

Stewardship Report 2016/17

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

The pay round that ran from the autumn of 2016 to late summer 2017 took place against a background of some uncertainty. The EU Referendum vote in June 2016 produced significant political change, and some economic uncertainty; a Budget in the late autumn affected the timings for government departments to submit their evidence to the Pay Review Bodies that we support; and the General Election of June 2017 caused delay to the publication of the reports from the School Teachers’, Police and Prison Service Review Bodies.

Nevertheless, the relevant Government Departments, including the devolved administrations where applicable, continued to signal commitment to the pay review body process, with each Review Body being asked to submit Reports, and the Senior Salaries Review Body being invited to undertake a major review of judicial pay, due to report in summer 2018. All requested reports were produced on the timetables agreed with the governments, and virtually all their recommendations were accepted.

Internally, OME continued to look for ways to improve our service to Review Bodies, and to their remit groups. We launched a Twitter account in the summer, to provide an extra channel for communicating the work of the Review Bodies, and several Review Bodies tried out new ways of summarising their evidence and conclusions via infographics. We also published separate on-line executive summaries of each Review Body report. For the second year, we ran an academic research conference on public sector pay developments, and we continued to commission and publish our own research.

One of OME’s strengths is the continuity and experience provided by colleagues who have been with us for several years. We sought to build on this with some internal moves and reorganisation, and are pleased with the results.

As ever, I am very grateful for the support that OME has received during 2016-17 from its own staff, from all those providing oral and written evidence to Review Bodies, and from Review Body members themselves. I have found it a pleasure to work with them.

Martin Williams

Director, OME

September 2017

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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]](#footnote-2).

The OME’s 2016/17 aim remained unchanged from last year:

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

The OME sought to do this by:

* + - Obtaining timely and high quality evidence, and providing research, analysis and advice, to inform Review Body decisions and underpin their recommendations.
    - Enabling the Review Bodies to deliver their reports to the timetable and process required, and in accordance with their individual terms of reference

and remits, by providing high quality secretariat services and through managing relationships with all parties to the process.

* + - Developing OME’s capacity and capabilities through using the Civil Service Competencies and by meeting Investors in People, and Government Economic Service and Government Statistical Service standards for managing and developing people.
    - Managing OME resources effectively with particular emphasis on flexible ways of working, and project management.

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

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

# The Public Sector Pay Review Bodies

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

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

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

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

# Chapter 1: About OME

* 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, and by holding a secretariat role its purpose is predominantly the annual activity and process that is described in Chapter 2.
  2. This report covers the period from 1 September 2016 to 31 August 2017 and provides an account of OME’s use of public funds in terms of its budget and the work for which it pays. OME’s forward activity is set out in a Business Plan, published on its GOV.UK website, which runs from September 2017 to August 2018, reflecting the Review Bodies’ normal reporting cycle.

## Budget and efficiency

* 1. OME’s total expenditure in 2016/17 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.
  2. OME continues to look for further efficiency gains, for example from:
     + Rigorous assessment of business cases and effective procurement practice for research spending.
     + Promoting flexible and innovative ways of working.
     + Increased in-house and on the job training.
     + Bearing down on costs, for example, of publications, travel and photocopying, and the sharing of back-office costs (i.e. photocopier

lease and consumables) with the Low Pay Commission.

* + - Using the BEIS shared services programme.

## Staff

* 1. The OME ended the year with 31 staff (full time equivalent of 29.5), two of whom were new staff joining in January 2017. The numbers (both headcount and full-time equivalent) by grade are given at Annex A.
  2. 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.

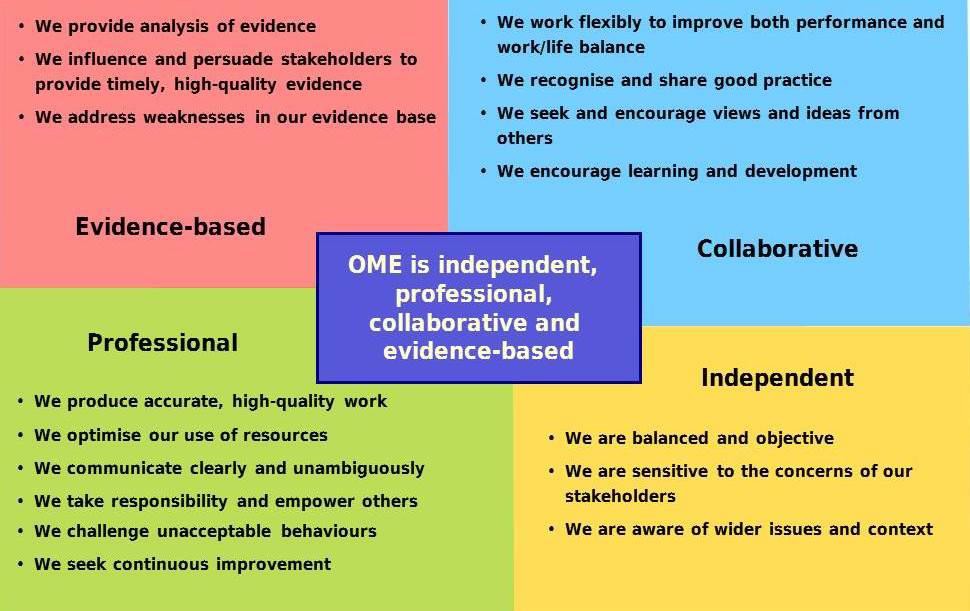
Figure 1: The OME Organisational Chart as at 31 August 2017

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## Values and behaviours

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

Figure 2: The OME values and behaviours



## Learning and development

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

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

* 1. During 2016/17 our approach centred on in-house training and our proportion of our training spend was significantly lower than previous years OME has always been focused on increasing knowledge through attending specialist conferences and acquiring specific skills from courses, this year included data visualisation and introduction to quantitative analysis.

## Staff engagement

* 1. OME’s 2016 People Survey results (part of the wider Civil Service People Survey which measures employee engagement, among other things) were, on balance, an improvement on those experienced in 2015.  After a drop of 8 percentage points to 64% in the previous year, in 2016 OME’s engagement index recovered some of this ground to reach 67%, but remained below the 71-72% generally experienced between 2009 and 2014. OME’s 2016 engagement index was some 13 percentage points higher than that calculated across BEIS as a whole, and 8 percentage points higher than the Civil Service benchmark (the median score across all 98 participating organisations).

## Working with BEIS

* 1. 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, as a department, OME maintains policy and operational independence, and the Pay Review Bodies have no relationship with BEIS.
  2. 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.
     + Representing OME at the BEIS Oracle Champions meeting that promotes best practice on Oracle, a web based system that provides staff access to HR, Finance and Procurement transactional services.

## The Freedom of Information (FOI) Act 2000

* 1. In Spring 2017, OME made its first appearance before the Information Tribunal, defending a decision not to release the minutes of oral evidence given to the Doctors & Dentists Review Body. The Tribunal upheld the decision of the OME Qualified Person (in this case, the Director).
  2. Details of requests received by OME for the release of information under the FOI Act can be found on our website:

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

# Chapter 2: The Work of the Teams



## Overview

* 1. The work of OME staff is directed by the requirement 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” – for example, in 2014/15 the National Health Service Pay Review Body (NHSPRB) was asked to report its observations on the barriers and enablers within the Agenda for Change pay system for delivering healthcare every day of the week in a financially stable way.
  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.
  1. 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. 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. | 168  (headcount) | £9 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. | 215  (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 |
| NHS Pay Review Body | Non Statutory | Department of Health | All staff employed in the NHS, and paid under Agenda for Change. This covers all NHS staff, with the exception of doctors, dentists and very senior managers. | Department of Health, England; Department of Health and Social Services, Wales; Department of Health, Social Services and Public Safety, Northern Ireland; Scottish Government Health and Social Care Directorates; NHS Employers; NHS Providers Northern Ireland Public Service Alliance; the Joint Staff Side and its individual staff bodies, which are: British Association of Occupational Therapists; British Dietetic Association; British Orthotic Society; Chartered Society of Physiotherapists; Community and District Nursing Association; Federation of Clinical Scientists; GMB; Royal College of Midwives; Royal College of Nursing; Society of Chiropodists and Podiatrists; Society of Radiographers; Unison; and Unite. | 1,356  (headcount)  1,180  (FTE) | £44 billion | United Kingdom |
| Police Remuneration Review Body | Statutory | Home Office | Federated ranks of police officers and superintending ranks in England and Wales, and Northern Ireland. | Home Office; Police Federation of England and Wales; Police Superintendents’ Association of England and Wales; National Police Chiefs Council; Metropolitan Police Service; Association of Police and Crime Commissioners; Mayor of London Office for Policing and Crime. Police Service of Northern Ireland; Department of Justice Northern Ireland; Northern Ireland Policing Board; Police Federation for Northern Ireland; Superintendents’ Association of Northern Ireland. | 133  (headcount)  131  (FTE) | £7 billion | England & Wales  Northern Ireland |
| 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; England & Wales)  24 (FTE) | £900 million | 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) | £60 million | Northern Ireland |
| Review Body on Senior Salaries | Non Statutory | Cabinet Office, Ministry of Justice, Ministry of Defence, Department of Health, Home Office, Department of Justice for Northern Ireland | Senior Civil Servants (SCS), Judiciary, Senior Military Officers, Executive and Senior Managers in Department of Health Arm’s Length Bodies (ESMs), Police and Crime Commissioners (PCCs) and Chief Police Officers. | Cabinet Office, Ministry of Justice, Ministry of Defence, Department of Health, Home Office, Department of Justice for Northern Ireland, Association of Police and Crime Commissioners, Civil Service Commission, FDA, Prospect, Managers in Partnership, Lord Chief Justice, Lord President of the Court of Session (Scotland), Lord Chief Justice of Northern Ireland, Judicial Appointments Commission (England and Wales), Judicial Appointments Board for Scotland, Northern Ireland Judicial Appointments Commission, National Police Chiefs’ Council, Chief Police Officers’ Staff Association, Northern Ireland Policing Board, Police Service of Northern Ireland, members of the remit groups. The Scottish Government. | Judiciary 2;  ESMs 0.4;  Senior Military 0.1;  SCS 4.0;  PCCs 0.04; Chief Police  Officers 0.2  (All headcount) | Judiciary:  £391 million; ESMs:  £53 million; Senior Military: £27 million; SCS:  £475 million; PCCs:  £3 million; Chief Police Officers: £34 million. | Judiciary and Senior Military: UK; SCS: GB; PCCs:  England and Wales; ESMs:  England; Chief Police Officers: England, Wales and Northern Ireland. |
| School Teachers’ Review Body | Statutory | Department for Education | Teachers, including head teachers, in local authority maintained schools and services in England and Wales | Department for Education, the Welsh Government, National Employers’ Organisation for School Teachers,  Association of School and College Leaders, Association of Teachers and Lecturers, British Association of Teachers of the Deaf, National Association of Head Teachers, National Association of Schoolmasters Union of Women Teachers, National Union of Teachers, Undeb Cenedlaethol Athrawon Cymru, Voice, National Governors’ Association, Governors Wales. | 308 (headcount)  277 (FTE) | £14 billion | England and Wales |

Notes:

1. The figures above are OME estimates mostly made in March 2017. They give a general indication of orders of magnitude but have not been compiled on a wholly consistent basis due to the different nature of the data sources, timing and methodological approaches.

2. DDRB figures include GMPs and GDPs as well as salaried staff.

3. Please contact OME (see front of this report) if you would expect to be included in the list of consultees but are not shown listed above.

4. 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).

## The financial year 2016/17: context and Government pay policy

* 1. Pay rounds since 2010 have taken place within the context of a policy of centrally-led public sector pay restraint. The Chief Secretary to the Treasury wrote to the Review Bodies in July 2016 setting out the Government’s policy on public sector pay awards for the 2016/17 pay round, which was that funding was available for an average of up to one per cent across all remit groups. Review Bodies took this evidence on affordability into account, alongside their other terms of reference.
  2. In the course of 2016/17 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.
  3. 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.
  4. 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 2016/17, 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 Royal Navy Technicians in the Engineering General Service sub-branch, follow-on FRIs for Petty Officer Engineering Technicians and Chief Petty Officer Engineering Technicians, and a proposal to broaden eligibility of the Army Reserves Commitment Bonus to Professional Qualified Officer posts within the Army Medical Services and Royal Army Chaplains’ Department of the Army Reserves.

The AFPRB submitted its main (46th) annual report on 31 January 2017. Its main

recommendations were:

* + - An increase of one per cent in base pay;
    - MOD to provide AFPRB with specific proposals for engineers for the next pay round;
    - A one per cent increase in most rates of Recruitment and Retention Payments (RRP), compensatory allowances and Reserves’ Bounties and Call-Out Gratuity;
    - RRP (Flying): A new spine and Retention Payment to be introduced for Officer Aircrew and Army Non-Commissioned Officers, with a one per cent increase for other groups;
    - The introduction of a new Weapons Engineering Submariner (WESM) RRP to be implemented in the Royal Navy’s WESM branch (Strategic Weapons Systems and Tactical Weapons Systems);
    - For Service Family Accommodation (SFA), CAAS Band A charges to be increased by 1.00 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 1.00 per cent to grade 1, 0.67 per cent for grade 2, 0.33 per cent for grade 3 and zero for grade 4; and
    - No increase to the Daily Food Charge which remains at £4.79.

The Government accepted the AFPRB’s recommendations and the report was published on 28 March 2017.

Following submission of the main report, the Review Body began its normal supplementary work on Service Medical and Dental Officers’ pay. The resulting supplementary report, containing an overall recommendation of one per cent, was submitted to Government on 23 March 2017. The recommendation was accepted by the Government on publication of the Report on 18 July 2017.

## 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 October 2016 to March 2017. It was asked to recommend on pay and allowances for all of its remit groups in all four countries. The DDRB produced a separate ‘Supplement’ to the main report for Scotland in this round, due to the later submission of evidence from the Scottish Government.

DDRB submitted its 45th annual report in February 2017. Government published the

report in March 2017. The Scottish Supplement was submitted and published in

March 2017. The central recommendations in the reports were:

* An increase in basic pay of one per cent to the national salary scales for salaried doctors and dentists for all countries of the UK;
* an increase of one per cent in pay, net of expenses, for independent contractor general medical practitioners and general dental practitioners for all countries of the UK; and
* an increase of 1% in the value of consultant performance rewards, and a lifting of the freeze on new national consultant awards in Scotland.

The recommendations were accepted by the UK Government and the Welsh Government. The Scottish Government accepted all recommendations except the recommendation on consultant performance awards. The Northern Ireland Executive’s response to the recommendations is outstanding, pending the appointment of a Health Minister.

## 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 October 2016 the Home Secretary’s remit letter asked the Review Body to have regard to:

## The need to ensure that the proposals respons to the Government’s public sector pay policy in 2017/18, including the 1% average pay award;

## The need to recruit, retain and motivate suitably able and qualified officers in high priority areas;

## The affordability of any recommendations within the existing budget of the NCA;

## The effects of any pay divergence between NCA officers designated with operational powers and those without; and

## The Home Secretary’s strategic priorities set for the NCA published in the NCA’s 2016-17 annual plan.

The Home Secretary also asked for the Review Body’s observations on the NCA’s development of proposals for pay reform. However, the NCA’s ongoing work to reform the pay structures meant that the scheduled 2017 pay round was delayed and the Home Office formally withdrew the remit letter on 25 April 2017. A revised remit letter is expected and the secretariat has been working with the Home Office, NCA and trades unions to establish a provisional 2017 pay round that could commence in the autumn.

## National Health Service Pay Review Body (NHSPRB) Secretariat

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

In 2016/17 the United Kingdom Government, the Scottish Government, the Welsh Government and the Northern Ireland Executive asked for pay recommendations from the NHSPRB.

The recommendations in the 2017 NHSPRB Report were for:

* A one per cent increase to all *Agenda for Change* pay points in England, Wales and Northern Ireland from 1 April 2017.
* A one per cent increase to the High Cost Area Supplement minimum and maximum payments.
* An adjustment to Pay Point 1 in Northern Ireland so it is above the 2017/18 level of the National Living Wage.
* Action by the Health Departments in England, Wales and Northern Ireland to ensure that annual pay awards do not have unintended consequences in reducing the take-home pay of staff whose pay award causes them to cross pension contribution thresholds.

The UK Government and the Welsh Government accepted the Review Body’s recommended increases in the value of Agenda for Change pay points and Higher Cost Area Supplement payments. The UK Government also said it would consider the recommendations around pension contribution thresholds as part of the four yearly valuation of the NHS Pension Scheme, which will determine the level of employer and employee pension contributions from April 2019. Elections were held for the Northern Ireland Executive in March 2017.  The Northern Ireland Executive’s response to the recommendations is outstanding, pending the appointment of a Health Minister.

The report also made a number of additional observations. These related to:

* The importance of monitoring trends in take home pay.
* The need to improve evidence on the drivers of the pay bill trends over time and on agency expenditure.
* Improvements that needed to be made to develop a robust set of workforce data.
* The need for a more strategic approach towards the use of agency staff in the NHS.
* The potential for using the agreement on the Agenda for Change banding position on paramedics as a template for making changes to services to improve productivity by encouraging staff to support changes that involve them taking on additional responsibilities.
* The need for governments across the UK to clarify arrangements for the implementation of the National Living Wage.
* The need for the Welsh Government to take action to address the impact of the Living Wage Foundation living wage on pay compression.
* The increasing pressure on public sector pay policies and the need for action, including greater flexibility, to help manage the transition to an exi from current pay policy.

The recommendation that Health Departments should ensure that annual pay awards do not have unintended consequences in reducing the take-home pay of staff whose pay award causes them to cross pension contribution thresholds, will be considered as part of the four yearly valuation of the NHS Pension Scheme, a process which will determine the appropriate level of employer and employee pension contributions from April 2019.The recommendation that Health Departments should ensure that annual pay awards do not have unintended consequences in reducing the take-home pay of staff whose pay award causes them to cross pension contribution thresholds, will be considered as part of the four yearly valuation of the NHS Pension Scheme, a process which will determine the appropriate level of employer and employee pension contributions from April 2019.The recommendation that Health Departments should ensure that annual pay awards do not have unintended consequences in reducing the take-home pay of staff whose pay award causes them to cross pension contribution thresholds, will be considered as part of the four yearly valuation of the NHS Pension Scheme, a process which will determine the appropriate level of employer and employee pension contributions from April 2019.The recommendation that Health Departments should ensure that annual pay awards do not have unintended consequences in reducing the take-home pay of staff whose pay award causes them to cross pension contribution thresholds, will be considered as part of the four yearly valuation of the NHS Pension Scheme, a process which will determine the appropriate level of employer and employee pension contributions from April 2019.

A separate supplement to the 2017 report was produced covering NHS staff in Scotland. This recommended a 1 per cent increase to all *Agenda for Change* pay points in Scotland from 1 April 2017. The Scottish Government accepted the Review Body’s recommendation.

The Review Body also noted the additional elements of the Scottish Government’s public sector pay policy of a £400 minimum increase for all staff whose full-time equivalent basic salary is £22,000 or under. However, it expressed concern about the cost pressures that this creates for Health Boards given the pressures facing the NHS in Scotland.

Additional observations that were made in the Scottish supplement related to:

* The role that greater flexibility in the process for approving Recruitment and Retention Premia in Scotland could play in helping Health Boards tackle local recruitment and retention issues.
* The need for evidence on recent trends in staff motivation in Scotland to inform the next pay round.
* The need to tackle the drivers of dissatisfaction and increasing leaving rates among ambulance staff in Scotland.
* The need to evaluate the potential effect of pay compression caused by current public sector pay policy on motivation, progression and promotion.
* The need to develop a medium-term approach to pay in the NHS in Scotland.

## Police Remuneration Review Body (PRRB) Secretariat

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

During 2016/17, the secretariat supported the PRRB in submitting its two reports on England and Wales, and Northern Ireland, in May 2017. These reports made recommendations on pay awards for 2017/18 and related matters. Responses to the reports are awaited from the Government and Department of Justice Northern Ireland.

The recommendations from the 2017 PRRB report for England and Wales were:

* A consolidated increase of 2% to all pay points for federated and superintending ranks.
* London Weighting and Dog Handlers’ Allowance to be uprated by 2%.
* The introduction of appropriate, targeted arrangements in 2017/18 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 the implementation strategy.

The Home Secretary responded to the recommendations on 12 September 2017 by awarding police officers in England and Wales a 1% 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%.

In a letter to the Chair of the PRRB, the Home Secretary expanded upon her reasoning and provided her view on the two latter recommendations from the PRRB report, welcoming the recommendation for the introduction of arrangements for locally targeted payments, following appropriate consultation. The Home Secretary indicated that the publication of an integrated workforce and pay plan was underway and being led by the College of Policing and National Policing leads.

The completed PRRB report for Northern Ireland was submitted to the Permanent Secretary at the Department of Justice, Northern Ireland.

## 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 2017 PSPRB England and Wales report were:

* A consolidated £400 increase to all the base pay points for *Fair and Sustainable* Bands 2 to 5 and closed grade officer and support grade equivalents. The *Fair and Sustainable* Band 2 scale is changed from a three to a two point scale.
* A consolidated one per cent increase to Bands 7 to 11 open pay range maxima and minima and the closed grade equivalents, including a one per cent increase to the closed grade required hours addition.
* Progression in the open Band 7 to 11 pay ranges of between four and six per cent dependent on performance marking, capped at the new band maxima. Those within six per cent of the new Band maxima with an ‘Outstanding’ marking receive the balance of progression as a non-consolidated, non-pensionable payment capped at two per cent of base pay.
* Staff in Bands 2 to 5 progress by one pay point unless on formal poor performance procedures. Staff in Band 5 who receive an ‘Outstanding’ performance marking receive a one per cent non-consolidated, non-pensionable payment of base pay.
* Prison auxiliary spot rate be raised to £15,575 and the night patrol spot rate be raised to £17,575.
* The *Fair and Sustainable* operational graduate scheme pay rates be increased by a consolidated £400.
* The London fixed cash differentials should be increased by one per cent and should be consistently applied across all bands.
* The £5 increase per hour to the rates of Payment Plus, OSG overtime and Tornado currently in place be extended to 31 March 2018 as new arrangements are developed.
* Base pay on temporary promotion/cover should be the greater of either the minimum for the role or five per cent of annual salary for each band and the payment should be pensionable.
* HMPPS to present plans for revised arrangements that would integrate the various different pay structures, allowance and supplements currently in place in its evidence for the 2019 report.

The recommendations were accepted in full by the Government.

The PSPRB received an activation letter from the Northern Ireland Justice Secretary in February 2017 to proceed with the 2017-18 pay round. However, due to issues regarding the formation of a Northern Ireland Assembly, the process for the 2017 PSPRB Northern Ireland report is currently on hold until the Northern Ireland Government is in a position to provide written evidence.

## 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 March 2017, the SSRB submitted its annual report on the pay of the SCS, the judiciary, the senior military and ESMs in 2017-18[[2]](#footnote-3). Its main pay recommendation was to use in full the 1 per cent available for basic pay increases for these four groups unless there was a strong and explicit rationale to do otherwise. The report was published in July 2017 and the government accepted the SSRB’s recommendations.

In May 2017, the SSRB submitted its third annual supplementary report on the pay of chief police officers. It recommended a consolidated one per cent increase to their base pay. The Home Secretary accepted all of the recommendations in the report on 12 September 2017. The Northern Ireland Executive’s response to the recommendations is outstanding, pending the appointment of a Justice Minister.

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. This is scheduled to be completed by June 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.

STRB received a remit from the Secretary of State for Education on 25 October 2016. The remit asked the review body to consider:

* What adjustments should be made to the salary and allowance ranges for classroom teachers, unqualified teachers and school leaders to promote recruitment and retention within an average pay award of one per cent.

The STRB submitted its 27th report in April 2017, making the following recommendations:

* A 2% uplift to the minimum and maximum of the main pay range (MPR);
* A 1% uplift to the minima and maxima of the upper pay range (UPR), the unqualified teacher pay range and the leading practitioner pay range;
* A 1% uplift to the minima and maxima of the leadership group pay range and all head teacher group pay ranges; and,
* A 1% uplift to the minima and maxima of the Teaching and Learning Responsibility (TLR) and Special Educational Needs (SEN) allowance ranges.

The Government accepted all the recommendations and published the report in July 2017, prior to statutory consultation on the recommendations.

## Research and Analysis Group

* 1. 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. The year to August 2017 saw the completion and publication on OME’s website of several externally-commissioned cross-cutting research projects including modern pay systems (Pricewaterhouse Coopers, published November 2016); use of agency staff in the public sector (National Institute of Economic and Social Research, February 2017), quality of graduate entrants to public sector occupations (Institute for Fiscal Studies, March 2017) and wage growth in pay review body occupations (University College London, July 2017). OME also published an analytical report of its own on targeted pay in the public sector (published November 2016). Early results from several of these projects were presented at the OME research conference (18 October 2016).
  3. After the success of the inaugural Open Call exercise in 2016, a new exercise in spring 2017 resulted in OME commissioning three further projects: academies’ approaches to reward (Incomes Data Research); use and effectiveness of market supplements (Institute for Employment Studies); and valuing different workplace rewards (Economic Insight). It is expected that final reports will be published towards the end of 2017. OME also held another research conference on 21 September 2017.
  4. From September 2016, RAG implemented a new, flexible fast stream resource initiative: a junior statistician and economist were recruited to the team, both to help progress strategic cross-cutting research and analysis but also to be available to help progress analytical work within other OME teams, in the event mostly drawn on during the year by the secretariats of DDRB, NHSPRB and STRB.
  5. RAG has continued to promote other analytical priorities, including strengthening quality assurance guidance; encouraging OME analysts to produce good quality data visualisations to help Review Bodies’ key messages more accessible to a wider audience, with NHSPRB and DDRB using infographics for the first time; launching an innovation initiative to stimulate the analytical curiosity of the Office; suggesting and implementing an OME Twitter policy; jointly hosting a ‘pay in the public sector conference (15 September 2016, with Incomes Data Research); and providing CPD opportunities for OME colleagues such as in-house learning events on using Twitter and Piktochart.
  6. RAG also provided specific analytical support to the SSRB by assisting with commissioning the necessary research programmes to underpin the major review of the judiciary.

## Review Body appointments

* 1. 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. During the course of the year, four new Members joined the Review Bodies and nine 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 2016/17**

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Range** | **As at 31 August 2016** | | **As at 31 August 2017** | |
| **Headcount** | ***Full-Time Equivalent*** | **Headcount** | ***Full-Time Equivalent*** |
| SCS | 4 | 4.0 | 4 | 4.0 |
| Grade 6 | 1 | 1.0 | 1 | 1.0 |
| Grade 7 | 11 | 10.64 | 11 | 10.1 |
| SEO | 1 | 1.0 | 2 | 2.0 |
| HEO | 7 | 7.0 | 6 | 6.0 |
| EO | 2 | 2.0 | 2 | 2.0 |
| AO | 5 | *4.4* | 5 | *4.4* |
| **Total** | **31** | ***30.04*** | 31 | ***29.5*** |

# Annex B

**Review Body Secretariat Work Volumes 2016/17**

|  |  |  |  |
| --- | --- | --- | --- |
| **Secretariat** | **Visits** | **Meetings** | **Reports** |
| AFPRB | 15 | 19 | 2 |
| DDRB | 7 | 15 | 1 |
| NCARRB | 2 | 2 | 0 |
| NHSPRB | 8 | 14 | 1 |
| PRRB | 6 | 10 | 2 |
| PSPRB | 12 | 14 | 1 |
| SSRB | 5 | 15 | 2 |
| STRB | 14 | 19 | 1 |
| **Total** | **69** | **108** | **10** |

# Annex C

|  |  |  |
| --- | --- | --- |
| **Research commissioned and managed by the OME September 2016 - August 2017** | | |
|  |  |  |
| **Research title** | **Pay Body / all OME** | **Aim and weblink (where available)** |
| Wage growth in Pay Review Body occupations | OME | To compare earnings growth for Review Body remit occupations with non-Review Body occupations, constructing appropriate comparator groups (via propensity score matching) in terms of qualifications, earnings and workforce profile. [<https://www.gov.uk/government/publications/wage-growth-in-pay-review-body-occupations>] |
| 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.  [We expect this research to be published late 2017] |
| Worth of different types of reward | 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 will seek to capture differences in valuation for different individual characteristics, such as age and gender. [We expect this research to be published late 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. [We expect this research to be published late 2017] |
| 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. [We expect this research to be published in early 2018] |
| Review of Pay Comparability methodology for Doctors and Dentists | DDRB | To assess the extent to which the current DDRB pay comparability methodology remains fit for purpose and, where it does not, to suggest a revised, evidence-based and robust methodology. Also, to identify, for the first time, appropriate pay comparators for primary care doctors (salaried and GPs), and performer-only and provider-performer NHS dentists. [We expect this research to be published autumn 2017] |
| 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:  - 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 late-summer 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 late-summer 2018] |
| 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 late-summer 2018] |

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. [↑](#footnote-ref-2)
2. For the second year, the SSRB was asked not to make recommendations on the pay of PCCs. [↑](#footnote-ref-3)