

BY EMAIL ONLY

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

14 January 2021

Dear Anita,

National Crime Agency Remuneration Review Body Remit 2021/22

I should first of all like to offer my thanks for the work of the NCA Remuneration Review Body (NCARRB) over the past year on the sixth report and your recommendations for pay round 2020/21. The Government continues to appreciate and value the independent expert advice and contribution made by the NCARRB.

The NCA is an essential part of the UK's National Security Apparatus, tackling serious, organised and highest harm crimes, often involving international working and 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 evidence for 2021/22 in the context of the reforms which the Agency has achieved to date: in particular, the reduction in inequalities and implementation of skills-based pay in the areas where this is most needed, to support the Agency's strategy and transformation programme.

As you know, the timing of the SR announcement has unfortunately delayed the commencement of Pay Round 2021/22. I am writing now to set out how the Government proposes working with the NCARRB in relation to the 2021/22 pay round and to formally begin the Review Body process.

You will have seen that the Chancellor of the Exchequer announced that pay rises in the public sector will be restrained and targeted in 2021/22 at the Spending Review. As the Chancellor set out, Covid-19 is significantly impacting the economy, labour market and the fiscal position and has suppressed earnings growth and increased redundancies in the private sector. Public sector pay was already 7% ahead of the private sector before Covid-19 and it has been shielded from the pandemic's economic effects. In the six months to September, the private sector has seen a pay cut of nearly 1% on the year, yet public sector earnings were up by almost 4%. Since March, the number of people in employment in the UK fell by 782,000, whilst over a similar period of time public sector employment increased. Hours worked were down 18% in Q2 (the largest drop since 1971) having a significant impact on people's pay and even into Q3 remain below pre-COVID-19 levels.

If we carried on with rises across the board, the existing gap between public sector reward and the private sector would widen significantly. Therefore, it is right to temporarily pause pay awards for the majority of the public sector as we assess the impact Covid-19 has had on the wider economy and labour market. This approach will also allow us to protect public sector jobs and investment in public services as Covid-19 continues to have an impact. We will be able to reassess this position ahead of pay round 2022/23. No member of the workforce will face a cut to their existing reward package and the pause will apply to headline pay uplifts only – other payments such as progression pay, overtime and special allowances will continue as before.


HM Treasury has set out the justification and evidence for this policy in more detail in the economic oral and written evidence, which will soon be available on the Office of Manpower Economics' website

We greatly value the work of the NCARRB and have only taken this decision in extraordinary circumstances. Whilst we will not be seeking a recommendation for pay uplifts in the remit group for 2021/22, we will shortly submit joint NCA and Home Office evidence for this group in the usual way, covering the usual factors and in line with the pay policy announced at the Spending Review. This will include setting out the operational context in which the Agency is operating, its ongoing pay strategy and longer-term plans for its workforce, on which we invite your view.

Those who earn less than median earnings of £24,000 (full time equivalent) are exempt from the pay policy announced at the Spending Review and will receive an increase of at least £250. Whilst there are some NCA officers without powers earning the equivalent of gross earnings of less than £24,000, they do not fall under your remit and so we will not be seeking a recommendation at this time. However, we do invite you to comment on how this is best implemented to avoid issues such as 'leapfrogging'.

As the NCA is a Non-Ministerial Department, the Agency will provide you with its own evidence on the points 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, which I expect to be submitted to you in good time. To allow adequate time for consultation, I should be grateful if you would aim to provide a report on this matter in early July 2021.

Finally, I would like to thank you again for your invaluable contribution to NCA pay, and I look forward to continuing our dialogue in future.

w.k. all good wishes


Rt. Hon. Priti Patel MP

Treatment of employees earning £24,000 or less

Definition of employees earning less than £24,000:

- This should be determined on the basis of basic salary of a full-time equivalent employee, pro-rated on the basis of hours worked, using the standard number of hours per week for that organisation.
- Part-time workers with an FTE salary of less than £24,000 should receive a pro-rata increase on the basis of the number of hours worked
- The £24,000 is based on the normal interpretation of basic salary and does not include overtime, performance pay or bonuses, nor any regular payments such as London weighting, recruitment or retention premia or other allowances.

Furloughed employees should be eligible for the £250 payment only when their unreduced, FTE basic pay falls below the threshold.

Size of increase

We are asking the Review Bodies to recommend how the uplift should be implemented in a way that minimises distortion of existing pay spines, or for other structural reasons such as leapfrogging: Government will consider higher awards to accommodate these factors. Higher awards should also be implemented where necessary to accommodate National Living Wage (NLW) policy, although employees should receive the higher of NLW or £250 (but not both).

When considering their recommendation, Review Bodies may want to consider:

- The level of progression pay provided to the workforce
- Affordability
- NLW increases
- How best to avoid 'leapfrogging' of those earning just under £24,000 with those earning just over £24,000. Government will consider modest, necessary awards in excess of the £24,000 threshold to avoid structural issues such as leapfrogging, if there is a strong case.