



National Crime Agency  
Remuneration Review Body

# National Crime Agency Remuneration Review Body

Sixth Report 2020

Executive Summary

*Chair: Anita Bharucha*

# 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 reference<sup>1</sup>

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.

## Members<sup>2</sup> of the Review Body<sup>3</sup>

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.

# 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 range<sup>4</sup>. **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)

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<sup>4</sup> 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.

## 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)
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)

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Richard Childs

Kathryn Gray

Mark Hoble

Patrick McCartan

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*22 June 2020*