



National Crime Agency
Remuneration Review Body

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Sixth Report 2020

Chair: Anita Bharucha

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Presented to Parliament by the
Secretary of State for the Home Department
by Command of Her Majesty

July 2020



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NCA Remuneration Review Body

The National Crime Agency Remuneration Review Body is an independent body which advises the Government on the pay and allowances of National Crime Agency (NCA) officers designated with operational powers.

Terms of reference¹

In considering its recommendations in relation to NCA officers designated with operational powers the Review Body must have regard to the following considerations:

- the operational crime-fighting role of NCA officers;
- the prohibition on NCA officers with operational powers taking strike action;
- the need to recruit, retain and motivate suitably able and qualified officers;
- the funds available to the NCA, as set out in the Government's departmental expenditure limits;
- the Government's wider public sector pay policy and the Government's policies for improving public services;
- the Government's inflation target;
- relevant legal obligations on the NCA in England, Wales, Scotland and Northern Ireland, including the Equality Act 2010.

The Review Body is also required to consider other specific issues as directed by the Home Secretary, and will be required to take account of the economic and other evidence submitted by the Government, professional representatives and others.

Reports and recommendations of the Review Body should be submitted to the Home Secretary and the Prime Minister, and they should be published.

Members² of the Review Body³

Anita Bharucha (Chair)
Andrew Bliss QPM
Professor Monojit Chatterji
Richard Childs QPM
Kathryn Gray
Mark Hoble
Patrick McCartan CBE
Trevor Reaney CBE

The secretariat is provided by the Office of Manpower Economics.

¹ The terms of reference were set by the Home Office following consultation with the parties on the National Crime Agency (Remuneration Review Body) Regulations 2013, Statutory Instruments 2013 No 1958.

² Members of the Review Body are appointed through an open competition adhering to the Commissioner for Public Appointments' Code of Practice. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/578090/Public_Appointments_Governance_Code_.pdf. [Accessed on 18 June 2020]

³ Elizabeth Bell resigned from the Review Body in May 2020.

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NATIONAL CRIME AGENCY REMUNERATION REVIEW BODY

Sixth Report 2020

Executive Summary

1. The National Crime Agency ('NCA' or 'the Agency') was established in 2013 as a Non-Ministerial Government Department. As at 31 August 2019, the NCA comprised 4,875 officers of whom 1,890 were officers designated with operational powers.
2. This is our Sixth Report on the remuneration of NCA officers designated with operational powers. Pay for the remainder of the workforce is directly negotiated between NCA management and the recognised trades unions.

Response to last year's report

3. Our Fifth Report was submitted to the Home Secretary in July 2019. The Home Secretary responded to this on 8 August 2019 by accepting our recommendations in full. (Paragraphs 1.2 to 1.10)

This year's pay round

4. We received the Home Secretary's remit letter for the round in November 2019. This asked for recommendations on the pay award for NCA officers with powers and that we consider our pay proposals in the context of the NCA pay reforms achieved to date. (Paragraphs 1.11 to 1.13)
5. The remit letter asked us to aim to submit our report to the Government by the end of April 2020. However, having set this timetable, the Home Office indicated that the delivery of evidence to us would be delayed because of the December General Election. Therefore, the joint Home Office and NCA evidence was submitted late to us again. This was disappointing. It is the fifth consecutive year in which the process we follow encountered considerable difficulties. We are aware of the importance of our process to the NCA officers with powers in our remit and are concerned that delays in the submission of evidence send an unhelpful signal about the way in which the Government views our role and process. We ask that every effort is made to ensure that next year's round follows a more conventional timetable and that evidence is submitted to us on time. (Paragraphs 1.18 and 1.19)
6. Our report this year has been completed against the background of the coronavirus (COVID-19) pandemic. The work of NCA officers is important, difficult, complex and sometimes dangerous in the ordinary course of events. COVID-19 had an immediate impact and added further pressures and personal risk to many aspects of their role. Consequently, we would like to acknowledge our remit group for their particular contribution this year and express our gratitude to all the parties for continuing to engage with us in oral evidence sessions that had to be conducted entirely by remote means this time. (Paragraphs 1.20 to 1.23)
7. During the course of this review we have continued to be struck by officers' sense of vocation and public service. In their written evidence the Home Office and NCA set out a number of case studies which brought home to us the difficult nature of much of NCA officers' work and the extent to which they are often operating alongside partners at national and international levels. (Paragraph 1.24)

The evidence

8. The main points that we noted from the evidence are as follows:

- *The NCA operating environment* – The NCA environment is demanding and challenging. We note that despite frequent comparisons between the NCA and the police, the governance and funding of the Agency are completely different not only from the police but from some other civil service organisations. (Paragraphs 2.8 to 2.10)
- *Government pay policy and affordability* – Each year we are invited to consider affordability. The Home Office and NCA were unable to give us a definitive statement on the available budget at the time of submitting their evidence. If we are to be asked to provide a commentary on affordability in future reports, we invite the Home Office to be clearer on the type of analysis that it would find useful, noting that affordability will always be a matter of judgement. We are also asked to take note of the Agency's improvements to productivity and workforce efficiencies and we invite the Government to set out the evidence that it wishes us to consider. (Paragraphs 2.18 and 2.19)
- *Funding for pay reform* – We note that NCA pay reform appears to be operating under tight budgetary constraint and that, because of the yearly funding cycle and the relatively small size of the organisation, it has little opportunity for flexibility within its budget and is not able to trade-off one area of expenditure with another. We assess that the Agency is endeavouring to deliver pay reform in a sub-optimal financial context. (Paragraph 2.20)
- *Economy, inflation, labour market, earnings and pay settlements* – We are preparing this report in a rapidly changing economic environment. The length and magnitude of the effects of COVID-19 are highly uncertain and it will take some time before official data show the full effects. However, we note that the evidence on the affordability of pay awards set out in departmental evidence submissions remained the best assessment of the position for public sector pay for the 2020/21 financial year. We note that gross domestic product in the three months to March 2020 was 2.0% lower than the previous three months. In the year to April 2020, the Consumer Prices Index was at 0.8%. In the first quarter of 2020 the employment rate was at 76.6% and the unemployment rate was 3.9%. Annual growth in average weekly earnings was 2.4% in the whole economy and 2.2% in the private sector in the first quarter of 2020, and median pay settlements ranged from 2.4% to 2.5% over the same period. (Paragraphs 2.33 and 2.34)
- *NCA earnings and pay comparators* – The police service was seen by the parties as the main comparator for pay, especially for those officers in operational roles. However, other comparator groups were presented to us. We noted a divergence in the Home Office and NCA evidence as to what a comparator means when applied to rates of pay. We were told that 90% of police pay was the appropriate comparator for middle and senior managers, whereas for Grade 4 and 5 officers on spot rates the aim was to close the gap between NCA and police pay. We are concerned that the NCA's strategy is driven by affordability and pragmatism rather than operational or organisational requirements. (Paragraphs 2.44 and 2.45)
- *Recruitment* – We were encouraged to see the improved levels of recruitment to posts offering a spot rate of pay. However, we are concerned at the level of challenge and realism in the NCA's plans for recruitment and that the Government's commitment to recruit 20,000 extra police officers over three years could have an impact on the NCA's ability to recruit. We also note concerns about temporary staff filling roles in key operational areas and the cost of these. This is a pragmatic solution to employing in-demand and higher-priced staff but we are concerned that there is a fundamental problem of low pay in certain skills areas which is not being addressed. (Paragraphs 2.70 to 2.72)

- *Retention* – There is an issue with turnover and attrition within the Agency and evidence of officers leaving the NCA for roles in the wider civil service. While we assess that some turnover within any organisation is advantageous, it would be helpful to have a better understanding as to why officers are leaving the NCA and hope that it will take steps to ensure that the exit questionnaire is completed by those who leave the Agency. (Paragraph 2.73)
- *Motivation and morale* – We are pleased to note the improvement in the staff survey results, and encouraged that progress has been made across all areas, although the scores were still below the civil service median, in particular on pay and benefits. We are keen to understand whether there is a relationship between the improved scores and the implementation and benefits of pay reform. We encourage the NCA to build on the improved staff survey results as it takes forward the next stage of pay reform. (Paragraph 2.81)
- *Relevant legal obligations on the NCA* – We note that the NCA intends to retain a dual pay approach within the Agency and would welcome assurance from the NCA as to how the equality implications of this are being assessed. (Paragraphs 2.85 and 2.86)

NCA proposals for pay reform

9. Last year we provided commentary on the NCA's plans for reform and expressed our disappointment that no-one was able to present to us a convincing long-term strategy. We welcome the greater clarity provided by the Home Office and NCA this year and on the outcomes that have been achieved in the first phase. We would welcome further evidence on the success of pay reform and how the changes made have supported the delivery of organisational outputs. There is a second phase of reform covering the period from 2020 to 2024. We are concerned about whether reform is proceeding fast enough to deliver what the NCA needs and observe that a pay reform strategy spanning a total of seven years is too long. The rate of progress is constrained by affordability and we suggest that successful reform needs proper investment. We question why, given the Agency's key role within UK law enforcement, it has not been able to secure the resources it needs to accelerate the pace of change. (Paragraphs 3.2 and 3.13)
10. We were told that the strategy represents the best possible way forward for the Agency when funding, its operational needs and recruitment and retention are taken into account. There is no explanation as to how the NCA reforms sit alongside the new pay proposals being developed for the police service. (Paragraph 3.14)
11. The NCA pay strategy fundamentally hinges around a dual approach to pay, with some officers on spot rates and others on pay ranges. We note that the strategy is perceived as complex but assess that this is due in part to the evolutionary way in which it is being delivered for a workforce with a specific blend of skills and capabilities. We encourage the NCA to be open and transparent in communicating the strategy. The NCA needs to bring the workforce alongside in the implementation of the changes because employee engagement is key to the success of this, and indeed any, reform strategy. (Paragraph 3.15)
12. We would welcome an analysis of the success of the spot rates implemented to date although note the NCA's evidence that they are supporting a more diverse workforce. We would like an explanation of the mechanism used to determine whether a role should be eligible to move to a spot rate of pay as we believe that it is important that there is transparency in the process. (Paragraph 3.33)
13. We are aware that the increase in working hours which accompanies the spot rate was introduced as part of a productivity trade-off to enable the NCA to deliver enhanced rates of pay. However, we do not find the rationale of bringing the NCA working week into line with the policing week convincing since the 40-hour week for police officers includes refreshment breaks. (Paragraph 3.34)

14. The spot rate mechanism is designed to offer pay progression based on capability, although we question whether a two- or three-point scale – based on the expectation that most officers would only progress as far as the proficient rate – can realistically be viewed as a mechanism to reward long-term progress and development. Progress to open up the expert rate appears to be limited to particular specialisms. The expert rate is not being used in the way that was set out when spot rates were introduced, and this risks devaluing the spot rate system. We invite the NCA to look at the implementation of, and its messaging on, spot rates. (Paragraphs 3.35 and 3.36)
15. We understand the rationale for the measures taken to shorten the pay ranges but understand also why the parties are critical of these. We invite the NCA to provide evidence as to how it continues to reward and motivate the officers on the pay ranges, particularly those who feel that reform has passed them by and that they are not being rewarded for their skills and experience. (Paragraph 3.37)
16. We give qualified support to the pay reform proposals presented to us by the Home Office and NCA for implementation this year and see that they follow the principles of previous years' changes. However, we invite the Home Office and NCA to consider the following when developing subsequent proposals and preparing evidence for subsequent pay rounds:
- *Investment* – We assess that a relatively small level of investment could make a significant difference to the NCA's ability to progress reform. We invite the Home Office and HM Treasury to work urgently with the NCA to consider how investment in reform and pay could deliver broader value for money and reap dividends through reduced attrition and improved morale and motivation.
 - *Strategy for and pace of reform* – We consider that a seven-year period for implementing pay reform is too long and find it difficult to comment constructively on one year's proposals at a time. We would have welcomed an analysis that set out what this year's measures aim to achieve so that we can assess whether they are fit for purpose. In addition, we have also set out our concerns about the complexity of the dual pay approach and the increase in working hours which accompanies a move to the spot rate of pay.
 - *Communication and implementation* – The ability of the NCA to secure staff engagement for the changes – given both their design (specifically the 40-hour week) and the way that previous changes have been implemented – is important. We invite the NCA to take care in the implementation of the new arrangements and to avoid the problems which we have been told were encountered in the past. (Paragraph 3.51)

Basic pay recommendations for 2020/21

17. The key factors we took into account in reaching our pay award recommendations were:
- The evidence we received about the NCA operating environment and the status of the NCA operating at the high end of high risk. (Paragraph 4.14)
 - The challenges the NCA faces in relation to recruitment and retention. (Paragraph 4.15)
 - The fact that despite improvements in the latest NCA People Survey, the NCA results were still below the civil service median. (Paragraph 4.16)
 - That the NCA's organisational achievements depend to a considerable extent on the sense of vocation and public service of its workforce. (Paragraph 4.17)
 - Issues around fairness and the appropriateness of a non-consolidated award. We recognise that the Home Office and NCA proposal to increase the pay range maxima by 1% and make a one-off non-consolidated lump sum maximum payment

of 0.5% to officers at or near the top of the standard pay ranges is intended to shorten the ranges and address pay equality issues. However, we do not support the use of non-consolidated awards and continue to be concerned by the lack of any mechanism to allow officers who are not on spot rates to improve their percentile position on the pay ranges and move towards a fair rate for the job. (Paragraphs 4.18 to 4.21)

- The evidence we received on affordability. (Paragraphs 4.22 and 4.23)
 - The data we received on improved productivity and workforce efficiencies. (Paragraphs 4.24 and 4.25)
 - The evidence we received on the wider economy, including data on inflation, average earnings and unemployment. (Paragraph 4.26)
 - The request from the Home Secretary that we have regard to the NCA's ability to maintain comparability with its key comparator markets. (Paragraphs 4.27 to 4.29)
 - The NCA's proposals for pay reform. (Paragraphs 4.30 and 4.31)
18. While COVID-19 continued to change the context for this report as we prepared it, we considered our remit in the usual way, including by focussing on longer-term trends in the data and information relevant to our evidence-based process. (Paragraph 4.32)
19. Taking all these factors into consideration, we accept overall the differential remuneration package proposed for 2020/21 by the Home Office and NCA, subject to the various qualifications that we set out above. We therefore amend the proposals to recommend that the maxima of the standard pay ranges increase by 1.5% and that all officers on the standard pay ranges, therefore, receive a consolidated pay award of at least 1.5% that maintains their percentile position on the pay range⁴. **We recommend that from 1 August 2020:**
- **The standard pay ranges should be revalorised as follows:**
 - the pay range minima for Grades 1 to 4 increase by 2.5%;
 - the pay range minima for Grades 5 and 6 increase by 4.25% and 4.5% respectively; and
 - the pay range maxima for Grades 1 to 6 increase by 1.5%.
 - **In conjunction with the first recommendation, all officers on the standard pay ranges should receive a consolidated pay award of at least 1.5% that maintains their percentile position on the pay range.**
 - **The spot rates for Grades 4 and 5 should increase by 3% and 4.5% respectively.** (Paragraph 4.33)

Allowances

20. *London Weighting Allowance* – We consider that the increase in LWA should be linked to our recommendation on the basic pay uplift as this also reflects the cost of living. **We therefore recommend that London Weighting Allowance for NCA officers designated with operational powers should increase by 2.5% to £3,424 from 1 August 2020** in line with the overall pay bill increase proposed by the Home Office and the NCA. (Paragraphs 4.41 to 4.43)
21. *Shift Allowance* – Following the NCA's review of capacity, shift patterns and market comparators **we recommend that the Shift Allowance should increase to 20% of base pay from 1 August 2020.** (Paragraphs 4.47 and 4.48)

⁴ This means that if an officer's salary is currently, for example, at the quarter point of the existing pay range, then their new salary will be at the quarter point of the revalorised pay range.

22. *Northern Ireland Allowance* – We note the current arrangements and agree that payment of any Northern Ireland specific allowances should be driven by the security assessment. (Paragraphs 4.53 and 4.54)
23. *Other allowances* – We observe that the NCA had hoped that the success of pay reform would drive down the requirement for special payments. We invite the NCA to look at the planned review of Special Duty Bonus Payments and Recruitment and Retention Allowances in this context. (Paragraphs 4.61 and 4.62)

Forward look

24. We look forward to receiving robust evidence on the success of pay reform measures introduced during 2020 and the benefits being delivered as a consequence of these. We would expect further pay proposals to be presented in terms of how they support organisational outputs but also how they complement and further develop the reform proposals implemented to date. (Paragraph 5.3)
25. This year we have observed a move away from direct pay comparability with the police. We would welcome a comprehensive discussion on pay comparability in the evidence for next year's pay round and consideration given to undertaking a job evaluation exercise. (Paragraph 5.4)
26. We discuss the rationale for investment in reform and how a year-on-year approach risks overall coherence and value for money. We consider that this is particularly important. We assess that a relatively small level of funding increase could have a significant effect on the pace and impact of pay reform. We will want to see that progress has been made in this area in evidence for next year's pay round. If we conclude then that there is still a disconnect between the strategy for reform and the funding available to facilitate it, we may consider it appropriate to address this directly in our pay recommendations. (Paragraph 5.5)
27. We look forward to seeing the outcome of the review by Sir Craig Mackey QPM on the response to serious and organised crime and how any resulting recommendations might affect our remit group. We would also be interested to receive evidence on the implications of EU Exit for the NCA and its workforce. (Paragraphs 5.6 and 5.7)
28. The longer-term implications of COVID-19 for the NCA and its workforce are unknown. We will seek to monitor the impact of COVID-19 on our remit group, as data become available. (Paragraphs 5.8 to 5.10)
29. We have previously highlighted the importance of a robust evidence base. Where we have identified gaps in evidence, we encourage those responsible for gathering data to consider what improvements can be made to facilitate the provision of data. (Paragraph 5.13 and 5.14)

Our 2020/21 recommendations (from 1 August 2020) for NCA officers designated with operational powers:

- 1. The standard pay ranges should be revalorised as follows:**
 - a. the pay range minima for Grades 1 to 4 increase by 2.5%;**
 - b. the pay range minima for Grades 5 and 6 increase by 4.25% and 4.5% respectively; and**
 - c. the pay range maxima for Grades 1 to 6 increase by 1.5%.**
- 2. In conjunction with Recommendation 1, all officers on the standard pay ranges should receive a consolidated pay award of at least 1.5% that maintains their percentile position on the pay range.**
- 3. The spot rates for Grades 4 and 5 should increase by 3% and 4.5% respectively.**
- 4. London Weighting Allowance should increase by 2.5% to £3,424.**
- 5. Shift Allowance should increase to 20% of base pay.**

Anita Bharucha (Chair)

Andrew Bliss

Monojit Chatterji

Richard Childs

Kathryn Gray

Mark Hoble

Patrick McCartan

Trevor Reaney

22 June 2020

Chapter 1 – Introduction

1.1 The National Crime Agency Remuneration Review Body (NCARRB) is an independent advisory body which operates within the regulations of the Crime and Courts Act 2013 and in accordance with the Framework Document for the National Crime Agency. We provide advice to the Home Secretary on remuneration and various matters relating to officers designated with operational powers ('the remit group') working within the National Crime Agency ('the NCA' or 'the Agency'). This is our Sixth Report on the remuneration of officers within our remit group.

Our 2019 Report

1.2 Our Fifth Report was submitted to the Home Secretary on 8 July 2019 (Appendix A).

Our recommendations on pay and allowances

1.3 Our recommendations on pay reflected the NCA's proposals for a differentiated pay award to shorten the length of the pay ranges, although we did not support the proposed freezing of the range maxima or the use of non-consolidated awards. Therefore, we recommended:

- an overall pay bill uplift of 2.5%;
- the pay band minima for Grades 5 and 6 should be uplifted by 4.25% and 4.5% respectively; and
- all officers should receive a consolidated pay uplift of at least 1% and the NCA should aim to provide all officers with a minimum consolidated uplift as close as possible to 2%.

1.4 On allowances, we recommended:

- a 2.5% increase to London Weighting Allowance; and
- that Shift Allowance should be revised to 15% of base pay.

Our observations on pay reform

1.5 Our 2019 Report contained our observations on the NCA's proposals for pay reform. We noted the NCA aim to be at the pinnacle of law enforcement in the UK and its need to be able to attract and retain the best talent in order to achieve this. However, in our discussion on the NCA strategy for pay reform, we expressed concern that no-one had been able to present to us a convincing long-term strategy for reform. We concluded that if the NCA were to achieve its aim to be the best, it needed to be able to take a strategic, better-resourced and long-term approach to reform.

1.6 In discussing the implementation of the reform proposals, we welcomed the introduction of spot rates and the opportunity these provide for skills-based pay progression. However, we were concerned to learn of the difficulties encountered in the implementation of these and surprised to learn that, by the time evidence was presented to us, no-one had been placed on the expert spot rate. We also noted that the NCA accepted that the communication of the pay reform proposals could have been better both in the nature of the messages and the way that communication was resourced. We concluded by stating that the Agency would need to work to rebuild stakeholders' trust and that changes to the NCA pay structures needed to be implemented correctly, and with speed, clarity and purpose.

The Government's response to our Fifth Report

- 1.7 On 8 August 2019, the Home Secretary responded to our recommendations in a letter to the Chair of the Home Affairs Select Committee. This letter confirmed that the Government had accepted our recommendations in full.
- 1.8 The NCA subsequently informed us that within the overall pay bill uplift of 2.5% it had distributed the pay award as follows:
- spot rates for Grade 4 and Grade 5 investigations and intelligence officers were increased by 4%;
 - the pay range minima for Grades 1 to 4 increased by 2.5%;
 - the pay range minima for Grades 5 and 6 increased by 4.25% and 4.5% respectively; and
 - the pay range maxima for all grades increased by 1% to ensure a pay increase for those at the top of the ranges while further reducing the gap between the highest and lowest paid within grade.
- 1.9 The award meant that all officers (except for a small number who had opted to remain on legacy terms) received a consolidated uplift of at least 1% and all received a minimum pay award of 1.5%. Some officers near the top of the pay ranges received a portion of their award as a one-off, non-consolidated, payment.
- 1.10 We were pleased that the Government decided to accept our recommendations in full.

Our remit for 2020/21

- 1.11 We start work each year on the basis of the remit letter received from the Home Secretary. We received the remit letter from the Home Secretary on 4 November 2019 (Appendix B), asking for recommendations on the application of the pay award for NCA officers with operational powers in either the standard pay ranges or the spot rate pay framework.
- 1.12 In making these recommendations we were asked to have regard to:
- the affordability of any proposals;
 - evidence of recruitment, retention and vacancy rates within the NCA and its ability to maintain competitiveness with key comparator markets; and
 - evidence of the Agency's improvements to productivity and workforce efficiencies.
- 1.13 The remit letter also asked us to consider our pay proposals in the context of the pay reforms achieved to date. The Home Secretary indicated that as part of its evidence submission the NCA would set out its operational context, pay strategy and longer-term plans for its workforce.

Our approach to the 2020/21 pay round

- 1.14 We examined the evidence we received in relation to our standing terms of reference and the additional matters contained in the remit letter from the Home Secretary. We reached recommendations based on several different sources of evidence, including:
- the context provided by the remit letter;
 - the written and oral evidence submissions that we received from all the parties; and
 - our analysis of the economy, inflation, labour market, earnings and pay settlements.

Parties giving evidence

1.15 Our deliberations are supported by the submission of written and oral evidence from the parties. We received written and oral evidence from:

- the Home Office and NCA in a joint submission;
- the Public and Commercial Services Union (PCS);
- the National Crime Officers Association (NCOA); and
- the FDA.

1.16 The written submissions can be found on the parties' websites (see Appendix C).

Visits to the NCA

1.17 In October 2019 we conducted two visits, one to the NCA in London and the other to Warrington. On both visits we held face-to-face discussions with a range of officers across a number of grades and specialisms. While these visits are not a formal part of evidence gathering, we see them as an essential element of our process as they allow us to enhance our understanding of the evolving NCA role, officers' views on the Agency's ambition to be at the pinnacle of law enforcement; the challenges faced by officers; officers' pay priorities, including their response to pay reform; and, factors influencing recruitment, retention and motivation. We are grateful to all those who took the time to organise and participate in these visits.

Process issues

1.18 The remit letter asked us to aim to submit our report to the Government by the end of April 2020. However, having set this timetable, the Home Office indicated that the delivery of Government and NCA evidence to us would be delayed because of the December General Election. Therefore, the Home Office and NCA evidence was submitted late to us again. Our secretariat informed the Home Office that delivery of our report to Government by the end of April would not be possible.

1.19 The delay in the receipt of evidence was disappointing. It is the fifth consecutive year in which the process we follow encountered considerable difficulties. We are aware of the importance of the Review Body approach to the NCA officers with powers in our remit and are concerned that delays in the submission of evidence send an unhelpful signal about the way in which the Government views our role and process. We understand that within the Home Office and NCA steps have been put in place to further review the mechanisms for the delivery of evidence to us in light of continued problems and welcome this. We ask that every effort is made to ensure that next year's round follows a more conventional timetable and that evidence is submitted to us on time.

Environment for our considerations

1.20 Our report this year has been completed against the uncertain background of the coronavirus (COVID-19) pandemic. The work of NCA officers is important, difficult, complex and sometimes dangerous in the ordinary course of events. COVID-19 had an immediate impact and added further pressures and personal risk to many aspects of their role. Consequently, we would like to acknowledge our remit group for their particular contribution this year.

1.21 The impact of COVID-19 on the UK economy, labour market and the NCA began to emerge after we had received our remit letter from the Home Secretary and the parties' written evidence but around the same time as our oral evidence sessions. It was clear that the parties wanted the Review Body process to continue. We would like to express our gratitude to all the parties this year for submitting evidence to us in the extraordinary

circumstances arising from COVID-19. In particular, we would like to thank them for continuing to engage with us in oral evidence sessions that had to be conducted entirely by remote means this time.

- 1.22 While COVID-19 continued to change the context for this report as we prepared it, we looked to consider our remit in the usual way, including by focusing on longer-term trends in the data and information relevant to our evidence-based process.
- 1.23 At the time of writing, the economic impact of COVID-19 is uncertain and it will take time for sufficient quantitative data to emerge that will enable us to understand the longer-term implications of COVID-19 for the NCA and its workforce. As requested by HM Treasury, we considered the available evidence on unemployment, average weekly earnings in the private sector and inflation in considering our proposals and noted that the evidence on the affordability of pay awards set out in departmental evidence submissions remained extant. It is not our role to speculate on the possible outcomes of the economic situation. However, in this report, we note some of the areas in which we might expect to see an impact from COVID-19, as they relate to matters in our remit, and we will seek to monitor the impacts on the recruitment, retention and motivation of NCA officers in future reports as data become available.
- 1.24 Further to our comments above, during the course of this review, we have continued to be struck by officers' sense of vocation and public service. In their written evidence, the Home Office and NCA set out a number of case studies which brought home to us the difficult nature of much of the NCA's work and the extent to which officers are often operating alongside partners at national and international levels.

Chapter 2 – Our analysis of the 2020/21 evidence

Introduction

- 2.1 In this chapter we review the key points from the evidence provided on matters that form part of our standing terms of reference. Our conclusions from the analysis of this evidence provide the context for our consideration of NCA pay reform in Chapter 3, and our recommendations on pay and allowances in Chapter 4.

The NCA operating environment

- 2.2 In their joint evidence, the **Home Office** and **NCA** told us that the NCA's mission to lead the UK's fight to cut serious and organised crime (SOC) was critical to national security. The Government defined SOC as a tier two national security threat, with one element, cyber, sitting alongside terrorism as a tier one threat.
- 2.3 The Home Office and NCA explained that tackling the breadth of SOC was beyond the capacity and capabilities of any one body and required a national response. As detailed in the NCA Annual Plan, the Agency was being developed so that it could best lead the whole SOC system. This would be achieved through harnessing the collective powers of law enforcement, Government, the voluntary sector and industry to deliver the coordinated response needed to protect the UK's communities and counter the rapidly evolving threat from serious and organised crime. The NCA said that its officers, and the partners they worked with, continued to deliver outstanding operational results ensuring the public were protected.
- 2.4 The Home Office and NCA told us that against a threat that was growing in volume, complexity and scale, and in accordance with the findings of the National Strategic Assessment, the NCA was focussed on the identification and disruption of high-harm, high-impact criminal and organised crime groups in order to diminish their capability, infrastructure and influence. In particular, the Agency told us that it was focussed on those who:
- exploit the vulnerable through child sexual abuse and exploitation, trafficking, servitude, fraud and other forms of abuse;
 - dominate communities and chase profits in the criminal marketplace, using violence and/or criminal reputations in the supply of drugs and firearms; and
 - undermine the UK's economy, integrity, infrastructure and institutions through their criminality.
- 2.5 The Home Office and NCA also said that they were seeing an increasing use of encryption and the dark web by offenders in an effort to evade justice. In order to tackle the growing threats of financial crime, identity theft and misrepresentation, the Agency had to evolve its cyber and data sifting capabilities. The NCA said that it was developing a system and the tools it needed as an Agency to meet these challenges.
- 2.6 The Home Office told us that in October 2019 it launched a wide-ranging formal review to identify ways of bolstering the response to threats such as county lines, people trafficking, drugs, child sexual exploitation, fraud and illicit finance. The review – the first of its type to look at the full spectrum of serious and organised crime – was being led by Sir Craig Mackey QPM, former deputy commissioner of the Metropolitan Police, with support from stakeholders and advisors from law enforcement and national security. The Home Office said that the review would consider the powers, capabilities, governance

and funding required to tackle the threats across law enforcement and the justice system in England and Wales – including the NCA, local police forces and regional organised crime units⁵.

- 2.7 The **FDA** told us that the NCA was a pivotal law enforcement agency. The NCA had national and international reach with the mandate and powers to work in partnership with other law enforcement organisations to bring the full weight of the law to bear in cutting serious and organised crime. The FDA reminded us that NCA officers are civil servants, subject to the Civil Service Code.

Our comment

- 2.8 We note that despite frequent comparisons between the NCA and the police, the governance and funding of the Agency are completely different not only from the police but from some other civil service organisations. As a Non-Ministerial Department, the NCA is funded directly by HM Treasury and the Home Office and NCA told us that their joint evidence was in line with guidance and approvals issued by HM Treasury. The Director General of the NCA is an Accounting Officer in her own right. The Home Secretary is, however, responsible to Parliament for the NCA.
- 2.9 The NCA environment is demanding and challenging and officers at all grades undertake important, difficult, complex and sometimes dangerous work. We were told in oral evidence that there was a new focus within the Agency on combatting child sexual exploitation and assess that this will be a significant change for the workforce, with a higher proportion of officers now engaged in this challenging area than previously.
- 2.10 We look forward to seeing the outcome of the recent review by Sir Craig Mackey on the response to serious and organised crime and how any resulting recommendations might affect our remit group.

Government pay policy and affordability

- 2.11 The **Home Office** and **NCA** informed us that the Agency was in the process of working through the budget planning for the 2020/21 financial year. There were a number of challenges and uncertainties and, at the time of preparing their evidence, the full settlement was not known. Recognising that it could not yet definitively state its budgets and, therefore, set out its position on affordability for the coming financial year, the NCA Board endorsed the Agency's view that a total increase of the pay bill of £5.55 million against an annual pay bill of around £220 million was the maximum sustainable for 2020/21. The Home Office and NCA told us that they had carefully considered affordability in making their proposals and ensured that these were consistent with HM Treasury guidance.
- 2.12 The affordability evidence from the Home Office and NCA was provided before COVID-19. **HM Treasury** subsequently wrote to the Pay Review Bodies outlining that the evidence on the affordability of pay awards set out in departmental evidence submissions remained its best current assessment of the position for public sector pay for the 2020/21 financial year.
- 2.13 The **FDA** told us that efforts of the NCA to develop innovative reward structures had been stifled by external pressure not to breach pay caps and political sensitivities. It called on the Home Office and HM Treasury to allow the NCA sufficient additional funding to pursue a reform strategy that genuinely dealt with the challenges faced.

⁵ See: <https://www.gov.uk/government/news/new-review-will-enhance-response-to-serious-and-organised-crime> [Accessed on 18 June 2020]

Productivity improvements and workforce efficiencies

- 2.14 The **Home Office** and **NCA** said that, as the spot rate pay framework had developed, the number of officers on spot rates had increased every year. From August 2018 to August 2019, there had been an increase of 254 officers on the spot rate framework. As officers on spot rates worked 40 hours a week, whereas officers on standard pay ranges worked 37 per week, this had led to an increase of 762 hours per week, which was equivalent to an increase of 20.6 full-time equivalents (FTE) on a 37-hour-week basis or 19.1 FTE on a 40-hour basis.
- 2.15 The Home Office and NCA provided data on overtime claims by NCA officers in the 2017/18 and 2018/19 financial years. These showed that the total number of overtime hours claimed fell by 15% in 2018/19 compared with the previous year. For officers on spot rates the number of hours fell by 18%, while for officers on the standard pay ranges hours fell by 14%. The total value of overtime had reduced by 12%, while the average value per officer had fallen by 14% (£339) for officers on spot rates and 11% (£287) for officers on the standard pay ranges.
- 2.16 Data on time off in lieu (TOIL) and flexitime balances for around 2,500 NCA officers from operations and enabling services showed that the average TOIL balance in March 2019 was just over two hours higher than in June 2017, and the average flexitime balance was nearly eight hours higher.
- 2.17 The **PCS** highlighted the restrictions on leave, with three leave ban periods imposed on officers in the Agency as a consequence of the need to maintain higher staffing levels to deliver the work necessary to plan for a 'No Deal Brexit'.

Our comment

- 2.18 Every year we comment that we are invited to consider affordability and we have discussed the challenges that this presents to us in previous reports. We assess that affordability is a matter of judgement and that there is invariably also a balance to be struck between long- and short-term considerations. Affordability needs to take into account the relationship between the overall cash budget and the demand placed on it. However, this has been a particular challenge this year, as the Home Office and NCA were unable to give us a definitive statement on the available budget at the time of submitting their evidence. If we are to be asked to provide a commentary on affordability in future reports, we invite the Home Office to be clearer on the type of analysis that it would find useful. Having said this, we would guard against a formulaic approach, and conclude that affordability will always be a matter of judgement.
- 2.19 We note that the Home Secretary asked in the remit letter that we have regard to the Agency's improvements to productivity and workforce efficiencies. We have commented in the past on the challenge of measuring productivity in much of the public sector, including the NCA. If the Government wishes us to consider productivity in future, we invite it to set out the evidence that it wishes us to consider. Although we are grateful to the Home Office and NCA for providing data on overtime and TOIL to demonstrate productivity improvements, we consider this to be of limited use. In the absence of indicators on the sustainability of longer working hours for individuals, their wellbeing or sickness absence levels, we observe that it is currently not possible to assess overall changes in productivity for this group.
- 2.20 The remit letter makes it clear that the NCA pay award has to be funded from the NCA's existing budgets and affordability envelope. We observe that the Agency operates under tight resource constraints which do not seem consistent with its role, as described by the Home Office and NCA, at the forefront of law enforcement in the UK, operating in a fast-moving and often international environment. In addition, because of the yearly funding cycle and the relatively small size of the organisation, we assess that the NCA

has little opportunity for flexibility within its budget and is not able to trade-off one area of expenditure with another. We assess that the Agency is endeavouring to deliver pay reform in a sub-optimal financial context and in Chapter 3 we discuss this in the context of the need for investment in pay reform.

Economy, inflation, labour market, earnings and pay settlements

- 2.21 The parties submitted written evidence for this report in February 2020. In the context of COVID-19, HM Treasury wrote to us in April 2020. In this section we summarise the information that has been provided to us by HM Treasury and the main headlines from the evidence that the parties supplied on the economy and labour market.
- 2.22 Many of the economic effects of COVID-19 were uncertain at the time of writing this report. The data and information to understand the short- and long-term effects, including on economic activity, inflation, labour market, earnings and pay settlements, will take time to emerge. Our assessment at the end of this section includes the latest data available to us at the time of finalising our recommendations.
- 2.23 **HM Treasury** confirmed that, in the context of COVID-19, it would not be submitting economic evidence to the Pay Review Bodies in the usual way. HM Treasury asked that, despite the level of uncertainty, the Pay Review Bodies should take note of the changing economic situation as it emerged in forming their recommendations.
- 2.24 HM Treasury pointed to measures to support public services and the economy as a result of COVID-19, including: support to the National Health Service and other public services through a £5 billion emergency response fund; the Coronavirus Job Retention Scheme to help firms continue to keep people in employment; the Self-Employed Income Support Scheme to support self-employed individuals; and welfare measures.
- 2.25 HM Treasury said that the UK was facing significant economic disruption, but it expected the underlying causes to pass. The actions the Government had taken, along with measures taken by the Bank of England, were intended to ensure that there was not a permanent ‘scarring’ effect on the economy. HM Treasury commented that public sector pay rises should be responsive to the wider economic backdrop, which influenced recruitment and retention needs, and the Government’s wider fiscal position. It expected a weaker labour market to benefit public sector retention, and increase the pool of available candidates for employment, making it easier to hit recruitment targets in some cases. It was not yet clear how the key economic indicators would evolve and therefore HM Treasury asked the Pay Review Bodies to pay attention to unemployment, average weekly earnings in the private sector and inflation as the economic situation changed.
- 2.26 HM Treasury said that public finances were well placed to deal with the challenges posed by COVID-19 but that the impact on the economy and the Government’s necessary response would lead to a significant increase in borrowing this year compared with the Office for Budget Responsibility’s March 2020 forecast. HM Treasury expected this spike in borrowing to be temporary, and for the medium term the impact on borrowing was likely to be limited. It added that the evidence on the affordability of pay awards set out in departmental evidence submissions remained its best current assessment of the position for public sector pay for the 2020/21 financial year.
- 2.27 HM Treasury commented that public sector workers played a pivotal role in keeping the population healthy and safe, both in response to COVID-19 and in the future. It said that it was right that public sector workers benefitted from enhanced job security and stability, including at a time of economic uncertainty. It added that many also received other benefits, such as generous sick pay and flexible working arrangements. HM Treasury noted that inflation was 1.7% in the year to February 2020, lower than forecast a year earlier, which meant that the public sector pay awards in the 2019/20 financial year were substantive real-term pay increases. HM Treasury asked that the Pay

Review Bodies take these factors into account when forming recommendations and added that the Government's principles used to agree pay awards remained unchanged by COVID-19. These were that awards should be: led by public sector productivity improvements, particularly when considering real-term rises; and funded from within existing budgets, details of which had been set out in departmental evidence submissions. HM Treasury also asked that the Pay Review Bodies continued to refer to the Government and departmental recruitment targets in making their recommendations, albeit that COVID-19 introduced some uncertainty over staffing supply and demand.

- 2.28 The **FDA** reported that UK gross domestic product (GDP) growth had been subdued in 2019 as the uncertainty related to the UK exiting the European Union (EU), global trade tensions and higher interest rates weighed on the economy. UK unemployment remained historically low and the employment rate was estimated to be 76%. The FDA went on to say that wages were growing as employers competed for skilled employees. Estimates showed that, in the three months to September 2019, average weekly earnings, both including and excluding bonuses, for employees in Great Britain increased by 3.6% in nominal terms compared with a year earlier.
- 2.29 The FDA reflected that pay growth in the private sector had on average kept in line with or exceeded the rate of inflation. However, for the third year in a row private sector earnings had increased more than public sector earnings. Private sector median earnings were around 89% of public sector earnings between 2010 and 2015 and had now increased to over 90%.
- 2.30 The FDA added that it had consistently argued that the Retail Prices Index (RPI) measure of inflation should remain the basis for evidence-based pay bargaining, as this was the most accurate reflection of the real inflationary pressures its members faced, including housing costs. The current rate of RPI inflation was 2.2%.
- 2.31 The FDA cited the HM Treasury average of independent forecasts stating that RPI inflation would average 2.9% over 2020. The latest summary of medium-term forecasts suggested that it would then remain around 3% every year until 2022.
- 2.32 The **PCS** said that since 2010, public sector pay had fallen 7% to 8% behind average earnings in the rest of the economy.

Our comment

- 2.33 We note the context for our deliberations provided by HM Treasury. In this section we set out the latest economic and labour market indicators (summarised in Table 2.1), as at 27 May 2020, available to us when considering our recommendations:
- Economic growth. UK GDP grew by 1.4% in 2019, in line with the EU and G7 average. The first quarterly estimate of GDP by the Office for National Statistics (ONS) showed that GDP in the three months to March 2020 was 2.0% lower than the previous three months. This reflected the initial effects of COVID-19 and the government measures taken to reduce transmission of the virus.
 - In May, the Bank of England⁶ forecast a contraction of 14% in the economy in 2020. It considered that economic activity should recover as COVID-19 was brought under control and measures to contain its spread were reduced, but warned of a risk of substantial longer-term damage to the economy from business failures and an increase in unemployment.

⁶ Bank of England (May 2020), *Monetary Policy Report*. Available at: <https://www.bankofengland.co.uk/report/2020/monetary-policy-report-financial-stability-report-may-2020> [Accessed on 18 June 2020]

- Inflation. In the year to April 2020, the Consumer Prices Index (CPI) and Consumer Prices Index including owner occupiers' housing costs (CPIH) measures of inflation were at 0.8% and 0.9% respectively and RPI inflation was at 1.5%. Inflation was on a broad downward path in 2018 and 2019 but fell sharply in April 2020, as a result of falling global oil prices and caps on domestic gas prices.
- Labour market. Employment rose by 1.4% over the year to March 2020 to reach 33.1 million. The employment rate was at 76.6% in the first quarter of 2020, up 0.6 percentage points over the year and the highest since comparable records began in 1971. The unemployment rate was 3.9% in the first quarter of 2020, up from a 45-year low of 3.8% at the end of 2019. The claimant count⁷ for April 2020 was 1,017,000 (94.2%) higher than in April 2019, and the claimant count rate⁸ in April 2020 was 5.8%, 2.8 percentage points higher than a year earlier. By mid-May, around 8 million jobs had been furloughed under the Government's Coronavirus Job Retention Scheme (CJRS). While the CJRS has protected many jobs in the short term, the Bank of England expected unemployment to rise further during the year.
- Average earnings. In the first quarter of 2020, whole economy average weekly earnings (AWE) annual growth was at 2.4% and regular pay annual growth (excluding bonuses) was at 2.7%. Public sector AWE annual growth (excluding financial services) was at 3.4%, having reached 3.9% in June 2019, the highest rate since August 2008. Private sector AWE annual growth was at 2.2%, down from 4.0% in June 2019, the highest rate since April 2010.
- Pay settlements. Median pay settlements were at 2.5% in 2019. The latest estimates for median pay settlements in the first quarter of 2020 ranged from 2.4% to 2.5%. Some employers with frontline workers, especially in the retail sector, have paid temporary pay increases. However, surveys by XpertHR and Incomes Data Research (IDR) indicate that many employers are likely to freeze pay or postpone decisions on pay awards in the current economic climate.

⁷ Experimental statistics covering claimants of Jobseeker's Allowance and those claimants of Universal Credit who were recorded as not in employment and were required to search for work.

⁸ The claimant count divided by the sum of the claimant count and workforce jobs.

Table 2.1: Latest economic and labour market indicators, as at 27 May 2020

Figure	Indicator
Inflation indicators	
0.8%	Annual CPI inflation
0.9%	Annual CPIH inflation
1.5%	Annual RPI inflation
Pay and earnings indicators	
2.2%	Annual growth in AWE – private sector
2.4%	Annual growth in AWE – whole economy
2.4%	XpertHR median pay settlements
2.5%	IDR median pay settlements
2.5%	Labour Research Department (LRD) median pay settlements
2.7%	Annual growth in AWE – whole economy excluding bonuses
3.4%	Annual growth in AWE – public sector (excluding financial services)
Labour market indicators	
1.4%	Annual employment growth
3.9%	Unemployment rate (aged 16 and over)
5.8%	Claimant count rate
76.6%	Employment rate (aged 16 to 64)

Source: ONS – Labour Market Overview⁹, Consumer Price Inflation¹⁰, GDP first quarterly estimate¹¹, and Claimant Count (Experimental Statistics)¹²; XpertHR¹³; IDR¹⁴; and LRD¹⁵.

Note: The employment rate measures the proportion of the population (aged 16 to 64) in employment; the unemployment rate gives the number of unemployed people as a proportion of the total number of people (aged 16 and over) either in work or unemployed; and the claimant count rate is the number of people claiming unemployment benefits as a proportion of the total number of workforce jobs and claimants of unemployment benefits.

2.34 In normal circumstances we would review the latest economic forecasts to inform our conclusions. However, we are preparing this Report in a rapidly changing economic environment. The length and magnitude of the effects of COVID-19 are highly uncertain and likely to be volatile, and it will be some time before official data show the full effects. It is not our role to speculate or make predictions but to work on the evidence presented to us. Therefore, we note the key point from HM Treasury’s correspondence to us that the evidence on the affordability of pay awards set out in departmental evidence submissions remained its best current assessment of the position for public sector pay for the 2020/21 financial year.

⁹ <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/may2020> [Accessed on 18 June 2020]

¹⁰ <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/april2020> [Accessed on 18 June 2020]

¹¹ <https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpfirstquarterlyestimateuk/januarytomarch2020> [Accessed on 18 June 2020]

¹² <https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/outofworkbenefits/datasets/claimantcountcla01/current> [Accessed on 18 June 2020]

¹³ <https://www.xperthr.co.uk/survey-analysis/pay-trends-april-2020-first-signs-of-coronavirus-affecting-pay-awards/165183/> [Accessed on 18 June 2020, note this article is behind a pay wall]

¹⁴ <https://www.incomesdataresearch.co.uk/resources/viewpoint/median-pay-award-returns-to-2019-trend-of-25> [Accessed on 18 June 2020]

¹⁵ <http://www.lrd.org.uk/index.php?pagid=29> [Accessed on 18 June 2020]

NCA earnings and pay comparators

- 2.35 The **Home Office** and **NCA** explained that the NCA's pay strategy was differentiated due to the complexities of its workforce profile and the blend of skills and capabilities that the Agency required. They were keen to set out that across some markets, the NCA continued to fall significantly behind. This predominantly affected roles across intelligence, investigations and where the Agency had niche and specialist capabilities. In other areas, the NCA tended to compete more effectively particularly across the civil service and public sector though with some exceptions.
- 2.36 The Home Office and NCA highlighted four comparator markets and relevant roles that applied most closely to the Agency due to the diverse nature of its roles and responsibilities, noting that it operated predominantly in the law enforcement and intelligence communities:
- Police – policing was a natural and the most relevant comparator for the NCA's work leading the fight to cut SOC. This comparability related to police ranks from constable up to chief superintendent.
 - UK Intelligence Community (UKIC) – intelligence gathering was an important part of many NCA operational roles. The Agency did often, however, require transferability into investigative roles, which was not a requirement in the pure intelligence sector.
 - Digital, Data and Technology (DDaT) – the DDaT market was a subset of the civil service where the main comparators were the Government Digital Service, the Department for Work and Pensions and HM Revenue & Customs (HMRC) as operational departments. Most DDaT roles in the NCA were operational.
 - Civil service – civil service markets were utilised as the primary comparator for enabling roles at the NCA (professions such as finance, commercial, and communications). This was driven by the fact that officers were using similar skillsets, reflecting that the Agency operated in the same organisational structure, governance and civil service guidelines in these professions as other government departments.
- 2.37 The Home Office and NCA said that ensuring the Agency's reward strategy was aligned to the correct comparator markets would enable the Agency to attract and retain the talent needed to meet the evolving and changing SOC threat. This would require the Agency to adopt different approaches between operational capabilities, which were those directly involved in law enforcement and intelligence collection, and enabling capabilities, such as finance, commercial, procurement and HR roles. This segmented approach was necessary because of the different career paths and employment markets that were involved, as was the case in many other parts of the public sector.
- 2.38 The Home Office and NCA told us that over the past three years of pay reform it had moved pay closer to the comparator markets and that the introduction of spot rates for Grades 4 and 5 had enabled greater comparability with policing. The Home Office and NCA said that their pay proposals for this year were designed to embed the progress made to date and to narrow the pay gaps with comparator markets and that this underpinned their pay proposals for higher pay increases to the Grade 4 and Grade 5 spot rates. However, the Home Office and NCA also confirmed that the Agency's aspiration for middle and senior managers was for pay alignment at 90% of police pay.
- 2.39 The **FDA** said that the squeeze on employers to attract people with the right skills in the right place continued, so it considered that offering competitive market rates of pay would be essential in both the private and public sectors if wage growth forecasts were correct. It was concerned that this placed the NCA at a disadvantage and that the pace of pay reform needed to be accelerated.

- 2.40 The FDA reflected that it now seemed to be accepted by all parties that police pay was a suitable comparator for staff in the NCA. The FDA highlighted that there was a significant disparity in pay levels between senior NCA officers and their comparable grades in the police service and UKIC. It cited the pay of police superintendents that was over £10,000 higher at both the minimum and maximum of the range for Grade 2 NCA officers.
- 2.41 The PCS reported that the 2019 HM Treasury pay guidance had retained a funding limit on pay increases which had now perpetuated the already negative impact of a decade of pay restraint. As a consequence, the PCS told us that its members' pay remained unfairly behind the rest of their public sector colleagues, and vastly below private sector equivalents.
- 2.42 The PCS reiterated its position from previous years that the expectation on off-duty officers to intervene in an actual or potential law enforcement situation and use their powers made them different from other civil servants, and closer to the realm of policing. It considered that NCA officers designated with powers should therefore have the same pay, pay progression, allowances and pensions as police officers.
- 2.43 The NCOA highlighted that, unlike the majority of public sector groups, NCA staff did not benefit from any form of time-in-service pay progression. It drew attention to the progression received by police constables who could progress to the top of their pay scale in seven years. In contrast NCA officers would remain on the bottom of the pay grade for the rest of their service, other than through promotion or annual cost of living awards.

Our comment

- 2.44 The NCA and Home Office clearly presented their opinion that the police was seen by the parties as the main comparator for pay, especially for those officers in operational roles. However, we note that other comparator groups were presented to us and in evidence next year we would welcome a more detailed analysis as to the rationale for these groups as comparators and what this would mean for NCA pay. If comparability is important, we suggest that it could be beneficial to conduct proper job evaluation.
- 2.45 However, we noted a divergence in the Home Office and NCA evidence when discussing what pay comparability means when applied to rates of pay. We observe that in setting out their pay proposals, the Home Office and NCA argue that 90% of police pay is the appropriate comparator for middle and senior managers but that they do not explain why this percentage has been selected or how such levels of pay would deliver what the Agency requires. However, we note that for Grade 4 and 5 officers on spot rates, the aspiration over time is to close the gap with police pay. We were left with a strong sense of mixed NCA ambitions in relation to matching police pay, and that for some groups of officers this appeared to be a clear aim whereas for others this was seen as unachievable. We also observed that the evidence from the FDA and PCS seemed clearer and stronger in their expectation that NCA pay should match police pay. We find the overall strategy confusing and are concerned that this is driven by affordability and pragmatism rather than operational or organisational requirements.

Workforce, recruitment and retention

Workforce

- 2.46 The **Home Office** and **NCA** evidence informed us that at 31 August 2019 the Agency had a workforce of 4,875 officers. This comprised a mix of directly employed officers, seconded officers, fixed-term employees and contingent labour staff (paid a day rate). The collective skills and diversity of experience of the workforce were crucial to the Agency's operational success.

2.47 From the data Annex to the Home Office and NCA evidence we observe that on 31 August 2019:

- 1,890 NCA officers (39%) had powers, this would appear to represent a similar number of officers to last year but a lower proportion of the workforce;
- Grade 5 was the largest grade, with 2,254 officers (46%), around two-fifths of whom (870) had powers;
- 94% of officers with powers were in Grades 3 to 5, compared with 83% of officers without powers;
- overall, 8% of NCA officers worked part-time, for officers with powers this proportion decreased to 5%;
- just over a quarter of officers with powers were female, whereas half of officers without powers were female;
- 37% of all officers were aged over 50;
- 8% of officers had declared themselves to be from an ethnic minority;
- 22% of officers were on spot rates, for officers with powers this proportion rose to 31%;
- 55% of officers on spot rates had powers; and
- 55% of officers on spot rates were under the age of 40, compared with 30% of officers on the standard pay ranges.

2.48 The Home Office and NCA highlighted that over the past year, there had been positive increases in diversity with respect to sexuality, religion and gender. However, they also told us that the percentage of officers declaring disabilities had remained static, and the percentage of officers from ethnic minorities had reduced.

Recruitment and retention

2.49 The **Home Office** and **NCA** reported that delivering new and existing capabilities would mean that by the end of March 2020 the Agency expected its establishment to have grown to 5,700 posts. Around 1,100 to 1,200 new officers would have joined the organisation within the financial year, which represented the Agency's highest ever annual intake.

2.50 The Home Office and NCA said that the Agency had run two large-scale recruitment campaigns during 2019, which had attracted 17,000 applications. The NCA had developed a new pipeline recruitment process that it was embedding to meet demands to grow its workforce.

2.51 However, the Home Office and NCA recognised that there was still more to be done. The Agency was forecasting 600 to 700 vacancies by the end of March 2020. Further growth plans and projected attrition rates meant that the NCA expected to need to fill over 1,400 vacancies in the 2020/21 financial year.

2.52 The Home Office and NCA considered that the introduction of capability-based pay, along with other reforms to shorten the pay scales, had helped with the recruitment challenge. There had been increases in applications for many spot rate posts, with specialist recruitment campaigns in 2019 having shown a significant increase in the recruitment pipeline. Recent campaigns seeking experienced investigators on spot rate roles had seen a 27% increase in terms of numbers of applications received per campaign.

- 2.53 In contrast, the Home Office and NCA reported that where the pay rates remained considerably adrift from comparators, in particular the police, the Agency was struggling to source appropriately qualified candidates. For non-spot rate roles, the NCA had seen a 10% drop in applications overall.
- 2.54 The Home Office and NCA reflected that, although recruitment campaigns in 2019 had received more applications than in 2018, the quality of applications appeared to be reducing. There had been a reduction between 2018 and 2019 across nearly all areas in the conversion rate from the number of applications to the number of appointments. The only area with a positive improvement was firearms roles which had begun utilising the NCA expert spot rate.
- 2.55 The Home Office and NCA provided data showing that the attrition rate had increased year on year from 6.2% in the 2016/17 financial year to an expected 9.0% in 2019/20. Excluding retirements, the 2019/20 figure was expected to be 7.2%. The highest attrition rate by grade was for Grade 1 officers, while the lowest was for Grade 4 officers.
- 2.56 The Home Office and NCA reported that since the inception of the Initial Operational Training Programme¹⁶ (IOTP) in 2013, 712 officers had been recruited and begun the programme. The Agency had expanded the programme – two years ago around 120 trainees per year joined, but the NCA was in the process of selecting 420 trainees to join during 2020. Of those who had joined the IOTP, 38 had left the Agency and this represented a lower attrition rate than the NCA average (6% compared with around 10% respectively). Data provided on the IOTP recruits in 2018 showed that they had a different profile from the traditional NCA workforce, with higher proportions of female, young and ethnic minority officers.
- 2.57 The Home Office and NCA highlighted several areas where the Agency struggled with recruitment and retention. These included:
- the recruitment of managers at Grades 1 to 3 with the requisite investigatory experience (gained from other organisations including Border Force, policing and HMRC);
 - high turnover in more senior grades both for managers and specialists;
 - high turnover in specialist and technical areas;
 - attracting prospective candidates for specialist roles; and
 - retention of officers with niche skills, as NCA trained managers were attractive to other law enforcement organisations, the civil service and, for officers with specialist skills, the private sector, particularly banking, insurance and IT.
- 2.58 The Home Office and NCA reported that the Agency had introduced a new process for internal postings to encourage development, and to meet business need. Over the past two years over 270 officers had taken up new posts through this 'lateral' moves process.
- 2.59 The NCA also indicated that it had launched an exit questionnaire on its intranet and presented data from April to October 2019. This showed that the issue cited most by officers who responded as the main reason for leaving was 'career development/ progression' (30 of 99 responses) with 'pay and benefits' third (10 of 99 responses).
- 2.60 The NCOA highlighted that the attrition rates had increased year on year from 6.5% in the twelve months to the end of September 2015 (excluding voluntary exits) to 9.9% in the year to the end of August 2019. These figures included those reaching the end of fixed-term contracts and contingent labour so were higher than those reported by the Agency. The NCOA considered that pay was clearly a major contributing factor to the rising attrition figures.

¹⁶ A 24-month blended training programme which accredits officers as either an investigations or intelligence officer.

- 2.61 The NCOA said that while the NCA had less difficulty recruiting new officers, increased attrition tended to confirm that the Agency continued to experience retention problems in business areas which required skilled and experienced operatives. The NCOA highlighted 200 longstanding vacancies within the Investigations Command that had caused overtime requirements to rise considerably. The NCOA was unclear whether this was seen as a priority by the NCA or whether the recruiting pipeline could rectify this staffing shortfall.
- 2.62 The NCOA reported a noticeable and steady stream of talent moving from the NCA to civil service roles over the last year. The NCOA remarked that while pay was clearly a factor, exit data and information provided by NCOA members showed that officers were also leaving to pursue career progression and opportunities that appeared to be unavailable to them within the Agency.
- 2.63 The NCOA drew attention to the use of Recruitment and Retention Allowances within the NCA. The NCOA considered that these allowances were being used as 'sticking plasters' by the Agency instead of asking for additional funding, and provided evidence that the NCA did not pay enough to retain staff.
- 2.64 The PCS said that in the space of twelve months between 2019 and 2020 the Agency was hoping to recruit 1,600 new staff to fill shortfalls in existing staffing levels and to expand the workforce. However, the attrition rate of 10% created continual gaps and pressure on existing staff who were asked to cover additional workload while having to manage the upskilling of new staff. The PCS also flagged that there was a negative impact on the quality of service from the staff turnover rate.
- 2.65 The PCS considered that the use of temporary staff within the NCA remained at a worrying level. Temporary staff had been used to fill vital skills gaps until permanent staff could be recruited but this had cost more than full-time staff and affected promotion opportunities and access to improved pay via spot rate roles for existing staff.
- 2.66 The PCS reported that it was 'common ground' between the NCA and the PCS that the Agency faced difficulties in recruiting and retaining new and experienced staff, particularly in some parts of the business and geographic locations. The PCS highlighted that this was a particular issue for Grade 5 and 6 posts in London and the south-east, and that some roles had been transferred outside London because no suitable staff could be found.
- 2.67 The PCS cited staff surveys that had, year after year, shown that pay, in particular the lack of pay progression, was a significant factor that drove relatively experienced staff to want to leave the organisation. The PCS observed that the Agency continued to miss an opportunity to assess the reasons why staff left because exit interviews were not mandatory.
- 2.68 The FDA considered that there would be greater difficulty with recruitment and retention for roles at Grades 1 to 3 because of market rate disparity. It noted that the salary levels for more senior grades in the civil service and public sector had fallen further behind the private sector as pay levels were more compressed, while more junior grades were much closer to or exceeded market rates.
- 2.69 The FDA cited concerns from its members that external recruits were frequently paid more than officers already in the Agency. The FDA called for a rethink about the internal promotion process in the NCA if external recruits continued to be paid above the minima. It said the current practice of offering internal candidates the pay range minimum, or a 10% uplift if greater, did not incentivise career progression or reward fairly.

Our comment

- 2.70 We were encouraged to see the improved levels of recruitment to posts offering a spot rate of pay. However, we are concerned at the level of challenge and realism in the NCA's plans for recruitment and that the trades unions were not confident that the spot rate system would be sufficient to address the overall recruitment and retention problem. The concern was raised in oral evidence that the Government's commitment to recruit 20,000 extra police officers over three years to March 2023 could have an impact on the NCA's ability to recruit officers. However, we note HM Treasury's expectation that a weaker labour market as a result of COVID-19 would increase the pool of available candidates for employment, making it easier to hit recruitment targets in some cases.
- 2.71 We note the concerns of the PCS about the levels of temporary staff in the Agency and the additional costs of these. We are concerned at the NCA's ability to fill roles in key operational areas and the reliance on paying contractor staff. We recognise that this is a pragmatic solution to employing in-demand and higher-priced staff. However, we are concerned that this situation has now become entrenched and that there is a fundamental problem of low pay in certain skills areas which is not being addressed by the move to spot rates.
- 2.72 The Home Office told us that new recruits should be attracted by the status of the NCA and a recognition of the important work that the Agency undertakes rather than just pay and conditions. However, our view is that the privilege of working for the organisation should not be used as a reason to constrain pay.
- 2.73 We note that there is an issue with turnover and attrition within the Agency and see the evidence of officers leaving the NCA for roles in the wider civil service. We also take the view that the NCA has to accept that there will always be people who will be attracted away from the NCA for private sector roles with pay at levels which they could never match. We assess that it can be beneficial to any organisation to have a healthy mix of new recruits with fresh ideas and enthusiasm, balanced alongside those who contribute expertise, experience and stability. Therefore, some turnover is advantageous although it would be helpful to have a better understanding as to why officers are leaving the NCA. We note that the NCA has launched an exit questionnaire and hope that it will take steps to ensure that it is completed by those who leave the Agency.

Motivation and morale

- 2.74 The **Home Office** and **NCA** reported that the NCA's People Strategy had been developed in partnership with its workforce to ensure it addressed areas that mattered to officers, as well as supporting the organisation's goals. The strategy aimed to create a proud workforce that felt both empowered and enabled to lead today while building capability for tomorrow. It recognised the importance of diversity and inclusion. The ability to bring different perspectives and knowledge into the Agency's teams was vital to the innovative combating of newly emerging criminal threats. The People Strategy was based on the employee lifecycle and had four pillars under which all NCA people-related activity would be delivered – engage, employ, empower and enable.
- 2.75 The Home Office and NCA considered that the 2019 NCA People Survey results showed that the People Strategy was having an impact in a number of areas. They cited increases in the proportion of positive responses relating to: overall engagement, satisfaction with the total benefits package, ability to access the right development opportunities, opportunities to develop a career in the NCA, and managers helping officers to understand how they contributed to the NCA's objectives.

- 2.76 The Home Office and NCA also highlighted that the results showed significant improvements since 2018 in the 'inclusion and fair treatment' category in the survey, and that the proportion of officers who felt fairly rewarded had increased for the second year, albeit from a very low base before the pay reform programme.
- 2.77 The Home Office and NCA concluded that the People Survey results showed that, while the Agency still needed to make further improvements, it had made significant progress in the last year and that the first phase of pay reform had landed well with some officers.
- 2.78 The **NCOA** attributed the uplift in scoring between the 2018 and 2019 People Surveys to work done by the NCOA in targeting the 10 least satisfied work groups alongside the Agency's strategic 'top ten' fixes. The NCOA reflected that there were no equivalent surveys for the police in order to assess where the NCA sat alongside this comparator group.
- 2.79 The **FDA** also cited the improved position from last year in the headline results from the People Survey. However, it highlighted that pay and benefits remained the highest negative-scoring questions, with 54% disagreeing that their pay was reasonable against comparators doing a similar job.
- 2.80 The FDA reported concerns from its members that external recruits were frequently paid more than existing officers and that this was undermining team morale. The FDA also pointed to the considerable overlap between the pay maximum of one grade and the minimum of the next grade, so leading to officers managing people earning more than them. The FDA said this situation created tensions.

Our comment

- 2.81 We are pleased to note the improvement in the staff survey results, and encouraged that progress has been made across all areas. However, we also note that these scores, in particular on pay and benefits, need to be strengthened as they were still below the civil service median and therefore remain a cause for concern. The engagement of the NCA workforce will be vital to the success of further reform and we note that the NCOA has been critical of the way that consultation on reform has been handled so far. Therefore, we encourage the NCA to build on the improved staff survey results as it takes forward the next stage of pay reform. We are keen to understand whether there is a relationship between the improved scores – noting that the leadership and managing change theme saw the highest increase in the proportion of positive responses – and the implementation and benefits of pay reform.

Relevant legal obligations on the NCA

- 2.82 The **Home Office** and **NCA** told us that the NCA had worked steadily to improve diversity across every protected characteristic. They said that the pay reforms were enabling the Agency to attract and, equally importantly, retain a broader mix of officers than previously and that the aim to reduce the length of the pay ranges had supported fairness, equality and reduced the gender pay gap.
- 2.83 The **FDA** said it had seen no risk assessment of the impact of an ageing workforce on the business requirements of the NCA. It anticipated that there were a significant number of NCA employees aged 50 and over, and that the operational capability of the NCA needed to be considered within the framework of the Equality Act 2010 and the demands placed on individuals in their roles.

2.84 The FDA also referred to the Equality Act 2010 in questioning how the NCA could justify pay scales that had no mechanism for pay progression and took considerably more than five years to reach the maxima if the journey were based on annual pay rises alone¹⁷. It further considered that the overlap between the pay ranges of different grades increased risks for the NCA with equality legislation.

Our comment

2.85 Our terms of reference require us to consider any relevant legal obligations on the NCA in England, Wales, Scotland and Northern Ireland, including the Equality Act 2010 and other legislation. We are reliant on the parties to raise any issues in evidence relating to this area of our considerations and are grateful to those who did so.

2.86 We note that the NCA intends to retain a dual pay approach within the Agency. It is incumbent upon the NCA as the employer to ensure that its pay system meets the requirements of relevant legislation. We would welcome clarification from the NCA on its assessment of the equality implications of this dual pay arrangement, particularly in relation to the difference in the working week in evidence for next year's pay round.

¹⁷ The FDA observed that the Equality Act 2010 indicates that in justifying pay scales relating to a period over five years, the employer has to show how the length of the scale fulfils a business need which could include motivating or retaining skilled employees.

Chapter 3 – NCA proposals for pay reform

Introduction

- 3.1 In our Fifth Report we provided observations on the NCA's pay reform proposals. This year, the remit letter from the Home Secretary invited us to consider this year's pay proposals in the context of the reforms achieved to date. Therefore, in this chapter, we set out the evidence we received on the NCA reforms to date and the Agency's pay strategy and longer-term plans for its workforce.

Our observations last year

- 3.2 Last year we provided commentary on the NCA's plans for reform in the context of the NCA's aim to be at the pinnacle of law enforcement in the UK and its need to be able to attract and retain the best talent in order to achieve this. We expressed our disappointment that no-one was able to present to us a convincing long-term strategy for reform. As a consequence, we had difficulty in understanding the strategic direction of travel in the NCA reform work. We observed that we had not seen a convincing argument for the increase in working hours for those officers on spot rates and that no-one had been placed on the expert spot rate. We also commented on the implementation of the spot rates and felt that this could have been better handled, concluding that the Agency would need to work to rebuild stakeholders' trust in its ability to manage change.

NCA reform strategy

- 3.3 In their joint evidence, the **Home Office** and **NCA** told us that to enable the Agency to lead the fight against serious and organised crime it must have effective workforce and reward strategies to deliver the right capabilities in the right place to tackle the threat. The NCA also indicated that its reward structures had to enable the Agency to meet the evolving threat from serious and organised crime and changes in the labour market.
- 3.4 The Home Office and NCA explained to us that their pay goals were focussed on encouraging development in role by allowing progression through the grades based on increasing capability, ensuring the attractiveness of its reward offer by aligning with comparators, and promoting fairness by shortening pay scales.
- 3.5 We were told that the NCA pay strategy would enable the Agency to succeed in its mission by ensuring that:
- pay was competitive with its comparators, particularly the police, to enable it to recruit and retain officers with the necessary skills and capabilities as it responds to the evolving SOC threat;
 - it could incentivise the development of skills and capabilities at senior grades by extending the spot rate framework to middle and senior managers to reflect the difficulty in recruiting operational officers at these grades;
 - the pay system was fairer and more consistent, and that by reducing the length of the pay ranges and maintaining relative positions, the gender pay gap would close and the differences between the highest and lowest paid would reduce; and
 - the approach remained sustainable and affordable, ensuring the creation of a platform for ongoing reform.

- 3.6 The Agency told us that the NCA Board had agreed a direction of travel for an overarching NCA pay strategy over four years from 2020 to 2024 which would take into account the outcomes of the review into the response to serious and organised crime¹⁸ and Spending Round in the context of the delivery of pay reform from 2021 onwards.
- 3.7 The Home Office and NCA confirmed to us that their pay aspiration was for alignment at 90% of police pay for NCA middle and senior managers.
- 3.8 The NCA explained to us that through the first phase of pay reform, it had:
- reduced the median gender pay gap from 16.22% in 2017 to 8.85% in 2019;
 - invested around £7 million into consolidated pay, providing a fairer and more competitive approach to pay; and
 - enrolled more than 1,000 officers onto the spot rate system, incentivising development in role.

Parties' views on NCA strategy

- 3.9 In its evidence to us, the NCOA was critical of the NCA pay strategy. It highlighted:
- Barely a quarter of staff were on a spot rate (although approximately half were eligible) and that the top levels of spot rate were unattainable for the majority.
 - The Agency had reshaped its pay structure to improve its organisational and operational capability but had not repaired the damage done by poor pay and that, despite intense recruitment to raise numbers, attrition still sat at about 10%.
 - The NCA proposals did not mirror the new pay structures being considered for the police and the NCOA was concerned that the gap between NCA and police pay would increase. The NCOA said that they welcomed pay parity with police peers and that it was concerned that the NCA was developing less favourable pay arrangements.
 - The NCA needed to consider fairness as part of its submission by unlocking the pay maxima and creating clear pathways for people to move through the organisation.
- 3.10 The NCOA told us that the continuing need for recruitment and retention allowances to 'plug holes' in various business areas suggested that the pay strategy was not resolving some of the NCA's pay issues. The NCOA said that the Agency based its case on what it could afford rather than what it needed. The NCOA also told us that it wanted the NCA to engage with it in meaningful consultation.
- 3.11 The PCS told us that pay reform had resulted in 'pay in limbo' for those who were not in scope of the spot rates and that the initial process of allocating individuals to a spot rate had resulted in an oversubscription of applications. This meant that for pay reform to be affordable, previously accepted areas were refused a spot rate or moved out of scope by the NCA remuneration committee. The PCS explained to us that staff who had been employed in the NCA before pay reform was introduced had little or no chance of a pay increase if they were above grade minimum on their pay scale or not in a role eligible for spot rates or a recruitment and retention allowance. The PCS said that pay reform implementation in the Agency had been at times 'farcical' and had created further division in the workforce.
- 3.12 The FDA explained to us that the NCA preferred a differentiated approach to pay reform and that it intended to progress this into senior grades. However, it told us that this would not prove adequate as NCA staff at all grades had been anticipating a real improvement in their reward packages as a consequence of pay reform following more than eight years of below-inflation pay offers. The FDA told us that this differentiated

¹⁸ See paragraph 2.6.

approach was a missed opportunity for root and branch pay reform because of the requirement to meet external demands to keep within restrictive public spending targets rather than tackle what needed to change. The FDA said that it welcomed the willingness of the NCA to develop innovative reward structures but that it was a pity that external pressure had stifled these efforts because of directions not to breach pay caps and political sensitivities. The FDA called on the Home Office and HM Treasury to allow the NCA sufficient additional funding to pursue a reform strategy that genuinely dealt with the challenges faced – both internal and external. The FDA said that if the Home Secretary wanted the NCA ‘to be relentless in the disruption of organised crime’, the Government must address the fundamental issues with NCA pay.

Our comment

- 3.13 Following our comments in last year’s Report, we welcome the greater clarity provided by the Home Office and NCA on the overall strategy for pay reform and for an explanation of the three outcomes achieved in the first phase¹⁹. We would welcome further evidence on the success of pay reform and how the changes made have supported the delivery of organisational outputs. We also understand that there is now a broad plan for a second phase for the period to 2024. However, we note the aspiration of the NCA to be able to deliver change more quickly and the similar concerns of the trades unions about the pace of change. We are also concerned as to whether reform is proceeding fast enough to deliver what the NCA needs and observe that a strategy in two stages, with implementation spanning a total of seven years, is too long. We were told that the rate of progress is constrained by affordability and suggest that successful reform needs investment. We are concerned that the challenge of delivering an extended programme of pay reform in the context of a one-year funding cycle drives compromise. Given the Agency’s key role within UK law enforcement and its dynamic operational environment, we question why it has not been able to secure the resources it needs to accelerate the pace of change.
- 3.14 The Home Office and NCA evidence is clear that the pay strategy represents the best possible way forward for the Agency when funding, its operational needs and the recruitment and retention priorities which accompany these are taken into account. We were also pleased to see that the strategy has clear references to the need to encourage recruitment and retention and to support morale and motivation, with the focus of the spot rate mechanism on skills and capability building. We observe that throughout their evidence the Home Office and NCA refer to pay comparability with the police but that there is no explanation as to how the NCA reforms sit alongside the new pay proposals being developed for the police service.
- 3.15 We appreciate that the NCA has needed to develop a strategy which is fair, yet at the same time rewards someone appropriate to their skills at a market rate, while addressing affordability and equality. We understand that the strategy fundamentally hinges around a dual approach to pay, with some officers on spot rates and others on pay ranges. We note that the strategy is perceived as complex but assess that in part this is due to the evolutionary way in which it is being delivered and relates to a workforce with a specific blend of skills and capabilities. There are numerous bodies (particularly in the public sector) which comprise different groups on different terms and conditions, including pay. We encourage the NCA to be open and transparent in communicating the strategy. We suggest that the NCA also needs to engage with the trades unions to explain how the strategy is addressing their concerns at what they see as an underlying problem of low pay and their claim that affordability is driving a sub-optimal pay solution. Critically, the NCA needs to bring the workforce alongside in the implementation of the changes because employee engagement is key to the success of this, and indeed any, reform strategy.

¹⁹ Set out in paragraph 3.8.

Update on the progress of reform

Spot rates

- 3.16 The **Home Office** and **NCA** told us that capability-based pay progression was enabled through the spot rate system which set skills and qualification criteria for progression through each rate. The ability to incentivise officers within the Agency enabled the NCA to meet the changing nature of SOC. In oral evidence the NCA also clarified that it hoped that all officers who could move to the new arrangements would do so.
- 3.17 In their written evidence, the Home Office and NCA told us that over the past three years of reform, pay had moved closer to the comparator markets. The introduction of spot rates at Grades 4 and 5 showed greater comparability with policing, ensuring that the Agency was more competitive in its attraction. The Agency told us that this was reflected in the increased candidate numbers for both grades.
- 3.18 The NCA also told us that the success of spot rates could be seen in the competence of the people on spot rates and that the attrition rate for those on spot rates was lower. The NCA was encouraged that there was a high proportion of female officers on spot rate pay.
- 3.19 The NCA indicated that the spot rate mechanism provided flexibility and enabled the pay award to be targeted so that the Agency could reward the officers in the organisation who undertook the most challenging work. However, the NCA confirmed to us that not everyone on spot rates would be able to move to the expert rate and that it was expected that most people would move only to the proficient rate. Furthermore, some skills areas would not be eligible for spot rates and it was the case that a proportion of NCA officers would remain on the main pay scales. The NCA told us that this position was no different from policing being delivered by a workforce comprising police officers and police staff, each with different pay arrangements.
- 3.20 Explaining the rationale for the increase in the working week from a 37-hour week to a 40-hour week for officers on spot rates, the NCA told us that this brought the NCA working week into line with the policing week and that the argument for pay comparability should also be supported by comparability in the working week.
- 3.21 The Home Office and NCA also argued that for the Agency, a 40-hour week meant less reliance on overtime for managers, providing them with guaranteed working hours to roster. It also provided more certainty of working time and earnings for operational officers, reducing the inconsistency of overtime being variable from week to week. The NCA told us that between August 2018 and August 2019, 254 officers joined the spot rate structure, providing 39,274 additional working hours per year or 19.1 additional operational FTE. Between August 2017 and August 2018, 730 officers had accepted these changes, creating the equivalent of 59 additional FTE officers.
- 3.22 In last year's Report, we commented that we were surprised that, at the time that evidence was presented to us, no-one had been placed on the expert spot rate and we asked the parties to provide us with an update on this for our current review. The NCA told us that in April 2019 the NCA remuneration committee endorsed a proposal to amend the skills matrix for Authorised Firearms Officers to test the expert spot rate. In addition, the NCA told us that the Agency had been struggling to recruit and retain a diverse group of these officers for over five years. The NCA told us that 21 officers were in scope for the Grade 4 expert rate, of whom 10 had accepted the new terms and 39 for the Grade 5 expert rate, with 6 accepting.

- 3.23 The **NCOA** told us that when spot rates were introduced for Grade 4 and 5 officers there was a low take-up rate because of the associated increase in the working week and that for officers with long careers the move to a spot rate (unless on promotion) would represent a pay drop. Therefore, it argued that spot rate pay had not resolved some of the acute issues faced by the Agency.
- 3.24 The NCOA also said that the recent review of the spot rate skills matrix was welcome and would provide the Agency with the flexibility to draw in new work areas. The NCOA said that the only change since the introduction of the spot rates had been modest movement onto the expert rates. The NCOA was concerned that many officers saw the expert rate as an achievable target for skills, competence and pay, but that this had not happened. The NCOA said that it welcomed the trial of the expert rate for officers in the Armed Operations Unit (AOU) but told us that this was the first group to be awarded the expert rate in a strategy designed over two years earlier and that the expert rate was not available or attainable by all officers in the spot rate structure. The NCOA told us that it had not envisaged that the expert rate would only apply to officers with niche skills (for example, those in the AOU) and that it expected to see significant use of the expert rate across all roles.
- 3.25 The **PCS** told us that the NCA-devised spot rate scheme was designed to offer an enhanced payment to certain roles where recruitment and retention were viewed as being problematic. The PCS said that these rates were tiered to take account of experience and competence. Also, it observed that HM Treasury approval to break the pay cap was based around enhanced productivity achieved by getting officers to agree to work 40 hours a week, rather than the civil service standard 37 hours. The PCS told us that at the time of submitting its evidence, over 1,000 NCA officers had signed up to these terms and in some cases were earning an additional £6,000 (and in some cases more) a year. However, the PCS told us that for the vast majority of officers the pay increase was far less. The PCS noted that those officers who were already on a salary at, or higher than, the spot rate had refused to change their terms and that those earning close to the spot rate salaries had also refused to agree to the new terms due to the requirement for a longer working week.
- 3.26 The PCS told us that the NCA pay reform programme had moved NCA staff to better basic pay by making them work an extra 150 hours per year but that in many cases this had reduced the hourly rate for these officers. The PCS also said that officers on spot rates, where eligible for overtime, would have to work an extra three hours a week before they would qualify for it and that this had made a major saving to the NCA overtime budget. The PCS said that the NCA was becoming a 40-hour per week Agency and that this change was not lost on officers who also noted that spot rate pay had been (and was again this year) being targeted for a higher pay increase than the main pay spines. The PCS said that the side issue here was that officers who had not signed up to a spot rate had received below inflation pay increases for 10 years while their spot-rated colleagues had been offered more than double their pay rise in the last two years. The PCS was concerned, and said that it remained to be seen, whether the requirement to work longer hours would impact on wellbeing and additional use of welfare services, especially for those dealing with child sexual exploitation work.
- 3.27 The PCS was also concerned about the impact of spot rates on those who worked part time, telling us that officers would not sign up to a spot rate as they would be worse off in terms of pay and work-life balance.
- 3.28 The **FDA** told us that it accepted in principle the need for pay progression to be based on demonstrating and developing competency within a role as was the case in other public service roles. However, the FDA told us that in their view, the take up of the spot rate offer had not been overwhelming and that the requirement for officers to work longer had not been adequately justified.

Shortening pay ranges

- 3.29 The **Home Office** and **NCA** emphasised to us that the policy of shortening pay ranges was a key part of pay reform and that this would support fairness, equality and reduce the gender pay gap. They indicated that action to date had focussed on pay increases to the pay range minima, therefore benefitting the lowest paid in the organisation. We were told that the pay reforms made to date had narrowed disparities, with the minimum pay for the lower grades receiving increases of at least 6% over the past two years, but that the trajectory set had to be continued. The Home Office and NCA also observed that the approach had reduced both the overlaps between grades and the potential for new joiners to be paid more than an officer in the same or higher grade.
- 3.30 The **NCOA** told us that it supported the principle of compressing the pay ranges. However, it was concerned that this had meant officers at the top of the pay grade had taken what were, effectively, pay cuts for too long, in order to enable the Agency to compensate those poorly paid at the bottom of the grade.
- 3.31 The **FDA** told us that it acknowledged the ongoing work to shorten pay ranges but that the pace of change was too slow. The FDA said that pay awards had, to a degree, been targeted towards the lower grades and that this had resulted in a compounding reduction in the value of the award to staff in Grades 1 to 3. This had been most acute for those staff with long service who were above the target rate for their grade. The FDA indicated that in the absence of absolute clarity on a more inclusive programme of reform, many staff would begin to feel that their talents were not seen as important by the Agency.

Our comment

- 3.32 Building on our general observations on the pay strategy in our earlier comment section, here we reflect on the way that the strategy has been implemented to date. We are struck by the fact that while in the theoretical sense the strategy is now clearer, the way in which it has facilitated the Government's organised crime strategy is not. Therefore, we would welcome further evidence as to the success of pay reform implementation and how the changes made have supported the delivery of organisational outputs.
- 3.33 Turning specifically to the spot rates, we would welcome an analysis of the success of these, although we note the NCA's evidence that they are supporting a more diverse workforce. We would also like an explanation of the mechanism used to determine whether a role should be eligible to move to a spot rate of pay as we believe that it is important that there is transparency in the process.
- 3.34 When it was introduced in 2018, we did not support the requirement for NCA officers moving to the spot rate pay system to increase their working hours from 37 hours a week to 40 hours excluding meal-breaks. We are aware that the increase in hours was introduced as part of a productivity trade-off to enable the NCA to deliver enhanced rates of pay. However, we do not find the rationale of bringing the NCA working week into line with the policing week convincing since the 40-hour week for police officers includes refreshment breaks. It remains our view that this extension to the working week which accompanies the spot rate mechanism is a potential cause of discontentment, undermines any potential benefits to morale from the NCA's pay proposals and may make the transition to spot rates more difficult.
- 3.35 We understand that the spot rate mechanism is designed to offer pay progression based on capability, although we question whether a two- or three-point scale²⁰ – based on the expectation that most officers would only progress as far as the proficient rate – can realistically be viewed as a mechanism to reward long-term progress and development.

²⁰ The current Grade 5 scale has four spot rates: two 'developing', one 'proficient' and one 'expert'. The Grade 4 scale has three: 'developing', 'proficient' and 'expert'.

We welcome the fact that progress has been made in opening up the expert rate but this appears to be limited to particular specialisms. We are concerned that the expert rate is not being used in the way that was set out when spot rates were introduced and consider that this risks devaluing the spot rate system.

- 3.36 The NCA told us that the spot rate mechanism represented the most pragmatic solution possible within the financial constraints to enable it to deliver some form of pay progression for performance. Nevertheless, we invite the NCA to look at the implementation of, and its messaging on, spot rates because the long-term success and credibility of the scheme requires continued employee buy-in. Within an overall communication strategy, we identify three issues which we suggest need specific attention:
- an explanation of the increase in the working week to address the claims that this devalues the offer;
 - clarification around access to the expert spot rate to manage officers' expectations in relation this; and
 - how officers might be rewarded for performance when no further pay progression is possible.
- 3.37 We understand the rationale for the measures taken to shorten the pay ranges but understand also why the parties are critical of these. We invite the NCA to provide evidence as to how it continues to reward and motivate the officers on the pay ranges, particularly those at the top who feel that reform has passed them by and that they are not being rewarded for their skills and experience.

Pay reform changes for 2020/21

- 3.38 In their joint evidence, the **Home Office** and **NCA** said that the Agency was now into the fourth year of its pay journey and that this year's pay proposals were designed to further embed and deepen the implementation of its pay strategy.
- 3.39 The NCA told us that it was clear that it needed to build on the success of the first phase of pay reform. The introduction of the capability-based pay system had been concentrated at a limited number of grades, pay ranges were still too long, and the Agency's pay and reward was not competitive alongside comparator organisations. The paragraphs below discuss the structural pay changes proposed as part of pay reform for the 2020/21 pay year. We discuss the proposals to shorten the pay ranges in the context of the pay award discussions in Chapter 4.
- 3.40 The NCA told us that it wanted to implement pay reform at middle and senior management level by expanding the skills-based – spot rate – pay framework to investigations and intelligence officers at Grades 1 to 3. This would:
- attract and retain skilled and qualified officers to fill critical vacancies;
 - close the gap with the key comparator, policing; and
 - address unfairness in the pay systems by making spot rates more attractive to existing officers on the standard pay ranges.
- 3.41 The NCA indicated that this proposal was in response to recruitment and retention challenges at these grades. The NCA said that there would be two spot rates at these levels, developing and proficient. The NCA told us that the officers moving to the new structure would be required to accept an increase to the working week of three hours (up to 40 hours excluding meal breaks), modernised terms and conditions and enhanced flexibility clauses in line with the existing approach at Grades 4 and 5, which more closely aligned with police working patterns. All moves to spot rates would be voluntary. Furthermore, as Grade 3 officers in scope were equivalent to inspectors or

chief inspectors in policing, the NCA said that it proposed to remove the overtime from these officers to reflect the fact that police officers at this rank were not eligible to receive overtime.

- 3.42 The NCA proposed values for the new spot rates for investigations and intelligence officers as shown below. The NCA explained that the proposed proficient spot rates had been set so as to halve the gaps between the aspirational rate of pay for the grades (90% of the police comparator) and the 2019/20 grade averages. The proposed developing spot rates had been set at 92.5% of the proficient spot rate, or the current minimum of the relevant pay ranges if this was greater.

Table 3.1: Proposed spot rate values for Grades 1 to 3 investigations and intelligence officers

	Proposed spot rate 1 (developing)	Proposed spot rate 2 (proficient)	Current NCA mean	90% of the police comparator
Grade 1	£70,585	£76,308	£70,444	£82,172
Grade 2	£60,990	£65,935	£57,642	£74,228
Grade 3	£45,480	£48,980	£46,765	£51,195

Source: NCA evidence

Notes:

1. The NCA mean is based on 2019/20 pay values.
2. Police comparator rates are the forecast highest pay points for 2020/21.

- 3.43 The NCA told us that most Grade 1 to 3 officers holding powers (i.e. in our remit group) would fall within the scope of these new arrangements. The NCA told us that it expected that those officers earning less than the proposed spot rate values would accept the new pay terms but that some Grade 3 officers would choose to remain on their current arrangements due to the loss of overtime.
- 3.44 The NCA indicated that the new arrangement would be underpinned by a skills and accreditation framework. Officers would need to go through a skills gateway to access higher spot rates to demonstrate that they had reached the required level of occupational and operational proficiency.
- 3.45 The NCA told us that these proposals – as part of their overall package of pay measures – were fully costed and would be funded through the Agency’s existing budgets. The recommendations would support the NCA in improving the Agency’s attraction and retention of critical capabilities, enabling the Agency to develop in order to meet the changing nature of the SOC threat in the UK, and help it ensure that its pay approach was fair and inclusive.
- 3.46 The NCA indicated that the reason for not extending the spot rates to Grade 6 officers was because this NCA entry grade had no police comparator and that the median pay for this grade was above that for the civil service equivalent.
- 3.47 The **NCOA** told us that it welcomed the NCA move to extend spot rates across the remaining grades, but with the notable exception of Grade 6 officers. The NCOA told us that their role included exposure to operational work and intelligence data and that, therefore, they had a role of critical importance within the NCA. The NCOA suggested to us that, in line with the ‘One NCA’ ethos, the Agency should value the contribution these officers made and create career pathways so that they could move up the grades. The NCOA also indicated that it was important for the Agency to maintain a healthy Grade 6 structure to avoid the risk of investigations or intelligence officers being unavailable to apply their in-demand skills because of additional administrative responsibilities.

- 3.48 The NCOA told us that the NCA had not engaged with it in the development of the new spot rates for Grades 1 to 3 (although it had done in the development of the mechanism for Grades 5 and 6). The NCOA indicated its concern that the development of the new proposals was driven by affordability. Similarly, the NCOA was concerned at the lack of communication in relation to the pay changes despite previous poor staff survey results on communication and the management of change. The NCOA was also concerned at the lack of clarity over who would be in scope for the new pay arrangements and that nothing was being done to address the morale of those out of scope.
- 3.49 The NCOA told us that it was unhappy at the proposal to remove overtime for Grade 3 officers who opted to move to spot rates and that it had not seen evidence or a case for this removal. The NCOA said that it did not understand why this was being proposed now but nevertheless noted that a move to spot rates would also require officers to move to a 40-hour week. It added that this would degrade the value of transition, although the NCOA assessed that this change would be counted as part of the NCA's improvements to productivity and workforce efficiencies.
- 3.50 The FDA challenged the NCA's pay proposals and questioned how the NCA could justify pay arrangements that had no mechanism for pay progression. It said that the Agency should aim to achieve a competency and skills-based pay progression model to tie in with a review of performance management, professional development and talent management. The FDA proposed an alternative model which it argued would motivate employees to become aspirational, improve retention, embed a culture of self-improvement and lead to corporate transparency which was needed in the Agency.

Our comment

- 3.51 We give qualified support to the pay reform proposals presented to us by the Home Office and NCA for implementation this year and see that they follow the principles of previous years' changes. However, we have reservations on a number of fronts and invite the Home Office and NCA to consider these when developing subsequent proposals and preparing evidence for subsequent pay rounds. Our concerns fall into three broad areas as follows:
- Investment – The NCA aims to be at the pinnacle of law enforcement within the UK. However, its ambition for reform appears to be constrained by money rather than being determined by operational need. In Chapter 2, we discuss issues around affordability and assess that a relatively small level of investment could make a significant difference to the NCA's ability to progress reform. We invite the Home Office and HM Treasury to work urgently with the NCA to consider how investment in reform and pay could deliver broader value for money and reap dividends through reduced attrition and improved morale and motivation.
 - Strategy for and pace of reform – We consider that a seven-year period for implementing pay reform is too long. While we welcome the clarity provided on the overall strategy for pay reform, we find it difficult to comment constructively on one year's proposals at a time. We would have welcomed an analysis that set out what this year's measures aim to achieve so that we can assess whether they are fit for purpose. Given both the nature of the proposals and the evolutionary approach to reform, we would also like to be able to see how this year's proposals fit as part of a sequenced and coherent set of measures which build on those implemented last year and will be further developed in future. In addition, we have also set out our concerns about the complexity of the dual pay approach and the increase in working hours which accompanies a move to the spot rate of pay.

- Communication and implementation – The ability of the NCA to secure staff engagement for the changes – given both their design (specifically the 40-hour week) and the way that previous changes have been implemented – is important. We invite the NCA to take care in the implementation of the new arrangements and to avoid the problems which we have been told were encountered in the past. We are concerned that previous changes intended to benefit officers have not been understood and have, therefore, been counterproductive. We discuss above (paragraph 3.36) the issues which need to be specifically addressed in the communication of the new proposals. It is clear to us that the proposed removal of overtime from Grade 3 officers will need careful handling. The messaging around the exclusion of Grade 6 officers from the spot rate mechanism will also need close consideration given that this group, at an early stage in their careers, might expect to be able to benefit from a pay arrangement which sets out to deliver and reward the development of skills.

Chapter 4 – Pay proposals and recommendations for 2020/21

Introduction

4.1 In this chapter we make our recommendations on the annual pay award for the NCA officers within our remit group. We also review various NCA allowances.

Basic pay increase

4.2 The **Home Office** and **NCA** proposed a differentiated pay award as follows:

- The spot rates for Grade 4 and Grade 5 investigations and intelligence officers would increase by 3% and 4.5% respectively.
- For officers on the standard pay ranges:
 - the minima for Grades 1 to 4 would increase by 2.5%;
 - the minima for Grade 5 and Grade 6 would increase by 4.25% and 4.5% respectively; and
 - the maxima for all grades would increase by 1%.

4.3 Following the revalorisation of the standard pay ranges, the Home Office and NCA proposed that officers on these ranges would receive a consolidated pay award that maintained their relative position on the pay range. They proposed that all officers would be eligible to receive a minimum award of 1.5% but this would be capped at the pay range maxima. They said, therefore, that officers at or near the maximum of their pay range would receive a consolidated pay increase of at least 1% and a non-consolidated lump sum of no more than 0.5% to underpin the minimum 1.5% award.

4.4 The Home Office and NCA said that around 3,000 officers were on the standard pay range and would be eligible to receive a minimum pay award of 1.5%. They provided figures showing that of these officers, 5.7% would receive a consolidated pay award of 1%, 32.5% would receive an award between 1% and 2%, and 61.8% would receive an award above 2%. In addition, the Home Office and NCA told us that around 1,000 officers were in receipt of spot rate pay.

4.5 The Home Office and NCA provided figures showing that their pay proposals for officers on the standard pay ranges and Grade 4 and 5 officers on spot rates, would cost £4.36 million against a total baseline remuneration cost (including overtime and allowances) of £222.19 million. Furthermore, the Home Office and NCA told us that these pay changes, combined with their proposals for increases in allowances and introducing spot rates for Grades 1 to 3, would add 2.5% to the overall remuneration cost.

4.6 The Home Office and NCA explained that they proposed increasing the value of the spot rates for Grade 4 and 5 investigations and intelligence officers in order to close the gap with the NCA's key comparators and to maintain momentum in recruitment and retention. In addition, they said that their proposal to continue shortening the pay ranges to reduce the gap between the highest and lowest paid would further close the gender pay gap and mitigate any equal pay risk.

4.7 The NCA added that the 1.5% minimum pay award would recognise the contribution made by all NCA officers. Furthermore, the NCA explained that the proposed increases to the pay range maxima and the one-off non-consolidated payments for officers near the top of the ranges were in recognition that there would be an impact on the morale of officers at the higher end of pay ranges if they received no consolidated award.

- 4.8 The **NCOA** called for a minimum 5% consolidated pay award for all staff on the grounds of: recruitment and retention issues; inflation affecting officers over a number of years; and comparator disparities. The NCOA also proposed increasing the pay range maxima by 5%. It stated that a failure to do so would further compound the pay gulf with the police (where all pay scales continued to be increased by the value of the pay award) and hinder the recruitment and retention of experienced staff.
- 4.9 The NCOA added that capping the pay range maxima for those on the standard pay ranges was neither sustainable nor fair. In addition, the NCOA said that non-consolidated awards for officers on the maxima would affect pension benefits, deliver a below-inflation award to those likely to have the most experience and demotivate officers who felt undervalued. It further stated that, in the absence of pay progression, NCA officers entering at the bottom of the pay grade remained there unless they were promoted, while police pay had gathered momentum beyond the NCA pay maxima.
- 4.10 The **PCS** proposed a 10% pay award or £2,400, whichever was the greater, and a living wage of £10 per hour nationally (or £11.55 in London)²¹. It also called for the end to differentiated pay, a return to pay progression for all staff and for those on the grade maxima to receive a consolidated uplift. The PCS added that officers who remained on precursor terms and conditions should receive the same pay award as their colleagues.
- 4.11 The **FDA** said that RPI should remain the basis for evidence-based pay bargaining, as it was the most accurate reflection of the real inflationary pressures its members faced, including housing costs. It added that the impact of inflation, government pay restraint and increased National Insurance and pension contributions on its members' incomes should also be taken into account.

Our comment and recommendation

- 4.12 In making our pay award recommendation we considered a number of factors. We have assessed the Home Office and NCA's pay proposals in the context of our terms of reference, the Home Secretary's remit letter and the evidence submitted. In addition, we have considered how the Home Office and NCA's pay proposals address the principles that we identified in our report last year (fairness, morale and motivation, sustainability, recruitment and retention, affordability and comparability).

General observations

- 4.13 Overall, because of the nature of the dual-pay arrangement and a lack of data, particularly on affordability and the detailed position of groups of officers at the various points on the pay ranges, we have been unable to test alternatives to the pay proposals presented by the Home Office and the NCA this year.

NCA operating environment

- 4.14 Each year, we are reminded by the parties of the NCA's aim to be the organisation at the pinnacle of law enforcement in the UK and operating at the high end of high risk.

Recruitment, retention and vacancy rates

- 4.15 The NCA clearly faces considerable challenges on recruitment and retention. Despite its extensive recruitment programme, it has reported to us the existence of high numbers of unfilled vacancies in key areas and an undiminished turnover rate of 10%. We also observe that the government commitment to recruit an additional 20,000 police officers in England and Wales over a three-year period to March 2023, could have an impact on the NCA's ability to recruit.

²¹ This updated pay proposal, in line with the PCS national position, was forwarded to the NCARRB following initial submission of written evidence in February 2020.

Morale and motivation

- 4.16 We note the encouraging improvement in the latest NCA People Survey results but observe that the scores were still below the civil service median, in particular on pay and benefits. The morale and motivation of the officers in our remit group remain a cause of concern. We heard again this year that spot rates in the NCA had been divisive.
- 4.17 We have noted previously how the NCA's organisational achievements depend to a considerable extent on the sense of vocation and public service of its workforce. We wish to emphasise that the goodwill and discretionary effort of individual officers, which requires them to be suitably motivated, are vital in determining the organisation's success.

Fairness

- 4.18 The Home Office and NCA propose this year to raise the pay range maxima by 1% and make a one-off non-consolidated lump sum maximum payment of 0.5% to officers at or near the top of the standard pay ranges in order to underpin a minimum 1.5% award. We recognise that this is intended to shorten the ranges and address pay equality issues. We also regard it as a slight improvement on the NCA's proposal last year, in which the total minimum uplift for this group was 1% and the pay range maxima were frozen. However, we do not support the use of non-consolidated awards. We agree with the trades unions that the application of a mechanism that is detrimental to pension benefits will demotivate officers, especially as it will compare unfavourably and directly with colleagues receiving pay awards of 3% and 4.5%, as well as with wider public sector and comparator groups. On grounds of fairness and to avoid a detrimental impact on morale in the following year it is therefore our view that all NCA officers should receive a fully consolidated pay award.
- 4.19 We also continue to be concerned by the lack of any mechanism to allow officers who are not on spot rates to improve their percentile position on the pay ranges and move towards a fair rate for the job.
- 4.20 On spot rate pay, we note that, under the Home Office and NCA proposal this year, certain officers in Grades 1 to 3 are to be offered the opportunity to access spot rate pay for the first time. While we observe that the proposal to increase the pay range minimum for those in Grade 6 by 4.5% is equal to the proposed percentage increase in the Grade 5 spot rate, officers in Grade 6 are not to be offered access to spot rate pay despite the important contribution they also make. Moreover, it has become clearer to us that there is no intention for certain parts of the workforce (such as those considered to be in enabling roles) to ever access spot rates. In addition, we understand that there is still no job evaluation process to support the allocation of NCA roles to the spot rate system or standard pay ranges.
- 4.21 It is our overall judgement that all these elements of the Home Office and NCA proposal score too low on issues of fairness and morale and motivation and also leave the NCA's 'one workforce' ethos unsupported. We therefore invite the Home Office and NCA to review these parts of the package.

Affordability

- 4.22 Against a baseline remuneration cost (including overtime and allowances) of £222.19 million, the Home Office and NCA proposals in their entirety invited us to agree an overall increase this year of 2.5%, or £5.55 million. Within this, the proposals for officers on the standard pay ranges and Grade 4 and 5 officers on spot rates cost £4.36 million. We have found it hard to test the affordability of this proposition because of a lack of detailed data. The Home Office and NCA were unable to provide a definitive statement

on the available budget in their evidence even though affordability considerations need to take into account the relationship between the overall cash budget and the demand placed on it. We note that the NCA will have few options for flexibility within its budget.

- 4.23 This lack of affordability data has also made it hard to test whether the pay award proposals from the NCOA and PCS – of 5% and 10% respectively – are affordable either. However, we note that neither trades union indicated the potential impact of their pay award proposal on other parts of the NCA budget.

Productivity and workforce efficiencies

- 4.24 Our remit letter this year asked us to have regard to evidence of the NCA's improvements to productivity and workforce efficiencies when considering our recommendations. As set out in Chapter 2, the Home Office and NCA provided a range of statistics indicating that productivity in the NCA had improved.
- 4.25 We are grateful to the Home Office and NCA for providing this and other information in an attempt to demonstrate productivity improvements in accordance with government pay policy. The measurement of productivity is notoriously difficult in the public sector. In the absence of indicators on the sustainability of longer working hours for individuals, their wellbeing or sickness absence levels, we observe that it is currently not possible to assess overall changes in productivity for our remit group.

Economic factors

- 4.26 The wider economy, including the level of pay settlements and the cost of living, are factors in our deliberations. As we set out in Chapter 2, the economic environment is changing and volatile as a result of COVID-19 and there is significant uncertainty about the future. HM Treasury asked us to look at inflation, average weekly earnings in the private sector and unemployment in formulating our recommendations. Inflation dropped sharply in April 2020, with the CPI and RPI measures at 0.8% and 1.5% respectively. Annual growth in AWE was 2.4% in the whole economy and 2.2% in the private sector in the first quarter of 2020, and median pay settlements ranged from 2.4% to 2.5% over the same period. Some employers with frontline workers, especially in the retail sector, have paid temporary pay increases. However, surveys indicate that many employers are likely to freeze pay or postpone decisions on pay awards in the current economic climate. The unemployment rate was 3.9% in the first quarter of 2020, the claimant count rate in April 2020 was 5.8%, and the Bank of England expected unemployment to rise further during the year.

Comparability

- 4.27 The Home Secretary's remit letter asks us to have regard to the NCA's ability to maintain comparability with its key comparator markets. We have observed inconsistencies in the Home Office and NCA position on pay comparability and the extent to which NCA pay should match police pay. In this round, while the parties' confirmation of this seemed clearer and stronger, we also noted that pay comparability with the police was not considered to be appropriate for every grade. This impression was reinforced by the Home Office and NCA telling us that their highest pay aspiration for middle and senior managers was for no more than 90% of police pay.
- 4.28 The Home Office and NCA have not explained how lagging behind police pay supports achievement of the NCA's important operational mission nor why no more than 90% of police pay is the target for middle and senior managers. The Home Office and NCA stated that the pay settlement for 2020/21 should not widen the pay gap with the police as the NCA's main comparator. We suspect that the NCA's pay ambition has been constrained by affordability considerations, as we discussed in Chapter 3, and we suggest that NCA pay reform requires proper investment to succeed.

- 4.29 We observe that police pay awards are generally applied uniformly to all pay points. However, the Home Office and NCA's differential proposals included lower awards for officers towards the top of the standard pay ranges. This is likely to widen the gap between the top of the NCA ranges with the maxima of police pay scales.

NCA pay reform

- 4.30 This is the fourth year in which a differential pay award has been proposed for the NCA in support of pay reform. However, the practical benefits of this approach to the organisation so far remain unclear and in Chapter 3 we have set out our observations in relation to the reform proposals.
- 4.31 The NCA's evolutionary approach to pay reform driven by tight budgetary constraints and the limitations of a one-year funding cycle means that we are invited to consider proposals one year at a time. We would prefer to be presented with a sequenced and coherent set of pay proposals that demonstrated persuasively to all stakeholders how, as part of an overall strategic plan, pay reform will deliver the NCA's organisational needs. We assess that pay ambition is constrained by affordability considerations. We want to ensure that our pay recommendation this year supports, and is consistent with, the NCA's ongoing and unfinished pay reform programme. However, building on the points discussed above, we can only give qualified support.

COVID-19

- 4.32 As set out previously, COVID-19 has inevitably changed the context for our report. We wish to recognise the significant contribution of the NCA this year as part of the frontline national response to COVID-19. We also recognise the changing economic and labour-market context. However, there is a lack of sufficient quantitative data available this year to assess the developing impact of COVID-19 on matters within our remit. We have, therefore, considered our remit in the usual way, including by focussing on longer-term trends in the data and information relevant to our evidence-based process.

Pay recommendation

- 4.33 This has been a unique pay round. In making our recommendations we conclude that it is appropriate for us to take a strategic and long-term view. Taking all these factors into consideration, we accept overall the differential remuneration package proposed for 2020/21 by the Home Office and NCA subject to the various qualifications that we set out above. We therefore amend the proposals to recommend that the maxima of the standard pay ranges should increase by 1.5% and that all officers on the standard pay ranges receive a consolidated pay award of at least 1.5% that maintains their percentile position on the pay range²².

Recommendation 1. We recommend, from 1 August 2020, that the standard pay ranges should be revalorised as follows:

- a. the pay range minima for Grades 1 to 4 increase by 2.5%;
- b. the pay range minima for Grades 5 and 6 increase by 4.25% and 4.5% respectively; and
- c. the pay range maxima for Grades 1 to 6 increase by 1.5%.

²² This means that if an officer's salary is currently, for example, at the quarter point of the existing pay range, then their new salary will be at the quarter point of the revalorised pay range.

Recommendation 2. In conjunction with Recommendation 1 we recommend, from 1 August 2020, that all officers on the standard pay ranges should receive a consolidated pay award of at least 1.5% that maintains their percentile position on the pay range.

Recommendation 3. We recommend that the spot rates for Grades 4 and 5 should increase by 3% and 4.5% respectively from 1 August 2020.

Allowances

London Weighting Allowance

- 4.34 The **Home Office** and **NCA** proposed an increase of 1.5% to London Weighting Allowance (LWA) in the 2020/21 pay year in line with the minimum uplift applied to all officers, taking it from £3,340 to £3,391 per annum. The Home Office and NCA told us that around 1,800 officers based in eight locations in and around London were eligible to receive LWA. They explained that the proposed increase would ensure that the NCA remained competitive with the civil service departments that paid LWA as a separate allowance at an average of £3,868, around 15% higher than the NCA.
- 4.35 The Home Office and NCA advised that the Agency had continued to struggle to find candidates in and around London while recruitment outside London was far more likely to produce applicants and successful candidates. In addition, because the LWA was restricted to the Greater London area, the NCA said that it was disadvantaged by the presence of geographical police allowances not just in London but also the south-east.
- 4.36 The Home Office and NCA told us that the NCA was addressing the issue of unfavourable comparisons with police allowances by reviewing the value of its allowances and the eligible locations. They informed us that the NCA would seek to align its approach on the payment of location allowances to its estates strategy and remain competitive with comparator organisations.
- 4.37 The **NCOA** called for the NCA to undertake an immediate review of LWA as it was frustrated and concerned by the growing difference between the NCA's LWA and London Weighting for the police. The NCOA said a review of the LWA and its geographical coverage had been planned for many years linked to a review of the NCA estate. However, the review had stalled and the Agency had told the NCOA that it had no budget for major estate changes.
- 4.38 The **PCS** proposed increasing the LWA to £4,500 per annum in the 2020/21 pay year. It complained that the NCA had still not completed the LWA review recommended by the NCARRB in 2014 and expressed concern that the NCA had little intention of conducting one. It observed that Metropolitan Police officers received £6,783 in London Weighting and London Allowances.
- 4.39 The PCS added that a 2016 report by the Loughborough University Centre for Research in Social Policy had found that London housing, travel and childcare costs in particular were far higher than in other parts of the country. The report had recommended setting London Weighting rates at almost £7,700 for inner London and £6,200 for outer London. The PCS observed that LWA fell far below those levels and proposed bringing them up to those levels. In the long term, the PCS proposed making the LWA pensionable and consolidating it with existing basic pay to form a new maximum pay scale for all grades.
- 4.40 The **FDA** proposed increasing the LWA in line with the current rate of inflation as measured by RPI.

Our comment and recommendation

- 4.41 The LWA remains an important part of the remuneration package for NCA officers. We recommended a review of the LWA six years ago and it has still not taken place. This time we sensed the mounting frustration of the trades unions at the continued delay. In the circumstances, we suggest that the NCA conducts this review as quickly as possible.
- 4.42 In assessing the uplift to the LWA we note the differential between the current level of the LWA and the equivalent allowances available to officers in the Metropolitan Police. On recruitment and retention grounds it is vital that this differential does not increase further.
- 4.43 We also consider that the increase in LWA should be linked to our recommendation on the basic pay uplift as this also reflects the cost of living. The complexity of the pay proposals from the Home Office and NCA present challenges as to how best to achieve such a link. We therefore recommend an increase of 2.5% in line with the overall pay bill increase proposed by the Home Office and the NCA.

Recommendation 4. We recommend that London Weighting Allowance for NCA officers designated with operational powers should increase by 2.5% to £3,424 from 1 August 2020.

Shift Allowance

- 4.44 The **Home Office** and **NCA** said that following a review of capacity, shift patterns and market comparators they were proposing to increase the pensionable Shift Allowance paid to officers in the NCA Control Centre and Operational Support Team from 15% to 20%. They explained that this would ensure that the NCA continued to recompense officers appropriately in those functions and meet operational requirements. They said that it would enable both teams to retain officers in critical roles, reduce the high rate of turnover and provide a useful attraction tool. In oral evidence, the NCA advised us that the proposal to increase the Shift Allowance to 20% was informed by benchmarking against the Border Force and the local police force to the NCA Control Centre.
- 4.45 The **NCOA** proposed increasing the Shift Allowance to 30%. It said that such an uplift would negate the need to pay a Recruitment and Retention Allowance to officers in the NCA Control Centre.
- 4.46 The **PCS** called for all NCA staff working shifts to be recompensed with market rates of 15% for night shifts and 14% for other shifts, giving a total of 29%.

Our comment and recommendation

- 4.47 The Home Office and NCA reached their proposal to increase the Shift Allowance to 20% in the NCA Control Centre and Operational Support Team following a review of capacity, shift patterns and market comparators. We accept the evidence-based rationale for the uplift and will seek an update next year on whether there has been a reduction in officer outflow from these key parts of the NCA.
- 4.48 The high turnover in the NCA Control Centre is concerning. Therefore, we suggest that the NCA reviews the underlying causes of this and considers what measures it might implement to improve retention in this vital team.

Recommendation 5. We recommend that the Shift Allowance should increase to 20% of base pay from 1 August 2020.

Northern Ireland Allowance

- 4.49 The **Home Office** and **NCA** told us that there had been no changes to the security threat level for NCA officers in Northern Ireland. Furthermore, they said that there were no recruitment or retention pressures or emerging resourcing issues. Consequently, they were not proposing to increase existing allowances or introduce new ones for this group.
- 4.50 The Home Office and NCA added that NCA officers deployed to the Fresh Start Taskforce, who were routinely based at two police stations in Northern Ireland, received an environmental allowance of £3,000 per annum. They commented that this reflected the significantly different working environment specific to those Police Service of Northern Ireland (PSNI) police stations. The NCA explained that the payment was funded externally and formed part of Department of Justice for Northern Ireland funding in support of the Paramilitary Crime Taskforce.
- 4.51 The **NCOA** said that it believed the risk to its members working in Northern Ireland had never been greater. However, with reluctance, it would not be seeking an allowance for them equal to the Northern Ireland Transitional Allowance received by PSNI officers. The NCOA said that this was because the NCA had recently considered and decided against such an allowance and the NCARRB 2019 report had said that the rationale for such allowances had to be driven by the Northern Ireland security assessment.
- 4.52 The **PCS** said that NCA officers who were part of local PSNI initiatives such as Fresh Start should continue to receive a local allowance as per PSNI officers. It added that continuing uncertainty on EU Exit and the possible impact on officers in Northern Ireland was a cause for concern. It stated that if the security rating changed for Northern Ireland officers, the relevant security allowance should be paid to all of them.

Our comment

- 4.53 We note that the Fresh Start allowance is paid to NCA officers working alongside PSNI officers based at two particular police stations.
- 4.54 As we said last year, we accept that it is appropriate for the payment of such allowances to be driven by the security assessment. If the level of threat was the same as that for PSNI officers, then NCA officers should receive a comparable allowance. Therefore, we again note the current arrangements but invite the NCA to keep them under review.

Other allowances

- 4.55 The **Home Office** and **NCA** told us that Recruitment and Retention Allowances (RRAs) could be awarded to a specific role where there was compelling evidence of difficulties in recruitment and retention, but that officers in receipt of spot rate pay were not eligible to receive them. Valued at £1,800, £2,800 and £3,800, it said that 410 officers were in receipt of RRAs in May 2020. The NCA added that to access an RRA, a business case demonstrating value for money and compelling role-specific recruitment or retention pressures would need to be approved by the NCA's remuneration committee. The NCA stated that it paid the allowances to roles in: digital, data and technology; intelligence; investigations; legal; and threat leadership.
- 4.56 The Home Office and NCA advised us that 196 officers in specific qualifying roles (such as specialist surveillance, lawful intercept and cyber) had received Special Duties Bonus Payments (SDBPs) between April and December 2019. The Home Office and NCA said that after an interim review, the value of SDBPs would remain unchanged for 2020/21. They added that SDBPs would be reviewed again to ensure that they were aligned to overall pay reform aims.

- 4.57 The **NCOA** said that where the introduction of spot rates had meant a reduction in pay for eligible officers, this had been compounded by the removal of RRAs. In addition, it said that the RRA of £1,800 paid to officers in the NCA Control Centre was inconsistent with the acute recruitment and retention issues being faced.
- 4.58 The **PCS** said that RRAs offered little security to recipients as the payments could be removed as a result of the annual review process. However, it commented that only those at the lower end of the pay scale were tempted to accept any spot rate offer because they would have to give up their RRA. The PCS said that this had meant fewer staff were benefitting from a basic pay increase for working in a business-critical area.
- 4.59 The PCS also asked for those working in NCA Critical Operational Support to receive an allowance rather than the SDBP that they currently received. The PCS explained that these officers worked a pattern of early and late shifts and one weekend in five and that an allowance would provide certainty of income that properly reflected the disruption caused to their lives by working non-standard hours.
- 4.60 In addition, the PCS called for a one-off payment of £500 for all NCA officers in recognition of the extraordinary impact of EU Exit and the disruption to officers' work-life balance and caring responsibilities. It explained that, in the last year, three NCA-wide bans on annual leave and a 94% minimum staffing requirement had been introduced, compared with 70% in other government departments.

Our comment

- 4.61 The NCA told us that the increase in the use of RRAs from 262 last year to 410 this year was because they were being received by officers recruited recently onto its standard pay ranges. We consider that the need to give RRAs to new recruits is indicative of an underlying problem with the level of the standard pay ranges.
- 4.62 We observe that the NCA had hoped that the success of pay reform would drive down the requirement for special payments. In this context, we invite the NCA to look at its pay reform proposals and in particular the development of the spot rates and the use of the expert spot rate. We are keen to learn the outcome of the planned review of SDBPs aimed at ensuring that they are aligned to overall pay reform aims and suggest extending this review to RRAs.

Chapter 5 – Forward look

Introduction

- 5.1 It will be for Government to set the remit for the next pay round. However, the core of the report will be driven by our standing terms of reference. In this chapter we aim to give the parties who provide evidence, and the remit group more generally, some indication of areas which are likely to be of continuing interest to us in future pay rounds.
- 5.2 We recognise that we are concluding this report in extraordinary times and that next year the environment for our review may be very different and influenced by a number of factors, including those discussed below.

Pay reform

- 5.3 We look forward to receiving robust evidence on the success of pay reform measures introduced during 2020 and the benefits being delivered as a consequence of these. In this year's commentary, we put down markers as to what we expect to see next year. We would welcome an assessment of the first year of the second phase of pay reform for the period to 2024. We would also expect an explanation of how any future pay proposals support organisational outputs and complement and further develop existing reform measures. For us, a key test of the success of reform is how it supports the work of the Agency.
- 5.4 In previous years we had understood that it was the intention that NCA officers' pay should match that of the police. However, this year we have observed an aim that pay for middle and senior managers should match 90% of police pay. We also note the suggestions that other comparator groups are also relevant. We feel that pay comparability has become unnecessarily complicated and that officers in our remit group need transparency on whether, and if so how, the NCA's reform ambition is still driven by a desire to achieve it. We would welcome a comprehensive discussion of this in the evidence for next year's pay round and consideration given to undertaking a job evaluation exercise.
- 5.5 We have discussed the rationale for investment in reform and how a year-on-year approach presents risks to overall coherence and value for money. We recognise the urgency for reform and note the apparent contradiction that the organisation which aspires to be at the pinnacle of law enforcement in the UK appears to have to determine the pace of reform not by operational need but by affordability constraints. We consider provision of sufficient funding for NCA reform to be particularly important. We assess that a relatively small level of funding increase could have a significant effect on the pace and impact of pay reform. We will want to see that progress has been made in this area in evidence for next year's pay round. If we conclude then that there is still a disconnect between the strategy for reform and the funding available to facilitate it, we may consider it appropriate to address this directly in our pay recommendations.

Review of serious and organised crime

- 5.6 As discussed in Chapter 2, we look forward to seeing the outcome of the review by Sir Craig Mackey on the response to serious and organised crime and how any resulting recommendations might affect our remit group.

The UK's exit from the European Union

- 5.7 At the time of writing, the detailed arrangements for the UK's future relationship with the EU have still to be agreed following the UK's exit from the EU. One area under discussion relates to law enforcement and judicial cooperation in criminal matters. For next year's round we will be interested to receive evidence on the implications of the UK's exit from the EU for the NCA and its workforce.

COVID-19

- 5.8 Next year's evidence will need to cover the impact of COVID-19 and we would hope to see discussion of how it has affected the NCA operating environment and ways of working, for example because of the significant move to working on-line. We would welcome an assessment of the longer-term implications of COVID-19 on the NCA so we can understand the impact on our remit group.
- 5.9 We would also expect to see evidence on how the extensive repercussions of COVID-19 in relation to the wider economy and labour market have affected recruitment, retention, morale and motivation.
- 5.10 COVID-19 has forced us to revise the way that we conducted our round this year. However, we have been pleased that technology has enabled the round to progress and that we have been able to follow our usual processes. We do not yet know what the implications of COVID-19 will be for next year's round and, whether for example, social distancing requirements will have an impact on our visit programme and our ability to meet with members of our remit group in person. However, we repeat our thanks to all parties who have facilitated the current round and invite them to work with us and our secretariat to ensure that next year's round follows as conventional a process as possible.

NCARRB remit coverage

- 5.11 Our remit covers only NCA officers with designated powers. Pay for the remainder of the workforce is directly negotiated between NCA management and the recognised trades unions. We recognise that NCA officers with powers and those without powers work alongside each other and we understand that our pay recommendations inform the pay for those outside of our remit group. We also note that the number of officers with powers accounts for less than half²³ of the NCA's workforce. We suggest that there might be merit in reviewing the rationale and value of a Review Body process for what is a relatively small group.

Timetable for the next pay round

- 5.12 We comment on the delay in the submission of evidence to us from the Home Office and NCA again this year. This is the fifth consecutive year in which the process we follow encountered considerable difficulties. Delays in the process can lead to questions from those who do respect the timetable set by the Government as to the value placed on the Review Body process by those who do not. We repeat the request we made last year for the pay round to proceed on a more conventional, regular and predictable timetable.

Evidence gaps and data limitations

- 5.13 We appreciate the parties' continuing efforts to improve the evidence base and the additional information provided to us for this pay round in response to the requests in our last report. We have commented in this report on the following specific issues where further detail will help to inform the 2021 pay round:

²³ Data provided by the Home Office and NCA indicated that of 4,875 NCA officers in Grades 1-6, 1,890 were designated with powers.

- clarity from the Home Office on the type of analysis it would find useful in relation to affordability; (Paragraph 2.18)
 - evidence to enable a wider assessment of productivity, including indicators of wellbeing and sickness absence levels; (Paragraph 2.19)
 - more detailed analysis as to the rationale for pay comparator groups and the implication of these for NCA pay; (Paragraph 2.44)
 - a better understanding as to why officers are leaving the NCA; (Paragraph 2.73)
 - the equality implications of the NCA's dual pay approach; (Paragraph 2.86)
 - how the NCA continues to reward and motivate the officers on the pay ranges; (Paragraph 3.37) and
 - more detailed data on affordability and the positions of different groups of officers on the pay ranges to enable us to understand and test alternative pay proposals. (Paragraph 4.13)
- 5.14 We encourage those responsible for gathering data to consider what improvements can be made to facilitate the provision of data in these areas.

Appendix A – Previous NCARRB Reports

2019 Report

We submitted our 2019 Report on 8 July 2019 and the Government responded to the recommendations on 8 August 2019²⁴. The recommendations were as follows:

Our 2019/20 recommendations (from 1 August 2019) for NCA officers designated with operational powers:

- 1a. An overall pay bill uplift of 2.5%;
- 1b. The pay band minima for Grades 5 and 6 should be uplifted by 4.25% and 4.5% respectively; and
- 1c. All officers should receive a consolidated pay uplift of at least 1% and the NCA should aim to provide all officers with a minimum consolidated uplift as close as possible to 2%.
2. London Weighting Allowance for NCA officers designated with operational powers should increase by 2.5% to £3,339.
3. Shift Allowance is revised to 15% of base pay.

Previous recommendations

All of our previous recommendations, along with the Government responses, are set out below.

Report	Recommendation	Government response
1 st (2014)	NCA officers designated with operational powers assessed as at least “good” under the NCA’s performance management system should receive consolidated pay increases at the following values: below target range £540; within target range £270; and above target range £135 (non-consolidated where above the pay range maxima).	Accepted
	Border Investigators (former UK Border Agency officers) designated with operational powers not offered assimilation should receive a pay increase of 1% (non-consolidated where above the pay range maxima).	Accepted
	No changes in the values of NCA allowances within our remit.	Accepted
	The NCA should conduct a full review of the design, purpose and value of the London Weighting Allowance and present proposals in evidence to us.	Accepted

²⁴ Letter from Home Secretary to Chair, Home Affairs Select Committee (8 August 2019). Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/824112/Home_Secretary_to_HASC_Chair.pdf [Accessed on 18 June 2020]

Report	Recommendation	Government response
2 nd (2015)	NCA officers designated with operational powers assessed as at least “good” under the NCA’s performance management system should receive consolidated pay increases at the following values: below target range £540; within target range £270; and above target range £135. The pay range maxima should be increased by £135 to ensure consolidated pay increases for those at the pay range maxima.	Accepted
	For those officers yet to be assimilated: (i) those offered NCA terms but electing to remain on precursor terms should remain on their 2014/15 pay rates; and (ii) Border Investigators not offered assimilation should receive a pay increase of 1% (non-consolidated where above the pay range maxima).	Accepted
	London Weighting Allowance should increase by 1%.	Accepted
	No changes in the values of other NCA allowances within our remit.	Accepted
3 rd (2016)	A 1% consolidated pay increase (including Border Investigators).	Accepted
	Other officers offered NCA terms but electing to remain on precursor terms should remain on their 2015/16 pay rates.	Accepted
	A 1% increase to London Weighting Allowance.	Accepted
4 th (2018)	A variable pay award, reflecting the NCA proposal for 2017/18, is implemented, and backdated to 1 August 2017. The award should be modified so that officers on the existing pay ranges receive a minimum consolidated pay award of 1%. The maxima of all the pay ranges should be uplifted by 1% and the minima of Grades 1 and 2 should be uplifted by 1%.	<p>A minimum 1% award for all officers not eligible for the new pay structure and not already receiving the pay range maximum for their grade.</p> <p>A 1% award made up of consolidated and non-consolidated elements for officers not eligible for the new pay structure and already in receipt of the maximum for their grade or reaching it.</p>

Report	Recommendation	Government response
	<p>A variable pay award, reflecting the NCA proposal for 2018/19, is implemented from 1 August 2018. The award should be modified so that officers on the existing pay ranges receive a minimum consolidated pay award of 1%. The maxima of all the pay ranges should be uplifted by 1% and the minima of Grades 1 and 2 should be uplifted by 1%.</p>	<p>A minimum 1% award for all officers not eligible for the new pay structure and not already receiving the pay range maximum for their grade.</p> <p>A 1% award made up of consolidated and non-consolidated elements for officers not eligible for the new pay structure and already in receipt of the maximum for their grade or reaching it.</p>
	<p>NCA officers designated with operational powers electing to remain on precursor terms should remain on their 2016/17 pay rates.</p>	<p>Accepted</p>
	<p>London Weighting Allowance for 2017/18 for NCA officers designated with operational powers should be increased by 2% to £3,291 and be backdated to 1 August 2017.</p>	<p>Increased London Weighting Allowance by 1%.</p>
	<p>We make no recommendation as to the London Weighting Allowance for 2018/19, on the understanding that the NCA management will carry out a review of the allowance.</p>	<p>London Weighting Allowance for 2018/19 to be determined following a formal review.</p>
5 th (2019)	<p>An overall pay bill uplift of 2.5%.</p>	<p>Accepted</p>
	<p>The pay band minima for Grades 5 and 6 should be uplifted by 4.25% and 4.5% respectively.</p>	<p>Accepted</p>
	<p>All officers should receive a consolidated pay uplift of at least 1% and the NCA should aim to provide all officers with a minimum consolidated uplift as close as possible to 2%.</p>	<p>Accepted</p>
	<p>London Weighting Allowance for 2019/20 for NCA officers designated with operational powers should increase by 2.5% to £3,339.</p>	<p>Accepted</p>
	<p>Shift Allowance is revised to 15% of base pay.</p>	<p>Accepted</p>

Appendix B – Home Secretary’s remit letter



Home Secretary

2 Marsham Street
London SW1P 4DF
www.gov.uk/home-office

BY EMAIL ONLY

Anita Bharucha
NCA Remuneration Review Body
Fleetbank House
2-6 Salisbury Square
London
EC4Y 8AE

04 November 2019

Dear Anita,

NATIONAL CRIME AGENCY REMUNERATION REVIEW BODY REMIT 2020/21

I would first of all like to offer my thanks for the NCARRB’s work over the last year. I would now like to ask for your recommendations on the pay award for NCA officers with operational powers in 2020/21.

The NCA is an essential part of the UK’s National Security Apparatus, tackling the highest harm crimes in the country including child sexual abuse and exploitation, drugs trafficking and modern slavery.

The NCARRB continues to play an important role in providing an independent view and advising the Government on its approach to pay and, in the case of the NCA specifically, I ask that you consider the pay proposals in the context of the reforms they have achieved to date.

It is through properly targeted pay awards that the NCA has been able to reduce inequalities and implement skills-based pay in the areas where this is most needed, to support the Agency’s strategy and transformation programme.

I would, therefore, ask the Review Body to make recommendations for 2020/21 on the application of the pay award for NCA officers with operational powers in either the standard pay ranges, or the Spot Rate pay framework.

The Government has adopted a flexible approach to public sector pay, to address areas of skills shortage and in return for improvements to public sector productivity. The costs of the pay award will be met from within the NCA’s existing budgets and affordability envelope. Therefore, in reaching your recommendations for the 2020/21 pay award, I ask that you ensure they are affordable and sustainable. I also request that you describe in your report what steps you have taken to ensure affordability has been given due consideration when reaching your recommendations.

In considering your recommendations, you should have regard to the following:

1. The affordability of any proposals;
2. Evidence of recruitment, retention and vacancy rates within the NCA and its ability to maintain competitiveness with its key comparator markets; and
3. Evidence of the Agency's improvements to productivity and workforce efficiencies.

As the NCA is a Non-Ministerial Department, the Agency will provide you with its own evidence on points 1 to 3 above, based on its workforce assessments and the Review Body's terms of reference. The Home Office will be engaged in this and, where necessary, provide additional information.

As part of the context to its evidence submission, the NCA will set out its operational context, pay strategy and longer-term plans for its workforce, which I expect to be submitted to you in good time.

To allow adequate time for consultation before any changes are applied I would be grateful if you could aim to provide a report on this matter by the end of April 2020.

I look forward to receiving your report.



Rt Hon Priti Patel MP

Home Secretary

Appendix C – The parties’ website addresses

The parties’ written evidence should be available through these websites.

Home Office	https://www.gov.uk/homeoffice
National Crime Agency	http://www.nationalcrimeagency.gov.uk/
National Crime Officers Association	http://www.ncoa.org.uk/
Public and Commercial Services Union	https://www.pcs.org.uk/
FDA	https://www.fda.org.uk/

Appendix D – The NCA pay ranges, spot rates and allowances for the 2019/20 pay year

The pay ranges, spot rates, and allowances for the 2019/20 pay year that are within our remit are set out below:

Standard pay ranges

Grade	Minimum	Maximum
G1	£66,614	£82,648
G2	£54,380	£67,491
G3	£44,371	£55,275
G4	£35,846	£44,248
G5	£27,664	£37,190
G6	£19,904	£26,605

Spot rates (SR)

Grade	SR1	SR2	SR3	SR4
G4	£39,038	£42,432	£44,200	–
G5	£31,361	£32,667	£34,845	£36,297

Allowances

Allowance	Rate
London Weighting Allowance	£3,340 per annum
Overtime ²⁵	
– In excess of weekly contracted hours	Time and a half
– Rest day and bank holiday working with less than 14 days' notice	Double time
Shift Allowance	15% of basic pay
On-call Allowance	£25.28 per period

²⁵ Overtime and On-call Allowance are only payable to Grades 3-6.

Appendix E – Recommended NCA pay ranges, spot rates and allowances for the 2020/21 pay year

The recommended pay ranges, spot rates, and allowances for the 2020/21 pay year that are within our remit are set out below:

Standard pay ranges

Grade	Minimum	Maximum
G1	£68,279	£83,888
G2	£55,740	£68,503
G3	£45,480	£56,104
G4	£36,742	£44,912
G5	£28,840	£37,748
G6	£20,800	£27,004

Spot rates (SR)

Grade	SR1	SR2	SR3	SR4
G1	£70,585	£76,308	–	–
G2	£60,990	£65,935	–	–
G3	£45,480	£48,980	–	–
G4	£40,209	£43,705	£45,526	–
G5	£32,772	£34,137	£36,413	£37,930

Allowances

Allowance	Rate
London Weighting Allowance	£3,424 per annum
Overtime ²⁶	
– In excess of weekly contracted hours	Time and a half
– Rest day and bank holiday working with less than 14 days' notice	Double time
Shift Allowance	20% of basic pay
On-call Allowance ²⁷	£25.28 per period

²⁶ Overtime is only payable to officers on the standard pay ranges in Grades 3-6 and officers on spot rates in Grades 4 and 5.

²⁷ On-call Allowance is only payable to Grades 3-6.

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