without corresponding support teams. How will we be able to process exceptions?**

Exceptions should be a small minority and should therefore not generate too much work. When defining their exceptions criteria Head of Profession should consider whether departmental heads of profession can provide initial sign-off to help with the administration of the process.

- **What if an exception is sought for a cross Civil Service Head of Profession role?**

In this instance, John Manzoni should be approached for approval alongside the relevant Permanent Secretary.

## SCS Pay Exception Approval Form

An exception case requires agreement from the **Permanent Secretary** and relevant **Head of Profession** against both of the following criteria:

- *sustained high performance, increased effectiveness, deepened capability and expertise; and*
- *that the individual is relatively low in the pay range and/or have benefited less or not at all from the rise in the minima.*

For cases relating to Director General roles, further approval is needed by the Chief Executive of the Civil Service and the Cabinet Secretary.

1. Department

2073106120. Department Contact Details

Name:  
Phone:  
Email:

2073106216. Title of Role, Role Description, Advertised rate, Current Salary and Proposed Salary

2073106312. Why is this exception required and how does it meet both of the listed criteria?

1. *sustained high performance, increased effectiveness, deepened capability and expertise; and;*
  2. *that the individual is relatively low in the pay range and/or have benefited less or not at all from the rise in the minima.*

2073106408. Head of Profession Approval

Signature:  
Comments:

2073106504. Permanent Secretary Approval

Signature:  
Comments:

2073106600. For Director General, Cabinet Secretary and Chief Executive of the Civil Service Approval

Signature:  
Comments:

*Once the appointment and salary are approved and confirmed, a copy of the completed form is to be sent to the Civil Service Workforce Policy and Reward Team at [civilservicepay@cabinetoffice.gov.uk](mailto:civilservicepay@cabinetoffice.gov.uk)*