



Review Body on  
Senior Salaries

# Forty-Second Annual Report on Senior Salaries 2020

REPORT No. 92

*Chair:* Dr Martin Read, CBE

Executive Summary

# Review Body on Senior Salaries

## Terms of Reference

The Review Body on Senior Salaries (previously known as the Review Body on Top Salaries) was formed in 1971 and is appointed by the government to provide it with independent advice.

The government wrote to us in September 2014 to confirm changes to the SSRB's terms of reference to reflect:

- The transfer of responsibility for MPs' pay, allowances and pensions from the SSRB to the Independent Parliamentary Standards Authority following the 2009 Parliamentary Standards Act.
- The addition of Police and Crime Commissioners to the SSRB's remit in 2013.
- The addition of senior police officers in England, Wales and Northern Ireland to the SSRB's remit from 2014.
- The removal of the requirement to maintain broad linkage between the remuneration of the senior civil service, judiciary and senior military.

Our terms of reference are now as follows:

*The Review Body on Senior Salaries provides independent advice to the Prime Minister, the Lord Chancellor, the Home Secretary, the Secretary of State for Defence, the Secretary of State for Health and the Minister of Justice for Northern Ireland on the remuneration of holders of judicial office; senior civil servants; senior officers of the Armed Forces; very senior managers in the NHS;<sup>1</sup> Police and Crime Commissioners, chief police officers in England, Wales and Northern Ireland; and other such public appointments as may from time to time be specified.*

*The Review Body may, if requested, also advise the Prime Minister from time to time on Peers' allowances; and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975. If asked to do so by the Presiding Officer and the First Minister of the Scottish Parliament jointly; or by the Speaker of the Northern Ireland Assembly; or by the Presiding Officer of the National Assembly for Wales; or by the Mayor of London and the Chair of the Greater London Assembly jointly; the Review Body also from time to time advises those bodies on the pay, pensions and allowances of their members and office holders.*

*In reaching its recommendations, the Review Body is to have regard to the following considerations:*

- *the need to recruit, retain, motivate and, where relevant, promote suitably able and qualified people to exercise their different responsibilities;*
- *regional/local variations in labour markets and their effects on the recruitment, retention and, where relevant, promotion of staff;*
- *government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;*
- *the funds available to departments as set out in the government's departmental expenditure limits; and*
- *the government's inflation target.*

*In making recommendations, the Review Body shall consider any factors that the government and other witnesses may draw to its attention. In particular, it shall have regard to:*

- *differences in terms and conditions of employment between the public and private sector and between the remit groups, taking account of relative job security and the value of benefits in kind;*
- *changes in national pay systems, including flexibility and the reward of success; and job weight in differentiating the remuneration of particular posts; and*
- *the relevant legal obligations, including anti-discrimination legislation regarding age, gender, race, sexual orientation, religion and belief and disability.*

*The Review Body may make other recommendations as it sees fit:*

- *to ensure that, as appropriate, the remuneration of the remit groups relates coherently to that of their subordinates, encourages efficiency and effectiveness, and takes account of the different management and organisational structures that may be in place from time to time;*
- *to relate reward to performance where appropriate;*
- *to maintain the confidence of those covered by the Review Body's remit that its recommendations have been properly and fairly determined; and*
- *to ensure that the remuneration of those covered by the remit is consistent with the government's equal opportunities policy.*

*The Review Body will take account of the evidence it receives about wider economic considerations and the affordability of its recommendations.*

Members of the Review Body are:

Dr Martin Read CBE, *Chair*  
 Sir Adrian Johns KCB CBE DL  
 Pippa Greenslade  
 Pippa Lambert  
 Peter Maddison QPM<sup>2</sup>  
 David Sissling  
 Dr Peter Westaway  
 Sharon Witherspoon MBE

The Secretariat is provided by the Office of Manpower Economics.

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<sup>2</sup> Ex Officio: Chair, Armed Forces' Pay Review Body.

# Chapter 1

## Executive Summary (part 1): general considerations

### Context

- 1.1 Our Report this year focuses on pay reviews for the senior civil service (SCS), the senior military and the judiciary. We have also responded to a request for advice from the Secretary of State for Health on the pay of senior leaders in the health service.
- 1.2 We remain concerned that, for the third year running, the Home Office has not asked us to provide advice on chief police officers pay, despite this being a statutory requirement.
- 1.3 In common with everyone else, our work has been undertaken at an exceptional time. All the written evidence and nearly all the oral evidence with which we have been supplied relates to the pre-coronavirus (Covid-19) world.
- 1.4 Our role requires us to base our analysis and recommendations on the available evidence. Despite the current turmoil, the government has asked us to provide our advice based on the evidence that we had already received.
- 1.5 Our 2020 Report therefore reflects this. However, in view of the unprecedented circumstances arising from Covid-19, we appreciate that the government will have many additional, and often conflicting, considerations to take into account when making decisions on public sector pay this year. These will include:
  - The exceptional efforts being made by senior public sector leaders in very difficult circumstances during this time of national crisis.
  - The continuing need to attract and retain talented and highly motivated leaders in the most senior public service roles.
  - The fact that very many people in the private sector and in not-for-profit organisations are suffering great financial hardship, with widespread reductions in pay and loss of employment.
  - The financial effects of the major falls in the stock market, the significant impact on defined contribution pensions and much reduced dividend income.
  - The relative security of public sector jobs and the value of state-backed, defined benefit pensions.
  - The very uncertain economic climate and the effect of the crisis on the public finances.
- 1.6 Whatever the government assesses as appropriate in setting public sector pay this year, we stress the importance of:
  - Taking due note of the longer-term strategic priorities we have identified and the issues that we have highlighted as requiring attention.
  - Placing more focus on the delivery of cost-effective outcomes and less on rigidly limiting increases in headline pay.
  - Directing whatever money is available for pay this year in line with the immediate priorities that we have recommended.

## Response to the 2019 Report and our Major Review of the Judicial Salary Structure

- 1.7 In our 2019 Report, we recommended:
- An award of 2.2 per cent for the SCS, with closely defined priorities for its allocation.
  - An award of 2.2 per cent for the senior military.
- 1.8 In both cases, the government made an award of 2 per cent.
- 1.9 With regard to the SCS, the Cabinet Office explained that the 0.2 per cent we had recommended for specialist pay (our lowest priority) was not required and applied the balance of the SCS award in accordance with the remainder of our priorities.
- 1.10 We have received no explanation for the rationale in reducing our proposed award for the senior military, which contrasted with the 2.9 per cent that was recommended and accepted for the rest of the Armed Forces.
- 1.11 We submitted our Major Review of the Judicial Salary Structure in September 2018. Following its initial response in October 2018, the government responded substantively in June 2019. While the government accepted our main conclusions, it announced that it would address the issues raised through pension reform and short-term recruitment and retention allowances (RRAs) for some judicial groups, rather than the substantial pay awards we proposed.<sup>3</sup>
- 1.12 In addition, the government awarded the judiciary a 2 per cent pay award (rather than the 2.5 per cent we had recommended) backdated to April 2018. This was announced alongside its initial response to the Major Review in October 2018. The government was still considering its response to the Major Review when our work for 2019 started and we were not asked to make a recommendation for judicial pay that year. As a result, the government's pay award of 2 per cent in 2019 was made without recourse to SSRB advice.

### Economic outlook

- 1.13 The social and economic impacts of the coronavirus pandemic are likely to be profound. Short-term economic indicators confirm that economic activity has fallen abruptly. In addition, there is still considerable uncertainty about the extent of the downturn and the speed of the recovery.
- 1.14 The government response to the impact of the pandemic on the economy has been wide ranging, with significant support for business such as the Small Business Grant Fund and the Coronavirus Job Retention Scheme. This will inevitably result in a large increase in public sector borrowing.
- 1.15 Despite the unprecedented scale of government intervention, the damage to the economy and employment will almost certainly be grave. Employment was at record levels going into this crisis but many businesses and not-for-profit organisations have already responded with cuts to staffing levels and working hours. This is likely to become yet more widespread in the months ahead. Very limited recruitment activity is taking place.
- 1.16 Average earnings growth will be difficult to track over the next pay period as employers make use of the government's furlough scheme. Pay freezes and reductions, both temporary and permanent, can be expected in the many businesses that have seen dramatic falls in revenues.

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<sup>3</sup> The RRAs were awarded to those judges in, or eligible to be in, the New Judicial Pension Scheme.

- 1.17 Price increases in response to the crisis have been muted. While there is uncertainty about the future level of inflation, it is expected to fall from the current CPI rate of 1.5 per cent this year,<sup>4</sup> partly as a result of falling oil prices.

## General themes

### *Strategic vision and a focus on outcomes*

- 1.18 We continue to stress the need for a more strategic approach from the government, linking workforce policies and pay to departmental plans. Where these plans are developed, it is important that the government increases the emphasis on implementing them more quickly. In recent months, we have seen that remarkable transformation can be achieved at pace in our public services. With public sector borrowing rising to record levels,<sup>5</sup> increasing productivity and efficiency in public services become even more important. Government plans, therefore, need highly accomplished and committed individuals to lead further innovation and improvement in the services delivered to the public.
- 1.19 While there has been progress against some of the strategic priorities we have highlighted over the last three years, we continue to be disappointed that there is insufficient focus on outcomes and the achievement of best value. This often leads to costly and unintended consequences. For example, the productivity costs of high levels of internal churn<sup>6</sup> in the SCS (often the only way an individual can increase their pay) can far exceed the apparent savings from rigidly limiting headline pay rises.
- 1.20 As part of our initiative to encourage a longer-term strategic approach to pay, the SSRB has established strategic priorities to assist departments focus on areas where action is most urgent. This year, we have included a separate chapter on the strategic priorities and set out further detail to assist departments in addressing the issues we have identified. Our assessment can be found in Chapter 2.

### *Pensions*

- 1.21 While it is not within our remit to make recommendations on pension policy, we continue to comment where pensions and their taxation affect recruitment, retention and motivation.
- 1.22 Given the importance of pensions in the total remuneration package of public sector employees, we have continued to model changes in take-home pay and total net remuneration<sup>7</sup> over the last decade for representative roles in our remit groups. While take-home pay is highly visible to individuals and, therefore, affects motivation and morale, we consider total net remuneration to be the most comprehensive and appropriate measure of remuneration because it takes account of not only taxation and pension contributions but also pension benefits accrued in the year.
- 1.23 Our analysis underlines the fact that pensions constitute a key element of the remuneration package for public sector workers. While public sector employees have seen their pensions decline in value and their contribution costs increase, their pensions

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<sup>4</sup> CPI rate for March 2020. Latest data available, published April 2020.

<sup>5</sup> In their Coronavirus Reference Scenario published 14 May 2020, the Office for Budget Responsibility (OBR) estimate that borrowing in the current financial (April 2020 to March 2021) will be £298.4 billion, around five times the amount borrowed in the latest full financial year (April 2019 to March 2020). This is almost twice as much as that borrowed in the financial year ending March 2010, at the peak of the financial crisis.

<sup>6</sup> Job movement within an organisation.

<sup>7</sup> See: Appendix B. Take-home pay is defined as annual gross pay (base pay plus any allowances) less employee national insurance contributions, income tax, employee pension contributions and any pension annual allowance tax charge. Total net remuneration adds on the pension benefits received in the year.

remain generally attractive. Consequently, pension benefits continue to be a significant concern for our remit groups and, increasingly, for their feeder groups.

- 1.24 For several years, we have highlighted the need for the government to consider the impact of pension taxation on senior leaders in the public sector, for whom there is less pension flexibility than their private sector equivalents. Changes in pension taxation announced in the March 2020 budget represent an important response to the problems we have been raising. We were pleased to see the steps the government has taken to reduce the serious effect pension taxation has had on many in our remit groups. We have modelled the impact of the latest changes on our groups and our analysis and conclusions are set out in Chapter 4. We will continue to monitor the pension aspect of public sector remuneration and its potential impact on recruitment and retention in future years.

### *Retaining talent*

- 1.25 In most cases, levels of recruitment and retention for our remit groups remain satisfactory. However, we have ongoing concerns about whether the public sector continues to attract and, particularly, retain the best talent in the feeder groups as these are the very people needed to fill the senior roles in the future. We urge the government to develop measures to assess this.

### *Clarity between central, devolved and departmental control*

- 1.26 We see continuing tensions, particularly in the SCS, between a central approach to pay and more localised arrangements, for example across the devolved governments and between individual government departments.
- 1.27 There are merits in either approach or a suitable mixture of the two. However, clarity is essential. In this regard, we would particularly encourage the government to consider carefully how its approach to pay is applied to those members of our remit groups in the devolved administrations. These members tend to consider themselves as being part of the UK-wide civil service or judiciary. A fractured approach to pay could result in confusion, lowered morale and geographical churn.

### *Compatibility between senior pay and those for other grades or ranks*

- 1.28 In relation to the SCS and the senior military, we have been asked by the government to consider compatibility with what was negotiated or recommended for the rest of the civil service and military. However, we do not know what advice the government will receive and what decisions it will make about pay for groups outside our remit. If the government wants us to consider this issue, it should be clear about what it wants and what information it will provide to us so that we can take this into account.
- 1.29 We stress, in any event, that the factors which determine pay for senior leaders can differ significantly from others in the organisation and that our remit is to consider the evidence on recruitment and retention for our remit groups independently.

### *Diversity*

- 1.30 We have highlighted for several years, and included within our strategic priorities, how important it is that our remit groups should better reflect the society they serve and the broader workforce for which they are responsible. While we have seen progress on diversity across our remit groups, further efforts are required in many areas. We would welcome more granular data on diversity for all the remit groups, as well as demonstration of a more sustained ambition regarding what can and should be achieved.

## **The value and better use of the SSRB**

- 1.31 In 2018, we commented on our own role and considered how the government could make better use of the SSRB's expertise and knowledge. Existing examples of where this expertise and knowledge have successfully been applied include:
- The Major Review of the Judicial Salary Structure which was commissioned by the Ministry of Justice (MoJ).
  - Our engagement with the Cabinet Office on developing proposals for pay progression for the SCS.
  - Our collaborative work with the Department of Health and Social Care to explore and test the viability of an expanded SSRB remit in relation to senior health managers.
- 1.32 We have welcomed these opportunities to provide additional support to the government. However, we are disappointed that we have been unable to make such progress in relation to chief police officer pay, for which we have a statutory responsibility, and the pay of Police and Crime Commissioners. We hope that the Home Office will rectify this in the next pay round.
- 1.33 We have also previously highlighted the benefits that a single ministerial lead on senior public sector pay could bring, mirroring the Review Body's span of responsibility. We have still not received a formal reaction to the proposal we made in October 2017, and reiterated in both our 2018 and 2019 Reports, and would welcome a response from Ministers.

## **Looking forward**

- 1.34 We have noted earlier the extraordinary circumstances in which we have finalised the recommendations in our Report this year. The impact of Covid-19 – on individuals, on society and on the economy – will be significant and long lasting. We are unlikely to see a return to the world which existed before its onset. This will bring both challenge and opportunity and will have significant consequences for the public sector groups covered by the SSRB. They should anticipate new expectations, new working arrangements and new leadership requirements. In these changing circumstances, the SSRB will work closely with the government to ensure that the future pay and reward of senior public servants are aligned with the realities of a nation moving through unprecedented times.



# Chapter 1

## Executive Summary (part 2): remit groups

### Remit group characteristics

- 1.35 The nature of the roles in our remit groups varies significantly. However, as senior leaders in their organisations or professions, members share key features and challenges. This has been exemplified by the pension taxation issue which we have highlighted in recent years. A core part of our role is helping the government to understand both where there are common issues that need to be addressed and where there are specific problems for organisations or professions that need focused intervention.
- 1.36 As further background, we have provided descriptive information this year across our individual remit groups. This is set out in Appendix C.

### The Senior Civil Service

- 1.37 We are encouraged by the progress made by the Cabinet Office and the collaborative approach to working with the SSRB on delivering improvements to the SCS pay framework. There is, however, more to be done. In previous reports, we have highlighted the need for a coherent pay and workforce strategy to address what we consider to be serious issues affecting the productivity and effectiveness of the senior civil service (SCS). These issues, many of which are acknowledged by the government, are discussed in detail in Chapter 5. Two particularly pressing and related problems are:
- High levels of uncontrolled job movement within the civil service ('internal churn') to the detriment of delivering outcomes. This degree of churn is expensive, not just in terms of the direct costs such as recruitment and training, but also indirectly through the loss of expertise, knowledge and hence productivity.<sup>8</sup> Higher rates of churn undermine accountability and adversely affect the delivery of policy and projects.
  - The absence of a pay progression system. This means that staff are not generally rewarded for increasing effectiveness, developing capability and deepening expertise over time. This, and the lack of proactive management of people's movement through the system, have been driving high levels of churn within the SCS.
- 1.38 Further issues of concern include:
- The lack of a strategic vision for the future shape and size of the SCS in the light of changing demands and the skills it needs to deliver outcomes.
  - Pay proposals overly focused on limiting annual pay increases but which may lead to costs considerably in excess of the apparent savings.
  - Low confidence in the performance management system, with too much emphasis placed on process rather than on quality.
  - A tension between the centre of government wishing to control the pay system and the delegation of responsibility to departments. The government needs to be clear about what it wants to delegate, make certain this is properly articulated and put mechanisms in place to ensure adherence.

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<sup>8</sup> The Institute for Government estimated the cost of churn to be between £36 million and £74 million each year in terms of recruitment, training and lost productivity. As a comparison, 1 per cent of the SCS paybill is approximately £6 million. See: Moving On: The cost of high turnover in the civil service, [https://www.instituteforgovernment.org.uk/sites/default/files/publications/IfG\\_staff\\_turnover\\_WEB.pdf](https://www.instituteforgovernment.org.uk/sites/default/files/publications/IfG_staff_turnover_WEB.pdf)

- The divergence in the vision for the SCS and the application of reward principles for SCS members across the different governments in the UK.
  - Anecdotal evidence of reduced levels of morale in the feeder group. This may result in too many of the best people leaving the civil service and never entering the SCS.
- 1.39 In 2017, the Cabinet Office set out its long-term vision and strategy for the SCS and the pay and reward framework that underpins it. Progress towards this has been made, including:
- A more targeted approach to the annual pay award to address some of the anomalies arising from not having a proper pay progression system, years of pay restraint and overlapping pay bands. Tackling these anomalies has enabled larger pay awards to be made to capable members who had been trapped at the lower end of the pay range.
  - Short-term action to address some of the serious flaws in the performance management system such as the removal of forced distribution.
- 1.40 In the evidence submitted to us in March 2020, the government reinforced its message about a long-term strategic vision and reiterated the need for an SCS that:
- Has leaders with stronger professional ‘anchors’ and specialist skills.
  - Continues to grow world class capability and functional expertise internally while recruiting and retaining specialist skills externally.
  - Provides greater reward for higher performers and those who develop capability by remaining in post for longer, enabling greater depth of experience, confidence and leadership skills.
- 1.41 We concur with these principles. However, while we are encouraged that progress has been made, we believe it is crucial that the government acts with greater urgency to provide the funding and to set out the implementation plan and timetable to deliver these changes.
- 1.42 In recent years, the civil service, at all levels, has faced significant challenges in preparing for the UK’s exit from the European Union. More recently, large numbers of public sector workers, including civil servants, have been leading the national response to the coronavirus pandemic. These efforts have reaffirmed the commitment and resilience of the civil service. We have already considered the effect of Covid-19 in the context of public sector pay in part 1 of the Executive Summary.
- 1.43 In our view, a key challenge for the government is determining the purpose, size and composition of the future SCS. We consider that the Cabinet Office needs to assess the changing demands placed upon the SCS both now and in the longer term and to identify the outcomes it needs it to deliver. This should then drive decisions about the size and composition of the SCS and the skills its members need to achieve the desired outcomes and be effective leaders of the rest of the civil service. We believe this will enable a centrally-managed senior leadership cadre to operate more efficiently and to focus more strongly on the outcomes it seeks to deliver. The government’s approach to pay and reward needs to support the development and sustainment of this cadre for both the immediate future and the longer term.

#### *Government proposals this year*

- 1.44 In its evidence in March 2020, the government said that its objective for this year’s pay award was to move towards the new pay framework, underpinned by its three core

principles.<sup>9</sup> There was a particular focus on capability-based pay progression, Director General pay and the right level of pay for the SCS.

### *Pay recommendations*

- 1.45 Over the last few years, there has been a significant increase in the size of the SCS, due largely to the increase in workload arising from the UK's exit from the European Union. This has contributed to a 10 per cent increase in the paybill in the last year alone. Although there are indications of fragile morale in the SCS, this does not currently appear to be affecting recruitment, which remains stable overall with no critical problems. However, there remain concerns from those in the internal feeder groups about whether the increase in salary from grade 7 or 6 to pay band 1 is worthwhile, given the significant additional accountability and changes to terms and conditions such as a lack of overtime and a reduction in flexible working opportunities. This could result in a reduction of the recruitment pool from which future SCS members can be appointed.
- 1.46 In terms of retention, there is no significant outflow from the SCS and the resignation rate remains stable. The evidence does not show any particular problems with top performers leaving the SCS. However, it is important to ensure the proportion of high-quality staff leaving the SCS and the feeder groups is not excessive. We believe measures should be put in place to monitor this over time and would welcome further evidence on the retention of talented staff. We are encouraged by the extensive talent and development schemes in place. However, we would like to see the government articulate how these fit in with the wider strategic vision and approach to career management.
- 1.47 In our view, it is essential to reduce the rate of internal churn, both between and within departments. This is vital to maximise the benefits of developing experience, expertise and skills in post and increase accountability for the successful delivery of outcomes. We continue to believe that pay progression is the highest priority as a means of rewarding and incentivising staff to stay in post. We have yet to see the detail of how the proposed capability-based approach will address this problem in a simple, timely and cost-effective manner.
- 1.48 In oral evidence, the government told us that a pay award of between 1.5 to 2.5 per cent would be fair and necessary. In written evidence, it said that the headline figure for the SCS should not be higher than that agreed for the delegated grades.<sup>10</sup> Given its stated intention that we should consider the delegated grades and SCS coherently, the government should be clear in future about what it wants and what information it will provide to us so that we can take this into account. While we are mindful of awards in other parts of the public sector, we do not believe that simply following pay awards elsewhere can be consistent with our duty to consider independently all the evidence put before us about our remit groups.
- 1.49 We acknowledge that the government implemented our 2019 pay recommendations in line with our specified order of priority and note that a similar approach to the pay award has been proposed by the Cabinet Office this year. As we have noted in part 1 of the Executive Summary, the government has asked that we should continue to base our recommendations on the evidence provided pre-Covid-19.
- 1.50 We are again making our recommendations for an annual pay award in the absence of a proper pay progression system. We are firmly of the view that pay progression continues

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<sup>9</sup> The government's stated principles are to move to a set of consistent pay ranges by professional grouping over time; to provide greater reward for high performers and those who develop capability by remaining in role; and to provide clearer rules and control on how people move through and around the SCS pay system.

<sup>10</sup> On 18 May 2020, the Cabinet Office published the delegated pay guidance which stated that departments are able to make average pay awards within the range of 1.5 to 2.5 per cent.

to be the highest priority. We therefore consider that the pay award this year should be weighted towards allocating funding to address anomalies arising from the lack of pay progression for capable members who have been stuck at the lower end of the pay range for some time. However, we are cognisant of the importance of strong leadership and maintaining morale at this critical time. It is therefore our view that all eligible members of the SCS should get some form of pay award this year. We also continue to believe that an element of the pay award should be used to increase pay band minima to support the principle of narrowing pay ranges.

1.51 On the basis of all these factors, **we have judged that a 2 per cent increase in the SCS paybill is justified.** This paybill increase should be applied in the following order of priority:

- One per cent of the paybill increase should be used to mitigate anomalies arising from the lack of pay progression and to alleviate other pay anomalies. We understand that, last year, departments found this element of the pay award particularly beneficial given the flexibility it gave them to address these issues. We therefore reiterate that this 1 per cent should be used to facilitate pay progression for those members who are at the lower end of their pay range and who have not seen significant pay rises in recent years. It should also be used to address anomalies, including in relation to those SCS members who have increased their effectiveness and deepened their expertise. **Given that the priority for funding this year should be to address problems arising from the lack of a pay progression system and other anomalies, this allocation should be ring-fenced.**
- 0.1 per cent should be used to increase the pay band minima across all pay bands. This includes a £5,000 increase to pay band 3, as set out below.
- All SCS members (with the exception of those on performance improvement measures) should receive a minimum 1 per cent pay award this year, either through benefitting from the increase to the minima or from a 1 per cent general pay award (or a combination of both to total 1 per cent). We estimate that this would represent only 0.9 per cent of the paybill increase because the cost of the pay award for those moving to the new minima has already been taken into account.

1.52 In terms of the specific government proposals that have been made this year:

- We support the proposal to raise the minima for all pay bands. However, while we accept the reasoning for not significantly lowering the maxima pending the development of a pay progression system, we consider that incremental steps could be taken to start reducing the maxima to enable faster progress to be made in narrowing the pay bands.
- We endorse the government's approach to Director General pay and support the proposal to increase the minimum of the pay range by £5,000 this year.<sup>11</sup> However, we do not consider that we have enough evidence at this point to endorse the further £5,000 increase proposed for next year.
- We continue to support the principle of non-consolidated awards to reward high performance. We welcome the removal of the forced distribution in the performance management system. However, we stress the need for continued monitoring within centrally defined parameters to ensure fairness and consistency.

1.53 We are encouraged by the continued openness of the Cabinet Office in discussing proposals and sharing the direction of travel with us. We consider this to be a major step

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<sup>11</sup> The cost of raising the minimum for pay band 3 is included within the 0.1 per cent we have allocated to increase minima across all pay bands.

forward over the last couple of years. However, we think it is imperative that there is a greater pace of reform and firmer commitment to a timetable for implementing change.

- 1.54 We note that there is work underway to better understand the appropriate rates for SCS pay. We consider that this work should take the opportunity to redefine what the senior leadership cadre looks like, in terms of purpose, size and composition, and be undertaken in the context of the breadth of strategic and leadership responsibilities across the SCS. We are happy to input into this work as necessary.
- 1.55 We are cognisant of the challenging times ahead for the SCS and the responsibility it has in supporting the government's response to Covid-19. A well-motivated, high-calibre senior leadership cadre is critical to enable the government to function effectively. We again stress that the highest priority remains the successful implementation of pay progression, which should be paybill neutral over time. We urge the government not to lose momentum or focus in achieving this objective. We also consider that by concentrating on addressing the issues that are set out in paragraphs 1.37 and 1.38, the SCS will emerge as a stronger and more effective workforce.

### **Senior Officers in the Armed Forces**

- 1.56 The evidence shows that recruitment and retention for the senior military currently remains at satisfactory levels. This remit group is able to attract sufficient numbers of personnel from the feeder group and there is no apparent evidence of declining quality.
- 1.57 Results from the 2019 Armed Forces Continuous Attitude Survey (AFCAS) show that morale among the senior military is similar to last year. However, the Ministry of Defence (MoD) set out some concerns in evidence and members of the remit group and the feeder group raised others during discussions. These issues are highlighted in the paragraphs below.
- 1.58 This year, as in previous years, one of the main issues noted was the impact of pension taxation on decisions to remain in Service and accept promotions. We have analysed and commented upon the effect of pension taxation policy on our remit groups in our last three Reports. Therefore, we welcome the government announcement in the March 2020 budget of changes to the annual allowance taper from April 2020. This should reduce the impact of the annual allowance tax charge on Service personnel in the senior military and the feeder group.<sup>12</sup> This is discussed further in paragraph 6.34. In future, we hope to receive evidence from the MoD that this has had a positive impact on the retention and motivation of individuals in the remit and feeder groups.
- 1.59 We were told in various evidence sessions that the overall military offer has been eroded. Although direct comparisons can be difficult, remit group members thought that comparable roles in the civilian sector do not have such high levels of accountability and responsibility and allow a better work-life balance. Other factors which detract from the employment offer are the uncertainty of continuity of employment beyond the current posting at 1-star and above, the removal of non-pay elements of the package, heavy workloads and the effect of Service life on families. There is a risk that too much reliance is placed on a public service ethos overriding pay as a consideration in career choices. A 'tipping point' could soon be reached and these issues could start to have a negative effect on individuals' decisions to remain in the military or to accept promotion.
- 1.60 Retention and promotion of the most talented individuals from the feeder group to the senior military is vital in an internally sourced organisation such as the Armed Forces if a high-quality workforce is to be maintained. Any sudden increase in voluntary outflow from either the remit group or the feeder group would be challenging for the military.

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<sup>12</sup>We note that individuals may still face an annual allowance tax charge this year.

As we have stated in previous reports, it is therefore a priority that the MoD puts in place mechanisms to provide better data on the number, and particularly the quality, of those leaving the remit group and crucially the feeder group. This is to ensure the future pipeline of talented officers to the senior military is monitored and any emerging issues can be identified and addressed promptly.

- 1.61 While the numbers remain small,<sup>13</sup> some additional roles are now being advertised as opportunities for civilians as well as for members of the senior military. This may create additional flexibility in increasing the recruitment pool for the MoD. However, this could lead to reduced career opportunities for the senior military and, if not managed transparently and fairly, could lead to remuneration and retention problems as different contractual terms and conditions are offered.
- 1.62 Increasingly, the skills needed by the senior military in areas such as cyber require intensive training and investment. The policy of only one guaranteed posting at 1-star and above and the lack of active talent management for some specialist roles increase the risk of these skills being lost to the private sector after considerable investment.
- 1.63 We note the MoD's request that the recommendation for the senior military pay award should take into consideration the award recommended by the Armed Forces' Pay Review Body (AFPRB) for the rest of the Armed Forces. The MoD says this is in order to restore the automatic minimum increase in base pay of 10 per cent for individuals on promotion from OF6 (1-star) to OF7 (2-star). However, we stress that an award equivalent to that recommended for the rest of the military would not restore the 10 per cent differential but would only prevent further erosion of it. While we are mindful of awards for members of the rest of the Armed Forces, our focus is necessarily on the pay levels required to retain and recruit members of the senior military.
- 1.64 We are aware of the potential effect on morale and cohesion of members of the senior military consistently receiving lower pay awards than the rest of the military. However, there are no recruitment and retention issues in the senior military, unlike elsewhere in the Armed Forces. If different pay awards are made to the AFPRB and SSRB remit groups this year, the MoD could continue to apply the Specially Determined Rate of Pay (SDRP)<sup>14</sup> for those individuals who require it. Nonetheless, we recognise that this is a temporary approach that is not sustainable in the long term. The MoD may prefer to consider our suggestions for a more strategic approach to maintaining the 10 per cent increase to pay on promotion. These can be found in paragraph 6.102.
- 1.65 We recognise the significant numbers of public servants, including members of the senior military and the rest of the Armed Forces, that have been involved in leading the response to the coronavirus pandemic. These efforts have reaffirmed the commitment and resilience of the members of the Armed Forces and their ability to respond rapidly in times of national crisis.
- 1.66 As we have noted in part 1 of the Executive Summary, the government has asked that we should continue to base our recommendations on the evidence provided pre-Covid-19.
- 1.67 **The above considerations lead us to recommend an across the board consolidated pay award of 2 per cent for all members of the senior military.**
- 1.68 We remain concerned that some of the X-Factor components appear to be affecting members of the senior military to a greater extent, through the increasing frequency of overseas deployments, exceptionally heavy workloads and the impact of Service life on

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<sup>13</sup> Over the last year, the MoD informed us that there were five roles that were advertised for open competition. Currently three of these are held by members of the senior military and two by members of the SCS.

<sup>14</sup> A rate of pay set above the increment to which the individual would normally be entitled.

families. However, the MoD told us in written evidence and the Chief of the Defence Staff (CDS) confirmed in oral evidence, that there was currently no evidence to support a change to the X-Factor taper. We note the MoD's proposal to leave the formal review of the X-Factor taper until the next scheduled five-yearly review of X-Factor in 2023.<sup>15</sup> However, we believe that our continuing concern warrants earlier consideration of this. We will continue to monitor the situation. If it deteriorates, we will return to this issue next year.

- 1.69 In oral evidence, we were told that many reviews were taking place under the People Transformation Programme which we understand builds on the Defence People Strategy. It is important for us to receive more information about these reviews, including how they fit into the overall Defence strategy, and about the timescales for their implementation. We would particularly like to know how consideration of the future remuneration strategy for members of the senior military fits into these reviews.

## The Judiciary

### *Our remit for the 2020-21 pay round*

- 1.70 This is the first annual review of judicial pay we have conducted since our Major Review of the Judicial Salary Structure was submitted in September 2018.<sup>16</sup> This year, the government asked us to make a recommendation for an annual pay award for all salaried judicial office holders, without regard to pension scheme membership. Because of worsening recruitment problems at the District Bench, the government asked us particularly to consider District Judge recruitment and retention.
- 1.71 We have also been asked to review the appropriate salary placement of two groups of judges (Upper Tribunal Judges and Senior Masters and Registrars) and to consider the issue of rewarding intermediate leadership. Our response to these requests is set out in part 2 of Chapter 7.

### *Context: government response to the Major Review remuneration recommendations*

- 1.72 Since the Major Review, there has been substantial progress. Both the government and the judicial leadership have taken significant steps in response to our observations and recommendations. In particular, we welcome the proposal to address judicial leadership within the judicial pay structure in the current pay round.<sup>17</sup> Nonetheless, some of the measures put in place are temporary fixes.
- 1.73 In the Major Review, we concluded that there were serious problems in recruitment to High Court and Circuit Judge posts. An important reason was a decline in the total net remuneration on offer to applicants since 2010.<sup>18</sup> Our modelling showed that this had largely been caused by changes in judicial pension arrangements and the way that these

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<sup>15</sup> The AFPRB is currently carrying out research to ensure the X-Factor components are fit for purpose for the next X-Factor review in 2023. It expects to report on this research in its 2021 Report.

<sup>16</sup> Two annual pay awards have been made since the Major Review. In 2018, the government awarded the judiciary a 2 per cent pay award (rather than the 2.5 per cent we had recommended) backdated to April 2018. This was announced alongside its initial response to the Major Review in October 2018. The government was still considering its response to the Major Review when our work for 2019 started and we were not asked to make a recommendation for judicial pay that year. As a result, the government's pay award of 2 per cent in 2019 was made without recourse to SSRB advice.

<sup>17</sup> See: paragraph 7.198 for further details.

<sup>18</sup> See: Appendix B. Take-home pay is defined as annual gross pay (base pay plus any allowances) less employee national insurance contributions, income tax, employee pension contributions and any annual allowance tax charge. Total net remuneration is calculated as take-home pay plus the value of the additional amount added to the annual pension during the year. It does not take account of issues related to the lifetime allowance for pension contributions.

interacted with the revised pensions taxation regime.<sup>19</sup> We noted that the Ministry of Justice (MoJ) wished to attract applications from high-quality barristers and solicitors with a wide range of civil, commercial or criminal experience, and that, despite their other motivations (such as a commitment to public service), these groups would not apply unless they believed that the overall financial package on offer was sufficiently attractive.

- 1.74 While it is beyond our remit to comment on either pension policy or pension taxation, we must take account of them where they affect the recruitment, retention and motivation of public sector workers, as they have done particularly with the judiciary. In the light of the 2015 changes to the judicial pension, our Major Review recommended increases in judicial salaries to the minimum level we judged necessary to attract more applicants of the quality that the government had said that it wanted. We directed the largest pay increases to groups where the pension changes had caused the largest reductions in total remuneration.
- 1.75 In its full response to our Review in June 2019,<sup>20</sup> the government accepted our analysis. However, it announced that it would address the underlying cause of the recruitment and retention problems that we identified through future changes to the judicial pension scheme, rather than implementing the salary uplifts we recommended (32 per cent for High Court Judges, 22 per cent for Circuit Judges and 8 per cent for District Judges in the New Judicial Pension Scheme (NJPS)).<sup>21</sup> Pending such changes, short-term recruitment and retention allowances (RRAs) were awarded to those NJPS judges in roles where the government considered the problems were most acute.<sup>22</sup> These RRAs were about seven percentage points lower than the pay increases we had recommended. The District Bench, where we had flagged emerging recruitment issues and had recommended an 8 per cent salary uplift, did not receive an RRA.
- 1.76 As a result of the changes to the annual allowance pension taxation taper in the March 2020 budget, the government has since announced alterations to these RRAs. This is because these pension tax changes go some way to offset the deterioration in total remuneration that senior judges have suffered in recent years. From April 2020, the government withdrew RRAs completely for Circuit Judges and Upper Tribunal Judges, while the RRA for eligible High Court Judges (and those above them in the judicial hierarchy) remains at 25 per cent.<sup>23</sup>
- 1.77 We can understand the government's approach and, indeed, our modelling on the effect of the March 2020 budget changes supports the changes in the quantum of the RRAs. However, the budget changes do not resolve the long-term issues about how the judiciary, at different levels, is to receive a sufficiently attractive level of total net remuneration to address the serious recruitment problems it faces. For example, the lifetime allowance is likely to be reached for many members of the judiciary either before appointment or during their service on the Bench. This applies especially because many

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<sup>19</sup> Our analysis showed the change in inflation-adjusted (real) take-home pay and total net remuneration for High Court, Circuit and District Judges under the JUPRA93 and NJPS15 pension schemes between 2009-10 and 2017-18. It found that, across all groups of judges, those who were in the NJPS pension scheme had significantly lower inflation-adjusted take-home pay and total net remuneration in 2017-18 relative to those in the JUPRA93 scheme, though these varied in size for different salary groups.

<sup>20</sup> The government issued an initial response to the Major Review in October 2018.

<sup>21</sup> For judges covered by the NJPS, we recommended that the pay of a High Court Judge should rise to £240,000; that of a Circuit Judge and equivalents to £165,000; and that of a District Judge and equivalents to £117,000.

<sup>22</sup> RRAs are only awarded to those judges in the NJPS or those eligible to be in it (including judges who had opted out of the pension scheme). Before the March 2020 budget changes, Circuit Judges, Upper Tribunal Judges and other identified roles in group 6.1 received a 15 per cent RRA. This has now been removed. High Court Judges and above continue to receive a 25 per cent RRA.

<sup>23</sup> See: paragraph 7.49 for further details.



enter the judiciary late in their careers, having already built up pension provision.<sup>24</sup> When the judicial pension scheme was unregistered for tax purposes, the lifetime allowance did not apply to judges and hence the pension was more valuable. This advantage no longer applies, thereby lessening the financial attractiveness of judicial service. Moreover, the March 2020 budget changes and their consequences highlight the fact that the current RRAs create further anomalies in an already complicated system with two such different pension schemes in place. We have already seen the effect on judicial morale and cohesiveness in many of the submissions we received this year. We believe that the RRAs can only be short-term measures and, if retained for too long in their current form, will cause damage, not only to current recruitment but to longer-term aspirations for the judiciary.

- 1.78 The government's proposals for addressing judicial recruitment problems by reforming judicial pensions have not yet been published. While it is outside our remit to comment on pension policy, we believe it is a matter of urgency to reach a more stable and less divisive settlement in some form, not least to improve the sense of collegiality and cohesiveness among the judiciary as a whole. Until the plans are published, no one can assess how successfully they will provide a stable foundation for future judicial remuneration, and whether they will be successful in addressing the evident recruitment problems. It is in this context that we have considered our recommendations for this year.

#### *Developments in judicial recruitment and retention since the Major Review*

- 1.79 Since the Major Review, there have been many judicial competitions and appointments. At the High Court and Circuit Bench, numbers of applications and appointments have increased, although it is impossible to know the extent to which the expectation of pension reform was a factor in addition to the RRAs. However, shortfalls in appointments remain at High Court and Circuit Bench levels, with both benches continuing to operate below the statutory or desired complement. We have seen no evidence of more early retirements, possibly because the McCloud judgment<sup>25</sup> meant that some judges no longer face an abrupt change to their pension scheme.
- 1.80 In the Major Review, we had noted emerging problems with recruitment to the District Bench which the government chose not to address in its response. These problems have intensified, both in terms of the number and quality of both applicants and appointees.<sup>26</sup> There are also concerns about judicial morale. We discuss District Judges further from paragraph 1.86.
- 1.81 We believe the delay in implementing RRAs in Scotland and Northern Ireland has undermined the established convention of pay parity across the UK jurisdictions and the principle of a UK-wide judiciary. It has also caused resentment.

#### *Pay recommendations for 2020-21*

- 1.82 As noted above, we recommended significant salary uplifts in the Major Review, as we believed these were needed to address the recruitment difficulties we had identified. The government has announced it will address the issue by future reforms to the judicial pension scheme, thereby creating a more attractive financial offering to encourage more applications. We therefore think it imperative that the government moves with urgency to consult about and implement the judicial pension changes that it undertook to make in June 2019. We have made our pay recommendations for this year on the understanding that it will do so. Further delay would risk undermining judicial trust

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<sup>24</sup>The Judicial Diversity Statistics show that 42 per cent of the judiciary (including fee-paid judges) are over the age of 60, with only 5 per cent under the age of 40.

<sup>25</sup>See: from paragraph 4.24 for further details on the McCloud judgment.

<sup>26</sup>See: paragraph 7.114.

in government, with damaging consequences for recruitment and retention. If things have not significantly moved forward by next year, and there is no improvement in the recruitment and retention situation, we will have to consider recommendations that respond appropriately, drawing on the approach we took in the Major Review.

- 1.83 Meanwhile, much of the evidence we have seen this year would normally justify our recommending a significant pay increase for new members of all judicial groups. While the general recruitment situation has not worsened significantly (except for the District Bench), it has not improved as much as is needed.
- 1.84 We note the MoJ's proposal is for a 2 per cent pay award and that the government has asked that we continue to base our recommendations on the evidence provided pre-Covid-19.
- 1.85 We have discussed in part 1 of the Executive Summary the potential impact of Covid-19 on the economy, pay, and government finances. Given this, and the government's intent to deliver pension reform, we have decided not to recommend higher pay increases this year. **We therefore recommend a pay award of 2 per cent for all the judiciary, pending the longer-term reform we hope to see next year.** If, however, recruitment difficulties at their current scale persist, and there is no movement towards a more lasting solution, we will need to reconsider whether higher pay increases are needed next year.

### *District Judges*

- 1.86 We were asked in this year's remit letter to look particularly at District Judge recruitment and retention.
- 1.87 As noted above, there is evidence that the recruitment difficulties we flagged in the Major Review have worsened for the District Bench (though not for other group 7 judges). We also heard a lot of evidence about poor morale for this group. A very high number of District Judges (366 out of 410) wrote to the President of the Association of Her Majesty's District Judges to raise concerns about their level of pay, and express their disappointment at the government's response to the Major Review. Judges in salary group 7 (for example, District Judges and First-tier Tribunal Judges) were particularly unhappy about being excluded from the award of any RRA, especially after it was extended to the Circuit Bench. We think it likely that this disaffection, and its communication to potential applicants, has contributed to the recruitment difficulties for District Judges.
- 1.88 The view of the Lord Chancellor, the judicial leadership<sup>27</sup> and the Judicial Appointments Commission (JAC) is that the recruitment problems at the District Bench are likely to be solved by the replenishment of the fee-paid Deputy District Judge (DDJ) feeder pool following several years of little or no recruitment of DDJs. This is relevant as District Judges are required to have previous judicial experience. The Lord Chancellor and the judicial leadership believe that, given the recruitment exercises now being run for the DDJ pool, this will in due course create a satisfactory number of good quality applicants for salaried District Judge roles.
- 1.89 In oral evidence,<sup>28</sup> the judicial leadership acknowledged that pay affects morale and may therefore be affecting recruitment.<sup>29</sup> However, it believed that the feeder pool shortfall,

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<sup>27</sup> In this context, we use the term judicial leadership to refer to the Lord Chief Justice of England and Wales and the Senior President of Tribunals. When discussing Scotland and Northern Ireland, it will also include the Lord President of the Court of Session and the Lord Chief Justice of Northern Ireland.

<sup>28</sup> This evidence was given before the March 2020 budget changes.

<sup>29</sup> This was set out in more detail in written evidence. See: paragraphs 7.73 and 7.74 for further details.

perceived poor working conditions and increased workloads are the principal factors that need to be addressed.

- 1.90 We agree that there are many factors behind the shortfall in recruiting District Judges.<sup>30</sup> We agree too that the depletion of the feeder pool is significant, though we note that there are still over 700 judges in it.<sup>31</sup> We have not, however, seen evidence that newly-appointed DDJs will apply for full-time salaried District Judge posts at the same rate as their predecessors. We also note that the Major Review showed that District Judges, in general, took a pay cut to join the judiciary, while this was not true, on average, for First-tier Tribunal Judges. Having seen the evidence about the strength of feeling towards the government's decision not to provide an RRA for group 7 judges, we are not convinced that pay is irrelevant. On the contrary, we doubt whether the current levels of pay are sustainable.
- 1.91 For these reasons, we considered recommending an additional pay award to recently appointed group 7 judges.<sup>32</sup> However, we are reluctant to start making separate awards to different categories of judges at a time when there is the impending prospect of significant judicial pension reform and when judicial cohesion seems to us in need of bolstering. We also note there is not a general recruitment issue for tribunal judges in group 7. In addition, as mentioned above, we are conscious that we do not yet have evidence on whether an increase in DDJs will translate into improved recruitment of salaried District Judges. Nor do we know how news of the changes to the RRAs will be received by the District or Circuit Benches, since we believe that pay relativities, as well as absolute levels of pay, have affected sentiment and recruitment. **On balance, we have decided not to recommend an award or allowance targeted at the District Bench this year. However, we will look closely at District Judge recruitment next year and should there be no notable improvement to the recruitment position we highlighted in the Major Review, we will consider a targeted award then.**

### *Observations*

- 1.92 In the Major Review, we made some observations about issues which, while not directly about pay, we believed were relevant to judicial recruitment and retention. These included: workforce planning; court infrastructure and administrative support; and career management. We are encouraged by the progress in some of these areas. We particularly welcome the steps taken since the Major Review to improve the judicial HR function and to make resources available for the senior judiciary to exercise its leadership and management responsibilities effectively. We comment on these further in paragraph 7.66.
- 1.93 In our Report this year, we have continued to make observations about these issues where we consider it would be helpful to do so. These include the following:
- While recognising that there are no objective measures of judicial applicants' 'quality', we believe that it is essential to have more data than are currently available about this issue. Such data would require careful consideration and interpretation, but a lack of data makes it impossible to go beyond guesswork or anecdotal claims, a situation that is even less satisfactory. We would therefore like to see all three judicial appointments bodies across the UK collect from all applicants evidence that helps track some key trends in applications and appointments.

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<sup>30</sup> See: paragraph 7.118.

<sup>31</sup> This is following the recruitment of 320 DDJs in 2018-19, many of whom would not have had a sufficient number of sitting days to be eligible for the 2019-20 District Judge competition.

<sup>32</sup> This would apply to judges not in the JUPRA pension scheme.

- We noted in the Major Review that a short timeframe for applications and an over-rigid adherence to a competency framework in the recruitment process creates significant disincentives for some potential applicants.<sup>33</sup> While the JAC has taken steps to address these issues for High Court Judges in England and Wales, we would encourage all three judicial appointments bodies to consider implementing similar changes for all judicial recruitments.
- We noted in the Major Review the effect that poor working conditions and a lack of administrative support were having on judicial morale and the attractiveness of judicial appointment. We understand that the judicial leadership continues to press the government for funds to tackle these issues. As we continue to hear from judges about the effect of the working environment, we are concerned that failure to address these issues also influences the attractiveness of judicial posts to the solicitors and barristers the appointment process needs to draw in. We are also concerned that new ways of working, to accommodate trials during Covid-19, will exacerbate these issues, particularly with regard to the need for administrative support. We will therefore continue to monitor the position and would welcome further evidence in the next round.

### *Job placements*

- 1.94 As part of their evidence, the Lord Chief Justice and Senior President of Tribunals commissioned a report from Accenture on the principles and approach to judicial pay and grading and leadership allowances.<sup>34</sup> In that report, Accenture focussed on the pay and grading and leadership allowance considerations for groups 5 and 6.1, including the position of the Upper Tribunal Judges and the Senior Master and Registrar posts.
- 1.95 We consider that the approach taken by Accenture is in accord with the findings of the SSRB's Major Review, even if their detailed recommendations are slightly different. The Accenture proposals for a new 'intermediate' pay group between the present 5 and 6.1, and their recommendation that the Upper Tribunal Judges and Senior Masters and Registrars be placed in that new group, are entirely consistent with our own thinking. The leadership of the judiciary has commended the Accenture report as a positive contribution and the Accenture proposals are consistent with the propositions from the MoJ. **We therefore recommend that a new intermediate group should be created between groups 5 and 6.1 and that the Upper Tribunal Judges and Senior Masters and Registrars are placed in that group.**

### *Leadership allowances*

- 1.96 We were not asked in the original remit letter from the Lord Chancellor to consider the issue of group 6.1 judicial leadership, which was scheduled for next year. However, following discussions arising from the Accenture report, the Lord Chancellor subsequently wrote to the SSRB Chair on 18 May 2020, seeking our views on the proposal made by Accenture with an eye to addressing the issue this year.
- 1.97 Our approach to rewarding judicial leadership was set out clearly in the Major Review. The Accenture proposals to the Judicial Executive Board appear to us to accord with the findings of the Major Review and they meet many of the key aims that our proposals were designed to address. They have also identified the relevant 'intermediate leadership'

<sup>33</sup>The Attractiveness of Senior Judicial Appointments to Highly Qualified Practitioners, Dame Hazel Genn DBE QC on behalf of the Judicial Executive Board, 2008. The Attractiveness of Judicial Appointments in the United Kingdom, Report to the Senior Salaries Review Body, University of Cambridge, 2018 (see: <https://www.gov.uk/government/organisations/review-body-on-senior-salaries>). Report on QCs Attitudes regarding Appointment as a Senator of the College of Justice, 2017 (see: <http://www.scotland-judiciary.org.uk/Upload/Documents/ReportonQCsattitudesreappointmentsasSenator.PDF>). Barriers to High Court Appointments in Northern Ireland, QUB, 2019 (see: <https://pure.qub.ac.uk/files/192730958/ReportFINAL.pdf>).

<sup>34</sup>Accenture, Judicial Pay Grading & Leadership Allowances Review, final report, April 2020, unpublished.

posts that we were concerned about in the Major Review. We welcome this step forward. **We recommend that the judicial leadership, with support from the MoJ, implements these proposals for recognition of these Circuit Bench leadership posts now, rather than waiting a year. These allowances should be paid at the equivalent rate of the new intermediate salary group between groups 5 and 6.1 and only for the duration that the leadership post is held.**

## Senior Leaders in the National Health Service

1.98 In our 2017 Report, the SSRB recommended that consideration should be given to extending the SSRB remit to cover all relevant senior leaders in the NHS and facilitate greater consistency and coherence in their remuneration. In response, the Secretary of State for Health wrote to the SSRB Chair, asking the SSRB to work with his department to develop a view on the practicalities of the SSRB providing advice on setting pay for both Executive and Senior Managers (ESMs)<sup>35</sup> and Very Senior Managers (VSMs)<sup>36</sup> in the future. We have now considered this fully and are confident that we can advise the government on the remuneration of all senior leaders in the NHS. A detailed update is provided in Chapter 8.

## Chief Police Officers

1.99 We have a statutory responsibility to review chief police officer pay. We also believe that there is a strong case for the pay of senior leaders in the public sector to be considered separately from the more junior grades and in the context of senior leaders in other public sector groups.

1.100 Our last review of chief police officer pay took place in 2017. The Home Office then advised that, for the next two pay rounds, chief police officer pay would be considered by the Police Remuneration Review Body. The rationale for this was to facilitate the development of, and the transition to, a new pay and reward framework for the police.

1.101 In June 2019, the then Home Secretary wrote to the SSRB Chair to say that chief police officer pay would continue to be considered by the Police Remuneration Review Body. This is therefore the third year that we have been asked not to review the pay of chief police officers, as statute requires. During this time, we understand there has been little tangible progress with police pay reform and that a new pay framework has yet to be implemented. We expect that this remit group will return to the SSRB in the 2021-22 pay round.

## Police and Crime Commissioners

1.102 In 2018, we were commissioned to review the salaries of Police and Crime Commissioners (PCCs). This is a small remit group, with a limited evidence base on which to make annual pay recommendations.

1.103 Our 2018 Report required considerable time, effort and resources. It recorded our concerns that the Home Office appeared to have no clear workforce strategy for PCCs and had limited engagement with them. The government's response to our Report reinforced this view. It largely ignored our recommendations and provided no explanation for doing so. We remain unclear why our advice was sought and then not followed.

1.104 We noted in our 2018 Report that it is not necessary or proportionate to conduct a full review of the pay of this remit group every year. In June 2019, the then Home Secretary

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<sup>35</sup> An ESM is defined as someone who holds an executive position in one of the DHSC's Arm's Length Bodies (ALBs). These managers currently fall within the SSRB remit.

<sup>36</sup> A VSM is defined as someone who holds an executive position in an NHS Trust or NHS Foundation Trust. These managers do not currently fall within the SSRB remit.

wrote to the SSRB Chair stating that the next annual review of PCC pay would not be commissioned until after the PCC elections had concluded in 2020. However, as these elections have been postponed for a year, it is unclear whether the Home Office will commission a review of PCC pay in the next round. We stress that before commissioning the next formal review of PCC pay, the Home Office needs to consider how best it can use the SSRB's expertise in relation to the remit group and what it expects of us.

# Summary of recommendations and observations

## Chapter 5: The Senior Civil Service

### Recommendations

**Recommendation 1:** We recommend an increase to the SCS paybill of 2 per cent, which should be allocated in accordance with the recommendations and priorities set out below:

- Priority 1: To mitigate anomalies arising from the lack of pay progression and to alleviate other pay anomalies (1 per cent).
- Priority 2: To increase the pay band minima (0.1 per cent).
- Priority 3: To provide a pay increase of 1 per cent to all those not benefitting from the increase to the minima or those benefitting by less than 1 per cent (0.9 per cent).<sup>37</sup>

**Recommendation 2 (Priority 1):** We recommend that 1 per cent of the paybill should be allocated to address problems arising from the lack of a pay progression system and other anomalies. This should be distributed to SCS members dependent on:

- demonstration of increased effectiveness and deepened expertise; and
- their position in the pay range.

This allocation should be ring-fenced.

**Recommendation 3:** The Cabinet Office should provide evidence to demonstrate, in accordance with Recommendation 2, that the application of our recommendation has resulted in higher awards to:

- those who demonstrated evidence of increased effectiveness and deepened expertise; and
- who were relatively low in the pay range.

**Recommendation 4:** We recommend that the government invests in and implements a credible, robust and simple pay progression system as a priority in order to reduce churn and maximise the productivity and effectiveness of the SCS.

**Recommendation 5 (Priority 2):** We recommend that 0.1 per cent of the paybill should be used to increase the pay band minima from April 2020 to the following levels:

- Pay band 1: £71,000 (currently £70,000)
- Pay band 2: £93,000 (currently £92,000)
- Pay band 3: £120,000 (currently £115,000)

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<sup>37</sup>We estimate that this will cost 0.9 per cent as this element will not apply to those SCS members benefitting 1 per cent or more from the minima increases.

**Recommendation 6:** We recommend that the Cabinet Office should make incremental steps in reducing the maxima this year.

**Recommendation 7 (Priority 3):** We recommend that all eligible SCS members not benefitting from the increase to the minima should receive a 1 per cent pay award.<sup>38</sup> Those SCS members who benefit by less than 1 per cent from the minima increase, should receive an additional consolidated pay award to total 1 per cent.

### *Observations*

**Observation 1:** We consider that full implementation of the workforce strategy, with the priority on pay progression, is a pressing priority. We believe it is vital that the government moves more urgently and sets out the implementation plan and timetable to deliver these changes. [5.124]

**Observation 2:** The SSRB would like to understand the Cabinet Office vision for the future purpose, size and composition of the SCS, how this will be achieved and how the development of a sustainable, senior leadership cadre fits into its broader longer-term strategy. [5.125]

**Observation 3:** The right balance needs to be found between controlled movement across roles as part of a structured approach to developing talent and managing careers, and uncontrolled movement driven by individual preferences and higher financial reward. Pay incentives should align better to support the right balance. We would like to see further evidence next year, including data on rates of controlled movement and rates of undesirable churn between and within departments. [5.129]

**Observation 4:** The Cabinet Office has said that it intends to undertake further detailed analysis to better understand the right level of SCS pay. We agree that a holistic approach is appropriate and more beneficial in the long term than tinkering around the edges. This work is fundamental to the implementation of pay progression and we therefore stress that it should be carried out and completed urgently. We look forward to seeing details of this research as it progresses. [5.143]

**Observation 5:** We would like to see a clear statement on how the new performance management system will interact with capability-based pay progression. [5.148]

**Observation 6:** We would like to receive evidence on whether the size of the non-consolidated award pot remains appropriate within any new SCS pay framework.<sup>39</sup> [5.149]

**Observation 7:** We would welcome evidence on the application of non-consolidated end-of-year awards in line with the Cabinet Office guidance next year. [5.150]

**Observation 8:** In the evidence next year, we would like to see a statement on where responsibility lies for SCS pay between different governments in the UK, and evidence on how pay is managed and implemented across its different constituents. [5.152]

**Observation 9:** We continue to encourage the Cabinet Office to consider sharing detailed information with the FDA and Prospect, including the data underlying government proposals. Furthermore, we would encourage the Cabinet Office to publish this data. [5.154]

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<sup>38</sup> Those SCS members who are currently subject to performance improvement measures should not receive any increase in pay. Therefore, the recommendations should not be applied to these staff until they have exited such measures.

<sup>39</sup> The pot is currently limited to 3.3 per cent of the SCS paybill. This covers both end-of-year and in-year awards.



## Chapter 6: Senior Officers in the Armed Forces

### *Recommendations*

**Recommendation 8:** We recommend that all members of the senior military, including Medical and Dental Officers (MODOs), should receive a 2 per cent consolidated increase to base pay.

**Recommendation 9:** We recommend that the minimum guaranteed increase to base pay (excluding X-Factor) on promotion from 1-star to 2-star does not fall below 10 per cent.

**Recommendation 10:** We recommend that there is no change to the incremental pay structure for the senior military.

**Recommendation 11:** We recommend no change to the current pay arrangements for MODOs:

- 2-star MODOs should continue to be paid 10 per cent above the base pay at the top of the MODO 1-star scale, plus X-Factor.
- 3-star MODOs should continue to be paid 5 per cent above the base pay at the top of the MODO 2-star scale, plus X-Factor.

### *Observations*

**Observation 10:** In oral evidence we were told many reviews were taking place under the People Transformation Programme which we understand builds on the Defence People Strategy. While each of the initiatives seemed valuable, it was difficult to understand how they linked together and how they will contribute to the overall Defence strategy. There was little information about when these reviews would be taking place, the expected outcomes and measures of success. It would be helpful to find out how consideration of the future remuneration strategy for members of the senior military fits into these reviews and to receive information on any likely timings for implementation. We request that the MoD keeps us informed of any developments in relation to the reviews carried out under the People Transformation Programme that will affect members of the remit group and the feeder group. [6.105]

**Observation 11:** We ask that the MoD continues to provide data on the effect of pension taxation charges on our remit group and the feeder group for future pay rounds. [6.106]

**Observation 12:** We believe it is a priority that the MoD put in place mechanisms to provide better data on the number, and particularly the quality, of those leaving the remit group and crucially the feeder group. We expect to work more closely with the MoD over the coming year to improve the data in relation to Higher Command and Staff Course (HCSC) graduates.<sup>40</sup> We also expect to be updated on the analysis of the HMRC post-Service earnings data and on any developments in relation to tracking careers via the longitudinal studies. [6.107]

**Observation 13:** We would like to receive data from the MoD annually on the number of posts advertised as opportunities available for civilian or members of the senior military and urge consideration of the impact of this on the overall approach to reward strategy. [6.108]

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<sup>40</sup>The requirements are set out in paragraph 6.71.

**Observation 14:** We note the MoD’s proposal to leave the formal review of the X-Factor taper until the next scheduled five-yearly review of X-Factor in 2023.<sup>41</sup> However, we believe that our continuing concern warrants earlier consideration of this. We will continue to monitor the situation. If it deteriorates, we will return to this issue next year. [6.109]

**Observation 15:** We would like to hold discussion groups with both the remit and feeder groups annually and will seek the MoD’s assistance in arranging these. [6.110]

**Observation 16:** We expect the MoD to provide us with data on the specific steps it is taking to broaden the talent pool and improve diversity and inclusivity in the Armed Forces. [6.111]

## Chapter 7: The Judiciary

### *Recommendations*

**Recommendation 12:** We recommend that all members of the judiciary should receive a consolidated 2 per cent pay award.

**Recommendation 13:** We recommend the creation of a new intermediate salary group between existing groups 5 and 6.1.

**Recommendation 14:** We recommend that Upper Tribunal Judges should be moved to the new intermediate salary group between groups 5 and 6.1.

**Recommendation 15:** We recommend that Senior Masters should be moved to the new intermediate salary group between groups 5 and 6.1.

**Recommendation 16:** We recommend that the judicial leadership, with support from the MoJ, implements the proposals for recognition of Circuit Bench leadership posts now, rather than waiting for another year. These allowances should be paid at the equivalent rate of the new intermediate salary group between groups 5 and 6.1 and only for the duration that the leadership post is held.

### *Observations*

**Observation 17:** As we continue to hear from judges about the effect of the working environment, we are concerned that failure to address these issues influences the attractiveness of judicial posts to the solicitors and barristers the appointment process needs to draw in. We are also of the view that it is neither an effective nor an efficient use of judicial time to be carrying out administrative tasks, which we believe a proper focus on outcomes (rather than immediate cost savings) would support. We will therefore continue to monitor the position and would welcome further evidence in the next round. [7.67]

**Observation 18:** We would like to see all three judicial appointments bodies collect from all applicants evidence that helps track trends that can shed light on the issue of judicial quality. We believe these measures should include: the grading system currently used by the JAC (and carried out by peer reviewers); pre-appointments earnings; and information about the professional background of applicants. [7.91]

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<sup>41</sup> The AFPRB is currently carrying out research to ensure the X-Factor components are fit for purpose for the next X-Factor review in 2023. It expects to report on this research in its 2021 Report.

**Observation 19:** We would encourage all three judicial appointments bodies to consider implementing changes to the application process for all judicial recruitments within a reasonable time frame. These changes should include a longer application period and the inclusion of CVs. [7.92]

**Observation 20:** We hope that the Scottish government will consider taking the requisite legislative action to convert the statutory complement of Senators to an FTE definition. [7.128]

**Observation 21:** On balance, we have decided not to recommend an award or allowance targeted on the District Bench this year. However, we will look closely at District Judge recruitment next year and we will consider recommending a targeted award then if the evidence supports it. [7.156]

**Observation 22:** We also urge that any decisions, whether temporary or permanent, are made with reference to the principle of pay parity across all three jurisdictions in the UK. We consider that implementation should be made simultaneously in all three jurisdictions. [7.158]

## Chapter 2

### The SSRB's strategic approach

#### Introduction

- 2.1 Historically, the government's main expectation of the SSRB, and the SSRB's principal focus, has been the production of annual recommendations on increases in basic pay. In recent years, we have urged the government to take a more strategic approach. We have highlighted in previous reports particular areas where we consider this should happen. We continue to believe it is critical that there is a more strategic approach, which lifts the sights of the government and remit groups above the simple question of annual basic pay increases.
- 2.2 In our 2016 Report,<sup>42</sup> we highlighted a number of strategic priorities that departments managing their senior workforces need to take into account. These are listed in box 2.1. We believe that departments need to be clear about their long-term objectives and their future operating model, and to develop the effective workforce strategies required to support them. In the context of the current response to Covid-19, it is more important than ever that departments articulate their long-term aims. Annual changes to pay need to be linked to longer-term strategy and departmental plans.
- 2.3 Over the last three years, we have assessed our remit groups against these priorities. While there have been steps in the right direction, we have not seen sufficient progress towards a more strategic approach.
- 2.4 This year, we have included a separate chapter on the strategic priorities to provide greater focus on them. We consider it important to continue to provide commentary on the strategic context of our remit groups and the progress that is being made to implement effective pay and reward systems. We have been told that this has been helpful to the government.
- 2.5 In the sections which follow, we have highlighted the areas which we believe to be of greatest concern for our remit groups. For these areas, we have included both short and long-term objectives to illustrate where we consider progress could be achieved. We would like departments to provide evidence on the progress they have made against these strategic priorities and the objectives in their evidence for the next round.
- 2.6 A summary of each remit group's position against our strategic priorities is provided in the tables at the end of this Chapter.

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<sup>42</sup> 38<sup>th</sup> Annual Report on Senior Salaries 2016. See: <https://www.gov.uk/government/publications/thirty-eighth-annual-report-on-senior-salaries-2016>

### Box 2.1: Strategic priorities

- **Total reward:** In making pay recommendations, the SSRB needs to consider a range of factors alongside basic pay and bonuses, including pensions, relative job security and the value of benefits in kind.
- **Pay and workforce strategy:** Departments need to be clear about their long-term objectives, their future operating model and the pay and workforce strategy required to support them. Annual changes to pay need to be linked to longer-term strategy.
- **Focus on outcomes:** There should be more focus on maximising outcomes for lowest cost and less fixation on limiting basic pay increases across the board.
- **Action on poor performance:** Greater analysis is required of where value is being added and action taken where it is not.
- **Performance management and pay:** There needs to be demonstrable evidence that appraisal systems and performance management arrangements exist and are effective, and of a robust approach to reward structure and career development.
- **Better data:** Better decision-making requires better data, particularly in respect of recruitment, retention and attrition. Emerging issues and pressures need to be identified promptly and accurately so that appropriate action can be taken.
- **Feeder groups:** The feeder groups that will supply the next generation of senior public sector leaders must be closely monitored. The data relating to them needs careful scrutiny for early warning signs of impending problems.
- **Targeting:** Where evidence supports it, pay should be targeted according to factors such as the level of responsibility, job performance, skill shortages and location.
- **Central versus devolved tensions:** Tensions that exist in the system that hinder the development of a coherent workforce policy, such as between national and local control, need to be explicitly recognised and actively managed.
- **Diversity:** The senior workforces within our remit groups need to better reflect the society they serve and the broader workforce for which they are responsible.

## Senior Civil Service

- 2.7 Overall, we are encouraged by how the Cabinet Office has engaged with and responded to our strategic priorities. Workforce data from the Cabinet Office has always been of a good standard and it continues to improve. There is a genuine receptiveness to our proposals for new data collections and analysis.
- 2.8 Over the last two years, the Cabinet Office has accepted our recommendations to target pay awards and our rationale for doing so. In our 2019 Report, we set out our priorities for the application of the pay award to ensure the majority of the award was used to target anomalies caused by the lack of a pay progression system. We note that these priorities were accepted by the government and also largely applied by the departments as intended. We have now started to receive targeted pay proposals from the Cabinet Office, alongside evidence that sets out where it considers the annual award should be prioritised. A move away from across the board pay awards is a progressive step and, as future financial pressures unfold, the targeting of the award will become increasingly important.
- 2.9 As set out in Chapter 5, we consider that the highest priority for the Cabinet Office is the implementation of a pay progression system. While the Cabinet Office has devoted considerable time and effort into developing an approach to this issue, we believe that it now needs to urgently make pay progression a reality.
- 2.10 There are a number of other underlying strategic issues which we consider also need to be addressed. These are:
- Ensuring that pay policies encapsulate a strategic vision for the SCS and the delivery of productive outcomes. This should include consideration of the future purpose, size and composition of the SCS.
  - Rolling out an effective performance management system which is compatible with the new pay progression system and forms part of a coherent reward package.
  - Providing clarity about the issues on which the centre of government is setting the direction for the SCS and those where departments have autonomy.
  - Ensuring there is a plan for how pay decisions are applied to those members of our remit group working across the different governments in the UK.

### *Focussing on outcomes*

- 2.11 We consider that there should be more focus on outcomes within the SCS pay strategy. In recent years, there has been too much fixation on limiting headline pay increases across the board and too little attention to maximising outcomes for lowest cost. For example, the lack of strategic control over the size and shape of the SCS has contributed to a substantial increase in the paybill. We consider it is important to understand why this growth has happened, whether it is more predominant in certain professions and the extent to which grade inflation is a factor.
- 2.12 We believe that the Cabinet Office needs to assess the immediate and future demands placed upon the SCS and to identify the outcomes it wishes it to deliver. Detailed analysis should then be undertaken on the composition and structure of the SCS and the skills its members need both in relation to achieving these outcomes and in being effective leaders of the rest of the civil service. This would enable a centrally-managed senior leadership cadre to operate more efficiently and to focus more strongly on the outcomes the government wishes it to deliver.
- 2.13 We would expect a strategy for the SCS to include an approach to talent management that ensures the public sector attracts, develops and retains strong senior leaders who

can deliver, and are held accountable for, transformation in public services. In our view, any such approach is fundamentally undermined by the rapid movement between roles within and between departments. In Chapter 5, we reiterate our concerns about the high levels of internal churn in the SCS, set against external benchmarks and the effect it has on delivering outcomes. This degree of churn is expensive, not just in terms of the direct costs arising from recruitment and training, but also indirectly through the loss of expertise, knowledge and hence productivity. High rates of churn undermine accountability and adversely affect the delivery of policy and projects. We believe that both the absence of pay progression and the lack of proactive management of people's movement through the system have been driving high levels of churn within the SCS.

- 2.14 We think that the right balance needs to be found between controlled movement across roles as part of a structured approach to developing talent and managing careers, and uncontrolled movement driven by individual preferences and higher financial reward. Pay incentives should align better to support that balance. A pay progression system that will incentivise SCS members to develop in role, with rewards for achievement, should be implemented as a matter of urgency.
- 2.15 We would therefore like to see a statement of how pay progression will link to reducing churn, and how it will be monitored and assessed. We would like to see further evidence of the cost of churn in terms of productivity and efficiency and a view on what the appropriate rate of job moves for the SCS should be.
- 2.16 We would also like to receive further evidence on the extent to which consultants and temporary staff are used and needed in the SCS and the type of skills required. Currently, we do not have a true understanding of the total cost of the workforce employed to deliver the SCS functions. Next year, we would like to receive data on the cost of consultancy and temporary staff at SCS level and an understanding of how these external staff are used.

### *Performance management*

- 2.17 As we continue to hear from our discussions with SCS members, there remains a widespread lack of confidence in the current performance management system. We acknowledge that there have been short-term tactical steps to address some of our previous concerns, for example, in relation to the removal of forced distribution. However, there does not yet appear to be a long-term strategy for performance management. A holistic review of the system, for which we have been pressing since 2016, has still not been undertaken.
- 2.18 We consider that a robust approach to reward and career development is long overdue. The Cabinet Office has said that a full review of performance management will be undertaken in 2020 with changes implemented from 2021-22. We would therefore expect to see meaningful progress towards development of a new system in the evidence for the next round, alongside a clear implementation plan.
- 2.19 We would like to see a statement of how a new performance management system would interact with capability-based pay progression. Managers need to have a proper understanding of how to assess and distinguish between performance and capability growth to ensure a fair application of both systems. We acknowledge that this balance will be difficult to strike, and we consider that guidance and support needs to be given to managers on the implementation, interrelationship and application of these systems.

### *Tensions between central and departmental control*

- 2.20 In previous reports, we have set out our concerns about unresolved tensions between central and departmental control within the SCS pay framework. We consider it vital that

the Cabinet Office clearly articulates the system it wants, whether that be centralised management of the workforce, delegation to departments or a specified balance between the two.

- 2.21 We acknowledge that the Cabinet Office has taken steps to address this. In our 2017 Report, we noted that the pay budget was largely delegated to departments which then determined how pay awards were implemented, irrespective of the accepted recommendations. Since that time, centralised guidance has been put in place and departments have reported back to the Cabinet Office on how the pay award has been implemented. As we noted earlier, evidence was provided that the 2019 pay award was largely applied by departments in line with the specified order of priority recommended by us and accepted by the government. This good practice should continue.

### *Tensions between national and local (devolved) control*

- 2.22 We are increasingly aware of tensions between a UK-wide SCS pay framework and the pay policies operating across the different governments. For a number of years, SCS members working in the Scottish and Welsh governments have not received non-consolidated bonuses due to the pay policies operated locally by the respective administrations. We understand that in Scotland, savings generated by not distributing the non-consolidated performance bonus pot in 2019 were used to introduce a simple pay progression system with five levels of target pay.
- 2.23 There is a clear divergence between the centralised SCS pay framework and its application in Scotland. In the evidence next year, we would like to see a statement on where responsibility lies for reward for the SCS between the different governments in the UK, and evidence on how pay is managed and implemented across its different constituents.

### **Senior Officers in the Armed Forces**

- 2.24 While the evidence for the senior military shows that recruitment and retention remain at satisfactory levels, we have been increasingly concerned about talent management. It is crucial that those in the feeder groups continue to aspire to senior military roles because they are the sole pipeline for the future senior cohort. If a career in the senior military does not look sufficiently appealing, for pay or other reasons, too many of the most talented members of the feeder group may choose to leave.
- 2.25 Progression to the senior military is exclusively by promotion from the feeder group. The monitoring of recruitment and retention of this group, in relation to both the numbers, and particularly the quality, of personnel is therefore vital.
- 2.26 In our discussion groups, we heard that there was a considerable dependency by the government on the public service ethos and loyalty of the senior military. However, it was pointed out that the next generation coming through the ranks might not weigh up their options in the same way as the current cohort. We therefore consider it important for the Ministry of Defence (MoD) to understand the different generational attitudes to senior pay, conditions of service and work-life balance, and to reflect this in the development of their senior pay strategy.
- 2.27 Securing a high-quality future senior military should be a key focus for the MoD. The areas on which we consider the MoD should concentrate are:
- Ensuring that mechanisms are in place to provide better data on the number, and particularly the quality, of those leaving the remit group and crucially the feeder group. This is to ensure the future pipeline to the senior military is monitored and issues identified early.



- Developing a pay and workforce strategy for the senior military which takes into account the development of specialist skills and the management of careers to retain expertise and talent.
- Building a greater understanding of the different aspirations of the new generation in the feeder groups.
- Continuing working towards a senior military with a diversity profile which is broadly reflective of the society it serves.

### *Better data*

- 2.28 Over the last few years, there has been an improvement in the workforce data provided by the MoD. We are encouraged by its commitment to providing better data on leavers. However, we would like to see more evidence of how this work is developing and a commitment to a timescale for delivering it, particularly given this is a relatively small remit group.
- 2.29 The need for better data on the quality of those leaving and remaining in our remit group and feeder group is something we have highlighted in our last three Reports. It is also important to understand the factors affecting the decisions to leave and to have information on what roles these individuals go to after leaving the military. We welcome the steps the MoD has taken in starting work on the longitudinal studies to track members of the feeder group over a 10-year period and on the work with HMRC to obtain information on post-Service earnings. The MoD says it also plans to look at the Armed Forces Continuous Attitude Survey (AFCAS) as part of the People Transformation Programme to improve the human insights it provides. This is particularly important as we have concerns that the results in the AFCAS in relation to morale do not match up with what we hear from discussion groups.
- 2.30 We also suggest that independent exit interviews would be a good way for the MoD to obtain reliable feedback from those leaving the senior military.
- 2.31 We expect to work more closely with the MoD over the coming year on improving the data in relation to Higher Command and Staff Course graduates, on the findings of the HMRC post-Service earnings data and on any developments in relation to tracking careers via the longitudinal studies.

### *Pay and workforce strategy*

- 2.32 In oral evidence, we were told that there were several reviews taking place as part of the People Transformation Programme. We understand these build on the Defence People Strategy and we welcome such change initiatives. However, it is not evident to us how these strands integrate with each other or how they contribute to, and guide, the overall approach to pay or specific pay decisions.
- 2.33 We note the growth of a civilian strand of the workforce that operates alongside the senior military and the increase<sup>43</sup> in additional roles being advertised as opportunities either for civilians or for members of the senior military. We acknowledge that there have always been two parallel systems in place. However, there appear to be increasing tensions arising from having two workforces on different salaries and terms and conditions.
- 2.34 Furthermore, the capability needed by the senior military in areas such as cyber skills increasingly requires intensive training and investment. The policy of only one

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<sup>43</sup>The MoD informed us that there are currently five roles that have been advertised for open competition. Currently three of these are held by members of the senior military and two by members of the SCS.

guaranteed posting at 1-star and above and the lack of active talent management for some specialist roles increase the risk of these skills being lost to the private sector after considerable investment.

- 2.35 We think it is important that the MoD has a clear workforce plan which reflects: how senior reward relates to that applying to the rest of the Armed Forces; developing and retaining specialist skills and talent; and how it intends balancing roles between the senior military and the civilian cohort. In the next round, we would, therefore, like to see evidence of how the pay and reward strategies reflect these issues.

### *Diversity*

- 2.36 The Armed Forces acknowledges that it needs to be broadly representative of the society it exists to defend. We note the leadership commitment to increasing diversity and the positive action that has been taken in respect of opening up all military roles, including close combat roles, to female Service personnel and the aspiration for 15 per cent of all 1-star posts to be held by female officers by 2030.
- 2.37 We recognise that, in an organisation such as the Armed Forces where there is currently no external recruitment, it will take a number of years for increases in diversity in the lower ranks to feed through to the feeder groups and subsequently to the senior military. It is therefore disappointing that the proportion of female and BAME officers at OF4 to OF6 has fallen slightly this year.
- 2.38 We request that the MoD provides us with data on specific strategies designed to broaden the talent pool and improve diversity and inclusivity in the Armed Forces.

### **The judiciary**

- 2.39 The last assessment of the judiciary against our strategic priorities was set out in our 2017 Report, just after we had commenced our Major Review of the Judicial Salary Structure.
- 2.40 We recognise that the judiciary is a different type of workforce from our other remit groups and that the application of the strategic priorities applies in different ways. We also acknowledge that, although the Ministry of Justice (MoJ) is technically the 'employer' and provides financial resources for the judiciary, constitutional responsibility for many aspects of judicial workforce strategy sits with the senior judiciary.
- 2.41 The strategic areas that we believe are priorities are as follows:
- Continuing development of a workforce strategy that reflects the need to:
    - Plan for and recruit the judiciary of the future, both in numbers and quality.
    - Reward leadership within a coherent structure.
    - Improve administrative support and the working conditions of the court estate.
  - Addressing the tensions that undercut the principle of a UK-wide judiciary.
  - Developing longer-term evidence collection to provide better data.

### *Pay and workforce strategy*

- 2.42 We have noted in previous Reports that the SSRB can add significant value by undertaking periodic, detailed reviews of reward structures. We were encouraged by the government's request that we carry out a Major Review of the Judicial Salary Structure which we completed in 2018. We have been advised that the issues we identified in the Major Review have been very useful to the judiciary and the MoJ.

- 2.43 We note that the modernisation programme of the courts and justice system, which began in 2017, is underway. There have been some improvements, particularly with respect to digital working, as demonstrated in the operation of the courts during Covid-19. We would like to understand how a pay and workforce strategy relates to this reform programme.
- 2.44 In Chapter 7,<sup>44</sup> we set out the position in relation to recruitment at different levels of the judiciary over the last few years. While it is arguable that the introduction of new recruitment and retention allowances (RRAs), coupled with the government's promise of pension reform, have stopped the problems on the High Court and Circuit benches from worsening, the position has not improved as much as is needed. Furthermore, there is evidence that the recruitment difficulties we flagged in the Major Review have intensified at the District Bench.
- 2.45 We stress that a long-term solution to remuneration, whether it be the government's chosen route of pension reform or otherwise, needs to be delivered as a matter of urgency. Should this not happen, other steps will have to be taken to attract the required complement of suitably qualified people into the judiciary.
- 2.46 In the short term, we recommend greater urgency to making changes in the system for recruiting judges, as set out in Chapter 7.<sup>45</sup> In the long term, because judges are largely recruited from an external labour market of highly-paid professionals, the need for higher pay levels may be unavoidable in the absence of pension reform.
- 2.47 We have argued that, in line with the philosophy of the Constitutional Reform Act 2005, the judicial leadership needs to be more proactive in identifying specific pay and grading issues and taking steps to resolve them. We welcome the action taken by the judicial leadership this year, with the commissioning of the Accenture review and the consideration of a range of posts, including intermediate leadership posts, at the Circuit Bench.
- 2.48 We noted in the Major Review the effect that poor working conditions and a lack of administrative support were having on judicial morale and recruitment, as well as on the efficiency of the operation of courts. We understand that the senior judiciary continues to press the government for funds to tackle these issues. We are concerned that failure to address these matters reduces the attractiveness of judicial posts to future applicants and impedes efficiency in the use of judicial time. In our view, these are examples of a failure to focus on outcomes.
- 2.49 We would therefore like to see evidence next year on the steps taken to develop a longer-term strategy which takes into account the requirement to recruit sufficient numbers of qualified judges. This will include consideration of the need to improve the working conditions of, and support for, the judiciary. A clear workforce plan should also address the senior judiciary's vision for harmonising courts and tribunals and cross-deployment between the two, to enable better management of resources and delivery of outcomes.

### *Central vs devolved tensions*

- 2.50 The new RRAs announced in June 2019 were given only to the judiciary in England and Wales.<sup>46</sup> This meant that courts judges in Scotland (Senators and Sheriffs) and Northern

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<sup>44</sup> See: paragraph 7.80 onwards.

<sup>45</sup> See: paragraphs 7.191 and 7.192.

<sup>46</sup> Upper Tribunal Judges in Reserved Tribunals in Scotland were eligible for RRAs.

Ireland (High Court Judges and County Court Judges) did not receive the new RRA.<sup>47</sup> This is contrary to the principle of pay parity that underpins the notion of a UK-wide judiciary.

- 2.51 We believe that any decisions, whether temporary or permanent, should be made with reference to the principle of pay parity across all three jurisdictions in the UK. We also consider that implementation should be made simultaneously in all three jurisdictions.

### *Better data*

- 2.52 In this round, we have regularly heard concerns about the quality of new appointments to various levels of the judiciary but perhaps most particularly to the Circuit and District benches. These concerns are largely anecdotal, though backed by some limited data from the Judicial Appointment Commission (JAC) assessment ratings.
- 2.53 We believe that the issue of the quality of judicial applicants is important, although we recognise that there are no objective measures of it. Our view is that it is essential to have more data than currently available. We think it should be possible to collect more data at the applicant stage and to do so more consistently across the jurisdictions of the different judicial appointments bodies. Such data would require careful consideration and interpretation. However, a lack of data makes it impossible to go beyond guesswork, or anecdotal claims, a situation which is even less satisfactory. We do not consider that collecting this data would undermine continuing efforts to improve judicial diversity.
- 2.54 We believe that all three judicial appointment bodies across the UK should collect evidence that helps track key trends in applicants and appointees. These measures could include: grading of the type currently used by the JAC (and carried out by independent peer reviewers); pre-appointment earnings; and the professional background of candidates. We have raised this point in all the jurisdictions and would be happy to work with the judicial appointments bodies to explain our reasoning and encourage progress.
- 2.55 We noted in the Major Review that a short timeframe for applications to become judges and an over-rigid adherence to a 'competency' framework create significant disincentives for some potential applicants.<sup>48</sup> While the JAC has taken steps to address these issues for High Court Judges in England and Wales, we encourage all three judicial appointment bodies to consider implementing similar changes for all judicial recruitments within a reasonable timeframe.
- 2.56 The Major Review highlighted a number of areas where further evidence would have been beneficial. These included evidence on the pre-appointment earnings of all judicial applicants and the economic contribution of the judiciary. We would like to work with the MoJ in developing this sort of evidence over the next couple of years in preparation for any future Major Reviews.

### **Other SSRB remits**

- 2.57 Although we are not reviewing all of the remits in our terms of reference this year, we consider it remains relevant to comment on where we think our strategic priorities could assist departments to focus on where improvement is needed.

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<sup>47</sup> Senators in Scotland and High Court Judges in Northern Ireland continue to be in receipt of the 11 per cent RRA awarded in 2017.

<sup>48</sup> The Attractiveness of Senior Judicial Appointments to Highly Qualified Practitioners, Dame Hazel Genn DBE QC on behalf of the Judicial Executive Board, 2008. The Attractiveness of Judicial Appointments in the United Kingdom, Report to the Senior Salaries Review Body, University of Cambridge, 2018 (see: <https://www.gov.uk/government/organisations/review-body-on-senior-salaries>). Report on QCs Attitudes regarding Appointment as a Senator of the College of Justice, 2017 (see: <http://www.scotland-judiciary.org.uk/Upload/Documents/ReportonQCsattitudesreappointmentsasSenator.PDF>). Barriers to High Court Appointments in Northern Ireland, QUB, 2019 (see: <https://pure.qub.ac.uk/files/192730958/ReportFINAL.pdf>).

### *Senior health managers*

2.58 In Chapter 8, we set out how we think the SSRB could add value in advising the government on developing a pay and reward framework for senior health managers. In the last review of Executive and Senior Managers' pay in 2017, we said that the data provided needed serious improvement. We are encouraged by the Department of Health and Social Care's willingness to explore the extent of data availability and quality that would be needed should we be asked to look at the expanded remit. We are encouraged by progress but there are gaps in areas such as recruitment and retention data, morale and motivation of the workforce and the career paths, intentions and motivation of the next generation of senior managers that need to be addressed.

### *Chief Police Officers*

2.59 We have not been asked to review the pay for chief police officers since 2017. As we noted in Chapter 1, we strongly believe consideration of their pay should be returned to the SSRB in the next round.

2.60 If this happens, we ask the Home Office to revisit the Supplement to our 2017 Report,<sup>49</sup> where we comment on how these strategic priorities apply to this workforce. In particular, we documented the need for a central coordinating body taking overall responsibility for commissioning, collating, analysing and presenting available data and information to us. We hope that there have been improvements in this respect and that a complete and high-quality evidence base has been developed.

### *Police and Crime Commissioners*

2.61 In our 2018 Review of Police and Crime Commissioner (PCC) pay, we acknowledged that not all of our strategic priorities are relevant to this remit group. However, where they do apply, we did consider that there was scope for considerable improvement. In particular, we were struck that the Home Office did not appear to have a clear strategic plan for PCCs and had limited engagement with them. We also noted that the role of a PCC had evolved and continued to do so.

2.62 We encourage the Home Office, with input from the Association of Police and Crime Commissioners where necessary, to develop a long-term strategic vision for this group, which reflects any future planned changes to the role and the pay and reward structure that is needed to underpin it. This could be complemented by developing a better understanding of the motivations and backgrounds of individuals seeking and holding these posts.

2.63 It is currently unclear when the Home Office will commission the next review of PCC pay. As we set out in Chapter 9, we would welcome the assurance from the Home Office in advance of commissioning any review, that it will engage seriously with both the review and its findings. This should include consideration of the strategic position of this workforce.

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<sup>49</sup> Supplement to the 39<sup>th</sup> Annual Report on Senior Salaries 2017. See: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/644105/CCS207\\_CCS0917970822-1\\_59848\\_SSRB\\_Police\\_Supplement\\_Accessible.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/644105/CCS207_CCS0917970822-1_59848_SSRB_Police_Supplement_Accessible.pdf)

## Assessment of remit groups

Table 2.1: Assessment of the position of the SCS against the SSRB's strategic priorities

Key	<b>Green:</b> Area of little concern	↑: Improving trajectory
	<b>Amber:</b> Area of some concern	↔: Stable trajectory
	<b>Red:</b> Area of significant concern	↓: Declining trajectory

Senior civil service				
		Current position	Objectives	
			2020-21 evidence	Medium term
Strategic approach	<b>Pay and workforce strategy:</b> Departments need to be clear about their long-term objectives, their future operating model and the pay and workforce strategy required to support them. Annual changes to pay need to be linked to longer-term strategy. [↔]	There has been further progress in developing a longer-term workforce strategy. However, the pace of reform remains slow and it is important to move quickly to an implementation phase, particularly with pay progression.	Implementation plan (including a cost-benefit analysis) for pay progression in 2021 and how it will link to reducing internal churn.	Articulation of where the SCS will be in 10 years and what pay strategy is needed for this model.
	<b>Focus on outcomes:</b> There should be more focus on maximising outcomes for lowest cost and less fixation on limiting basic pay increases across the board. [↔]	The lack of strategic control over the size and shape of the SCS has contributed to a substantial increase in the paybill.	Evidence on the underlying reasons for the growth in the paybill including the use of temporary staff. Analysis of the purpose, size and composition of the SCS cadre.	
	<b>Targeting:</b> Where evidence supports it, pay should be targeted according to factors such as the level of responsibility, job performance, skill shortages and location. [↔]	The Cabinet Office has made targeting proposals for the second year. It also implemented the 2019 pay award in accordance with the SSRB recommended priorities.	Continued targeting of pay awards to relieve compression of numbers at the lower end of pay ranges.	Review of targeting is needed once pay progression is implemented.
	<b>Central versus devolved tensions:</b> Tensions that exist in the system that hinder the development of a coherent workforce policy, such as between national and local control, need to be explicitly recognised and actively managed. [↔]	The Cabinet Office has put in place centralised guidance and monitoring systems to ensure adherence to it. We are increasingly aware of differences between a UK-wide SCS and the pay policies operating across different governments of the UK.	A statement on where responsibility lies for SCS pay between the different governments in the UK, and evidence on how pay is implemented and managed across the different parts of it.	

Senior civil service				
		Current position	Objectives	
			2020-21 evidence	Medium term
Performance	<p><b>Performance management and pay:</b> There needs to be demonstrable evidence that appraisal systems and performance management arrangements exist and are effective, and of a robust approach to reward structure and career development. [↔]</p>	<p>There is a continued lack of confidence in the performance management system despite the interim measures taken in 2019, which included the removal of forced distribution.</p>	<p>A statement of how the new performance management system interacts with capability-based pay progression.</p>	<p>Implementation of a new performance management system which is understood by those operating it and commands the respect of SCS members.</p>
	<p><b>Action on poor performance:</b> Greater analysis is required of where value is being added and action taken where it is not. [↑]</p>	<p>The Cabinet Office stated that preliminary feedback from departments suggests that the removal of forced distribution has enabled them to identify poor performers more easily and take appropriate action, including increased support to those consistently receiving a low box marking.</p>	<p>Further evidence of how the removal of forced distribution has affected the management of poor performance.</p>	
Data	<p><b>Better data:</b> Better decision-making requires better data, particularly in respect of attrition, retention and recruitment. Emerging issues and pressures need to be identified promptly and accurately so that appropriate action can be taken. [↑]</p>	<p>Overall, high quality data continue to be provided. This year, the Cabinet Office has provided new data on departmental turnover.</p>	<p>Further data on churn <i>within</i> departments to enable a full picture on internal churn to be monitored and assessed.</p>	
	<p><b>Feeder groups:</b> The feeder groups that will supply the next generation of senior public sector leaders must be closely monitored. The data relating to them needs careful scrutiny for early warning signs of impending problems. [↑]</p>	<p>We have received new evidence provided on the accelerated development schemes. However, we would like to see more data on tracking the careers of these individuals, in particular, at which point they leave or enter the SCS.</p>		<p>Monitoring of Fast Stream career paths to assess at which point they are leaving the civil service.</p>
	<p><b>Diversity:</b> The senior workforces within our remit groups need to better reflect the society they serve and the broader workforce for which they are responsible. [↔]</p>	<p>There is an improved picture on gender and ethnic minority numbers. However, the SCS does not reflect the ethnicity of either the wider civil service or the UK population.</p>	<p>Data on diversity at a more granular level to enable analysis by grade within the SCS, including socio-economic backgrounds.</p>	<p>Improved BAME diversity, especially at Permanent Secretary and Director General level.</p>

Table 2.2: Assessment of the position of the senior military against the SSRB's strategic priorities

Key	<b>Green:</b> Area of little concern	↑: Improving trajectory
	<b>Amber:</b> Area of some concern	↔: Stable trajectory
	<b>Red:</b> Area of significant concern	↓: Declining trajectory

Senior military				
		Current position	Objectives	
			2020-21 evidence	Medium term
Strategic approach	<b>Pay and workforce strategy:</b> Departments need to be clear about their long-term objectives, their future operating model and the pay and workforce strategy required to support them. Annual changes to pay need to be linked to longer-term strategy. [↔]	The MoD said that a number of reviews building on the Defence People Strategy were underway. However, it is not evident to us how these strands integrate with each other or how they contribute to, and guide, the overall approach to pay or specific pay decisions.	Evidence of an overall senior military workforce strategy which delivers the quality and quantity of leaders required to deliver Defence aims. Information on how the balance is achieved between 'generalist' and 'specialist' requirements and senior military and civilian roles. Demonstrate how pay works alongside other factors, e.g., career planning, in retention and motivation of the senior military.	
	<b>Focus on outcomes:</b> There should be more focus on maximising outcomes for lowest cost and less fixation on limiting basic pay increases across the board. [↔]	This is a small cohort which provides limited scope for innovation in pay. Many roles are difficult to evaluate as outcomes are not easily measurable (e.g. operations/defence engagement).		
	<b>Targeting:</b> Where evidence supports it, pay should be targeted according to factors such as the level of responsibility, job performance, skill shortages and location. [n/a]	Targeting is argued to be currently inappropriate for this group. However, targeting pay awards to retain specialist skills may need to be considered in the future.		
	<b>Central versus devolved tensions:</b> Tensions that exist in the system that hinder the development of a coherent workforce policy, such as between national and local control, need to be explicitly recognised and actively managed. [↔]	No evidence that such tensions exist.		



Senior military				
		Current position	Objectives	
			2020-21 evidence	Medium term
Performance	<p><b>Performance management and pay:</b> There needs to be demonstrable evidence that appraisal systems and performance management arrangements exist and are effective, and of a robust approach to reward structure and career development.</p> <p>[↔]</p>	<p>The appraisal process is robust. Progression into the senior military is based on performance and potential. Annual increments are conditional on satisfactory performance.</p>	<p>Evidence of the outputs of the new appraisal system that includes 180-degree feedback which is being piloted between February and August 2020.</p>	
	<p><b>Action on poor performance:</b> Greater analysis is required of where value is being added and action taken where it is not.</p> <p>[↔]</p>	<p>No evidence that it is an issue. Poor performance is tackled appropriately either by informal, appraisal or administrative action. There have been instances where individuals have been required to resign due to poor performance. Unsatisfactory performers are also unlikely to be given a second posting.</p>	<p>Evidence from the MoD on how many individuals are not given a second posting due to poor performance.</p>	
Data	<p><b>Better data:</b> Better decision-making requires better data, particularly in respect of attrition, retention and recruitment. Emerging issues and pressures need to be identified promptly and accurately so that appropriate action can be taken.</p> <p>[↔]</p>	<p>We are encouraged by the MoD's commitment to providing better data on the number and quality of leavers. However, we would like to see more evidence of how this work is developing and a commitment to a timescale for delivering it, particularly given it is a relatively small remit group.</p>	<p>Evidence on how work to develop a better evidence base on the number, and particularly the quality, of those leaving both the remit and feeder groups is developing and a timetable for delivering it.</p>	<p>Provide updates on the longitudinal studies in place to track careers of members of the feeder group over a ten-year period and provide information from HMRC on post-Service earnings. Continue to monitor the number and quality of those remaining in and leaving the Armed Forces in both the remit and feeder groups.</p>
	<p><b>Feeder groups:</b> The feeder groups that will supply the next generation of senior public sector leaders must be closely monitored. The data relating to them needs careful scrutiny for early warning signs of impending problems.</p> <p>[↔]</p>	<p>We have heard that there was a considerable dependency by the government on the public service ethos and loyalty of the senior military. However, it was pointed out that the next generation coming through the ranks might not weigh up their options in the same way as the current cohort.</p>	<p>We would like to work more closely with the MoD on improving data on Higher Command and Staff Course graduates.</p>	<p>The MoD should put in place a mechanism to understand the different generational attitudes to senior pay, conditions of service and work-life balance, and to reflect this in the development of their senior pay strategy.</p>

Senior military				
		Current position	Objectives	
			2020-21 evidence	Medium term
Data	<b>Diversity:</b> The senior workforces within our remit groups need to better reflect the society they serve and the broader workforce for which they are responsible. [↔]	There is a poor diversity profile, although the number of female senior military officers increased by one, compared to the previous year. However, the number/percentage of female and BAME officers in the feeder groups has fallen slightly this year.	We expect the MoD to provide us with data on the specific steps it is taking to broaden the talent pool and improve diversity and inclusivity in the Armed Forces.	The MoD should provide us with evidence of how the People Transformation Programme is achieving one of its aims which is to ensure that Defence is a diverse and inclusive organisation.

Table 2.3: Assessment of the position of the judiciary against the SSRB's strategic priorities

<b>Key</b>	<b>Green:</b> Area of little concern <b>Amber:</b> Area of some concern <b>Red:</b> Area of significant concern	As our last assessment was in 2017, we have not included trajectory arrows.
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The judiciary				
		Current position	Objectives	
			2020-21 evidence	Medium term
Strategic approach	<b>Pay and workforce strategy:</b> Departments need to be clear about their long-term objectives, their future operating model and the pay and workforce strategy required to support them. Annual changes to pay need to be linked to longer-term strategy. [Amber]	We recognise that the judicial leadership has taken steps to improve the judicial HR function with appropriate support from the MoJ.	We would welcome evidence on the steps taken to develop a longer-term strategy which takes into account the need to recruit sufficient numbers of qualified judges. This should also reflect courts and tribunal harmonisation and cross-deployment of resources between the two.	
	<b>Focus on outcomes:</b> There should be more focus on maximising outcomes for lowest cost and less fixation on limiting basic pay increases across the board. [Amber]	We continue to hear concerns from judges about poor working conditions and the lack of administrative support received and how this impedes efficiency in the use of judicial time. We acknowledge that the judicial leadership continues to press the government for funds to tackle these issues.		

The judiciary				
		Current position	Objectives	
			2020-21 evidence	Medium term
Strategic approach	<p><b>Targeting:</b> Where evidence supports it, pay should be targeted according to factors such as the level of responsibility, job performance, skill shortages and location. [Amber]</p>	<p>Both the MoJ and judicial leadership asked us not to recommend differential awards this year. While we have recommended an across the board increase for all judges, we will look closely at District Judge recruitment next year and we will consider recommending a targeted award then if the evidence supports it.</p>	<p>Consideration of proposals for targeted pay awards.</p>	
	<p><b>Central versus devolved tensions:</b> Tensions that exist in the system that hinder the development of a coherent workforce policy, such as between national and local control, need to be explicitly recognised and actively managed. [Amber]</p>	<p>The application of the new RRAs to England and Wales only<sup>50</sup> was contrary to the principle of pay parity that underpins the notion of a UK-wide judiciary.</p>	<p>Evidence that any decisions, whether temporary or permanent, are made with reference to the principle of pay parity across all three jurisdictions in the UK and implemented simultaneously.</p>	
Performance	<p><b>Performance management and pay:</b> There needs to be demonstrable evidence that appraisal systems and performance management arrangements exist and are effective, and of a robust approach to reward structure and career development. [Green]</p>	<p>Unique nature of the judicial role makes this difficult. However, all judges are now offered regular career-based conversations and appraisals take place across a range of courts and tribunals judges, with a view to ensuring that judges are clear about the standards expected and receive support for future development.</p>	<p>Evidence of the development of appraisal systems.</p>	<p>Evidence of how leadership allowances have been implemented.</p>
	<p><b>Action on poor performance:</b> Greater analysis is required of where value is being added and action taken where it is not. [Green]</p>	<p>No evidence that this is an issue. All issues of misconduct are dealt with by the Judicial Conduct and Investigations Office.</p>		

<sup>50</sup> Upper Tribunal Judges in Reserved Tribunals in Scotland were eligible for RRAs.

The judiciary				
		Current position	Objectives	
			2020-21 evidence	Medium term
Data	<p><b>Better data:</b> Better decision-making requires better data, particularly in respect of attrition, retention and recruitment. Emerging issues and pressures need to be identified promptly and accurately so that appropriate action can be taken.</p> <p>[Amber]</p>	<p>There is a good quality of workforce data provided. However, we consider that more data on the quality of judicial applicants should be provided (see paragraph 2.52).</p>	<p>Consistent evidence from the judicial appointment bodies on the quality of judicial applicants.</p>	<p>Evidence on the pre-appointment earnings of judicial applicants and appointees at all levels. Evidence on the economic contribution of the judiciary.</p>
	<p><b>Feeder groups:</b> The feeder groups that will supply the next generation of senior public sector leaders must be closely monitored. The data relating to them needs careful scrutiny for early warning signs of impending problems.</p> <p>[Amber]</p>	<p>An increase in the number of judicial competitions and appointments is critical to prevent the depletion of feeder pools, as has happened in the past.</p>	<p>Continued provision of evidence on fee-paid judicial roles.</p>	
	<p><b>Diversity:</b> The senior workforces within our remit groups need to better reflect the society they serve and the broader workforce for which they are responsible.</p> <p>[Amber]</p>	<p>There are relatively good and improving data. The MoJ, JAC and Judicial Office are collaborating on a report that will bring together judicial diversity statistics with JAC statistics on those recommended for appointment. This may include data from the professional bodies which would give a fuller picture of the eligible pool and better inform the approach to improving judicial diversity.</p>	<p>Evidence on diversity from the project to bring together judicial and professional diversity data.</p>	