



Office of Manpower
Economics

Business Plan 2017-18

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Foreword by Director, Office of Manpower Economics

The Office of Manpower Economics (OME) was created in 1971. Based for pay and pensions purposes within the Department for Business, Energy and Industrial Strategy, OME is a non-departmental public body that provides an independent secretariat to eight pay review bodies. Taken together, these review bodies make recommendations affecting the pay of 2.4 million workers – about 45 per cent of public sector staff - involving a paybill of more than £100 billion (just over 60 per cent of the total public sector paybill).¹ The workers covered are employed in the National Health Service (NHS), HM Prison Service, the armed forces, police, judiciary, senior civil service (SCS) and as Police and Crime Commissioners and school teachers.

The purpose of this Business Plan is to set out what OME will do in 2017/18 and its longer-term strategy. Our main focus will be the support we offer to the independent pay review bodies, as they prepare their reports in changing economic and labour market conditions. We will also be looking at how we help the review bodies to communicate with stakeholders, and will continue to support research and analysis on public sector pay, reward and labour market matters.

The plan is divided into three sections:

- 1: What OME will do in 2017-18 (its deliverables);
- 2: How it will do this (its resources and capabilities); and
- 3: The wider context (the challenges and risks for OME).

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

Martin Williams

**Director, OME
September 2017**

¹ 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 and Wales (local authority maintained schools and academies) is £24 billion, and the number of teachers (000s) is 531 (headcount) / 482 (FTE).

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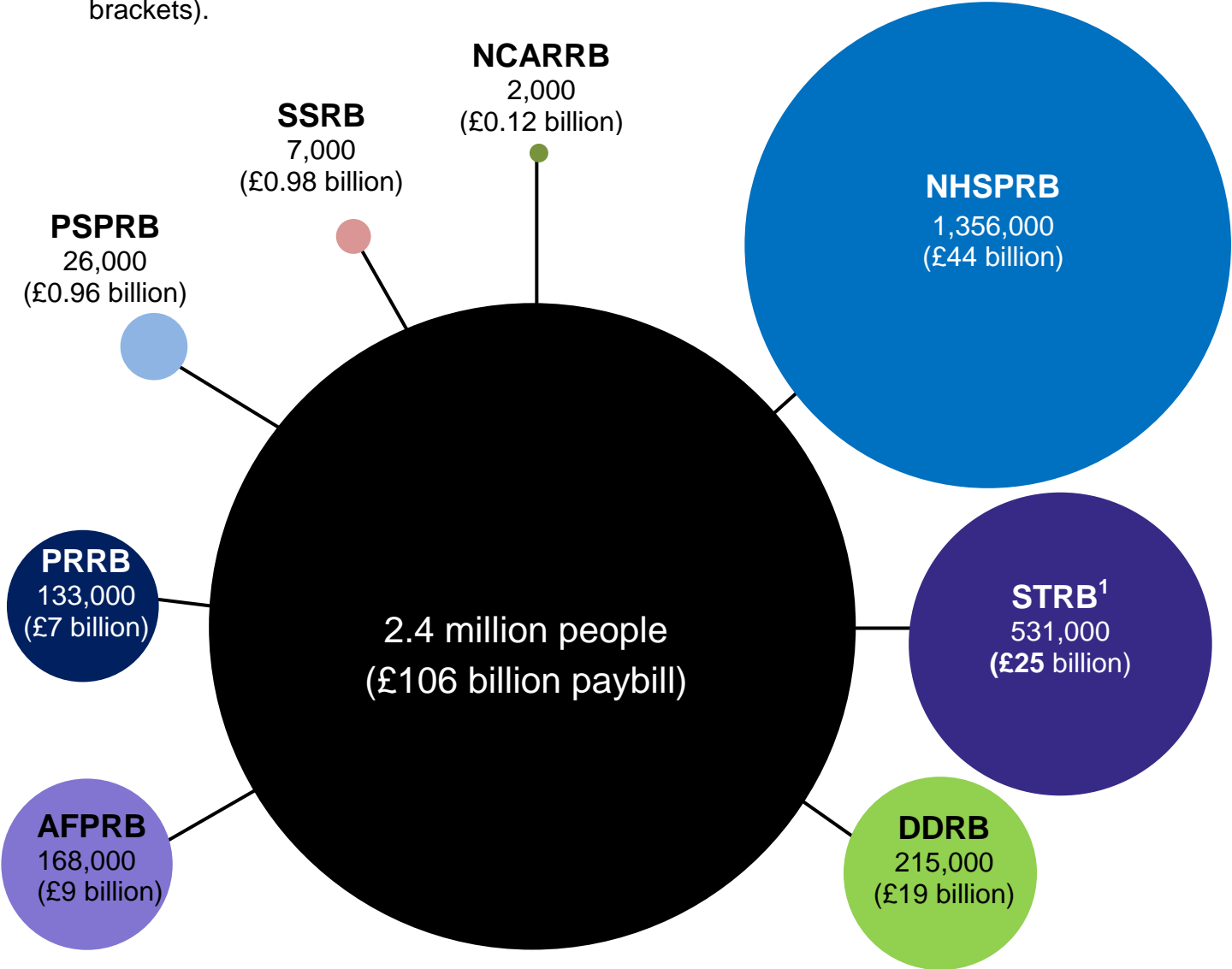
Chapter 1: OME’s mission, strategy and deliverables 2017-2020

OME’s purpose is:

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

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

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



Key:

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

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

OME's strategy 2017-2020

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

Overview of OME's deliverables 2017/18

The context for our work in 2017/18 is the letter of 21 September 2017 from the Rt Hon Elizabeth Truss MP, Chief Secretary to the Treasury, to all review body chairs, setting out the Treasury's overarching approach for the 2018/19 pay round. The letter stated that, while the most recent Spending Review had budgeted for a 1% average increase in basic pay and progression awards for specific workforces, the Government recognised that, in some parts of the public sector, more flexibility might be required to deliver world class public services. With more flexibility, it was of even greater importance that recommendations on annual pay awards were based on independent advice, underpinned by robust evidence.

The letter also said that the 2018/19 pay round marked the shift to a Single Fiscal Event in the autumn, which would delay the receipt of departmental evidence to the Review Bodies. She therefore expected that the process would run to a later timeline this year.

OME's support for the pay review bodies will therefore be taking place against a somewhat changed background, and to somewhat different timescales. Nevertheless, we still expect all review bodies to be asked to produce reports and recommendations, and will be planning accordingly, ensuring that all the parties are aware of the new timelines, when they are agreed. We will also, as necessary, be having discussions with the devolved administrations, to understand their likely expectations for receipt of reports.

A provisional list of OME's deliverables in 2017/18 is provided at **Table 1** below (predicted numbers of reports, visits and meetings and possible additional projects).

Also during 2017-18, OME's Research and Analysis Group (RAG) will be managing externally commissioned research projects on the use and effectiveness of market supplements in the public sector, reward strategies in academies, and the value of different types of workplace rewards. RAG will host a conference in the autumn on public sector pay and workforce research. The group is also continuing to carry out in-house analysis on strategic pay issues and take forward workforce-specific commissions to inform Pay Review Bodies.

Table 1: OME outputs/deliverables (1 September 2017 - 31 August 2018)

| Review Body | Reports | Report details (and submission date) | Visits | Meetings | Member appointments/reappointments |
|---|-----------|--|-----------|------------|------------------------------------|
| Armed Forces' Pay Review Body (AFPRB) | 1 | <ul style="list-style-type: none"> 47th report (Spring 2018) | 16 | 15 | 4 (incl Chair) |
| Review Body on Doctors' and Dentists' Remuneration (DDRB) | 1 | <ul style="list-style-type: none"> 46th report (Spring 2018) | 8 | 11 | 2 |
| National Crime Agency Remuneration Review Body (NCARRB) | 1 | <ul style="list-style-type: none"> 4th report (Spring 2018) | 2 | 6 | 3 |
| NHS Pay Review Body (NHSPRB) | 1 | <ul style="list-style-type: none"> 31st report (Spring 2018) | 8 | 15 | 5 |
| Police Remuneration Review Body (PRRB) | 2 | <ul style="list-style-type: none"> 4th report (England and Wales (Summer 2018) 4th report (Northern Ireland) (Summer 2018) | 6 | 13 | 3 |
| Prison Service Pay Review Body (PSPRB) | 2 | <ul style="list-style-type: none"> 17th annual report England and Wales (Spring 2018) 10th report Northern Ireland (Spring 2018) | 12 | 12 | 3 (incl. Chair) |
| Review Body on Senior Salaries (SSRB) | 2 | <ul style="list-style-type: none"> 40th annual report (Spring 2018) 1st Major review of the judicial pay structure (XXXX 2018) | 4 | 18 | 7 |
| School Teachers' Review Body (STRB) | 1 | <ul style="list-style-type: none"> 28th report (Summer 2018) | 19 | 19 | 4 |
| TOTALS | 11 | | 75 | 109 | 31 |

Chapter 2: OME resources and capabilities

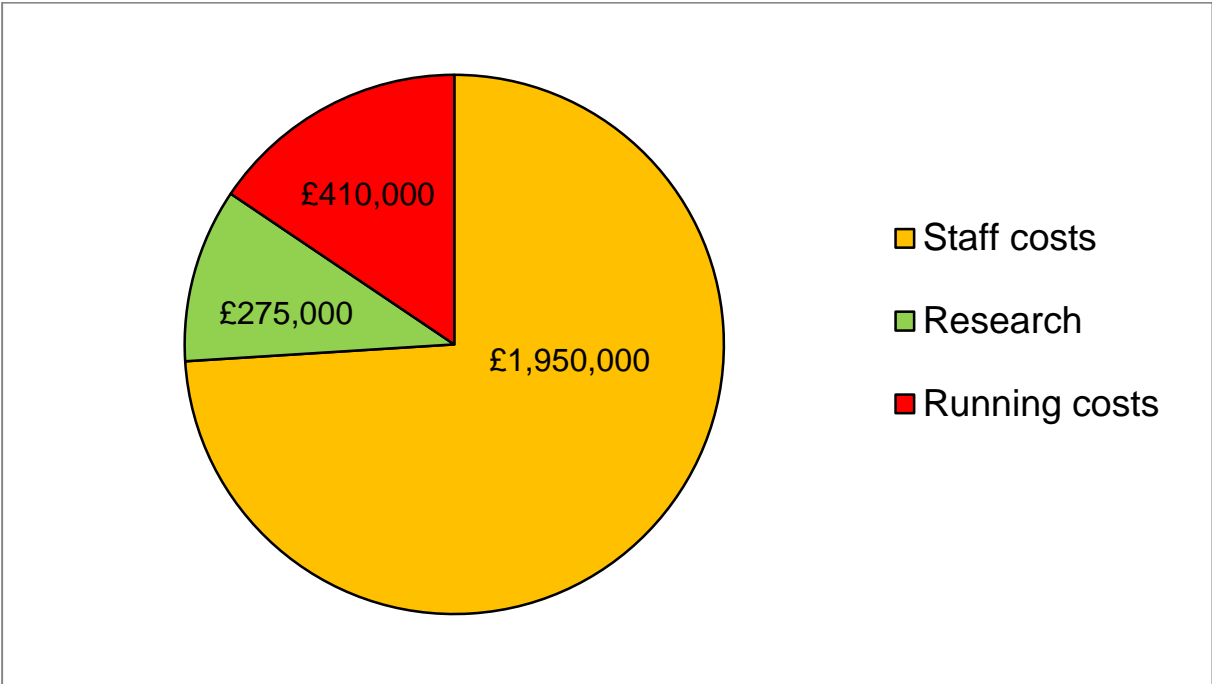
OME finances

BEIS provides OME’s core funding. OME’s administration costs budget is consolidated into the BEIS budget, although ring-fenced within it. OME’s expenditure has three main elements: staff costs; purchased research; and running costs (e.g. catering, travel and subsistence, IT, training and reprographics). OME also anticipates receiving income (estimated at around £763,000 in 2017-18) from sponsoring departments. All departments reimburse pay review body members’ fees but additionally, in line with 2006 Cabinet Office guidance, the departments concerned are charged for the full OME costs of administering the Police and National Crime Agency Remuneration Review Bodies including their work on Northern Ireland, and for the work of the Senior Salaries Review Body with respect to Chief Police Officers and Police and Crime Commissioners. OME has no capital or programme spend.

Table 2: The OME Budget 2016-17 and 2017-18

| £000s | 2016-17 | 2017-18 |
|---------------------------|---------|---------|
| Gross | 2.486 | 2.635 |
| Anticipated Income | -0.615 | -0.763 |
| Net | 1.871 | 1.872 |

Chart 1: A breakdown of OME’s anticipated expenditure in 2017-18



OME staff resources

On 1 September 2017 the anticipated OME staffing for the coming year is 33 (Full-Time Equivalent: 32.0). A summary table is provided below:

Table 3: Staff resources in OME in 2017-18

| Range | As at 1 September 2017 (including vacancies) | | | |
|--------------|--|----------------------|------------------------|--|
| | Headcount | Full-Time Equivalent | Headcount (Generalist) | Headcount (Specialist posts: Economist, statistician, remuneration specialist) |
| SCS | 4 | 4.0 | 3 | 1 |
| Grade 6 | 1 | 1.0 | | 1 |
| Grade 7 | 11 | 10.6 | 6 | 5 |
| SEO | 1 | 1.0 | 1 | |
| Fast Stream | 2 | 2.0 | | 2 |
| HEO | 7 | 7.0 | 7 | |
| EO | 2 | 2.0 | 1 | 1 |
| AO | 5 | 4.4 | 5 | |
| Total | 33 | 32.0 | 23 | 10 |

OME capabilities

OME learning and development for 2017-18 focuses on each staff member using their annual learning and development allowance and choosing digital, corporate and overarching development objectives that meet their specific role and personal requirements. In addition, analysts in OME will undertake a range of activities in order to comply with Continuous Professional Development (CPD) requirements from the Government Statistical Service and the Government Economic Service.

OME organisational priorities

In 2017-18 OME is continuing to pursue its effectiveness programme, with the aim of improving the service offered to pay review bodies. The programme aims to further optimise OME's use of digital communications, enhance knowledge management and to develop its people and capability. It covers a range of topics including new digital communication such as social media, infographics and other IT tools, knowledge management, understanding stakeholders and analytical best practice.

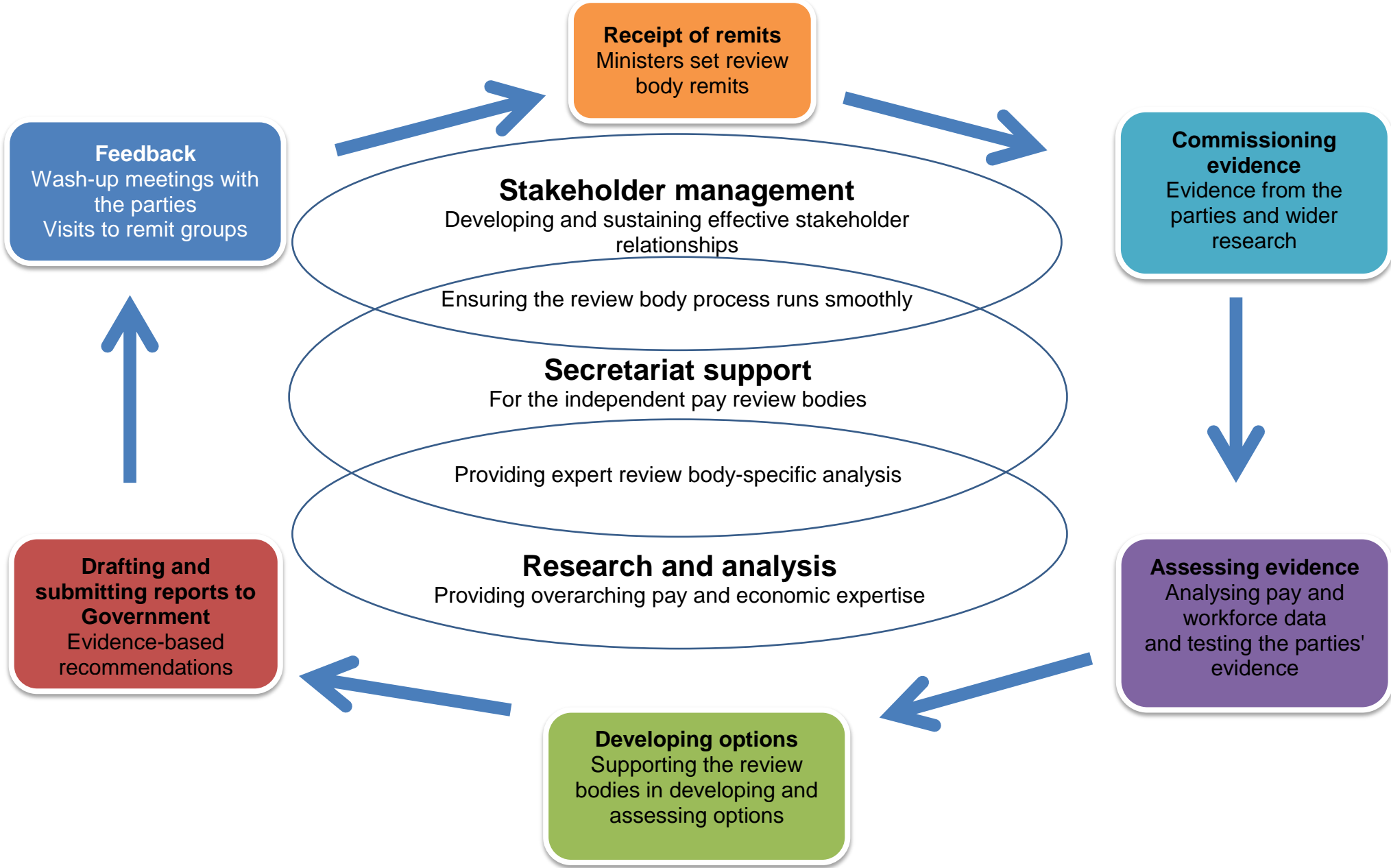
Efficiency

At the start of financial year 2016-17 all BIS administration budgets were reduced to make further efficiency savings across the Spending Review period, in line with the BIS 2020 programme. OME's budget for 2017/18 reflects this and the organisation will continue to seek savings while also seeking to ensure that the pay review bodies it supports can continue to deliver high quality and timely advice in accordance with their remits.

OME operating model

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

Figure 2: The OME operating model



Chapter 3: Challenges: the wider environment

OME's work, and the needs of the review bodies, varies according to changes in the economy, the labour market, political priorities and the particular needs of different remit groups. Our job is to see and react to these promptly and imaginatively. However, our core functions have remained fairly constant over time, and we expect this to continue for the foreseeable future.

Risk management

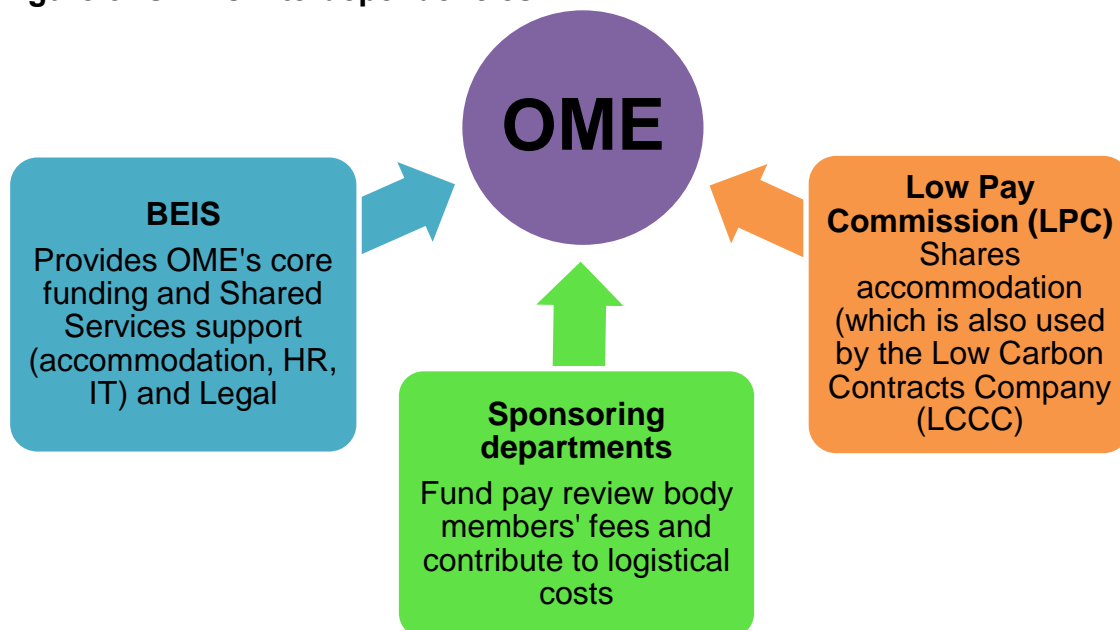
The main risks which OME will manage in 2017/18 are at **Annex C**. Individual review bodies will also have their own risks according to their own circumstances.

Interdependencies

OME has three main interdependencies:

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

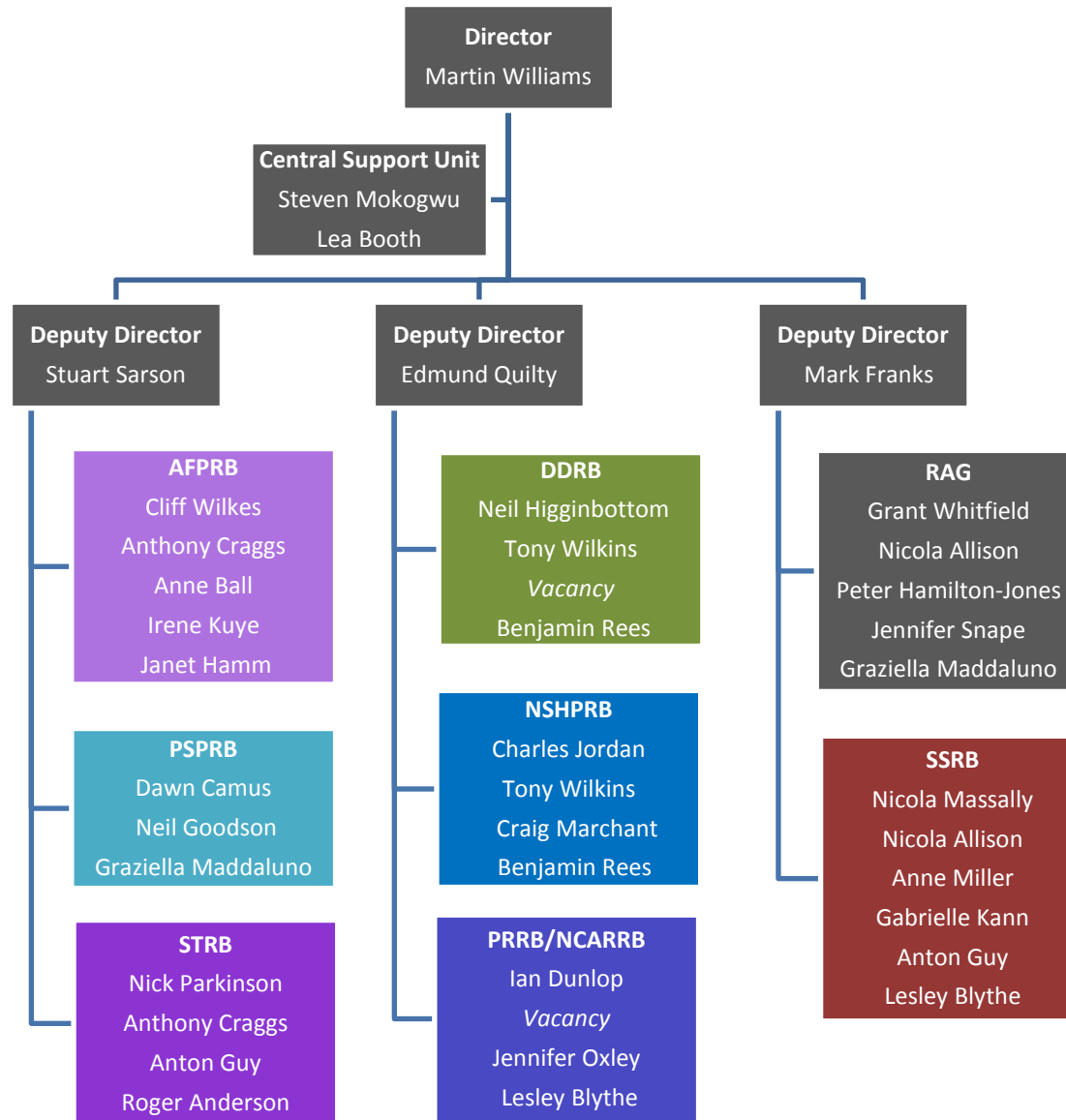
Figure 3: OME's interdependencies



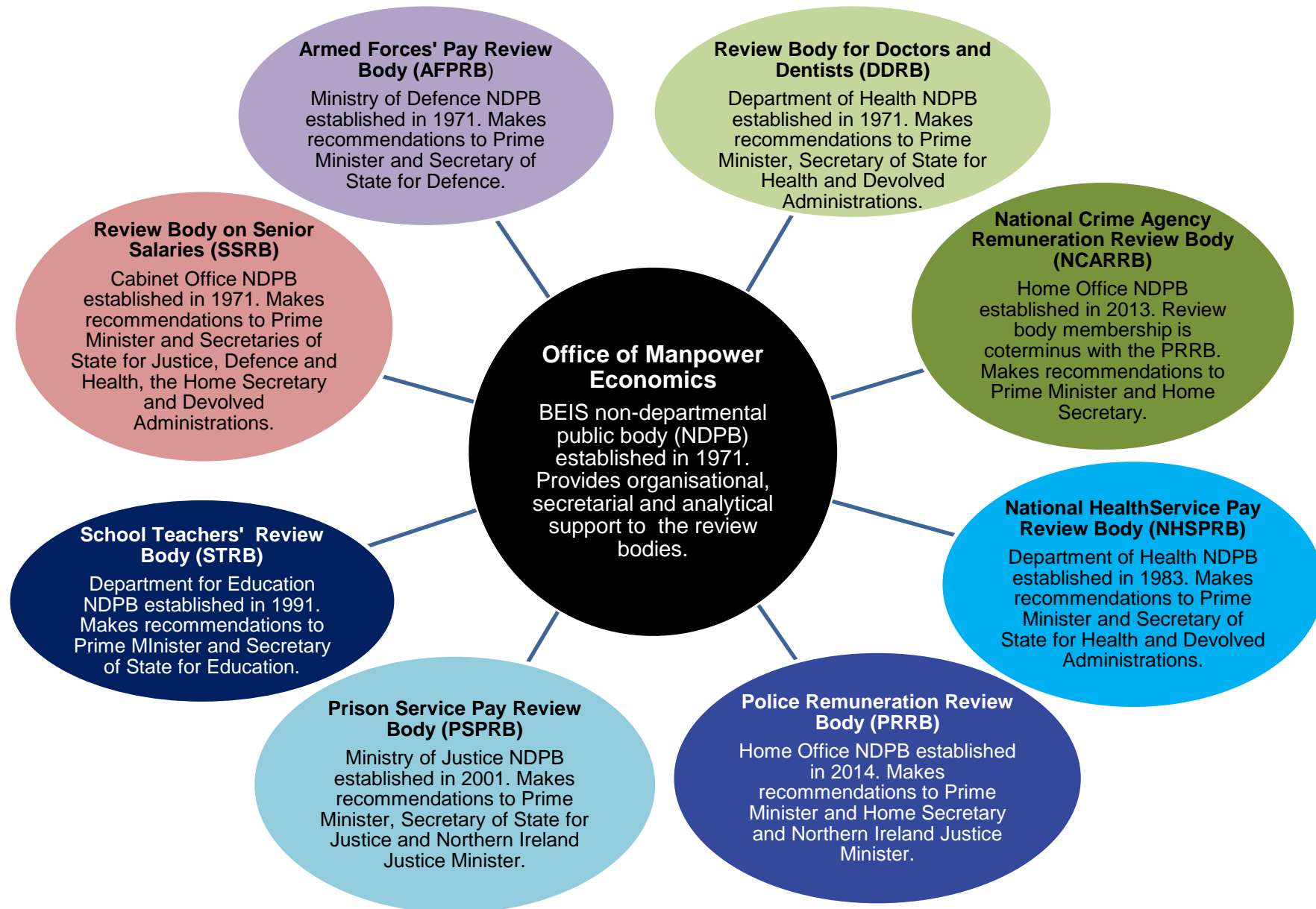
OME communication and engagement

OME does not seek a significant media profile in its own right, as its role is to support the pay review bodies. However, we do seek to ensure that the review body process is transparent, and that reports and written evidence are easily accessible by those with an interest. We use social media to draw attention to significant review body activity, such as the publication of a report or the appointment of a new member. In addition, all research produced by OME is published and we publicise it through conferences, social media and infographics.

Annex A: OME organisation September 2017



Annex B: OME and the pay review bodies it supports



Annex C: Main risks for OME to manage in 2017/18

| Risk | Impact High, Med, Low | Probability High, Med, Low | Counter measures | Owner/ responsibl e | Review and other comments |
|--|-----------------------------|----------------------------------|---|-------------------------------------|---|
| <p>The new timing of the Single Fiscal Event (22 November), results in late submission of written governmental evidence to Review Bodies. Late submissions would then delay the Review Body reports, which could affect the reputation of Review Bodies and result in public sector workers receiving their pay awards after their normal pay uplift date.</p> | H | H | <p>Ensure that this risk is fully understood within OME and by stakeholders. Explain how late evidence submissions will affect the timing of the Review Body report and recommendations. Secretariats take forward all necessary work that is not contingent on the receipt of government evidence including, where appropriate, commissioning and considering non-governmental evidence.</p> | <p>Pay Review Body secretariats</p> | <p>This timing change may well be permanent, and is not within pay review body or OME control. The CST letter to Review Body chairs is helpfully clear about the situation, which should help OME to be clear with stakeholders</p> |
| <p>The OME is unexpectedly required to free up staff resource to work on other government priorities or to take on new work at short notice, which would reduce its ability to provide effective secretariat support to the Review Bodies, and could affect the quality of reports</p> | H | L | <p>SMT to periodically review resources and their allocation to secretariats and other OME functions to ensure they are being allocated efficiently. Through ongoing contact with departments, including devolved administrations, explain what can be delivered from OME's core funding, and how significant extra remits need to be accompanied by extra resources, and may take time to deliver.</p> | <p>OME Senior Management Team</p> | <p>OME core funding comes via BEIS, but BEIS is not itself a recipient of any pay review body reports. Previous supplementary reports may have raised expectations of devolved countries.</p> |

| | | | | | |
|--|-----------------|-------------------|--|--|---|
| <p>The Review Body recommendations are perceived as weighted in the government's favour, causing the parties to disengage</p> | <p>H</p> | <p>M</p> | <p>Review Bodies to be scrupulous in basing recommendations on all the evidence they receive, having regard to their terms of reference. Review Body chairs, and secretariats, work with the parties to explore the full range of issues on which Review Bodies could offer recommendations or observations, and the importance of providing evidence accordingly.</p> | <p>Pay Review Body chairs and secretariats</p> | <p>Addressing this risk successfully is core to Review Body effectiveness.</p> |
| <p>Retirements and normal staff turnover reduce corporate memory within the secretariats, leading to a lower quality level of support provided to Review Bodies.</p> | <p>M</p> | <p>M</p> | <p>Each Review Body secretariat, and RAG/OME central unit, to produce and maintain "good practice" that can be studied by new arrivals. Move experienced OME resources around secretariats where corporate memory is lacking. Ask recent arrivals what support/induction would have been helpful.</p> | <p>OME Senior Management Team</p> | <p>OME needs to strike the right balance between its very real need for experience, and not becoming sclerotic and closed to change</p> |
| <p>Departments don't prioritise Review Body appointments, which cause delays in appointing members and in some cases not enough members sitting on Review Bodies to be constitutional.</p> | <p>M</p> | <p>M/L</p> | <p>Alert sponsoring departments in good time to impending appointment/reappointment issues. Support departments with administering recruitments, as desired. Review all recruitment campaigns in case of failure to appoint or low application rates and liaise with sponsoring department on effective recruitment methods.</p> | <p>OME Senior Management Team and pay Review Body secretariats</p> | <p>General government policy on public appointments will be relevant here.</p> |
| <p>OME, in exploring new ways of communicating with stakeholders and remit groups, communicates unhelpful messages as a result of inexperience in these new areas.</p> | <p>M</p> | <p>L</p> | <p>Continue to promote internal learning to upskill existing staff to use social media effectively. Develop a strong internal communications policy with appropriate controls and review at regular intervals.</p> | <p>Pay Review Body secretariats</p> | <p>OME does not want to gain its own media presence but wants to make deliverables accessible to all.</p> |