



Cabinet Office

Government Evidence to the Review Body on Senior Salaries on the Pay of the Senior Civil Service

February 2021



MINISTERIAL FORWARD

I am pleased to submit to the Senior Salaries Review Body this year's government evidence on Senior Civil Service (SCS) pay.

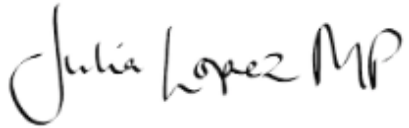
This has been an unprecedented year for the Civil Service and indeed the UK as a whole. But through difficult times the need for change often becomes all the more clear. It is imperative that we ensure the money and the powers vested in the Government are used to improve the lives of citizens and truly make a difference, and therefore reform of the capacity and capability of the Civil Service, including that of the Senior Civil Service, remains top of the agenda.

As the Chancellor of the Duchy of Lancaster set out in his Ditchley address, the Civil Service must continue to change. We need to:

- Reduce the distance between Government and people by relocating Government decision-making centres to different parts of our United Kingdom. In doing so, we must better reflect the full diversity of our United Kingdom.
- Broaden the talent pool from which we draw. The Civil Service must have a diverse workforce, both in terms of background and perspective, with a wide range of skills fit for the future, including data science and engineering.
- Reward a diversity of skills. Not just prizing the analytical, evaluative and presentational, but championing those who deliver on the ground; making practicable, measurable improvements in the lives of others.
- Overhaul learning and development through the creation of a properly-resourced campus for training those in Government. Ensuring civil servants are equipped properly to grow deep, domain-specific, knowledge.
- Tackle the revolving door of Civil Service transfers and promotions. Rewarding those with proven expertise to perform the same, or similar, job roles and functions without them thinking that to progress they have to move away from areas they know and love.
- Create room for innovation by devising a system where individuals are given room to experiment, progress and, if necessary, fail. But are also able to learn quickly, adjust and respond.

The work set out in this year's evidence, particularly the further detail on our capability-based pay system, is a key step on this journey to reform - rewarding those who build their professional and leadership capability and get things done.

I would like to thank the Senior Salary Review Body for their ongoing hard work and insight, and ask that they consider these points in their response to this year's evidence.

A handwritten signature in black ink that reads "Julia Lopez MP". The signature is written in a cursive, flowing style.

MINISTER LOPEZ

EXECUTIVE SUMMARY

Introduction

1. 2020 has been an unprecedented and challenging year for the Civil Service, wider public sector, and the country as a whole. Covid-19 continues to have a significant impact on the economy, labour market and the fiscal position and has suppressed earnings growth and increased redundancies in the private sector.
2. The public sector has been largely shielded from the pandemic's economic effects. In the six months to September 2020, the private sector has seen a pay cut of nearly 1% compared to last year, yet public sector earnings were up by almost 4%. Between March and November 2020, 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 levels. Further information on the economic context has been provided through separate evidence from HM Treasury.
3. Therefore, the Chancellor announced at the Spending Review a temporary pay pause for the majority of the public sector (including the SCS). This approach is aimed at protecting public sector jobs and investment in public services as Covid-19 continues to have an impact.
4. This means that this year the Government will not be making any specific pay proposals for the SCS for the 2021/22 pay year. The evidence will instead focus on longer term transformation to the SCS pay system, and the Government looks forward to hearing the SSRB's views on these plans.

Summary of evidence for 2021/22

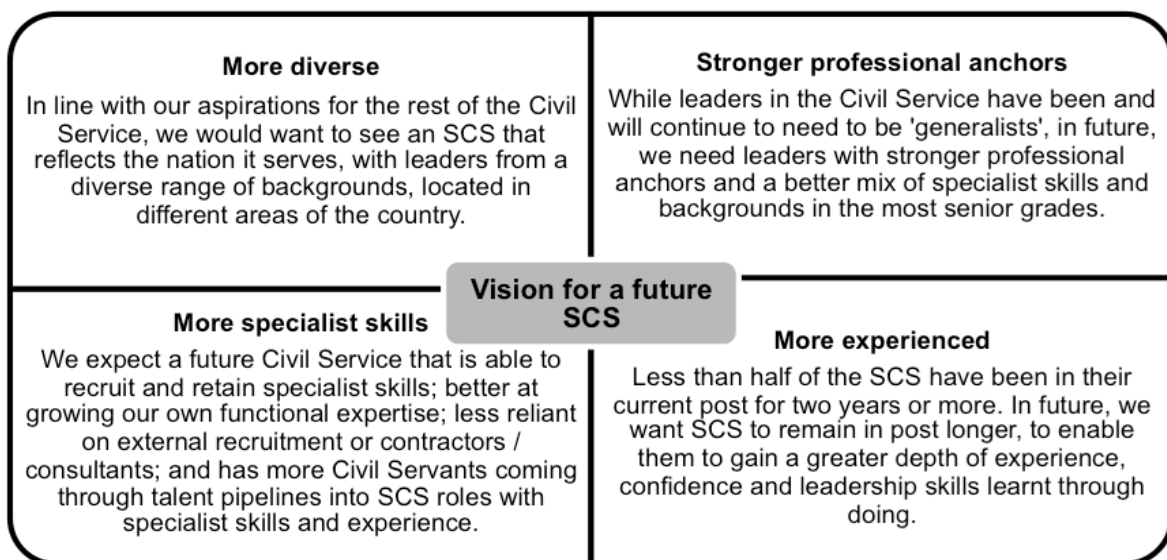
5. The Government's evidence is provided in two parts. The first part is the main evidence in narrative form and sets out:
 - a. Chapter 1 – 2020 SSRB recommendations for the SCS and the Government's response
 - b. Chapter 2 – the vision and wider context for the SCS and key workforce facts and figures
 - c. Chapter 3 – SCS pay priorities and direction of travel; and,
 - d. Chapter 4 – further evidence relating to the Permanent Secretaries, Devolved Administrations, and the Government Commercial Organisation.
6. The following information is annexed to the main evidence:
 - a. Annex A – an evaluation of the 2019/2020 pay award and its application by Main Departments;
 - b. Annex B – SCS assessment against SSRB strategic priorities and objectives and the Government response;
 - c. Annex C - SCS pay exceptions; and,

d. Annex D - additional data tables.

7. The second part is the supporting statistical data requested by the SSRB. This includes the 2020 People Survey Results for the SCS and analysis from SCS exit interviews conducted from October 2019 to October 2020. In addition, the SSRB has received separate evidence from HM Treasury.
8. As in previous years, the Cabinet Office will work with the SSRB secretariat to provide any additional information required.

SCS vision and strategy

9. In 2017, the Government set out its future vision for the SCS in line with the Civil Service Workforce Plan. This focussed on four key areas:



10. Three years have now passed and much has been achieved in that time, including the delivery of significant improvements for the SCS cadre, driven largely by the Civil Service Workforce Plan (2016-2020).
11. While we are proud of these successes, it is recognised that much has changed for the Government, Civil Service and the nation. Therefore, it is a critical time to revisit this vision and set a clear strategic direction for the SCS that supports leaders within the Civil Service to achieve their best, and sets clear expectations, support and structures to enable the SCS cadre to meet future challenges.
12. Work is underway, through the '21st Century SCS' project to develop a new strategic approach to the SCS, driven by the wider Civil Service transformation agenda, and wider system drivers based on data, evidence and best practice. This will take a refreshed look at the vision and strategy for the SCS cadre, including considering how best to support and enable strategic management of the group. A reformed and more modern approach to managing our SCS community will focus on deep expertise and diverse perspectives to ultimately create better and more balanced

decision-making to drive better outcomes for citizens. We look forward to working with the SSRB and the Civil Service Commission (CSC) on this work, which we intend to have defined and launched by the Autumn of 2021.

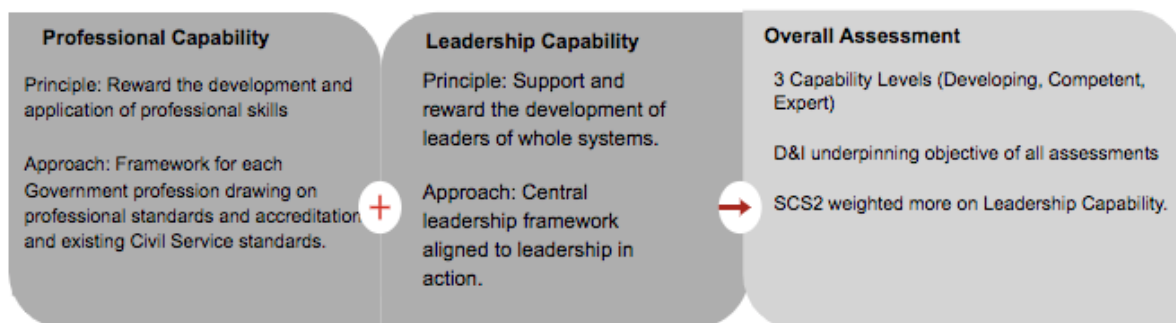
13. Further detail on the SCS vision, strategy, delivery plan and progress made on deliverables will be included in next year's government evidence. Ultimately this piece of work will help the SSRB to understand the Government's vision for the future purpose, size and composition of the SCS, how this will be achieved and how the development of a sustainable, senior leadership cadre fits into its broader longer-term strategy.

SCS pay priorities and direction of travel

Capability Based Pay Progression

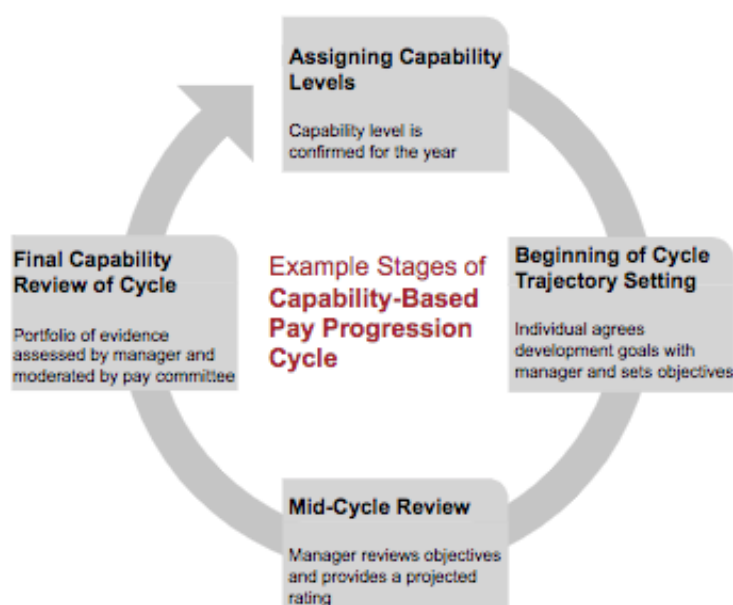
14. The introduction of capability-based pay progression for the SCS continues to be the Government's main priority for the transformation of the SCS pay system. This is a key vehicle for both incentivising and rewarding the development of capability and depth of expertise whilst remaining in post, as well as addressing the current high levels of internal churn and the resulting loss of experience and institutional knowledge.
15. The development of a new pay progression system continues to be overseen by a Task and Finish group, with a membership of senior officials representing a range of professions. The group has been active in engaging across the Civil Service to gather a wide range of views and evidence from stakeholders to ensure that a credible system with appropriate longevity is developed. The group's current focus is to ensure that the new system is launched at the right time with the necessary investment, to allow its effectiveness to be maximised.
16. Due to the uncertainty of the current economic position, and the one year Spending Review, the implementation of a new capability based pay progression will be delayed until there is further clarity for 2022/23 onwards. In the meantime, we ask that the SSRB consider and comment on the full proposals for the new system.
17. The new system will measure an individual's capability through newly developed professional and leadership frameworks. Over time it is our ambition that these frameworks would be used by departments to determine individuals' pay at key events in the employment lifecycle (including on appointment, annual pay committees, changes in role, promotion and lateral moves), but in the first instance they will be used to determine the annual pay award for members of the SCS.
18. The frameworks will differentiate SCS into three levels (developing, competent, and expert), with an increase in capability resulting in a corresponding increase within the pay band. A model demonstrating the approach can be found in figure 1:

Figure 1: Approach to Capability-Based Pay Progression



19. As set out in the last evidence, for Deputy Directors, equal weighting will be placed on professional and leadership capability, whereas for Directors there will be a greater emphasis on leadership in assessments.
20. In addition to SCS1 and SCS2, the Government now plans to extend capability-based pay progression to the Directors General cadre. The approach taken at this grade will align with that for SCS1 and 2 but with an even greater emphasis on leadership capability in assessments. The details of the system and framework for measuring capability at this level are being developed and will be shared with the SSRB in due course.
21. Under the new system, an individual's capability would be assessed at the end of the 'capability cycle' by their line manager (with input from the profession where relevant) and moderated by the respective department's pay or executive committee. The Government proposes that this cycle should be 24 months rather than annual to allow sufficient time for meaningful increases in capability to be achieved, to embed the expectation of individuals remaining in role for longer, and to reduce burden on line managers and departmental HR teams. Figure 2 outlines a high level capability cycle for an individual and their manager.

Figure 2: Example Stages of Capability Cycle



22. The outcome of capability assessments will interact with a target rate pay structure whereby an individual's pay progresses towards a target rate for their capability level over a period of time. The Government expects that the majority of the SCS would be able to show that they are competent in role within 3-5 years and therefore move to the appropriate target rate, dependent on the wider economic and fiscal context.
23. Table 1 sets out the proposed target rates based on analysis of benchmarking for four professions where there is a stable external market. The priority in the first instance is to develop a system that benefits and can be applied to the whole of the SCS. Therefore, these target rates will cover all professions with a single approach, with a commitment to review over time to ensure they remain appropriate, and an expectation that a slightly different approach may be needed in time for a small number of specialist roles.

Table 1: SCS1 and SCS2 Proposed Target Rates

Pay Band	Developing Rate	Competent Target Rate	Expert Target Rate
SCS1	£71,000	£85,000	£98,000
SCS 2	£93,000	£112,000	£128,000

24. Initial modelling and estimates of cost to move SCS1 and 2 members towards the target rate aligned to estimated current capability levels is just under £45m, representing a c.7.1% pay increase in the SCS pay bill.
25. The Government recognises that there is significant opportunity for long term efficiency savings in the reduction of unnecessary churn and the incentivisation of expertise building. Potential savings from a new system will arise from reduced recruitment and on-boarding costs, recycling saved consultancy spend, as well as a reduction in SCS numbers due to increased productivity associated with staff remaining in post and developing expertise. Based on the methods used by IfG¹, we estimate that up to £7.1million in savings per year could be available².
26. The Government is committed to ensuring that a system is ready to be implemented as soon as is feasible, recognising the long term benefits of the system as outlined. Once launched, initial uplifts would take place the following year to allow for the completion of an assessment cycle, with the priority in the first year of ensuring that the system is implemented effectively and fairly, and that the individuals who are

¹Institute for Government, 2019: '[Moving on: the costs of high staff turnover in the civil service](#)'

² Through reducing departmental turnover to at most 20%, this figure has an estimated split of £1.1M due to recruitment costs (approximately £20,000 per hire) and £5.9M due to efficiency savings (corresponding to an approximate reduction of 50 in FTE)

under the system, as well as their managers, are aware of their roles and the requirements to progress.

The SSRB is asked to comment on the Government's current proposals for a new capability-based pay progression system and to note the implications of the current funding position on the system's timeframes.

Pay ranges

27. In preparation for the introduction of capability-based pay progression, the Government plans to take some steps towards rationalising the current SCS pay ranges. This will ensure that the ranges are set at the right level and are the right length for the target rates to sit within.
28. Although a lot of progress has been made in increasing pay band minima over time, issues still remain in a number of departments with unwanted crossover between pay ranges.
29. It remains the Government's intention to continue to increase the pay band minima for all SCS grades, however a balance needs to be struck between funding increases to the minimum and targeting funding towards those low in the pay range who increase their capability. Increasing the SCS1 minimum too quickly risks demotivating those who are sitting just above the minimum who find those new to role catching up with position in the pay range when it may have taken them many years to attain that level of pay. In addition, significant minima increases can be very expensive for those departments who have a large proportion of staff sitting towards the bottom of the range.
30. In 2017 the Government first stated its intent to reduce the SCS maxima:
 - a. to facilitate quicker progress on shortening the pay ranges to both increase engagement and reduce inequities associated with maintaining a long pay range, which cannot be solely addressed through minima raises; as well as
 - b. in preparation for the introduction of capability-based pay progression and movement through the (ideally shorter) pay ranges.
31. This reduction is anticipated to produce savings to be recycled into future pay awards and has been consistently supported by the SSRB. However, the implementation of the reduction of the maxima continues to be postponed whilst work on the introduction of capability-based pay progression remains ongoing.

Non-consolidated pay

32. The Government continues to review the use of non-consolidated pay for the SCS cadre, and work is underway in a number of areas to ensure this pot is used effectively. This includes:
 - a. A review of the value, application, and parameters for non-consolidated reward as part of the wider SCS Performance Management Review. This includes an assessment of both the value of awards and distribution across

the Civil Service, as well as whether the current non-consolidated reward offer is appropriate for the SCS cadre.

- b. The greater and more targeted use of the underspent Pivotal Role Allowance pot to incentivise key SROs to stay in role for the length of project (or other milestones) to support the work of the new Infrastructure Delivery Taskforce - Project Speed - in delivering vital infrastructure projects faster, better and greener.
- c. A review of the use of various role specific allowances, particularly private and press secretary allowances, to analyse departmental practice and determine if the current approach is fit for purpose.

Performance management

- 33. The SCS performance management policy has been under review for a number of years with significant positive changes being made in 2019, including the removal of forced distribution and the 25% cap on the number of SCS who are eligible for an end of year non-consolidated performance-related payment.
- 34. Despite this, evidence through a range of sources, including focus groups conducted by both the Cabinet Office and the SSRB, has identified a number of issues that remain with the current policy and process including:
 - a. a lack of transparency in both performance differentiation and reward allocation processes;
 - b. an overly rigid structure which runs counter to the structure of performance management for delegated grades; and,
 - c. individuals remaining unaware of the removal of forced distribution.
- 35. A full implementation of a new performance management policy was planned for April 2021. However, given departments' current focus on Covid-19 response and EU Exit transition work, as well as the need to ensure any new policy aligns with the wider SCS strategy that is currently under development, a series of smaller changes will be implemented in April 2021, with larger changes set to follow at a later date once the SCS strategy has been articulated.
- 36. The Government proposes the following changes to the SCS performance management system for the 2021/22 performance year:
 - a. making the current SCS objective setting form non-mandatory, under this proposal SCS will still be required to record their objectives but will not be required to use the Cabinet Office form;
 - b. introduction of quarterly performance conversations; and,
 - c. lifting of the cap on the number of SCS who can receive in year awards.
- 37. To ensure a baseline level of consistency in reward allocation across the SCS departments must adhere to the following principles when designing their strategy for performance rewards:
 - a. an element of the reward system must be tied to long term performance;
 - b. likelihood of reward allocation should not be linked to individual's grade;

- c. poor performers are not eligible for reward;
 - d. the maximum reward an individual can receive, without approval from the Treasury, will remain at £17,500 and funding for all awards will come from the 3.3% non-consolidated pay pot;
 - e. the allocation of non-consolidated performance related payments is not in any way linked to Capability Based Pay Progression; and,
 - f. departments must be transparent regarding reward systems and processes.
38. These changes represent the first step in creating a new SCS performance management policy which forms part of the new '21st Century SCS' project. The success of the proposed changes outlined at paragraph 36 will be reviewed as part of the next stage of proposal development.
39. Over time the Government plans to enable departments to have greater flexibility whilst ensuring outcomes and accountability are measured through the system. In addition to the proposed changes, longer term work will explore the role of collaboration within the performance management system, and the use and appropriateness of non-consolidated reward. Initial goals for the future policy include:
- a. increasing department flexibility, allowing for a more collaborative approach to managing performance including the interaction with processes for delegated grades;
 - b. promoting an all year round focus on performance through more frequent development and performance discussions, supported by increased line manager capability to ensure discussions are of benefit;
 - c. improved fairness and transparency in performance differentiation and moderation, through the adoption of best practices;
 - d. empowering departments to recognise and reward SCS for high performance outside of end of year arrangements processes; and,
 - e. improved identification, monitoring and tackling of poor performance.
40. To achieve the long term vision, over the course of the next year the focus will be on the following areas, with a view to implementing any further changes once the SCS strategy has been developed:
- a. reviewing which individuals are in scope for the SCS performance management policy, with a specific focus on whether the system is appropriate for grades above SCS 1 and 2;
 - b. establishing best practice to improve the quality of performance conversations;
 - c. review of current moderation process to improve transparency and address current perceived unfairness in process;
 - d. review of the value, application and parameters for non-consolidated reward;
 - e. review of the 360 degree feedback tool and methodology; and,
 - f. establishing additional areas of the process and policy for delegation.

The SSRB is asked to comment on the proposed long term vision for the SCS performance management policy and use of the non-consolidated pay pot. In particular views would be welcome on the areas identified for focus over the course of the next year and whether the SSRB feels that other areas should also be included.

CHAPTER 1 – 2020 SSRB RECOMMENDATIONS FOR THE SCS

41. Earlier this year, the Government responded to the recommendations in the SSRB's report on Senior Salaries 2020. In this report, the SSRB made the following recommendations for the SCS workforce:

1.	There should be a headline increase of 2% allocated in the following priority order: <ul style="list-style-type: none">• Priority 1 - To mitigate anomalies arising from lack of pay progression and to alleviate other pay anomalies• Priority 2 - To increase the pay band minima• Priority 3 - To provide increase to those not benefitting from increase to the minima or those benefitting by less than 1%
2.	(Priority 1) 1% of this should be ring-fenced for pay progression and anomalies, distributed dependent on: <ul style="list-style-type: none">• Demonstration of increased effectiveness and deepened expertise• Individual position in the pay range
3.	The Cabinet Office should provide evidence to show how recommendation the 1% has been applied against these criteria
4.	The government should invest in and implement a credible, robust and simple pay progression system as a priority to reduce churn and maximise productivity and effectiveness of the SCS
5.	(Priority 2) 0.1% should be used to increase minima to the following levels: <ul style="list-style-type: none">• SCS1 - £71,000 (from £70,000)• SCS2 - £93,000 (from £92,000)• SCS3 - £120,000 (from £115,000)
6.	That incremental steps should be made to reduce the maxima this year
7.	(Priority 3) All eligible SCS members not benefitting from the increase to minima should receive a 1% award. Those SCS benefitting by less than 1% from the minima increase should receive an additional consolidated pay award to total 1% (this has an approximate cost of 0.9% of the salary bill).

42. The Government accepted the SSRB's recommendations in full, but continued to delay work on reducing maxima until the capability based pay progression system is in place. Annex A sets out an evaluation of the 2019/20 pay award and its application, in line with the SSRB's recommendations, by main departments.

43. The SSRB also made nine observations about the SCS:

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

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

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

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

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

Observation 6: We would like to receive evidence on whether the size of the non-consolidated award pot remains appropriate within any new SCS pay framework.

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

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

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

44. The points raised through these observations are addressed, where relevant, within the body of this evidence.

SCS assessment against SSRB strategic priorities

45. The SSRB also made an assessment of the SCS against its strategic priorities as well as helpfully setting out short term (e.g. through the 2020-21 government evidence) and medium term objectives for each area.

46. This assessment, as well as a summary of how the Government is seeking to address each of the short and medium term objectives can be found in Annex B. In developing this year's evidence, the Government believes it has taken steps to improve performance against the SSRB's priorities.
47. The Government recognises in some areas there is even more progress to be made. Where this is the case, plans for future activity have been set out to accelerate progress in these areas.

CHAPTER 2 – VISION AND WIDER SCS CONTEXT

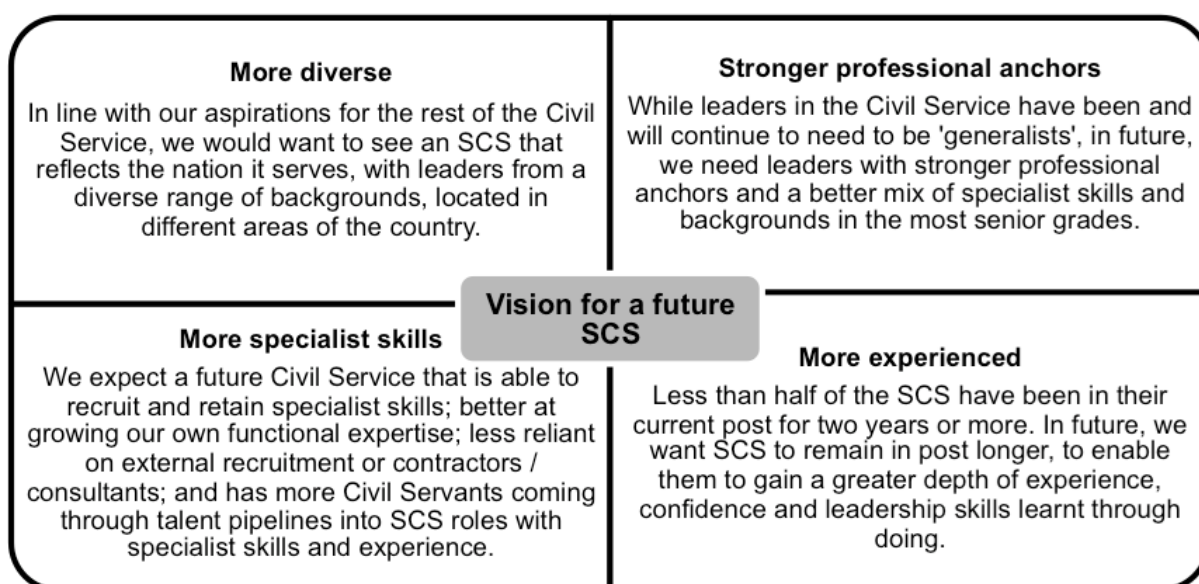
48. Covid-19 has posed a huge challenge to the Civil Service this year and to civil servants at all levels both through the work required in response, but also through the significant changes to working practices individuals have faced, as well as the impact on their personal lives. The significant task of tackling the pandemic, as well as EU Exit Transition, has placed an immediate pressure on resources. The Civil Service has been increasing its capacity and capability to meet this challenge, bringing on its own talent, investing in specialist skills and sourcing external support where necessary. Frequently this has meant the necessary redeployment of staff across and within departments, as well as the creation of and recruitment to new posts within departments at both junior and senior grades.

SCS vision and strategy

49. Through annual evidence the SSRB has consistently identified the need for a strategic vision for the future size and shape of the SCS, a long-term, coherent, outcomes-focussed strategy to achieve this vision, and an approach to pay and reward that supports the development and sustainment of this cadre for both the immediate future and the longer term.

50. In 2017, the Government set out its future vision for the SCS in line with the Civil Service Workforce Plan. This focussed on four key areas:

Figure 3: 2017 vision for a future SCS



51. Three years have now passed and much has been achieved in that time. The Government has delivered significant improvements for the SCS cadre, driven largely by the Civil Service Workforce Plan (2016-2020). Examples include:

- a. the launch of the flagship CS Leadership Academy in 2017, introducing a new leadership induction and learning offer aimed at developing world-class leaders across the Civil Service, with over 3,000 SCS participants to date;
 - b. the creation of the Government Commercial Organisation (GCO) in early 2017 to ensure the Government could recruit and retain scarce commercial skills to manage Government contracts more efficiently and effectively;
 - c. the implementation of Civil Service success profiles in 2019, signifying a significant change to recruitment and selection in the Civil Service, making it fairer and more inclusive and giving the Government the best chance of finding the best person for the job; and,
 - d. the increased maturity of the Civil Service functions and professions including the building of Career Frameworks and Pathways to support experts in reaching senior roles in government.
52. While we are proud of these successes, we recognise much has changed for the Government, Civil Service and the nation, particularly as we face unprecedented challenges from the COVID-19 pandemic and EU exit transition. Therefore, it is a critical time for us to revisit our vision and set a clear strategic direction for the SCS that supports our leaders to achieve their best within the current landscape and sets clear expectations, support and structures to enable the SCS cadre to meet future challenges.
53. Work is therefore underway to develop a new strategic approach to the SCS. This brings together the Civil Service's transformation ambitions and wider system drivers based on data, evidence and best practice to build an effective leadership community that is relevant, diverse, accessible and accountable.

Civil Service Modernisation and Reform

54. Reform and modernisation of the Civil Service is a key focus of this Government and seeks to build on previous reform efforts. The 'Shaping Our Future Together' programme was launched in July 2020 and set out a prospectus sharing the Government's ambitious aspirations for Civil Service reform.
55. To begin defining what the 'Shaping Our Future Together' programme will mean for the HR function, four priority areas have been identified. These priorities will inform upcoming activity and aim to:
- a. create a unified workforce with an attractive employment offer;
 - b. adopt a campus learning model and a rounded curriculum of learning;
 - c. foster a Civil Service culture that makes it a great place to work; and,
 - d. build a modern, diverse, capable '21st Century SCS'.

Building a 21st Century SCS

56. The 21st Century SCS project will take a refreshed look at the vision and strategy for the SCS cadre. A transformed and more modern approach to managing our SCS community will focus on deep expertise and diverse perspectives to ultimately create

better and more balanced decision-making to drive better outcomes for citizens. The work strands aim to:

- a. build an SCS cadre that role models genuine diversity of thought, skill and background and protected characteristics;
- b. ensure the Civil Service has leaders who are visible in locations around the country and who have deep expertise in different specialisms;
- c. create an agile, creative leadership community who are positioned to deliver for future generations; and
- d. cultivate a system that empowers leaders, provides rounded and autonomous job roles (with in-role development) and creates conditions and structures for leaders to be effective.

57. This project will combine existing strands of work already underway, the Shaping our Future agenda, and new ambitions which will, together, create an integrated, coherent SCS vision spanning across the whole Civil Service. Three strategic priorities will steer the project:

- a. A focus on the system-wide fundamentals of the SCS cadre. This will include considering how best to support and enable strategic management of the group and work to consider job design, SCS contracts, performance management and pay;
- b. Building skills and expertise within the SCS cadre including specialist and professional skills, domain specific expertise, technical skills, and wider leadership and management; and
- c. Considering the profile of our leaders (covering diversity in its widest sense to include protected characteristics, cognitive diversity, location spread of the group and skills) and reviewing the methods we use to attract and recruit an SCS cadre that reflects the whole of the UK.

System

58. In order to achieve these aims we propose to do an initial deep dive into comparisons, data and analysis to provide a rich and robust evidence base around our 'problem statements' and 'issues' in this space to shape our thinking going forward. This will allow us to identify and implement targeted solutions to specific issues, amplify and build on our strengths and continue to support and unlock the benefits of systems leadership.

59. Early work in the project will focus on the system-wide fundamentals of the group and consider how the system as a whole works to support the Civil Service. Work strands will cover reviewing SCS contracts, SCS performance management reform, pay and reward, culture, behaviours and setting clear and consistent expectations of the SCS. This will include new work to look at SSRB's recent commission to review and make recommendations on the optimum size and shape of the SCS cadre.

Skills

60. A core theme will be a focus on enhancing SCS capability and skills. Work in this area will be done in tight collaboration with the new Government Skills and

Curriculum Unit (for more detail see paras 70-76 below). Initial work will be informed by a skills and capability review (to identify current skills within the SCS and future requirements). This will inform work to design SCS learning curricula, a modern learning offer, leadership and management interventions and new work on an SCS induction.

Profile

61. The profile of our SCS cadre must reflect the UK population, and should be one that values diversity of thought, demographic characteristics, skill and background. This, in turn, contributes to the Government's 'Levelling Up' (Places for Growth) agenda, where key decision makers and policy makers are closer to the communities they serve and advocate for their interests, ultimately achieving better outcomes for citizens. We will continue to build on the progress already made in this area by building the SCS brand and developing an attraction strategy to ensure a targeted, robust approach to recruiting the best, most diverse candidates into the SCS across the nations. We will also take time to celebrate existing diversity and our role model leaders in the SCS through the creation of user stories.
62. In the medium to long term, we will focus on our talent pipelines and consider how we maximise routes in and out of the SCS to ensure diverse and robust talent pools and pipelines exist to supply the skills and profile of the future SCS cadre. We will review existing approaches to SCS recruitment, identifying and evaluating best practice and technology options to ensure we are recruiting the best and most diverse candidates.

Delivery Progress

63. We have taken a collaborative approach, consulting key stakeholders including departments, professions and functions, to shape the vision and ensure that the deliverables will be driven by system wide priorities, learning and input. The initial phase of the programme - developing and communicating the vision and aspirations, establishing data requirements and use, and identifying the key themes - is complete. The next phase will focus on the information deep dive, data analysis and defining problem statements and key strategic questions to be answered through the programme. This will deliver a firm foundation to enable us to develop and deliver interventions, amplify and promote strengths and respond flexibly to the requirements for the SCS driven by changing future demands.
64. We have launched new SCS recruitment standards, setting the minimum standards for recruitment of SCS end to end, and helping to attract and appoint diverse, high performing candidates at SCS level. Significant progress has been made towards the implementation of capability-based pay progression for the SCS, as well as reform to the SCS performance management processes. In addition, a project is underway to review the SCS model contract to ensure it is fit for purpose, and supports the strategic aims for the SCS cadre now and in the future.

65. Further detail on the SCS vision, strategy, delivery plan and progress made on short term deliverables will be included in next year's government evidence. Ultimately this piece of work will help the SSRB to understand the Government's vision for the future purpose, size and composition of the SCS, how this will be achieved and how the development of a sustainable, senior leadership cadre fits into its broader longer-term strategy.

Leadership in action

66. In April 2020, the Civil Service launched two new products designed to help our HR community support departments in addressing some leadership challenges they were facing. These are; *Leadership in Action* and *Leaders in Action*, designed to act as a guide for Civil Service leaders and those supporting their development.

Every day we see the best Civil Service leaders...



67. *Leadership in Action* presents eight attributes of leadership we see in action everyday across the Civil Service when leaders are at their very best. It's complemented by, *Leaders in Action*, which shows a selection of personal stories that help bring the leadership attributes to life.

68. These cover the behaviours, experience and knowledge Civil Service leaders display when they are at their best. The products are useful for current and future leaders looking to develop their own leadership skills and reflect on their experience. They are also a foundation for leadership thinking across government priorities, for alignment across HR products and for commissioning and designing leadership and development programmes.

69. Work has already started to align leadership attributes with wider projects, for example, in recruitment, leadership attributes have been embodied in the technical, experience, strengths, and behaviour components of Civil Service success profiles. Leadership in Action is forming the basis of a new leadership capability framework which will support the capability based pay approach for the SCS (see chapter 3 for further information), and are also central to our new approach to SCS performance

management. The attributes also complement work that has been done on career frameworks and career pathways which set out a range of capability and career routeways through the Civil Service.

Campus for Government Skills and the Civil Service Leadership Academy

70. A new approach to Civil Service training is being introduced, with a new Curriculum for civil servants based around five strands (Foundations of Public Administration, Working in Government, Managing and Leading, Specialist Skills, Domain Knowledge related to a specific area of government). This Curriculum will be delivered through a Campus for government skills bringing together the many bodies - including departments and professions - responsible for training. The aim is that this new Curriculum and Campus for Government Skills enables better training, knowledge and networks.
71. Training begins with induction to ensure that new civil servants feel properly valued and supported with thoughtful, thorough introduction to the knowledge and networks that they deserve, and that they need to perform to the best of their abilities and for the best interests of the public. Next year, therefore, there will be a new approach to formal inductions. The aim: to break down some of the mystique around the Civil Service and its more arcane ways, and to kickstart new colleagues in their roles, whatever their background and community, and however they enter the Civil Service.
72. These principles apply fully to the Senior Civil Service. New members of the SCS will benefit from revised inductions from the spring of 2021 – our response to the recommendations in the 2015 Baxendale Report on how best to attract, induct and thereby retain our talented people. The revised SCS induction will be more intensive, with a stronger emphasis on knowledge, relationships and the skills needed to manage large teams and projects, including consultancy skills.
73. The Civil Service Leadership Academy (CSLA) was created in 2017 to offer events and learning interventions to support the development of leadership skills within the Civil Service. Presently, the Academy is focused on Senior Civil Servants and may be extended to the whole Civil Service over time.
74. The Leadership Academy's approach to learning focuses on bringing leaders together from across the Civil Service to share experiences and expertise as a core part of its learning offer. Since November 2017, around 10,000 delegates have directly attended a CSLA event and the Academy has offered thousands of hours of learning through its teaching, learning programmes, with many departments using its designs to deliver as in-house events.
75. During 2019, the CSLA has applied its new design principles through the design and delivery of three new leadership development programmes, part of a two year pilot. The Director General, Director and Deputy Director Leadership Programmes have been launching bi-annually, quarterly and monthly respectively since September 2019. The interim offer has been a significant advance on the first phase of the half day inductions and basecamps that ran previously. Delivery through 2020 has

allowed the CSLA to build its reputation, launch standalone workshops, test ideas and provide good leadership development to a growing number of SCS and to develop buy-in from departments.

76. In September 2020, the CSLA joined the Government Skills and Curriculum Unit (GSCU), creating an opportunity to build a clearer, coherent SCS development offer, aligned with the Civil Service Accelerated Development Schemes. The first tranche of pilot leadership development programmes is closing, which is providing an opportunity to evaluate impact and efficacy, which will be used to assess future designs and potentially the operating model. The focus of 2021 will be to contribute to strengthen the leadership and management offer available to all civil servants, which will develop strand 3 of the GSCU's portfolio of work. The launch of a new SCS induction offer is planned, new real-life case studies and work closer with professions and delivery partners to embed new leadership capability frameworks within an impactful offer.

Places for Growth

77. The Government has committed to level up across the UK, including relocating roles to the regions and nations of the UK. The Places for Growth programme within Cabinet Office is driving the necessary planning within departments and public bodies, with a commitment to relocating a minimum of 22,000 Civil Service roles over the next decade, with the majority of these in the regions and nations of the UK.
78. By 2030, large numbers of Civil Service roles and public bodies will be moved out of London and South East England – moving whole organisations, and business units and functions of larger bodies and departments, with a view to reducing our central London footprint but also to:
- a. Strengthen the Union;
 - b. Support levelling-up of the regions and nations;
 - c. Ensure that the Civil Service and administration of government is better connected with communities across the UK;
 - d. Tackle the recruitment and retention challenges of a London-centric Civil Service;
 - e. Reduce costs overall, especially estate and people costs.
79. In order to build sustainable career pathways and increase opportunities in the regions, the presence of Senior Civil Service roles is key.
80. A more regionally dispersed workforce has significant benefits for the UK Civil Service as an organisation. By having a large percentage of the SCS based in Whitehall, the Civil Service is not taking advantage of the untapped and diverse talent available across the whole of the UK.
81. Places for Growth is working closely with departments on their plans to relocate a number of Senior Civil Service roles to the regions and nations, providing opportunities for civil servants to progress and build sustainable career paths.

A more inclusive Civil Service

82. The Civil Service is committed to being an open and inclusive employer. Civil servants work on a range of complex policies every day; working inclusively means that they will make better decisions, solve problems more effectively and ultimately deliver better services to citizens.
83. Much of our work in this area depends on excellent HR processes - recruitment that attracts ambitious people from all sectors, performance management that fairly rewards excellent delivery, and talent processes that can spot potential and accelerate progression to support the retention of high performing civil servants. But understanding how to build more inclusive workplaces is also essential. Creating supportive workplaces that are free from discrimination and in which every individual feels able to put their view forward enables creative challenge and innovation.

Progress to date

84. Over the past few years, the Civil Service has made good progress on increasing diversity across Departments:
- a. Across the Civil Service, representation of ethnic minority civil servants has grown from 9.2% in 2010 to 13.2% in 2020 (against an economically active ethnic minority population of 12.9%). Representation has increased at every grade. Ethnic minority representation in the SCS is now at 6.9% which is the highest it has ever been.
 - b. Representation of civil servants who are declared disabled in 2020 is 12.8% (5.2 percentage points higher than in 2010) and has increased across all grades since 2010.
 - c. The percentage of SCS who are women is increasing. In 2020 46.9% of the SCS were women compared to 35.2% in 2010. There has been a significant increase in the number of women in grade 6 and 7 roles, rising to 47.6% from 40.2% in 2010, which serves as an important pipeline into the senior civil service.
85. Our definition of diversity has also expanded. In 2018, the Government published a new measure of socioeconomic background, for example, developed in partnership with academic and industry partners³. This is now a standard measure across the Civil Service, and is creating a foundation for accelerated work on increasing socioeconomic diversity in a number of departments, building on the pathfinder work in the Ministry of Justice in particular. And we continue to consider the range of locations - and the types of skills and backgrounds - that will help us deliver better outcomes for citizens.
86. We have also developed the evidence base for all of our work on inclusion. We have defined and can now measure inclusion thanks to a proprietary model developed with external partners including the Behavioural Insights Team, which provides a way to

³ Measuring Socio-economic Background in your Workforce: recommended measures for use by employers, (Civil Service, 2018)

measure where people feel both included and excluded and what tools are available to foster the desired environment. Over 70,000 civil servants were able to use this diagnostic tool in the last year alone. And we now have a more detailed analysis of policy and process for all parts of the employee life cycle. A publicly available dashboard has been created, driving transparency, as well as new ways of analysing recruitment data.

87. Results have been promising, in particular from the accelerated development programmes put in place to help us achieve our ambitions on SCS diversity (META for ethnic minority colleagues and DELTA for those who have shared with us they have a disability):

- a. Since 2017 there have been 200 participants on META. 76 (38%) of them have been promoted either to G6 or SCS1⁴.
- b. Since 2018 there have been 32 participants on DELTA and 8 (25%) of them have been promoted either to G6 or SCS1.

Next steps

88. 2020 has been the Year of Inclusion in the Civil Service. Although not all events were delivered as planned given the Covid-19 pandemic, the year offered an opportunity to review our approach and plan next steps based on lessons learned. In particular, our focus from 2021 will be on:

- a. Talent: ensuring everyone can get on in the Civil Service no matter what their background, and that the Civil Service can act as an engine of opportunity for the whole of the UK;
- b. Fairness: ensuring that all of our processes are delivered in a way that works for everyone, and that the Civil Service as an exemplar employer in this space; and,
- c. Inclusion: building inclusive workplaces where everyone feels they can be themselves, they belong and they have a voice to contribute, based on our more robust model.

Talent pipeline

89. The Civil Service talent approach works to ensure that the Civil Service attracts, develops and retains talented people from a diverse range of backgrounds, to create a brilliant Civil Service now and for the future.

90. The Government's aim is to develop a strong and diverse pipeline of inspiring, confident and empowering leaders to shape the future of the Civil Service. The cross-Civil Service centrally managed accelerated development schemes aim to create a strong, diverse and robust pipeline through to the most senior roles in government.

Accelerated Development Schemes

⁴ correct as of December 2020

Future Leaders Scheme (FLS)

Purpose - An Accelerated Development Scheme aimed at the top 1% of G6/G7 staff across the Civil Service (including Welsh and Scottish Governments) and Arms Lengths Bodies (ALBs) who have the potential to reach SCS.

Key facts and figures:

- FLS launched in 2013 with 86 participants. The number of participants increased year on year and in 2017, there were 421 participants, the largest cohort. Since then intake is consistently just over 400, which approaches the aim of 1% of the G6/G7 population.
- On average, the scheme receives around 2,500 applications per year, with a maximum of 2,776 in 2020.
- The 2020 intake has 417 participants representing 31 Departments, and 24 different functions and professions, 62.6% of whom work in a non-policy function.
- The 2020 intake includes:
 - 63.7% female participants (47.6% average at Grade 6/7)
 - 17.3% participants recording a disability (9.1% average at Grade 6/7)
 - 15.4% participants from an ethnic minority background (11.2% average at Grade 6/7)
 - 12.3% participants recorded as LGBO (5.6% average at Grade 6/7)
- The promotion rate⁵ for FLS participants to SCS was 30%⁶ for 2017 participants (above G6/G7 average of 2.8%⁷ in 2017/18)
- For the duration of the 2018 FLS programme the resignation rate was 2.9% and the 2019 programme to date has a 1.4% resignation rate⁸. The resignation rates for G6/G7 across the Civil Service was 2.8% for 2017/18, 3% for 2018/19, and 2.9% for 2019/20.

META

Purpose - Integrated with FLS in 2017, META is offered as a tailored programme to all ethnic minority participants who are successful in gaining a place on the Future Leaders Scheme, supporting the development of individuals with the motivation and potential to become leaders of the future Civil Service.

Key facts and figures:

- META started with 38 participants graduating in 2017, and has grown to 54 for the 2020 intake⁹.

⁵ Promotion data is taken from a self-completion survey sent to 1069 individuals across the 2017 intake of FLS, SLS and META and Alumni members of FLS, SLS and HDPS programmes. The response rate was 51%.

⁶ Of those who responded to the May 2019 survey combined with those who confirmed that had a promotion.

⁷ ONS Civil Service Statistics, Cabinet Office SCS Database, information based on March 2017 - March 2018 numbers of internal civil servants at Grades 6&7 substantively promoted to SCS roles.

⁸ Resignation rates for FLS participants are based on cases where a participant or their department has informed Accelerated Development Schemes they have left the Civil Service.

⁹ All data for META is correct as of December 2020

- The 2020 intake represents 18 departments and 12 functions and professions, with 74% working in a non-policy function.
- The 2020 intake includes:
 - 67% female participants
 - 3.7% participants recording as LGBO
- Promotion rates¹⁰ for META participants to date:
 - 2017 intake: 66% to G6 and DD
 - 2018 intake: 40% to G6 and DD
 - 2019 intake: 40% to G6 and DD
 - 2020 intake: 15% to G6 and DD (META 2020 started in October 2020)

DELTA

Purpose - Launched in 2019, DELTA is now in its second year. It is offered as a bespoke programme for participants with a disability or long-term health condition, who successfully gain a place on the Future Leaders Scheme.

Key facts and figures:

- Starting with 32 participants in 2019, DELTA has grown to 42 participants for the 2020 intake.
- 18 departments are represented, along with 11 functions/professions, 52.4% of whom work in a non-policy function.
- The 2020 intake includes:
 - 64.3% female participants (47.6% average at Grade 6/7)
 - 19% LGBO participants (5.6% average at Grade 6/7)
- Promotion rates¹¹:
 - 2019 intake: 25% to G6 and DD
- Resignation rates
 - DELTA currently has a 0% resignation rate. The resignation rates for G6/G7 across the Civil Service was 2.8% for 2017/18, 3% for 2018/19, and 2.9% for 2019/20.

Senior Leaders Scheme (SLS)

Purpose - An Accelerated Development Scheme aimed at the top 3% of Deputy Directors across the Civil Service, who have the potential to progress to Director and Directors General roles.

Key facts and figures:

- SLS launched in 2012 with 48 participants. Participant numbers remained steady until 2017 when a decision was made to increase numbers to ensure an adequate

¹⁰ Resignation & promotion rates for META participants are based on cases where a participant or their department has informed Accelerated Development Schemes they have been promoted or left the Civil Service.

¹¹ Resignation & promotion rates for DELTA participants are based on cases where a participant or their department has informed Accelerated Development Schemes they have been promoted or left the Civil Service.

pipeline and candidate pool for senior positions. As a result, the intake number almost doubled to around 100.

- On average the scheme receives around 300 applications each year, with a maximum of 350 applicants in 2018 (345 in 2020).
- The 2020 intake has 112 participants, representing 24 Departments and 20 different functions and professions: 52.7% of participants are from a non-policy background.
- The 2020 intake includes declared characteristics:
 - 64.2% female participants (46.9% average at SCS)
 - 8.9% participants recording a disability (5.6% average at SCS)
 - 8.9% participants from an ethnic minority background 6.9% average at SCS)
 - 6.3% participants recording LGBO (5.6% average at SCS)
- Resignation to date¹²:
 - 2018 intake: 2 recorded as leaving CS (2.1%)
 - 2019 intake: 5 recorded as leaving CS (4.8%)
- Promotions to date:
 - 2018 intake: 23 recorded promotion to Director (24.0%)
 - 2019 intake: 15 recorded promotion to Director (14.3%)

High Potential Development Scheme (HPDS)

Purpose - HPDS is a two year course aimed at accelerating the development of Directors with the potential to progress to Director General, Permanent Secretary, Head of Function, and Chief Executive roles.

Key facts and figures:

- The HPDS was launched in 2004, and to date there have been 14 cohorts, consisting of 450 total participants and alumni.
- The newly launched 2020 cohort, cohort 14, consists of 56 Directors from across the Civil Service, representing 21 departments and 15 functions/professions (52.6% of Directors identified as working in a non-policy function/profession). This is compared to 48 Directors in cohort 13, 52 in cohort 12 and 30 in cohort 11.
- The 2020 intake includes the following declared characteristics:
 - 56.1% Female participants (down from 60.4% in 2019 and compared to 46.9% of SCS)
 - 8.8% participants from an ethnic minority background (up from 3.6% in 2019 and compared to 6.9% of SCS)
 - 7.0% participants recording a disability (down from 12.5% in 2019 and compared to 5.6% of SCS)
 - 8.8% LGBO participants (compared to 5.6% of SCS)
- Promotions

¹² Resignation & promotion rates for SLS participants are based on cases where a participant or their department has informed Accelerated Development Schemes they have been promoted or left the Civil Service.

- There are currently 295 individuals who have been through HPDS and are still working in the Civil Service. 47 individuals (16%) are now Directors General and 22 (7.5%) are Permanent Secretaries¹³
- Leavers
 - There have been 3 departures from the Civil Service in the last two cohorts (2018 and 2019 intakes; 98 participants in total) - 1 to the private sector and 2 to the public sector.
- Professional Representation:
 - For the 2019 & 2020 intakes which are both currently running (105 participants in total) participants represent the majority of the Civil Service professions with the largest number from the Policy profession (44.8%) and Operational Delivery profession (18.1%).

Fast Stream

91. The Civil Service Fast Stream is the government's flagship talent development programme. The Fast Stream's overarching strategic aim is to be 'a diverse pipeline of talent to the Senior Civil Service' and the best available evidence suggests that approximately 21% of existing SCS participated in the Fast Stream either on entry to the Civil Service or in subsequent years¹⁴.
92. The Fast Stream comprises nine schemes managed by the Fast Stream and Early Talent (FSET) team in the Cabinet Office. An additional six schemes are managed directly by professions and departments (e.g. the Diplomatic Scheme is managed by Foreign Commonwealth and Development Office) but are still recruited through the same selection process, administered by FSET. FSET centrally managed schemes currently support and manage c.2,200 Fast Streamers posted across 27 government departments, nine schemes and 10 professions.
93. To the external audience, the offer for graduates is highly regarded, in 2020 achieving Number 1 in The Times Top 100 Graduate Employer listing for the second year running. Internally, the Fast Stream is a valuable, flexible resource pool of high calibre HEOs, SEOs and, on exit, G7s, in addition to being part of the talent pipeline to SCS. In 2020 the Fast Stream attracted 64,697 applications, an increase of 14.2% on the 2019 campaign.
94. There were 1,237 recommended appointments this year, a decrease of 6.5% compared to 2019 (1,323). This is purely a result of the lower number of bids received from departments and is not a reflection of the quality of applicants. The higher number of applications and lower number of appointments means that the number of applications to appointments has increased from 42 to 52.

¹³ figures exclude those on temporary promotion

¹⁴ Many of these individuals would have participated in a different model of the current Fast Stream scheme which has only existed in its current form since 2013.

95. Attrition from the Fast Stream is a complex picture as individuals may leave for roles in the departments of their postings – taking roles from HEO to G7. They do this for a number of reasons, and it is not a reflection of their capability. Early research suggests that a third of those leaving at lower grades still progress to G7 within a few years. A smaller proportion leave the Civil Service. For the 2015 and 2016 cohorts, this was 9.7% and 6.1% respectively.

96. As Fast Stream graduates move to different departments, we are currently unable to track progression to SCS. However, the newly introduced alumni network aims to improve monitoring in the future.

SCS workforce - key facts and figures

Reward package

97. The SCS pay bands and medians are as follows:

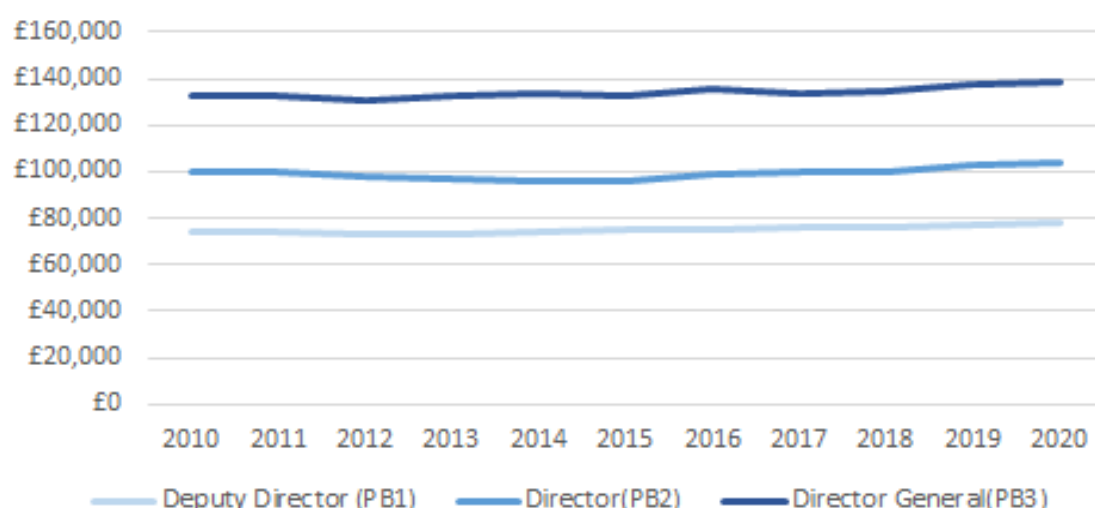
Table 2: SCS Pay bands and medians

	Minimum	Maximum	Median ¹⁵
SCS1	£71,000	£117,800	£78,500
SCS2	£93,000	£162,500	£103,500
SCS3	£120,000	£208,100	£138,600

98. Median salaries increased for all pay bands between 2019 and 2020 but have not substantially increased over time since 2010.

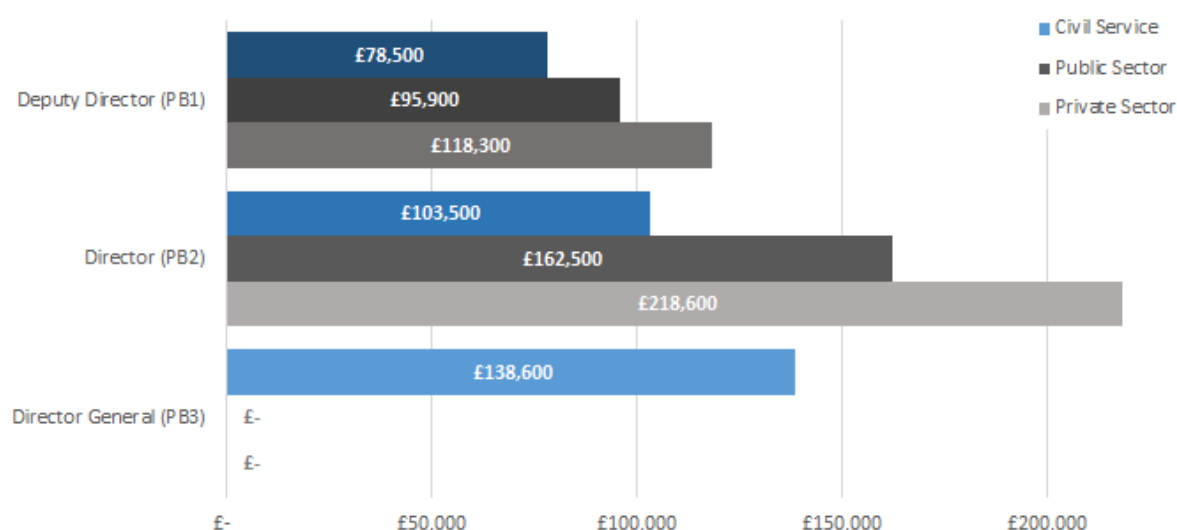
¹⁵ As of 1 April 2020

Figure 4: SCS median salaries¹⁶, 2010-2020



99. Although the pay increase seen on average for the SCS in the pay year 2019/20 was significantly above that seen by the private sector due to the impact of Covid-19, both base salary and total remuneration for all SCS pay bands remain lower than that for private sector and public sector equivalents. This differential increases with seniority within the SCS.

Figure 5: Median base salary for SCS and public and private sector equivalents¹⁷ by grade (April 2020 for SCS and October 2020 for private and public sectors)

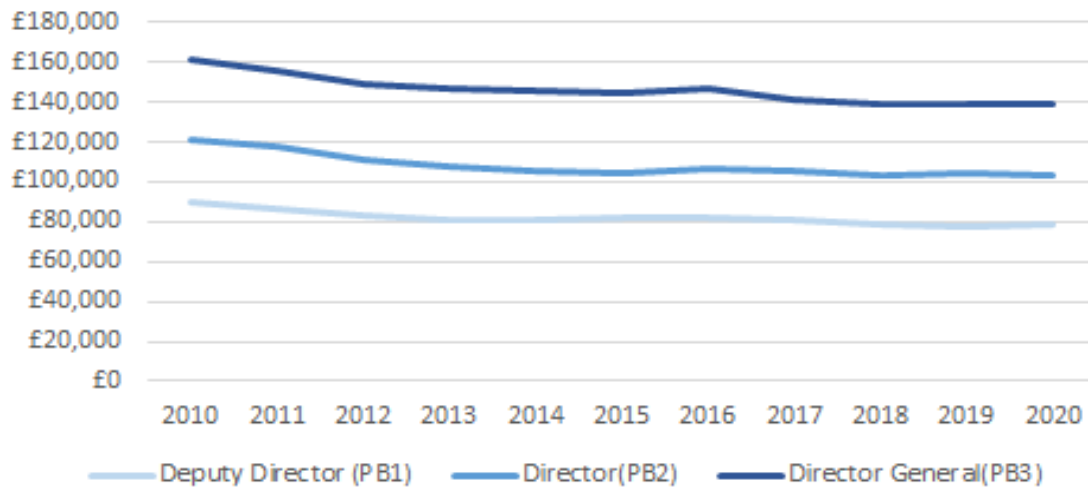


¹⁶ SCS database, 2020

¹⁷ Civil Service figures are from Cabinet Office SCS database (2020), private sector figures are based on market data from the 2020 CSHR benchmarking tool produced by Korn Ferry. Comparison figures are not available at DG level.

100. When considering cost of living inflation¹⁸, median salaries in real terms were 14%-17% higher for each pay band in 2010 compared to 2020.

Figure 6: Median SCS salary¹⁹ real terms (adjusted for inflation), 2010-2020



101. In April 2018, a new pay on appointment policy for the SCS was introduced to help control departmental turnover. The rules are:
- That no increase is given for moves on level transfer; and
 - on promotion, SCS receive no more than 10% increase or the minimum of the new grade.
102. An exception process is, however, available in cases where internal candidates are moving to roles with greater scale or responsibility for increases to be offered, with the agreement of the Permanent Secretary and the relevant Head of Profession.
103. Eight Director General exceptions were agreed in 2019/20: six pay on promotion exceptions and two level transfer exceptions. During this period there were 43 new Director General appointments, of which 33 were internal moves (17 on promotion and 16 level transfers). At Director and Deputy Director level, departments have reported 54 exception cases. The table below shows the number of cases and median salary agreed for each grade. More information can be found in **Annex C**.

Table 3: Pay exceptions by pay band

Grade	Deputy Director	Director	Director General
Number of exceptions	30	24	8
Median salary agreed	£76,937	£100,250	£128,750

¹⁸ CPIH inflation, as used by ONS for wage estimates, 2020

¹⁹ SCS database, Q1 (March) 2020

104. Departments are able to spend 3.3% of the SCS pay bill on non-consolidated performance-related pay. SCS that are assessed as a Top performers are eligible for an end-year non-consolidated reward and departments also have flexibility to give a proportion of the SCS an in-year award of a maximum of £5,000. More information about non-consolidated performance related pay and changes due to come into effect in April 2021, can be found in Chapter 3.

105. The SCS corporate recognition scheme was introduced in early 2019 with awards of up to £1,000. Nominations for this scheme need to demonstrate that an individual has met one of three criteria:

- a. A significant contribution that an individual makes to a cross-departmental initiative; or
- b. A significant contribution that an individual makes to the development of a function or profession; or
- c. A significant contribution that an individual makes outside the Civil Service, which enhances the reputation of the Civil Service.

106. Since the introduction of the scheme in January 2019, 86 individuals have received an award. The type of activities that the nominees undertook fell within the full spectrum of the criteria, with individuals making a clear difference to their department, across the Civil Service, and to members of the public.

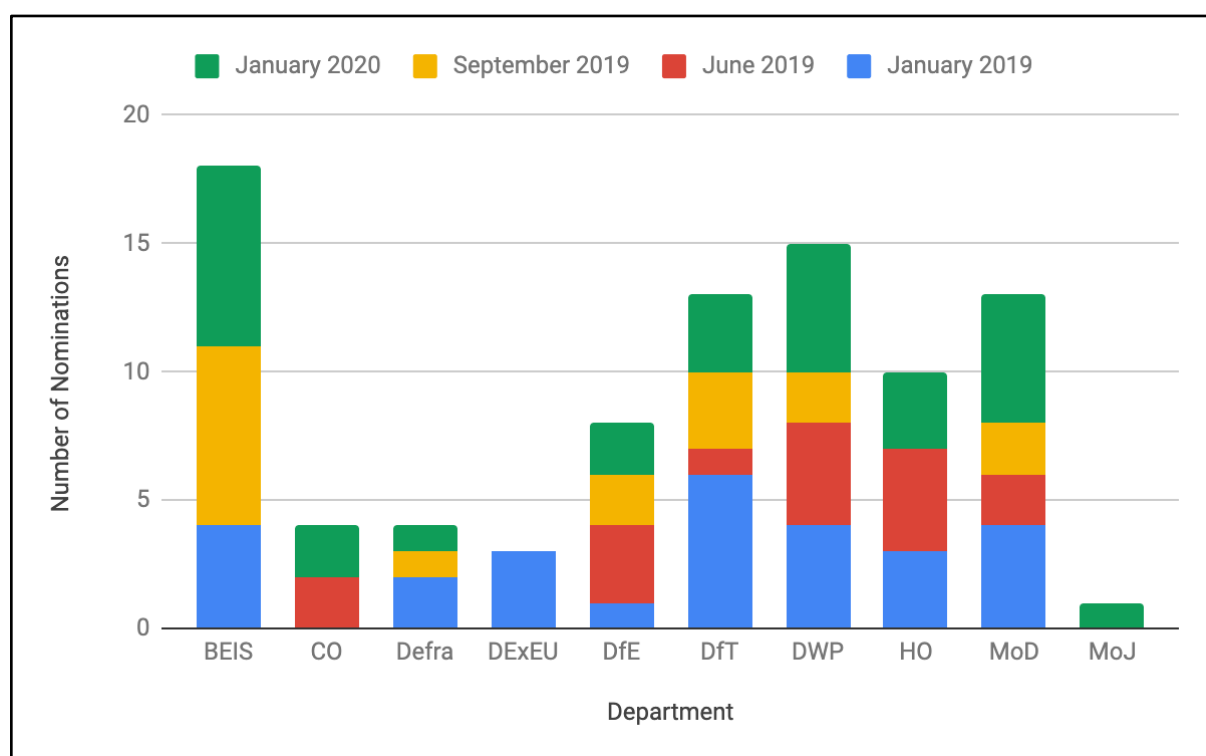
107. Details of the awards made and total amount are set out in table 4.

Table 4: Number and level of corporate recognition scheme awards made (Jan 2019-2020)

	Awards made	Total Award Amount
January 2019	25	£24,500
June 2019	16	£13,500
September 2019	17	£15,500
January 2020	29	£20,000
Total	86	£74,000

108. Usage of the scheme differs across departments as shown in figure 7.

Figure 7 - Corporate Recognition Scheme Usage by Department (Jan 2019-2020)



109. The overall amount of money available for corporate recognition scheme awards is 0.1% of the SCS salary bill (c. £430,000²⁰ in 2019/20).

110. The scheduling of nominations for the 2020-21 financial year was altered in light of departments' response to Covid-19 due to the demands on departments with no awards being made in June 2020. However, in September the awards were reopened with 30 nominations received and under consideration.

111. Work continues to increase participation across the Civil Service, including publicising of the awards and showcasing the work that individuals have delivered.

Wider reward package

112. In terms of the wider reward package available to the SCS, all those who joined after April 2013 are entitled to 25 days of annual leave, rising to 30 days at five years of service. Sickness absence entitlements for those on Civil Service modernised terms and conditions begin at one month full pay and one month half pay, rising to five months full pay and five months half pay at five years of service.

Pensions

²⁰ Based on estimates of the Q1 2019 salary bill

113. Pensions continue to form a key part of the Civil Service total reward package, with both Defined Benefit and Defined Contribution pensions arrangements²¹ available to members of the SCS.
114. Prior to August 2007, new civil servants joined a final salary scheme with a normal pension age of 60. Those who joined before 30 September 2002 entered the classic final salary pension scheme. Those who joined between 1 October 2002 and 29 July 2007 entered the premium final salary scheme.
115. When premium was introduced in 2002, employees had the option to:
- continue in classic;
 - switch to classic plus, with pre-2002 service based on a classic benefit structure and post-2002 service based on a premium benefit structure; or,
 - switch to premium, and also move their accrued pension into premium.
116. From 30 July 2007 a career average pension scheme, nuvos, was introduced for new joiners with a normal pension age of 65.
117. In April 2015 all civil servants under the age of 49.5 moved to the new post-2015 pension scheme, alpha. The normal pension age of alpha is equal to an individual's State Pension age. Some members aged over 49.5 in April 2015 had protection to remain in their pre-2015 pension scheme for either a period beyond April 2015 or for the remainder of their Civil Service career, depending on their age. The current position is that everyone now aged under 55 has moved to alpha for future pension accrual.
118. The Partnership pension scheme was introduced in October 2002 as an optional alternative to the main pension scheme arrangements for new joiners. Partnership is a Defined Contribution pension scheme. Eligibility was restricted by joining date until April 2018, but from April 2018 all civil servants are able to switch to Partnership if they wish.
119. As a consequence of the McCloud judgment, civil servants in post as at 31st March 2012 with service after 1 April 2015 will be provided with a choice of pension benefits for the period 2015-22. The choice will be to have pre-2015 scheme benefits or alpha benefits for this period. From April 2022 all civil servants will move to the alpha scheme for future pension accrual.
120. The pension contribution rate a member pays is determined by their actual earnings (i.e. taking into account part-time status), according to the salary bands shown in the table below. The overall average employee contribution rate is 5.6%.

²¹ Details of each Civil Service pension scheme are available in scheme guides at <https://www.civilservicepensionscheme.org.uk/members/>

Table 5: Civil Service pension scheme contribution rates, 1 April 2020 - 31 March 2021

Actual Earnings	Contribution Rates
£0.00 to £22,600	4.60%
£22,601 to £54,900	5.45%
£54,901 to £150,000	7.35%
£150,001 and above	8.05%

121. Table 6 shows the automatic Partnership employer contribution rate. The Partnership pension scheme does not require any member contributions, but if a member chooses to make contributions their employer will match their contribution, up to 3%. For example, if a 47 year old chooses to contribute 4%, their employer contributes 14.75% + 3% = 17.75%, which along with the member's 4% contribution gives a total contribution of 21.75%.

Table 6: Employer Partnership contribution rates, 1 April 2020 - 31 March 2021

Age at last 6 April	Percentage of pensionable earnings
Under 31	8.00%
31 to 35	9.00%
36 to 40	11.00%
41 to 45	13.50%
46 or over	14.75%

Table 7: Employer contribution rate to Defined Benefit schemes, 1 April 2020 - 31 March 2021

Salary (£)	Contribution rate
23,000 and under	26.6%
23,001 to 45,500	27.1%
45,401 to 77,000	27.9%
77,001 and over	30.3%

122. Table 7 sets out the employer contribution rates for the main pension schemes. The overall average employer contribution rate is 27.3%. This is

particularly generous when compared to the private sector where employer contribution rates are considerably lower, even for large employers with competitive remuneration packages, as shown in figure 8.

Figure 8 - Employees with workplace pensions²²: percentages by banded rate of employer contribution and sector, UK, 2018 and 2019

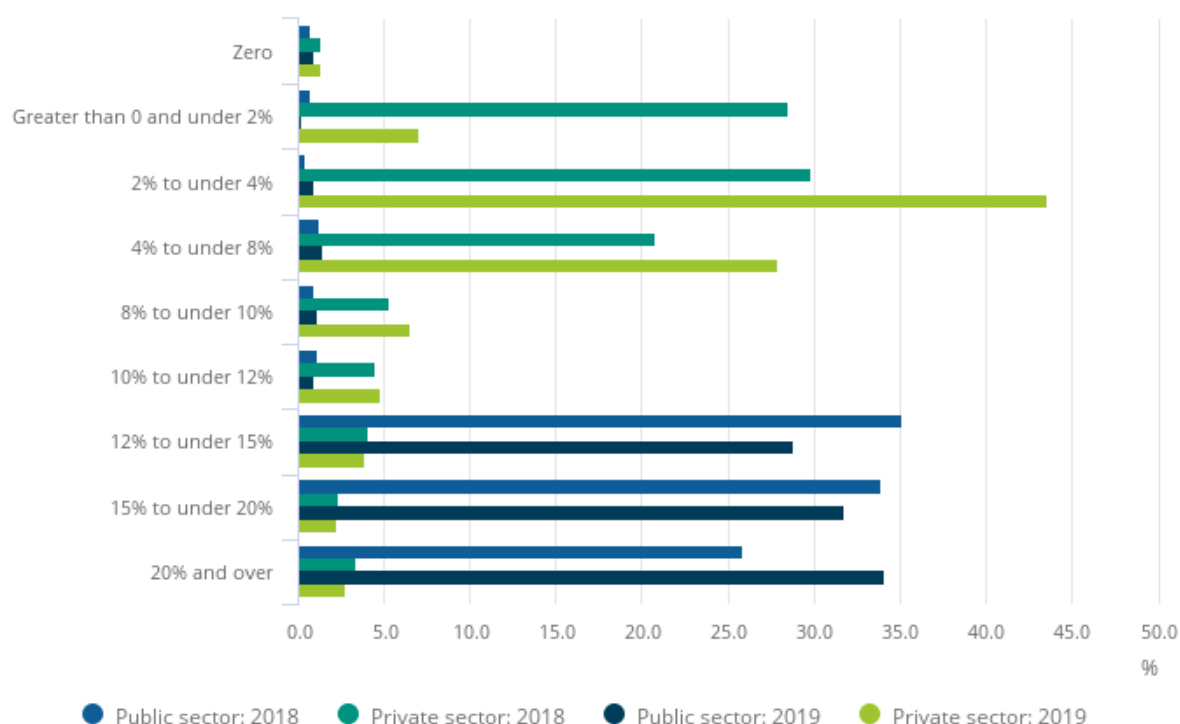


Table 8: Civil Service Pension Scheme membership, as at September 2020²³

Scheme Type	>=70k	<70k	Total
Alpha (2015)	11,600	419,700	431,300
Classic	1,200	46,700	47,900
Premium	500	14,100	14,600
Partnership	300	6,300	6,600
Non-member	<100	4,300	4,300
Nuvos	100	3,100	3,200
Classic Plus	100	1,600	1,700
Total	13,800	495,900	509,600

²² Office for National Statistics, Annual Survey of Hours and Earnings

²³ Taken from scheme member data, as at 24 September 2020. Figures rounded to nearest 100. Figures may not sum to total due to rounding. Includes active and active pensioner members

123. Table 8 sets out the numbers in each pension scheme with salaries above and below £70,000

124. As at 14 October 2020 0.92% of the total active population had opted out of the main pension scheme²⁴. 98%²⁵ of those opting out earned under £70,000.

125. When members move to alpha for future service they retain final salary links if they were previously in classic, classic plus or premium.

126. With the introduction of alpha in April 2015, members who moved into alpha have a pension input from their alpha accrual even if their salary does not increase. For a member earning £65,000 their annual alpha pension input is approximately £24,000. The Annual Allowance was reduced to £40,000 from 2014/15. This meant that a member earning £65,000 in alpha would be able to build up a maximum of about £48,000²⁶ of carry-forward, less the pension input arising from their final-salary linked service. Hence when they receive a significant pension input from promotion there is less carry-forward available to mitigate the input, and so having to pay a pension tax charge became more likely.

Table 9: Number of Pension Saving Statements (PSSs) issued, by salary

Salary	Number	% of total
Earning under £60,000	3,734	48%
Earning £60,000 to £65,000	682	9%
Earning £65,000 to £72,500	665	8%
Earning over £72,500	2,739	35%
Total	7,820	100%

Table 10: Number of Pension Saving Statements (PSSs) issued, by pension input

Pension input	Number	% of total
Pension input under £40,000	1,110	14%
Pension input between £40,000 to £50,000	3,257	42%
Pension input over £50,000	3,453	44%
Total	7,820	100%

²⁴ These individuals do not receive any civil service pension provision and are not part of the partnership scheme

²⁵ Data taken from October 2020. This does not take into account members who have re-joined the scheme during the period of Dec19 - Oct20, just confirms the numbers opting out

²⁶ 3 * (£40,000 - £24,000)

127. For 2019/20 there were 7,820 Pension Savings Statements (PSS) issued to members who breached the Annual Allowance and/or earn over £100,000 to date, or who requested a statement. Only a small percentage of those receiving a PSS will have a tax charge to pay, as most will be able to carry-forward unused Annual Allowance from the last 3 years.
128. 5,081 PSSs have been issued to members earning under £72,500 which is 65% of all statements issued.
129. 42% of all breaches of the standard Annual Allowance amount involve pension inputs between £40,000 to £50,000 p/a. This demonstrates the significant impact of the 2014/15 reduction of the Annual Allowance from £50,000 to £40,000 p/a, which approximately doubled the number of breaches of the standard Annual Allowance amount.
130. It should be noted that whilst many members will have received a PSS due to having long service in a final salary pension section and receiving a significant salary increase, many will have sufficient carry-forward available to avoid an Annual Allowance charge having to be paid. It is not known what proportion have a tax charge to pay, as this depends on their external taxable income and contributions to other pension schemes, which is not information held by the pension scheme.
131. Members can choose to reduce their pension to meet an Annual Allowance tax charge using a process called Scheme Pays. The scheme calculates the value by which their pension has to be reduced by, in order to meet a given charge level.
132. Whilst HMRC value £1 of pension as being worth £16, the scheme (using actuarial factors) values alpha pension in particular as typically being worth less than £16. In the case of younger higher earners (usually around 40 years of age) their alpha pension may be valued on an actuarial basis as being worth below £10 per £1 of pension. Hence when paying a charge via Scheme Pays, to calculate the charge the pension is considered to be worth £16 per £1 of annual pension, but when paying the charge, it is considered to be worth significantly less, leading to larger reductions of pension.
133. Alpha members will breach the Annual Allowance every year if their salary is over about £108,000. Between 2016/17 to 2019/20 (inclusive) Alpha members will have their Annual Allowance tapered below the standard amount of £40,000 if their salary exceeds £118,000.
134. From 6 April 2020 the Threshold Income and Adjusted Income levels which form the tapered Annual Allowance increased by £90,000. This means the vast majority of civil servants are no longer affected by the tapered Annual Allowance. The benefit of this HMRC policy change will mostly be felt by those earning over £118,000, although all members in alpha earning over £108,000 will have a tax charge each year, as a result of the scheme's high accrual rate.

135. The design of nuvos and alpha combined with the income tax system leads to quite high marginal deduction rates for those with gross salary²⁷ between about £108,000 and £135,000, although this partly driven by very high pension accrual rates and can be mitigated through use of Scheme Pays:
- a. Standard income tax (40%) and employee National Insurance contributions (2%)
 - b. Withdrawal of the personal income tax allowance (leading to an effective additional income tax rate of 20%)
 - c. Standard pension scheme contribution rate (7.35%)
 - d. Annual Allowance Charge
136. The combination of the above generates high marginal tax rates, particularly for those members who will also breach the Lifetime Allowance in future.
137. For those affected by pension tax issues, the main option is to consider switching to Partnership. For Partnership members, Annual Allowance charges will not be due until salary exceeds £160,000 p/a (assuming no other pension contributions or taxable income) and so most members can avoid tax charges if they switch to Partnership. However, this is a difficult financial decision, as Partnership is a completely different type of pension and the most appropriate pension scheme will differ between individual preference, age and risk tolerance. In many cases, and especially for older members, it will be financially optimal to remain in the Defined Benefit schemes and pay the tax charges.
138. The Lifetime Allowance has implications in two particular ways:
- a. For those who have already exceeded the Lifetime Allowance, the pension being accrued is worth less due to the tax charge it will attract
 - b. For those who have not yet exceeded the Lifetime Allowance but expect to do so in the future, behaviours may be affected.
139. Whilst there are many other factors which will determine the correct decision for an individual, the presence of the Lifetime Allowance issues makes the above decisions more advantageous to the individual, other things being equal.

Recruitment

140. At present data on SCS recruitment is captured through a range of sources²⁸:
- a. Data from the Civil Service Commission covers all campaigns which require a commissioner chair. This includes all external recruitment competitions for Director, Director General, and Permanent Secretary posts as well as internal competitions for Director General and Permanent Secretary posts
 - b. The DG recruitment team collates data on all DG level recruitment campaigns
 - c. The Civil Service Recruitment team collates data on all SCS campaigns run through the Civil Service Jobs website which covers the majority, but not all, of SCS recruitment campaigns.

²⁷ Assuming no other pension contributions or taxable income aside from salary

²⁸ All data in this section is from 1 April 2019 - 31st March unless stated otherwise

141. Work is underway to create a system able to collate recruitment data across all SCS campaigns regardless of whether they are undertaken through the Government Recruitment Service.
142. When considering all of these sources, alongside data from the Civil Service Fast Stream, attraction into the Civil Service remains strong. For example:
- a. In 2020 the Fast Stream attracted 64,697 applications, an increase of ~14.2% on the 2019 campaign
 - b. Of the 161 competitions²⁹ that were chaired by Civil Service Commissioners, 60% of recommended candidates were rated outstanding or very good³⁰
 - c. Of the same competitions, 61% produced more than one appointable candidate, the same as 2018/19 and up from 42% in 2017/18.
143. Sixteen (10%) of the commissioner chaired competitions resulted in no appointment (rising from 5% in 2018/19 and 3% in 2017/18). Of the 275 SCS vacancies advertised through Civil Service Jobs between July 2019 - March 2020³¹ 84% of campaigns were filled and 65% of campaigns had more than one appointable candidate.
144. The proportion of successful candidates from outside of the Civil Service has continued to drop:
- a. for appointments overseen by the Civil Service Commission, the number of external candidates fell from 59% in 2014/15 to 40% in 2018/19 to only 28% in 2019/20;
 - b. for DG campaigns the proportion of external appointees was 27% in 2019/20 with a much larger proportion of external candidates at the application stage; and,
 - c. when considering all SCS campaigns advertised on Civil Service Jobs, the percentage of external hires varied by grade with 16% at SCS1 and 20% at SCS2.
145. When considering the SCS as a whole (not just recent recruitment campaigns), one in five³² of all SCS were externally recruited when they most recently entered the SCS. By pay band the proportion ranged from 45.4% for Directors General to 16.0% for Deputy Directors.

²⁹ Civil Service Commission Annual Report and Accounts 2019/20

³⁰ The Civil Service Commission's marking frame has four categories for candidates judged appointable to the role - 'outstanding', 'very good', 'clearly above the minimum acceptable level' and 'acceptable'

³¹ Due to a system change, data from CSjobs is only available from July 2019

³² SCS database, Q1 (March) 2020

Table 11: External/Internal candidate split throughout DG recruitment campaigns (26) run in 2019/20

Applications	
External	81.30%
Internal	18.60%
Shortlist	
External	23.80%
Internal	70%
Appointable	
External	24.50%
Internal	75.40%
Appointed	
External	27%
Internal	73%

146. Feedback from the DG recruitment team suggests that, for the external market, the attraction is almost always the intrinsic value of the role and potential to enhance future career rather than remuneration. In addition, the team reported that a large proportion of external applications for DG roles are speculative and do not meet the minimum requirements of the role.
147. When considering the internal talent pipeline, of the 123 Directors who applied for DG roles between May 2019 and April 2020, 47 (38%) were assessed through the talent moderation process as 'Star' or 'Excellent', with the proportion of individuals assessed as 'Star' and 'Excellent' increasing at each stage of the process to 60% at appointment. The high proportion of appointable 'Star' and 'Excellent' Directors has been a consistent trend over the past 30 months.
148. Over the summer of 2020 a bulk recruitment campaign was run for SCS1 and SCS2 roles to address the surge in demand for these grades due to the additional work created by Covid-19 and EU exit transition. This campaign has provided valuable insight into the current recruitment landscape for senior roles, and impact of the pandemic on attraction into the Civil Service. Results so far have been very positive.
149. 30 roles were initially advertised with this number increasing to over 70 as demand continued to grow. The advert attracted c.6500 applicants.
150. The SCS1 campaign has now concluded and all roles are filled with a reserve list available for future vacancies. Candidates found to be 'above the line' at interview were marginally higher than the typical 3:1 ratio generally found in campaigns,

suggesting a good pool of candidates. Over 50% of appointees were external candidates.

151. In terms of contractor and consultant usage, between September 2019 and September 2020, 17 individuals were recruited through the main contingent labour framework (PSR) into Central Government that occupied SCS1 and SCS2 roles, with an average day rate of £1,090 across that population³³. An analysis of consultancy use specifically for Covid and EU exit/transition work between 1 April and 30 September this year, showed 187 engagements³⁴ on a day rate of £2,500 and above³⁵.

152. Work is underway to reduce the use of consultants in the Civil Service through both investment in the development of internal capability, as well as new controls on consultancy spend. The Government expects that this will result in additional and improved data on the use of consultants in the future.

Retention

153. Turnover rate for the SCS was 11.2% in 2019/20 (down from 12.8% in 2018/19) and the resignation rate declined to 4.0% 2019/20 (from 5.2% in 2018/19). While turnover is higher than the Civil Service overall rate (7.6%), it is still lower than that of the general UK workforce, estimated to be 16% by CIPD in 2019. However, when movement between departments is added, this number rises to 18.0% and may well be higher still if movement between roles within departments is included. There is also substantial variation between departments, with current estimates showing turnover ranging from less than 7% to over 20% across departments.

154. Median tenure in post is two years and within pay band is just under three years. These figures have been consistently around these levels over the last five years.

155. Although movement amongst senior talent is not negative in and of itself (and indeed may be reflective at times of necessary agility to respond to changing Government priorities such as the response to Covid-19), churn within the Senior Civil Service is felt to occur too frequently without reference to business need, exacerbated by the current incentives within the system. This theme is picked up further in Chapter 3 where the introduction of capability based pay progression is discussed.

³³ This is only a partial picture due to the following reasons: 1. there is not consistent tracking of role grades in the PSR system so there may be more workers through PSR that are occupying SCS level roles that we are unable to identify, 2. The PSR contract picks up c.50% of all CG contingent labour spend and no information of role grades exists outside of PSR, 3. More senior roles are more likely to go outside the PSR route due to their difficulty and existing relationships across CG with executive search firms that may be considered more suitable for these types of roles.

³⁴ This is also only a subset of total consultancy numbers and therefore does not give a full picture of contractor usage at SCS level.

³⁵ Roles are not specifically defined as SCS equivalents and so the day rate is used as a proxy.

156. High performers in the SCS were less likely to resign than low performers. Low performers in March 2019 had higher resignation rates in 2019/20 (8.4%) than their top performing colleagues (3.0%).
157. The proportion of SCS saying they want to leave their organisation within one year through the 2020 Civil Service People Survey was 17%, unchanged since 2019³⁶ but still above 2009 levels (15%).
158. Career development outside the Civil Service continues to be the most common reason for exits. However, amongst those SCS who undertook an exit interview in 2019/20, dissatisfaction with pay increased in comparison to the last two years.

Engagement

159. When considering the 2020 People Survey, morale within the SCS has dropped for the first time since 2010. SCS engagement levels fell to 77%, a drop of 2 percentage points since historically high figures in 2019, although they remain substantially higher than for all Civil Servants (58%) and are at or above the levels in every previous year except 2018 & 2019.
160. Almost all SCS theme scores remained the same or fell from 2019 to 2020, with the exception of the SCS perception of pay and benefits which increased 3 percentage points to 47% in 2020.
161. The Government is conscious of the challenges faced by civil servants through the Covid-19 pandemic over the past year and will continue to monitor engagement levels over the next year and through the 2021 engagement survey and respond accordingly.

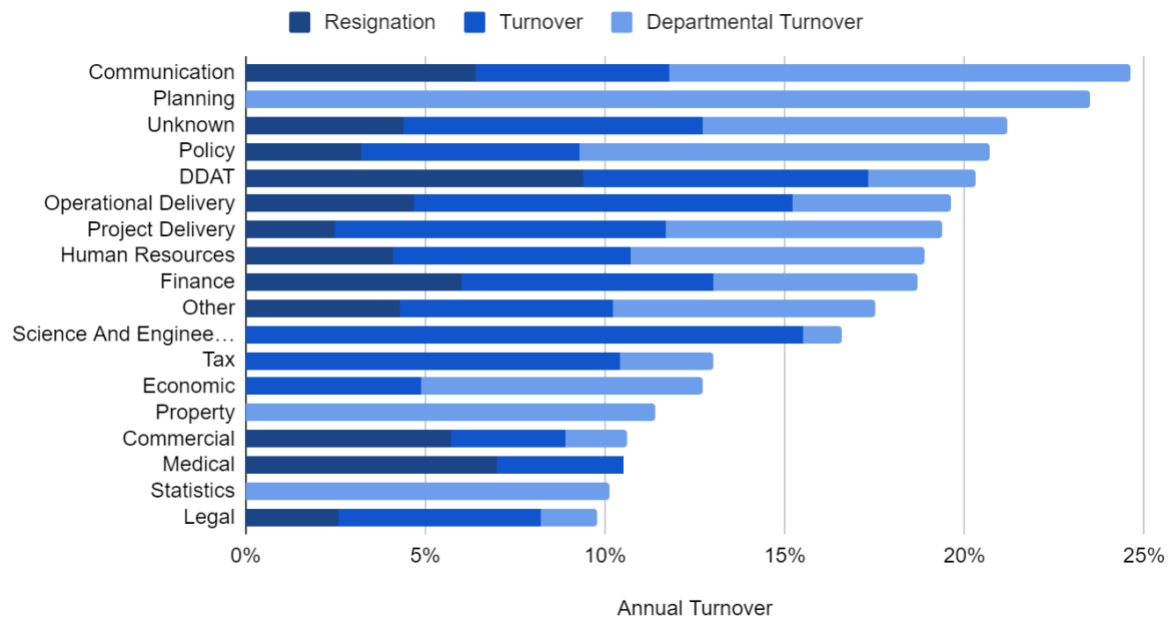
Specialists

162. When considering specialists within the Civil Service, there are some professions where we see noteworthy differences particularly when we consider recruitment and retention:
- a. the proportion of SCS recruited externally is above 40% in the Property and DDaT professions, when compared to 10% in the Policy profession
 - b. turnover³⁷ varied by profession in 2019/20 with rates ranging from 17.3% in DDaT to 8.2% in legal roles.
 - c. DDaT (9.4%) SCS roles had resignation rates over twice the overall rate (4.0%) in 2019/20, with Project Delivery and Legal roles having the lowest rate (2.5 and 2.6% respectively).

³⁶ These figures combine staff who wish to leave immediately and staff who wish to leave within a year

³⁷ SCS members leaving the Civil Service. This does not include movement between departments.

Figure 9: SCS annual turnover by profession 2019/20



CHAPTER 3 – PAY PRIORITIES AND DIRECTION OF TRAVEL

Pause to pay uplifts for 2021/22

163. Due to the public sector pay pause announced by the Chancellor through the Spending Review for the 2021/22 pay year, this year the Government will not be making any proposals for pay uplifts for the SCS, and will not be asking the SSRB to make recommendations. However, the Government greatly values the expertise of the pay review body and would like to continue to seek its input into longer term plans for reforming the SCS pay system.
164. This chapter sets out the intended direction of travel for the SCS pay system including the introduction of capability based pay progression, adjustment of the pay ranges to support this reform, and the use of non-consolidated pay. The latter will continue to be applied throughout the pause on consolidated pay uplifts.

Capability Based Pay Progression

165. The introduction of capability-based pay progression for the SCS continues to be the Government's main priority in reforming SCS pay. This is a key vehicle for both incentivising and rewarding the development of capability and depth of expertise whilst remaining in post, as well as addressing the current high levels of internal churn and the resulting loss of experience and institutional knowledge. This chapter builds on previous evidence to the SSRB, setting out further details of the new system and plans for implementation.
166. In 2017 the Government first set out its desire to create a sustainable way to enable movement through the SCS pay scales based on growth in competence through development in role. Such a system would look to more evenly balance the incentives by encouraging and enabling reward for those who remain in post, whilst simultaneously discouraging premature movement.
167. Whilst the current broad bands within the SCS pay system have given departments flexibility to respond to recruitment and retention pressures, it has also led to divergence in pay levels across government. The government has previously outlined in detail the long standing issues that a pay progression system aims to address. These included:
- a. tenure data that shows median time in post is two years, inhibiting development of expertise in role;
 - b. movement between departments or out of the Civil Service at almost 20 per cent last year;
 - c. disparities in pay between professions and individuals recruited internally and externally;
 - d. inconsistencies between departments and between different professions; and,

- e. the belief of half of the SCS that their pay does not adequately reflect their performance³⁸.
168. The impact of high levels of turnover in the SCS over recent years has continued to be highlighted in recent SSRB reports, as well as in the Institute for Government's (IfG) 2019 report, '[Moving on: the costs of high staff turnover in the civil service](#)', which suggested that high turnover of senior staff costs the Civil Service between £20.8m to £40.1m each year, as well as the negative impact on the government's ability to make policy due to lost expertise. The Public Administration and Constitutional Affairs Committee (PACAC) have also commented on the negative impact of churn in the Civil Service in a number of reports.
169. Although there are many good reasons for the movement of SCS around the system, such as responding to a crisis (such as Covid-19) and changing government priorities, it is important to set the expectation that remaining in role to develop is both valuable and desirable. The Government is, of course, aware that pay is only one of the levers for addressing high levels of churn within the SCS, and that a number of other interventions will be required to fully tackle this issue, alongside the introduction of capability based pay progression. These might include the setting of clear requirements for minimum tenure in role (for certain roles), addressing cultural expectations that movement is a necessity for progression, and reviewing talent and promotion processes to ensure depth of experience in role is being properly valued.
170. The Government's proposal for a new pay progression system offers a way to address the aforementioned issues. It also aims to ensure that the Civil Service is able to attract and retain key skills from the external market while providing incentives for high performers and those who develop capability and expertise by remaining in role, thereby creating a more experienced and productive SCS.
171. The development of a new pay progression system continues to be overseen by a Task and Finish group, with a membership of senior officials representing a range of professions. The group primary remit is to make strategic recommendations to the SSRB for the future direction of pay progression for the Civil Service, and to design a system which could be adopted across all Civil Service professions and functions.
172. The group has been active in engaging across the Civil Service to gather a wide range of views and evidence from stakeholders to ensure that a credible system with appropriate longevity is developed. The group's current focus is to ensure that the new system is launched at the right time with the necessary investment, to allow its effectiveness to be maximised. This is discussed further below.

Overview of the System

173. Last year it was agreed that any new pay progression system will need to:
- a. enable greater diversity in the SCS;

³⁸ According to the 2020 Civil Service People Survey

- b. reward the development of professional skills and competence;
- c. reward experience and high performance; and,
- d. enable and reward the development of leaders of whole systems.

174. The new system will measure an individual's capability through both a professional and leadership framework.

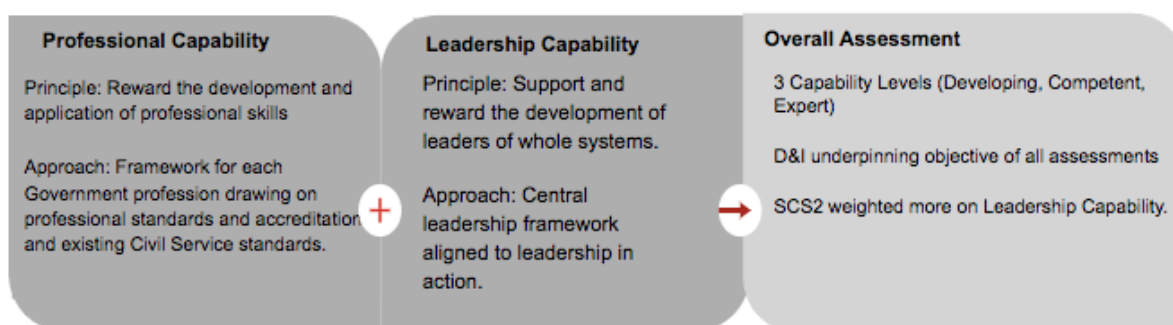
175. Over time it is our ambition that these would be used by departments to determine individuals' pay at key events in the employment lifecycle (including on appointment, annual pay committees, changes in role, promotion and lateral moves), but in the first instance they will be used determine the annual pay award for members of the SCS. Experience will be built into these frameworks through the demonstration of a track record of delivery. In addition, diversity and inclusion is an underpinning principle that is embedded into the system.

176. As the last government evidence set out, each profession (or function where appropriate) will have a capability framework for their SCS. These are in development, and will be completed in early spring. The professional frameworks will be both aligned to the existing standards set by professional bodies, and also embed the wider standards within the Civil Service, drawing on Civil Service Success Profiles, existing career pathways, and external professional qualifications and accreditation standards. During the development phase, reviews are being undertaken for each of the frameworks to ensure that there is consistency in the standards applied between professions.

177. For leadership, a single framework is also under development to measure leadership capability across the whole SCS cadre, aligning to the newly launched *Leadership in Action* standards. This is also due to be completed in early spring.

178. The frameworks will differentiate SCS into three levels (developing, competent, and expert), with an increase in capability resulting in a corresponding increase within the pay band. A model demonstrating the approach can be found in figure 10:

Figure 10: Approach to Capability-Based Pay Progression



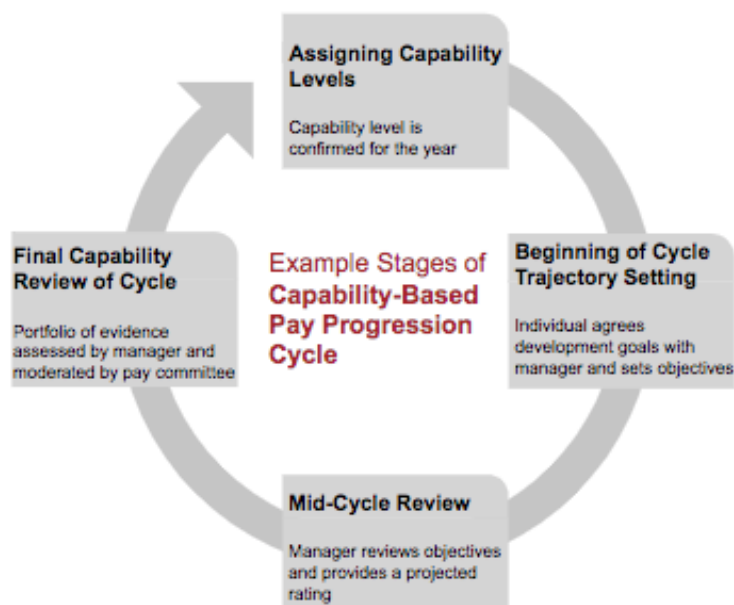
179. As set out in previous evidence, for Deputy Directors, equal weighting will be placed on professional and leadership capability, whereas for Directors there will be a greater emphasis on leadership in assessments. These weightings will aim to be

consistent across departments and professions, however the Government recognises that some roles, particularly at Deputy Director level, may also require greater emphasis on professional capability, especially where specialist skills are the primary requirement of the role.

180. Under the new system, an individual's capability would be assessed at the end of the 'capability cycle' by their line manager (with input from the profession where relevant) and moderated by the respective department's pay or executive committee. This capability cycle would run in a similar way to that of a performance cycle but over a longer period.
181. Performance and capability are independent measurables. Previous evidence has been clear about the distinctions in characteristics between capability-based pay progression and performance related non-consolidated reward:
- a. **Performance** is an indication of the quality of outputs in a given time frame and is role based, in the sense that the performance of the particular individual is being assessed against the objectives for a particular role.
 - b. **Capability**, in this context, is a longer term assessment tied to an individual rather than a role, rewarding the development of skills which are likely transferable in a generic or professional context.
182. As these are distinct measurables, they are also rewarded in different ways through the SCS pay system. Performance is rewarded through non-consolidated payments (both in year and at the end of the year), with capability due to be rewarded through an increase in consolidated pay. It is also important to recognise that reward relating to an individual's performance is based on an assessment through a retrospective lens, whereas capability related reward focuses on a forward looking, longer term assessment.
183. Although performance and capability measurement are distinct from one another, the government recognises the need to streamline processes where possible, to reduce burden on line managers and HR teams.
184. Therefore, where possible and sensible, the process part of the performance and capability cycles will be merged so that the conversations can take place at the same time. This will both limit the burden on managers and also allow for a holistic conversation between manager and employee. Capability conversations would be required to take place on a bi-annual basis, meaning that there is a dual focus between capability and performance at a given time, however departments will be required to ensure that they are separately measured and rewarded. This also ensures a focus twice a year on the system.
185. Capability objectives will be required as part of the new system to reflect an individual's professional and leadership capability goals for the year. These will be reviewed at the beginning of the year, at the same time as performance objectives. To simplify the system, the government proposes a relaxation of the existing mandatory leadership performance objective to accommodate for the introduction of

a leadership capability objective. Figure 11 outlines a high level capability cycle for an individual and their manager.

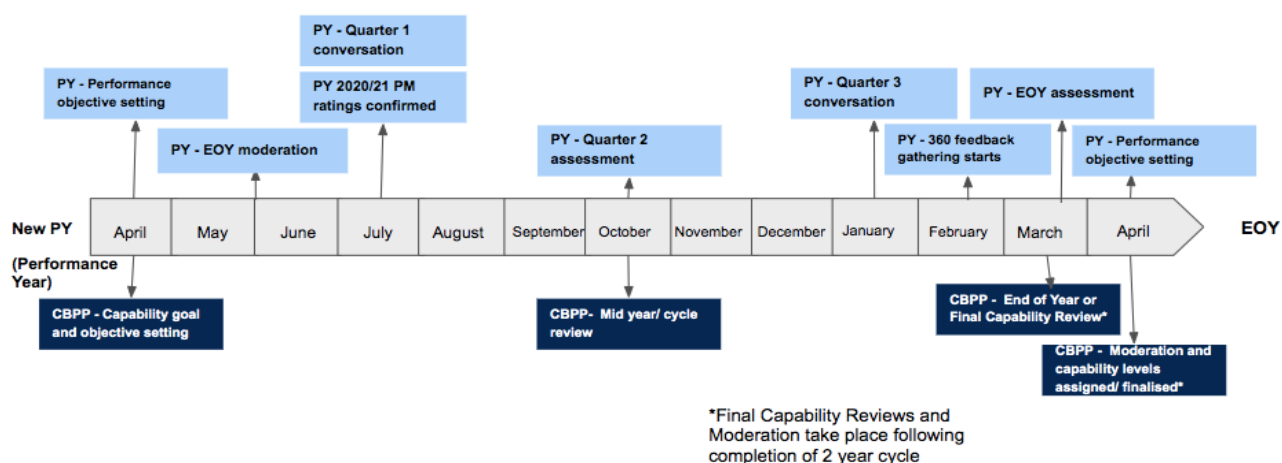
Figure 11: Example Stages of Capability Cycle



186. Some consideration has been given to the appropriate length of the capability cycle when considered alongside the performance cycle, which is annual. A longer cycle would allow sufficient time for meaningful increases in capability to be achieved and would also align with building a culture of staying in role for longer. In addition, it would place less of a burden on managers and HR teams to conduct assessments. Based on stakeholder direction, a 24 month cycle is proposed as standard once the initial assessment of baseline capability is completed when the system is launched.

187. Figure 12 shows how the SCS performance management cycle could interact with a Capability Based Pay Progression system:

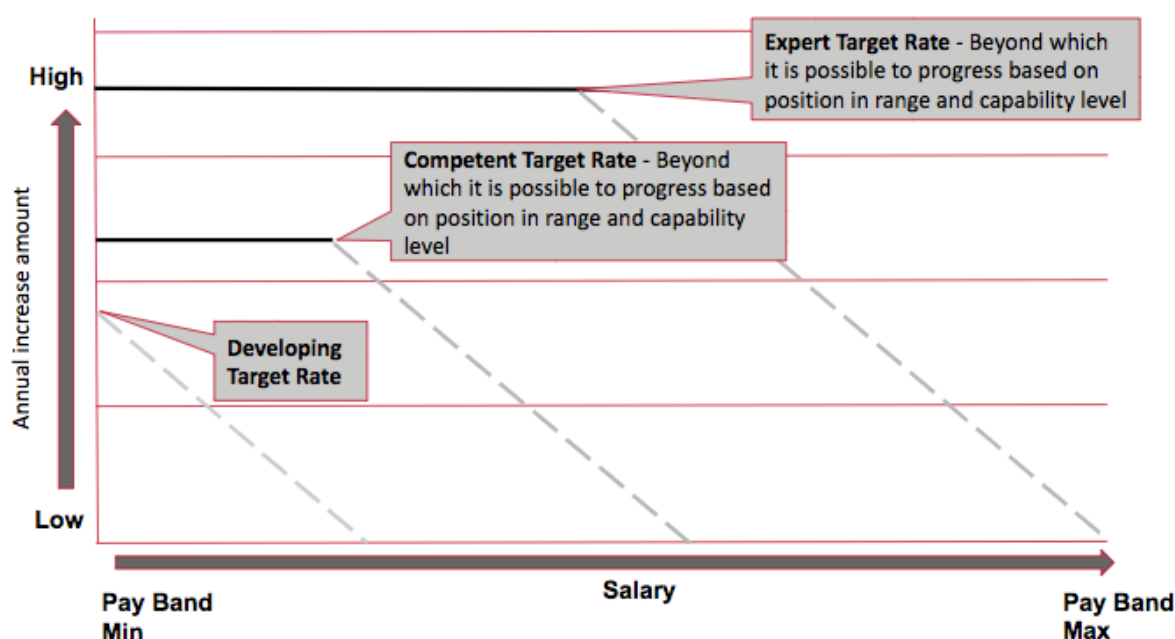
Figure 12: Timeline of Proposed Performance and Capability Interaction



Pay Structure and Target Rates

188. Capability assessments will interact with a target rate pay structure. This structure provides a flexible, affordable, simple and transparent solution to the delivery of a pay progression system.
189. Under this structure an individual's pay progresses towards a target rate for their capability level. Based on our current data, which suggests that performance peaks in roles between 3-5 years, we would expect the majority of the SCS to be able to show that they are competent in that role within that time frame and therefore move to the appropriate target rate.
190. The graphic below outlines an example pay structure:

Figure 13: Example Target Rate Pay Structure



191. Under a target rate structure, the endpoints of the dashed lines represent the maximum level of pay individuals at different capability levels would be able to progress to. Using this approach, it is possible to flex an individual's trajectory towards the target rate by adjusting the size of a pay increase based on affordability at a given period. That said, any pay increase would still need to be of sufficient value to incentivise individuals, otherwise the credibility of the approach could be undermined.
192. Target rates for SCS1 are based on analysis of benchmarking data for the HR, Property, Project Delivery, and Finance professions, with the aim of covering the majority of professions. These professions are market facing, but do not attract top market rates, and therefore provide a competitive set of rates that can be applied for the majority of the SCS. To introduce a greater degree of consistency with the public

sector market and to allow for sufficient uplifts, the proposed target rates for SCS1 reflect the public sector equivalent benchmark.

193. The pay gap with the external benchmarking at SCS2 level is substantially larger than at SCS1, even for the public sector, so the proposed SCS2 rates are calculated in line with the proportionate increases represented by the SCS1 public sector benchmarks.

194. The priority in the first instance is to develop a system that benefits, and can be applied to, the whole of the SCS first and foremost. Therefore, these target rates would be applied for all SCS roles, with the aim of covering all professions with a single approach. The pay structure and target rates will be kept under review to ensure that they remain appropriate in the future, and also with the expectation that a slightly different approach may be needed in time for a small number of specialist roles. The current approach of starting with a product for the whole cadre, supports our view that the SCS is primarily a single leadership community.

195. The proposed target rates can be found in table 12.

Table 12: SCS1 and SCS2 Proposed Target Rates

Pay Band	Developing Rate	Competent Target Rate	Expert Target Rate
SCS1	£71,000	£85,000	£98,000
SCS 2	£93,000	£112,000	£128,000

196. The pace of movement towards these rates will depend on the wider economic and financial context in a given year, and could be implemented in a phased way. Initial modelling and estimates of cost to move SCS1 and 2 members towards the target rate aligned to estimated current capability levels is just under £45m, representing a c.7.1% pay increase of the SCS pay bill.³⁹

197. To ensure that this new system is launched in a meaningful and consistent way, it is essential departments have the ability to invest the requisite amount of funding to implement the initial increases to target rates in a timely manner, particularly given the significant effort needed both centrally and departmentally to run a new system of capability measurement. This accords with the SSRB's comment in their 2020 report that an upfront investment in SCS pay is required to ensure that the system is successfully implemented.

³⁹ This is based on estimated current capability levels, calculated using a proxy of time-in-post and performance data.

198. The Government recognises that there is significant opportunity for long term efficiency savings in the reduction of unnecessary churn and the incentivisation of expertise building. The SSRB also noted in their last report that emphasis should be on the cost benefits of the system, to ensure progress is not stalled on cost grounds. We recognise that economic uncertainty is likely to raise questions on affordability and value-for-money in the short term, and will keep the SSRB updated on the short term pay policy position.
199. Potential cost savings of a new system will be borne both from reduced recruitment and on-boarding costs, recycling saved consultancy spend, as well as a reduction in SCS numbers due to increased productivity associated with staff remaining in post and developing expertise. Based on the methods used by IfG⁴⁰ and figures from Oxford Economics, 2014, we estimate that up to £7.1M in savings per year could be available by reducing departmental turnover to at most 20% (this is lower than the £20M estimated by IfG due to lower turnover rates in the last three years). This figure has an estimated split of £1.1M due to recruitment costs (approximately £20,000 per hire) and £5.9M due to efficiency savings (corresponding to an approximate reduction of 50 in FTE)⁴¹. Further work is ongoing to look at the 'optimum' level of turnover for productivity and any potential inefficiency increases due to reductions below this level.
200. The Government is committed to ensuring that a system is ready to be implemented as soon as is feasible, recognising the long term benefits of the system as outlined. Once launched, initial uplifts would take place the following year to allow for the completion of an assessment cycle, with the priority in the first year of ensuring that the system is implemented effectively and fairly, and that the individuals who are under the system, as well as their managers, are aware of their roles and the requirements to progress.
201. The Government is keeping the wider economic, labour market and financial situation under review, but recognises, in light of the recent announcement on public sector pay, that clarity on the future funding position is required before the system can be fully launched. Therefore, the implementation of the full system will remain on hold until there is further clarity on funding for the pay year 2022/23 onwards.
202. Given the delay, the Government is now exploring options for launching, as a minimum, a pilot of the capability measurement aspect of the new system from September 2021, within selected departments and professions. This would have the benefit of allowing an initial review of the effectiveness of the new capability frameworks and process for measuring capability before any pay structure is applied, whilst maintaining momentum and ensuring the conditions are in place for a simple transition to a full system. We will set out these plans in more detail to the SSRB in due course.

⁴⁰ Institute for Government, 2019: '[Moving on: the costs of high staff turnover in the civil service](#)'

⁴¹ Note that the availability of these savings will be delayed relative to the implementation of the capability pay system, as turnover reductions and capability improvements are not expected to be immediate, which will lead to a decrease in the value that can be used in business cases

Implementing the System

203. The Government recognises that for the system to be implemented successfully, there are a broader range of factors that need to be considered. These include recognising the cultural shift needed to support a pay progression system, the impact and requirements on managers, professions, and functions, and ensuring that the system is fair and meets the necessary standards for diversity and inclusion.
204. In the last evidence, the government outlined that guidance will be issued to departments to use the frameworks, so managers are aware of their obligations and are able to assess individuals effectively. The government will also consider how further manager training can be centrally conducted at the point of implementation, if necessary. The Government notes the SSRB's concerns regarding potentially increased burden on managers who will have to operate such complicated systems, and is committed to ensure that a new system builds into existing cycles and that clear guidance is issued. The ambition in the short-term is for the system to be simple enough for managers to administer, with the intention of building the system as it matures.
205. As outlined in the last evidence, diversity and inclusion is a key consideration in the development of the capability frameworks, and the new system is being designed to ensure that unconscious bias is minimised. At implementation, the government's focus on objectivity will be woven into the whole system so that:
- a. all frameworks are objective and consistent in their application;
 - b. at moderation, pay committees have an independent voice, for example a non-executive director and/or a member of a positive action group; and,
 - c. all members sitting on a pay committee will be required to undergo training to ensure they are confident in applying the frameworks fairly and consistently.

Extension to Directors General

206. In addition to SCS1 and SCS2, the government now plans to extend capability-based pay progression to the Director General cadre. The approach taken at this grade will roughly align with that for SCS1 and 2 but with an even greater emphasis on leadership capability in assessments. The details of the system and framework for measuring capability at this level are being developed and will be shared with the SSRB in due course.

Pay ranges

Right rate of pay

207. In preparation for the introduction of capability based pay progression, the government plans to take steps towards rationalising the current SCS pay ranges. This will ensure that the ranges are set at the right level and are the right length for the target rates to sit within.

208. In addition to the benchmarking undertaken to support the setting of target rates for pay progression, more general benchmarking has been undertaken for SCS roles within the private and public sector to help support whether the SCS pay ranges themselves are fit for purpose.

209. SCS median salaries were lower than comparative roles in the private sector at Deputy Director and Director level as of 2019. This differential increases with seniority within the SCS. Even when considering the wider public sector, the median for these pay bands remains below that of those in equivalent roles.

Minima and Maxima

210. Although a lot of progress has been made to increase pay band minima over time, particularly at SCS1 level (see table 13), there still remain issues arising in a number of departments with unwanted crossover between pay ranges.

Table 13: SCS pay band minima 2009-2020

Year	SCS1	SCS2	SCS3
2009 - 2012	£58,200	£82,900	£101,400
2013	£60,000	£84,000	£103,000
2014	£62,000	£85,000	£104,000
2015	£63,000	£86,000	£105,000
2016	£64,000	£87,000	£106,000
2017	£65,000	£88,000	£107,000
2018	£68,000	£90,500	£111,500
2019	£70,000	£92,000	£115,000
2020	£71,000	£93,000	£120,000

211. For example, almost a quarter of Grade 6s currently earn over the SCS1 minimum. Although this is the case for most grades, with the overlap ranging from 9% to 39% in 2020, this is a particular issue at the G6/SCS1 crossover due to the fact that individuals move from a departmentally controlled pay system to one that is centrally controlled. When looking within departments, approximately 12% of G6 employees earn at or above the lower 5th percentile of DD salaries within that department, compared to between 8% and 39% at other grade boundaries. The extent of the overlap at G6 varies widely across professions, with the largest overlap seen for G6s working in niche specialist roles such as Medicine or Psychology (44% and 32% overlap), while only 6% of G6s working in Policy roles earn above the lower paid DDs in their department. The majority of departments have a London G6

maximum higher than the SCS1 minimum

212. Anecdotal feedback from members of the SCS suggests that the relatively small increase in salary when joining the SCS, coupled with the perceived large increase in responsibility and working hours, runs the risk of making promotion into the SCS less attractive. This issue is exacerbated in the Devolved Administrations where pay progression exists for those at delegated grades meaning a large proportion of G6 staff sit at the top of the pay range, leading to issues such as leapfrogging on promotion to SCS1.
213. Reducing the overlap between G6 salaries and the SCS1 minima to a minimal level would entail setting the SCS1 minima to match the highest salaries within the G6, and then increasing it in line with these salaries as they change over time. As of 2019, the top 5% of G6s earned above £79,700, rising to £81,000 in 2020. Reducing the proportion of G6s who earn more than the DD minima to 5% would therefore have required setting the minima to £79,700 in 2019, and increasing it to £81,000 in 2020.
214. It remains the Government's intention to continue to increase the pay band minima for all SCS grades, however a balance needs to be struck between funding increases to the minimum and targeting funding towards those low in the pay range who increase their capability. Increasing the SCS1 minimum too quickly risks demotivating those who are sitting just above the minimum who find those new to role catching up with position in the pay range when it may have taken them many years to attain that level of pay. In addition, significant minima increases can be very expensive for those departments who have a large proportion of staff sitting towards the bottom of the range.
215. As set out above, The SCS1 'competent' target rate for capability based pay progression has been proposed as £85,000. Therefore, those Deputy Directors who increase their capability can expect, over time, to erode any overlap that exists between their salary and that of the individuals that they manage.
216. The Government expects that, for some specialist roles at Grade 6 level, an element of crossover with the grade above will continue to be part of the Civil Service pay structures.
217. In 2017 the government first stated the intent to reduce the SCS maxima:
- a. to facilitate quicker progress on shortening the pay ranges to both increase engagement and reduce inequities associated with maintaining a long pay range, which cannot be solely addressed through minima raises; as well as
 - b. in preparation for the introduction of capability based pay progression and movement through the (ideally shorter) pay ranges.
218. The current maxima for SCS2 is at the same level as the Permanent Secretary tier 2 pay range, and the SCS3 maxima is significantly above the highest Permanent Secretary pay tier.

219. This reduction is anticipated to produce savings to be recycled into future pay awards and has been consistently supported by the SSRB.
220. Since 2017, the implementation of the reduction of the maxima has been postponed whilst work on capability-based pay progression remained ongoing. It was felt it would be more beneficial to wait to ensure the levels set are robust in the context of capability based pay progression. Therefore, it remains the Government's intention to reduce the maxima in line with the launch of capability-based pay progression.
221. Reducing the maxima would not remove the ability to pay above this level for roles where there is a clear rationale (for example some Heads of Function or other specialist roles). Rather, it would give a clear indicator as to where the range for the majority should sit.

Non-consolidated pay

Performance-related pay

222. The current non-consolidated pay pot for SCS is 3.3% of the overall SCS pay bill. The pot is used to fund end of year awards and in year awards. Following the removal of forced distribution there is no cap on the number of staff eligible for an end of year award (although only those receiving a top box marking are eligible for bonuses) and 20% of staff are eligible for an in year award. In both the 19/20 and 20/21 performance years, this was temporarily uplifted to 40% to facilitate SCS response to EU Exit and Covid-19.
223. The value, application, and parameters for non-consolidated reward are currently being reviewed as part of the SCS Performance Management Review. Engagement with pay and reward leads on reward proposals demonstrated that while departments welcomed increased flexibility through the lifting of the cap on both in year and end year award, they felt that current inconsistencies in reward value may be exacerbated as a result of the change. In particular, departments who have a larger paybill due to higher paid SCS (rather than just larger numbers of SCS) will in theory be able to provide a larger value of reward to more staff as the value of the non-consolidated pot per person is larger.
224. This review focuses on assessing both the value of awards and distribution across the Civil Service. It will encompass pay modelling to consider how consistency in value can be improved and address departments concerns. Furthermore, the review will address whether the current non-consolidated reward offer is appropriate for the SCS cadre, examining whether this system should continue to exist, or if the funding could be used elsewhere within the SCS pay system.
225. Further work will also be taken forward to explore the impact of reward value on behaviour including motivation and incentivising high performance. Research in this area includes engagement with other public and private sector organisations and

SCS to gain further insight into motivations.

226. Any changes to the value, application and distribution of the non-consolidated pay pot will require large scale engagement and work from departments to implement successfully. Department capacity for large scale changes to pay and reward, beyond the introduction of capability based pay progression, is limited, with resources being prioritised on EU Exit transition and Covid-19 work. As such, prioritisation must be given to the implementation of capability based pay progression and changes to the performance management system, which address the most pressing problems. This will allow sufficient time to review the current non-consolidated pot.

Pivotal role allowances

227. The Pivotal Role Allowance (PRA) is a retention tool to help departments retain SCS in highly specialised roles and those delivering the riskiest major projects across government. Pending substantive reform of the SCS pay system, PRA is recognised as a useful tactical solution to address flight risk.
228. Since its introduction in April 2013, 137 PRAs have been agreed for people responsible for delivering the Government's priorities, including: EU exit priorities, major transport infrastructure projects and sustainable energy programmes, key health and safety specialists, those protecting the borders and national security, those providing digital services to the public and to departments, and those in highly technical defence roles.
229. Of the 137 PRAs agreed since April 2013, 89 PRAs have expired and 48 remain in payment. 24 PRAs were agreed in 2019/20 compared to 32 agreed in 2018/19 in the previous year. These figures are not directly comparable because 33 EU exit retention payments, an adapted form of PRA designed specifically for EU exit, also ran during 2019/20. Since April 2020 to end October 2020, a further seven PRAs have been agreed.
230. Based on applications PRAs agreed over the last year, the average total payment is £20,000 with a range of £12,000 - £40,000. The PRAs currently in payment are spread across a wide range of professions, but are being used mainly by Policy (25%), Project Delivery (17%), and Finance (15%).

Project Speed

231. The Government has established an Infrastructure Delivery Taskforce - Project Speed - to deliver vital infrastructure projects faster, better and greener. This includes a review into both the governance and accountability of major infrastructure projects, and how improvements to these can contribute to this agenda. Within this strand of work there is a focus on whether the right incentives (both pay and non-pay) are in place for Senior Responsible Owners (SROs) to drive faster and better delivery.

232. SRO roles lend themselves well to clearly measurable milestones over a limited time period, so we propose to make greater and more targeted use of the (underutilised) PRA policy and (underspent) notional pot to incentivise key SROs to stay in role for the length of the project (or other milestones). For example, by loosening the requirement for the flight risk criteria to be met and working with the Infrastructure and Projects Authority (IPA) to agree PRAs up front when an individual takes on a critical SRO role linked to critical delivery milestones, to incentivise continuity of leadership through critical phases of major project delivery.
233. The Government continues to consider whether any further steps should be taken to simplify the PRA process, for example through delegation to departments, to encourage greater use.

Other allowances

234. In addition to base pay and performance related pay, departments are able to offer allowances in a set number of circumstances. The allowances are used to recognise either specialist roles and/or frequently working outside the core hours, due to the demand of the role.
235. The Civil Service Management Code sets out broad principles on allowances for the SCS. This includes one specific reference to the allowance of a SCS private secretary which was set at £5,129, in 2002.
236. Since the principles were laid out in the Management Code in 2002, no further updates have been made to them. Further to this no centrally set amounts have been determined, with departments given the responsibility of deciding if the allowance represents value for money, as set out in the code.
237. Departments have raised concerns that there are some large disparities in terms of the total sum of allowances that are given.
238. Therefore, a review will take place that will analyse the current rates of pay for private and press office allowances across the Civil Service to determine if the current approach is fit for purpose. The analysis and proposals will be presented in next year's evidence.

Performance management

239. The current SCS performance management system is set centrally by the Cabinet Office. The performance management process runs from 1 April to 31 March each year.
240. Following approval from the Civil Service Board in January 2019, Ministers endorsed a number of changes to the performance management Policy including:
- a. The removal of forced distribution for the SCS.

- b. The removal of the 25% cap on the number of SCS who are eligible for an end of year non-consolidated performance-related payment (NCPRP).
- 241. Prior to these changes, departments were required to meet a forced distribution curve to ensure there were a maximum of 25% of SCS in the top box and a minimum of 10% in the low box.
- 242. These changes were communicated to all departments and came into effect for the 2019/20 performance year. Despite this, anecdotal evidence from focus groups conducted by both the Cabinet Office and the SSRB, demonstrated that many SCS are unaware of these changes.
- 243. The average distribution of end of year awards, indicative of a top box performance marking, for the 2019/20 performance year was 29%, with the majority paying bonuses to between 25-32%. Of the 16 Whitehall departments, the majority (13 out of 16) awarded over 25% of their SCS an end of year bonus. This suggests that departments have taken advantage of the flexibility afforded by the removal of forced distribution, despite SCS reporting that forced distribution was still taking place. This indicates that previous communication of the removal of forced distribution to SCS was not effective.

Performance Management Review

- 244. In January 2019 the Civil Service Board commissioned a review into the SCS performance management system, to assess the impact of the removal of forced distribution and the policy as a whole.
- 245. An extensive review of the current policy was conducted, including: SCS focus groups, engagement with departmental performance management and reward leads and engaging with external organisations to identify best practice.
- 246. The evidence gathered identified a number of issues with the current policy and process including: a lack of transparency in both performance differentiation and reward allocation processes and an overly rigid structure which runs counter to the structure of performance management for delegated grades. In addition, engagement with SCS found that many individuals were unaware of the removal of forced distribution, reinforcing the lack of transparency in the current system. Further detail on the evidence gathering phase was included in the Government's 2019/20 evidence to the SSRB.
- 247. Throughout the review, consideration has been given on where the SCS performance management system sits with the wider HR ecosystem, including the introduction of Capability Based Pay Progression. The SCS performance management system uses an annual cycle to assess an individual's performance against pre-agreed objectives linked to their role which are rewarded through a non-consolidated pay award. In contrast, Capability Based Pay Progression is intended to run on a longer 24 month cycle to assess an individual's development of their skillset, rewarded through consolidated pay. A full description of the interaction between the

SCS performance management system and Capability Based Pay Progression can be found at paras 180-187.

248. The performance management review demonstrates the need to create a new SCS performance management policy which addresses issues in the current system and negative perceptions. The original timeline for full implementation of the new policy was April 2021. However, given departments' current focus on Covid-19 response and EU Exit transition work, as well as the need to ensure any new policy aligns with the wider SCS strategy that is currently under development, a series of smaller changes will be implemented in April 2021, with larger changes set to follow at a later date once the SCS strategy has been articulated. This aligns with previous asks from the SSRB to ensure any policy changes are linked to the wider strategy and vision.

Monitoring the Department for Education pilot

249. Following the move to a framework-based performance management policy for the delegated grades, the Department for Education (DfE) found that the way they managed performance and pay below the SCS was having significant positive impact on the quality of performance management and staff engagement. This change in policy meant that there was now a disconnect between the process for the SCS and delegated grades which increased the dissatisfaction their SCS had with the current policy.
250. As part of the performance management review, approval was given to the DfE to run a pilot to extend the 'ABLE' system which is used for delegated grades to SCS. Key components of the pilot are:
- a. monthly performance check-ins accompanied by formal quarterly conversations;
 - b. regular collection of performance information, whereby managers are required to answer a few questions to share whether someone has been exceeding or underperforming over the past month (this has since been evolved to focus on richer information about what action a manager has taken, for example whether they have put any support in place to manage underperformance); and,
 - c. all SCS are eligible for an in year award up to £5000 with the decision making process for this delegated to Directors General. At the end of the financial year, staff are eligible for an award to recognise sustained exceptional performance.
251. The pilot has been well received by SCS within the department, with anecdotal evidence demonstrating SCS favoured the increased in-year focus on performance accompanied by 'real time' reward. The distribution of in-year awards remains relatively modest, with 60% of SCS receiving an in-year award in the 2019/20 performance year, with a proportion of these individuals also receiving an additional top up award to recognise sustained excellent performance throughout the year.

252. There have been consistently high levels of engagement with the new performance differentiation process, with an average 97% completion rate. The department reports that the increase in conversations allows for a continuous focus on development and the ability to track performance, supported by fluctuating performance differentiation. Early findings from the pilot have indicated that this new system has a benefit on D&I outcomes. Under the pilot, there has been an increase in the number of BAME, LGBO and staff aged over 50 receiving an 'exceeded' performance marking in the 2019/20 performance year, compared to the 2018/19 performance year.

Policy Changes

253. The changes which will be implemented in April 2021 will come into effect for the 21/22 performance year and are designed to increase flexibility afforded to departments, without putting undue pressure on them to implement a new system. The changes and associated justifications are presented in the below table.

Table 14: SCS Performance Management policy changes (from April 2021)

	Change	Detail	Justification
1	Making the current SCS objective setting form non-mandatory	SCS objectives are currently set using a centrally mandated Cabinet Office form. Under this change SCS will still be required to record their objectives, however departments will not be required to use this form to set objectives.	Removal of the mandatory nature of the form allows departments to extend objective setting processes for delegated grades to SCS if they choose, without impacting on the consistency of objectives across departments.
2	Introduction of quarterly conversations	Individuals will be required to have quarterly conversations which discuss performance, development and review of objectives. These conversations will be built into the current performance cycle.	The current system lacks a year-round focus on performance and the introduction of quarterly conversations signifies the first step towards a continuous performance management system, without being too burdensome. Frequent performance conversations have been adopted in many departments for delegated grades (and within the Department for Education's ABLE pilot) and have been well received.

3	Lifting of the cap on the number of SCS who can receive in year awards	There will be no cap on the percentage of staff who can receive an in-year award. To ensure a level of consistency in reward allocation, departments must adhere to principles outlined in paragraph 254.	The cap on in year awards limited the ability to reward and recognise staff for high performance in the moment. Engagement with SCS and departmental performance leads emphasised the need for increased flexibility in the reward system similar to that of delegated grades. In addition, removal of the cap reiterates the importance of moving away from the previous forced distribution and quota-based system.
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254. To ensure a baseline level of consistency in reward allocation across the SCS departments must adhere to the following principles when designing their strategy for performance rewards:

- a. an element of the reward system must be tied to long term performance;
- b. likelihood of reward allocation should not be linked to individual's grade;
- c. poor performers are not eligible for reward;
- d. the maximum reward an individual can receive, without approval from HMT will remain at £17.5K, funding for all awards will come from the 3.3% non-consolidated pay pot;
- e. the allocation of non-consolidated performance related payments is not in any way linked to Capability Based Pay Progression; and,
- f. departments must be transparent regarding reward systems and processes.

255. These principles will be reviewed at the end of the 21/22 performance year to assess whether they remain appropriate in light of the SCS strategy.

256. Engagement with the SCS through both our own focus groups and the SSRB's signalled that many SCS are unaware of the previous changes made to the policy. To prevent this from happening with the new set of changes, as part of the communications plan departments will be asked to notify SCS of the changes to the policy, including reiterating the removal of forced distribution.

Long Term Vision

257. The planned changes for April 2021, outlined at paragraph 253 represent the first step in creating a new SCS Performance Management policy which forms part of the new '21st Century SCS' project established to set a new, clear, coherent SCS Strategy.

258. The Government's vision for the future SCS performance management policy is to enable departments to have greater flexibility and to ensure outcomes and accountability are measured through the system. In addition to the proposed changes, longer term work will explore the role of collaboration within the

performance management system and the use and appropriateness of non-consolidated reward. Initial goals for the future policy include:

- a. increasing department flexibility, allowing for a more collaborative approach to managing performance including the interaction with processes for delegated grades;
- b. promoting an all year round focus on performance through more frequent development and performance discussions, supported by increased line manager capability to ensure discussions are of benefit;
- c. improved fairness and transparency in performance differentiation and moderation, through the adoption of best practices;
- d. empowering departments to recognise and reward SCS for high performance outside of end of year arrangements processes; and,
- e. improved identification, monitoring and tackling of poor performance.

259. To achieve the long term vision, over the course of the next year we will be focusing on the following areas, with a view to implementing any further changes once the SCS strategy has been developed:

- a. reviewing which individuals are in scope for the SCS performance management policy, with a specific focus on whether the system is appropriate for grades above SCS 1 and 2;
- b. establishing best practice to improve the quality of performance conversations;
- c. review of current moderation process to improve transparency and address current perceived unfairness in process;
- d. review of the value, application and parameters for non-consolidated reward;
- e. review of the 360 degree feedback tool; and,
- f. establishing additional areas of the process and policy for delegation.

260. In addition to the aforementioned areas for long term focus, the Department for Education ABLE pilot will continue running for the 21/22 performance year. Findings gleaned from the pilot will be used to inform any larger scale changes. The success of the proposed changes outlined at paragraph 253 will be reviewed as part of the next stage of proposal development.

CHAPTER 4 - PERMANENT SECRETARIES, THE GOVERNMENT COMMERCIAL ORGANISATION (GCO), AND THE DEVOLVED ADMINISTRATIONS

Permanent Secretaries

261. A robust framework applies to Permanent Secretary pay; roles are assigned to one of three pay tiers, within the overall range, based on size and complexity.
262. Pay and performance is assessed by the Permanent Secretary Remuneration Committee (PSRC) comprising an independent chair, external members (including the Chair of SSRB) as well as the Cabinet Secretary, the Civil Service Chief Operating Officer and the Permanent Secretary to HM Treasury. PSRC's remit is to provide an annual independent assessment of the performance of individual permanent secretaries, and to make recommendations to the Prime Minister on the consolidated and non-consolidated pay awards for individuals. As for other members of the SCS, the highest performing (those assessed 'Top') Permanent Secretaries are eligible for a non-consolidated performance related payment.
263. The PSRC considers Permanent Secretary performance on the basis of a wide range of robust evidence and feedback, including from the relevant Secretary of State/Minister and Lead Non-Executive Director and a variety of business performance metrics. The Non-consolidated performance related pay for Permanent Secretaries is currently set at £17,500. The Prime Minister approves PSRC's recommendations for consolidated base pay and non-consolidated performance pay.

Pay award

PSRC approach to Permanent Secretary pay

264. In 2018/19, PSRC agreed a set of principles, which would deliver a more systematic approach to Permanent Secretary pay in the future. These principles remain consistent with current SSRB recommendations and were applied again in 2019/20 and 2020/21. The principles are:

- To appoint new Permanent Secretaries at, or close to, the minimum of the relevant pay tier;
- After a qualifying period (in post for the duration of one PRSC cycle), to reward the development of skills, capability and experience through pay progression, moving people more quickly towards the mid-point of their tier, with a focus on those on the lower quartile of their pay tier; and
- To take opportunities to address anomalies should they arise; and
- To reward the strongest performance with non-consolidated awards.

2020/21 award

265. For the 2020/21 consolidated award, PSRC agreed to:
- a. to apply a standard 1% uplift to all Permanent Secretaries;

- b. use the remaining funds to apply differentiated increases - depending on an individual's position in the pay tier (see table below) - to reward the development of skills, capability and experience through pay progression, moving people more quickly towards the mid-point of their tier, with a focus on those on the lower quartile of their tier. Overall this approach resulted in an average increase of 1.8% across the cadre.

Table 15: Permanent Secretary pay increase by tier 2020/21

Tier quartile	Increase applied (%)
Q4 (top of tier)	1.0
Q3	1.2
Q2	1.4
Q1 (bottom of tier)	1.6

266. As in previous years, it was agreed that the 3.3% non-consolidated pot should be used to make awards of £17,500 to the strongest ('Top') performers.

Table 16: Permanent Secretary performance ratings: 2015-16 to 2019-20

Performance Rating	2015-16 distribution	2016-17 distribution	2017-18 distribution	2018-19 distribution	2019-20 distribution
Top	26%	26%	29%	34%	32%
Achieving	74%	69%	66%	66%	68%
Low	0%	6%	6%	0%	0%

Tier ranges

267. The full Permanent Secretary pay band spans £150,000 to £200,000. Roles are assigned to tiers within the pay band: tier 3 includes Second Permanent Secretaries and a handful of other smaller roles; tier 2 where most roles sit; and tier 1 which typically includes roles in the biggest departments.

268. The minimum of tier 2 was increased from £160,000 to £162,500 in 2018/19 and the tier 3 minimum from £142,500 to £150,000 the year before. PSRC did not see a case for increasing the minimum of tier 1: at present no tier 2 Permanent Secretaries' salaries fall into the top quartile of the pay tier so there was not a need to further increase the gap between tiers 2 and 1.

269. For a number of specialist Permanent Secretary roles, their pay sits outside the tiers and attract a pay premium.

270. The pay ranges for Permanent Secretaries and where each role sits are set out in table 17:

Table 17: Permanent Secretary pay structure from 1 April 2020

Tier and salary	Roles in the tier	
Tier 1 £180,000 to £200,000	HM Treasury Ministry of Defence Home Office HM Revenue & Customs	Foreign Commonwealth & Development Office Dept Work & Pensions Ministry of Justice
Tier 2 £162,500 to £180,000	Dept Health & Social Care Dept Transport Govt Legal Dept Dept International Trade Dept Education Security Service Scottish Govt	Dept Digital Culture Media & Sport Dept Environment Food & Rural Affairs Ministry Housing Communities and Local Govt Business Enterprise & Industrial Strategy Secret Intelligence Services Govt Communications HQ Welsh Govt
Tier 3 £150,000 to £160,000	<u>First Permanent Secretaries</u> Northern Ireland Office Office National Statistics <u>Second Permanent Secretaries</u> HM Revenue & Customs Home Office Dept for Health & Social Care, Office for National Statistics Cabinet Office - Dep Cab Sec Cabinet Office - Joint Intelligence Committee	
Roles not assigned to these tiers:	Cabinet Secretary Civil Service Chief Operating Officer Director of Public Prosecutions Chief Medical Officer Government Chief Scientific Adviser Government Chief Trade Negotiation Adviser First Parliamentary Counsel DG, National Crime Agency CEO, Defence, Equipment & Support	

The Devolved Administrations

271. The SCS in both devolved administrations continue to be part of the centrally managed cadre which is governed by the UK, which differs from the delegated grades which are managed by their own respective government.

272. For both governments, over time, the position in regards to the SCS has shifted in recognition of the changing shape of devolution. For example, the sign-off for new senior appointments has moved from the Prime Minister to the First Minister

of the respective administration, and there has been a delegation of certain decisions regarding the Civil Service Compensation Scheme. While these changes in responsibilities did not require amendment of the Civil Service Management Code they do acknowledge the different position of devolved administrations when compared to other departments.

273. Financial accountability to the Scottish Parliament and increasing fiscal autonomy, such as the Scottish Rate of Income Tax, also factor as part of the developing context. One feature of the evolving devolution context is that Scottish Ministers now have an established and distinctive Public Sector Pay Policy. As this has diverged from the UK Government's policy choices, the position for the reserved SCS in the Scottish Government has become increasingly complex to navigate.
274. Both administrations operate remuneration committees (similar to those in other government departments). The Welsh Government's SCS Remuneration Committee is responsible for recommending senior pay decisions and managing the performance, potential and talent of senior staff. The Committee ensures remuneration is handled in a fair and appropriate way and in line with UK Government guidance. Similarly, the Scottish Government has a Top Level Pay Committee (for Deputy Directors and Directors) and a Talent Action Group (TAG) for Directors General which is responsible for recommending senior pay decisions. The Executive Team and TAG manage performance, potential and talent of senior staff. Issues affecting the Devolved Administrations.
275. For a number of years an overview of the issues affecting senior reward arrangements for the Devolved Administrations has been included in the Government's evidence to the SSRB. Some of these are also experienced by other government departments, such as the loss of senior staff to the wider public sector where pay levels are higher or access to pay progression exists, and the 'leapfrogging' and overlap issues at the low end of the Deputy Director range. However, some are particular to the Devolved Administrations, including the ministerial decision on the non-payment of performance bonuses.
276. The issue of leapfrogging is also exacerbated in the Devolved Administrations by the practice of pay progression at delegated grades leading to many of the Grade 6 and 7 cadre sitting at the top of the pay band while the members of the SCS stay clustered towards the bottom of the pay band due to the relative lower increases in recent years for this grade in comparison to at delegated grades.
277. Through the 2020/21 pay award the Devolved Administrations introduced target rates within their SCS pay bands. These rates are in line with those planned for the introduction of capability based pay progression, and the mechanism to move towards these rates will be brought in line with that for the wider SCS once the capability based pay progression system is launched across the system. Due to the pay pause this year, no further uplifts will be applied at present.
278. The issue of the use of non-consolidated performance related pay remains under discussion as part of the wider SCS Performance Management review.

279. The UK Government continues to endorse the model of a UK-wide SCS and expects to see the approach to SCS pay within the different administrations align even more closely over time. Responsibility for setting the SCS pay framework remains with the Cabinet Office, nevertheless, the Government continues to recognise the particular issues faced by the Devolved Administrations and will work closely with them to ensure that their contexts are fully considered as pay reform is progressed.

The Government Commercial Organisation (GCO)

280. The Government Commercial Organisation (GCO) was established in 2017 to address capability issues within the senior commercial population in central government and enable government departments to deliver their aims at the best value for the taxpayer.

281. Serving as a single employer of all commercial specialists in central government, the GCO is able to offer unique market aligned terms and conditions. This has enabled the successful attraction and retention of experienced and expert commercial specialists through a coordinated recruitment approach, compelling development and pay offer, enhanced talent plan and career path.

282. Originally composed of Senior Commercial Specialists, Commercial Specialists, Associate Commercial Specialists the GCO now encompasses Commercial Leads as well. It has grown from 341 employees in October 2018 to 858 in September 2019 to 1166 in October 2020⁴², a 36% growth over the last year.

283. The highest growth occurred at the delegated grades, particularly at Commercial Lead level. Factors explaining this growth include high levels of recruitment this year to support the Covid-19 response (e.g. Test and Trace), and the transition of two groups of staff on 1 November 2019 and 1 February 2020 whose posts were considered in scope for the GCO.

284. There are 209 Senior civil servants (Commercial Specialists and Senior Commercial Specialists in the GCO). This represents 18% of the total GCO population. The SCS population has grown from 177 employees to 209 employees. Of these, 87% have joined on GCO terms and conditions. Almost all of these staff came through recruitment, both internal and external, rather than transition.

⁴² All data as at 27 October 2020 unless specified otherwise

Table 18: Breakdown of Commercial and Senior Commercial Specialist by position and terms

Position	Terms	Number of Employees
Commercial Specialist (SCS1)	Existing Equivalent terms and conditions	62
Senior Commercial Specialist (SCS2)	Existing Equivalent terms and conditions	10
Senior Commercial Specialist (SCS3)	Existing Equivalent terms and conditions	<10
Commercial Specialist (SCS1)	GCO terms	99
Senior Commercial Specialist (SCS2)	GCO terms	35
Senior Commercial Specialist (SCS3)	GCO terms	<10
Total		209

285. Employment on GCO terms and conditions requires:
- Recruitment from the external market, or;
 - Recruitment from the internal market and an “A” at the Assessment & Development Centre; or,
 - Transition from the internal market and an “A” at Assessment & Development Centre.

286. Of those eligible to do so, 62 of 118 Commercial Specialists and 26 of 35 Senior Commercial Specialists opted into GCO terms. This represents 58% of those eligible.

2020/21 Pay Award

287. The GCO implemented the GCO pay award in November 2020, with arrears from 1 April 2020.
288. The GCO followed the SSRB priorities as well as the principles agreed by the GCO Remuneration Committee in developing the SCS Pay Award proposal for 2020/21, as outlined below.

<u>SSRB Priorities</u> <ul style="list-style-type: none"> • To mitigate anomalies arising from the lack of pay progression and to alleviate other pay anomalies; • To increase the pay band minima by the amounts specified; • To provide a pay increase of 1 per cent to all those not benefitting from the increase to the minima or those benefitting by less than 1 per cent.
<u>Remuneration Committee (RemCo) Principle</u> <ul style="list-style-type: none"> • To reduce the Gender Pay Gap; • To help address pay anomalies

289. In line with the increases to the SCS pay bands, table 19 sets out the pay band increases have been applied to the GCO Existing Equivalent Pay Bands.

Table 19: SCS pay band minima increases

Pay Band	Previous Minimum	New Minimum	Percentage increase
Commercial Specialist (SCS1)	£70,000	£71,000	1.43%
Senior Commercial Specialist (SCS2)	£92,000	£93,000	1.09%
Senior Commercial Specialists (SCS3)	£115,000	£120,000	4.35%

290. In line with the changes made to the pay band minima for the delegated grades on GCO terms, a 2% increase to the minima has been implemented for the SCS grades, with benchmarking likely to take place next year when the market settles.

Table 20: GCO terms minima increases

Pay Band	Previous Minimum	New Minimum	Percentage increase
Commercial Specialist (SCS1)	£90,000	£91,800	2.00%
Senior Commercial Specialist (SCS2/SCS3)	£132,000	£134,640	2.00%

291. No changes were made to the pay band maxima for either Existing Equivalent terms or GCO terms in order to continue to reduce the pay band spread.

292. As in previous years, a quartiled approach to consolidated pay uplifts was agreed with the GCO Remuneration Committee to help harmonise pay discrepancies and to provide a pay increase of 1 per cent to all those not benefitting from the increase to the minima or those benefitting by less than 1 per cent.

293. Quartiles 1 and 2 were targeted with the highest percentage increases, in particular to reduce the Gender Pay Gap and additionally to address anomalies particularly inherited via transition activity, where those joining via transition typically earn less than those who come through recruitment.

Table 21: % increase by Quartile and Terms

Quartile	% increase: EE terms and conditions	% increase: GCO terms and conditions
Quartile 1	3.5	4.5
Quartile 2	3.5	4.5
Quartile 3	1.25	1.5
Quartile 4	1	1.5

294. Modelling indicated that these changes will result in a reduction to the Gender Pay Gap. A more even percentage uplift across the quartiles was not recommended due to the impact on the Gender Pay Gap.

295. The GCO also recognises that the percentage increases to the pay band minima for those on delegated grades were higher for those uplifted to the new minima. Therefore, whilst the percentage increases for those in quartiles 1 and 2 may seem high, they are akin to the uplifts proposed for many in the delegated grades and best approach to tackling the Gender Pay Gap.

296. GCO employees on Existing Equivalent terms are eligible for an End of Year performance award as agreed by the GCO Remuneration Committee through the pay award process. Awards were only provided for employees who achieved an “Exceptional” performance marking.

297. Conversely, GCO employees on GCO terms and conditions have a separate arrangement with the ability to receive Performance Related Pay (PRP). Commercial Specialists and Senior Commercial Specialists are eligible to receive up to 20% of their salary as a non-consolidated Performance Related Payment. The proportion of

this 20% (i.e. the amount payable) is determined by the overall percentage achievement of the employee against their objectives at their End of Year review.

298. This year, the average PRP percentage achievements are:
- a. Commercial Specialist: 81.7%
 - b. Senior Commercial Specialist: 77.5%

Future Pay Awards

299. The GCO intends to hold initial discussions with the GCO RemCo early next year to consider the below factors as part of future pay award process:
- a. Benchmarking reward packages against the external commercial market;
 - b. Mechanisms to continue to address and improve the Gender Pay Gap;
 - c. The balance of employees taking up GCO terms and conditions and exploring our strategy to incentivise this; and,
 - d. The implementation of Capability Based Pay Progression.

ANNEX A - SCS PAY 2020/21 – APPLICATION OF AWARD BY DEPARTMENTS

Department	1% consolidated base pay award	Use of 1% to address pay progression and anomalies	Use of non-consolidated performance pay pot.	End year non-consolidated performance related pay for 2019/20 performance	In year contribution awards for 2019/20 performance (within the framework set by Cabinet Office)
Cabinet Office	All eligible SCS members not benefitting from the increase to the minima received an award of at least 1% using a matrix that gave awards linked to performance and position in range. This also applied to those SCS benefiting by less than 1% from the minima increases.	Matrix used to give higher awards linked to high performance and position in range. Used some of the 1% to reposition two SCS3 to reflect an increase in job weighting and move them closer to the median and, in one case to make it more market facing.	Full 3.3% pot used.	SCS 1 - £5,000 SCS 2 - £7,250 SCS 3 - £9,500 Paid to 30% of staff	12% used with awards of £4,000 made to 43 SCS. Awards recognised for EU Exit, just missed out on an end of year top performance award for 2018/19, delivering exception change, role modelling leadership Payments made quarterly (Apr, Jul, Oct, Jan)
Department for Digital, Culture, Media and Sport	All eligible SCS members not benefitting from the increase to minima received a 1% award. Those SCS benefiting by less than 1% from the minima increase received an additional consolidated pay award to total 1%.	Used 0.96 of the pot to introduce minimum levels for achieving and top SCS as detailed in the first column. For DGs, it increased the salary of the 'top' performer to bring them in line with the other DGs.	Full 3.3% pot used.	SCS1 - £11,000 SCS2 - £14,000 SCS3 - £16,000 Paid to 25% of staff	20% used as per the guidance at this point. 19 SCS received an in-year award ranging from £1,000 - £2,000. A bulk of these were for just missing out on top box and the rest were for projects such as EU Exit. These were applied throughout the year.

<p>Department for Business, Energy and Industrial Strategy</p>	<p>All eligible SCS members not benefitting from the increase to their pay range minima received a 1% award. Those SCS benefitting by less than 1% from the minima increases received an additional consolidated pay award to total 1%.</p>	<p>The full 1% pay progression and anomalies pot was utilised. Distribution targeted at SCS below the pay range median, providing a common cash value pay progression payment, resulting in staff below the pay range median receiving a higher percentage award than those above.</p> <p>To recognise the contribution and acquisition of occupational experience, the payment was only awarded to SCS members with over 12 months service in their substantive grade. For those with under 12 months service, a partial award was made.</p> <p>No SCS member marked “Low” in their performance assessment was awarded with a pay progression payment.</p> <p>A ring-fenced pay anomalies pot 0.14% was set aside to handle specific pay anomalies/concerns.</p> <p>For DGs, an additional pay progression payment was provided for two SCS PB3 at and near their pay band minima to bring them more towards the current Civil Service DG pay range median.</p>	<p>Full 3.3% pot used.</p>	<p>SCS1 – £7,000 SCS2 - £8,000 SCS3 - £9,000</p> <p>Paid to 32% of staff</p>	<p>For 2020-21, the approach to recognising in-year contributions was divided into two parts:</p> <ul style="list-style-type: none"> (a) Near Miss top performance award set at 8% of the SCS workforce (24 awards – DD £3,000 and Directors £3,375) (b) In-year recognition awards set at 10.3% of the SCS workforce (31 awards set at £2,250). <p>All the in-year awards to target individuals to recognise significant contributions to Departmental outcomes, including EU Exit, COP26, Ministerial priorities, responding to the COVID pandemic, where staff have gone the extra mile and evidenced high commitment. Payments are made during the year, with review points set at quarterly.</p>
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<p>Department for Education</p>	<p>All eligible SCS members not benefitting from the increase to minima received a 1% award. Those SCS benefiting by less than 1% from the minima increase received an additional consolidated pay award to total 1%.</p>	<p>Used the full 1% pot, focussing on adjusting the pay of nine individuals to reposition their salary to a more appropriate level reflecting their continued performance and the weight/challenge of their role. Additionally, higher spot rates for existing SCS1 (£74,100) and SCS2 (£95,000) were implemented to reduce gaps between those lowest in the pay band with the highest, reflect sustained performance and increase any gaps with the G6 max.</p> <p>No anomalies were identified as requiring action at DG level with all receiving a 1% increase.</p>	<p>Full 3.3% pot used.</p>	<p>No end year payments were made as the department is piloting the SCS ABLE approach. This included In Year Awards and a small number of Sustained Excellence Awards (SEA) paid towards the financial year end.</p> <p>SEAs were paid to 50 SCS (19%), averaging £5,869 an award.</p>	<p>DfE is operating its SCS ABLE pilot with agreement from Cabinet Office. This pilot has different parameters to those set out above and includes In Year Awards being available to a higher proportion of the SCS cadre (while remaining within the 3.3% budget limits)</p> <p>In total last year:</p> <ul style="list-style-type: none"> • In Year Awards were made to 158 SCS (60%). • All In-Year Awards were capped at £5,000 each. <p>Awards recognised excellence in a variety of areas, from management to business delivery and for varying periods of time, with payments made throughout the year.</p>
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Department for Environment, Food and Rural Affairs	<p>All eligible SCS members received an award of at least 1% of the Defra median of each pay range.</p>	<p>Full 1% pot used. In order to aid pay progression and close pay gaps, additional awards were awarded to those with salaries below the cross-Whitehall medians for their pay range. Smaller additional awards were awarded to those with salaries between the cross-Whitehall median and upper quartile for their pay range.</p> <p>Used some of the 1% to uplift one salary in order to bring it closer to that of direct peers.</p> <p>The Defra approach meant that DGs received the additional progression arrangements detailed above where applicable.</p>	<p>Full 3.3% pot used.</p>	<p>A flat rate award of £8,000 was paid at all grades.</p> <p>Paid to 26% of staff.</p>	<p>Awards made to 44 SCS (approx. 23%).</p> <p>All awards were £2,500.</p> <p>Awards recognised the contribution to projects and delivery including EU exit, exceptional leadership, and those that just missed out on an end-year top performance award for 2018/19.</p> <p>Payments made throughout the year.</p>
Department of Health and Social Care	<p>All eligible SCS members not benefitting from the increase to minima received a 1% award. Those SCS benefiting by less than 1% from the minima increases received an additional consolidated pay award to total 1%.</p>	<p>Used the full 1% pot. Targeted the money at those lowest down the pay scale and top performers.</p> <p>SCS members who were below the median pay in their respective range received an increase of £1,400</p> <p>SCS Members who were below the median pay in their respective range and have received two consecutive "Top" performance marks received a further £1,250.</p>	<p>Full 3.3% pot used</p>	<p>All eligible SCS received an end year award of £8,750</p> <p>Paid to 30% of staff</p>	<p>Awards made to 54 SCS (40%) with awards ranging from £1,000 to £5,000 each.</p> <p>Awards recognised contribution to projects including EU exit, going the extra mile on a specific piece of work and those that just missed out on an end-year top performance award for 2018/19.</p> <p>Payments made at the end of each quarter.</p>

Department for International Trade	All eligible SCS members not benefitting from the increase to minima received a 1% award. Those SCS benefitting by less than 1% from the minima increases received an additional consolidated pay award to total 1%.	Used the full 1% pot, operating a quartiles approach that gave higher awards to those lowest down in the pay range, who had demonstrated high performance/deepened expertise over the year. Also repositioned a SCS1 salary to a more appropriate level to reflect the weight and challenge of the role as well as the premium attracted in the external market.	Full 3.3% pot used, with some awards held back to be paid in the new year.	SCS1 - £7,500 SCS2 - £10,000 SCS3 - £12,000 Paid to 32% of staff	Awards made to 24 SCS ranging from £2,000 - £5,000 Awards recognised specific milestones/deliverables and contributions to specific projects, as well as those just missing out on a Top performance marking for 2018/19. Payments made in October 2020 and February 2021
Department for Transport	All eligible SCS members not benefitting from the increase to minima received a 1% award. Those SCS benefitting by less than 1% from the minima increase received an additional consolidated pay award to total 1%.	Used the full 1% pot. Operated a matrix that gave higher awards linked to position in pay range and performance/high potential. Used some of the 1% to reposition nine salaries to a more appropriate level to reflect weight/challenge of role.	Full 3.3% pot used	SCS1 – £9,500 SCS2 - £10,500 SCS3 - £11,500 Paid to 28% of staff	Not paid to the full 40% limit and unlikely to pay up to this amount before the end of year. Awards made to 53 SCS ranging between £2,000 and £4,000 each. Awards recognised contribution to projects, going the extra mile on specific pieces of work and those that just missed out on a top performance marking for 2019/20. Payments made at mid-year (October 2020), with a small number held back for payment in the last quarter (January to March 2021).

Department for Work and Pensions	<p>All eligible DWP SCS members not benefitting from the increase to the minimum underpin received at least a 1% award. Those SCS benefitting by less than 1% from being brought up to the minimum underpin received an additional consolidated pay award to bring them up to the 1%.</p>	<p>Used the full 1% pot to address pay progression and anomalies.</p> <p>Exceptional awards were made to individuals identified by the pay committee, based on demonstration of sustained high performance and their position in the pay scale compared to peers within their profession.</p> <p>DGs awards were made with consideration to position on pay scale, respective medians, as well as seniority, performance compared with peers and predecessors, the scale of role and potential flight risk.</p>	Full 3.3% pot used.	<p>SCS1 – £7,300 SCS2 - £9,700 SCS3 - £14,000</p> <p>Paid to 32% of staff</p>	<p>Out of a possible maximum of 98, through the 40% flexibility, awards were made to a total of 56 SCS. This equates to 22.95% of the SCS cadre receiving an award.</p> <p>Awards ranged from £500 to £5,000 each.</p> <p>Awards recognised contribution to projects including work around EU Exit, Spending Review and General Election, as well as role-modelling outstanding leadership and going the extra mile on specific pieces of work.</p> <p>Payments were made throughout the year, between September 2020 and April 2021.</p>
Foreign, Commonwealth and Development Office	<p>All eligible staff not benefitting from the increase to minima received at least a 1% award. Those benefitting by less than 1% from the minima increase received an underpinning consolidated pay award to total 1%.</p>	<p>Used the full 2% available. SMS1 and 2 staff received an additional payment if their salary (post minima increase) was below the FCO median (capped at median to avoid leapfrogging issues). A further, uncapped, payment was made to all those staff in the Top performance category.</p>	Full 3.3% pot used	<p>SCS1 and 2 – £5,000 SCS3 – 5,000-£8,000</p> <p>Paid to 46% of staff, (pro-rated for part time employees).</p>	N/A

Home Office	All eligible SCS members not benefitting from the increase to minima received a 1% award. Those SCS benefitting by less than 1% from the minima increase received an additional consolidated pay award to total 1%.	Used the full 1% pot. Operated a matrix that gave higher awards linked to position in pay range and performance/high potential. For DGs, applied the matrix to those with Top performance markings.	Using its full 2.88% pot. (Home Office pot is smaller following agreement, on an exceptional basis, to transfer 0.5% to fund consolidated increases to support recruitment and retention).	SCS1 - £7,000 SCS2 - £9,500 SCS3 - £13,000 Paid to 26.5% of staff	Awards made to 46 SCS ranging between £1,000 to £5,000 each. Awards recognised contributions to projects and going the extra mile on specific pieces of work. Payments were made throughout the year.
HM Revenue and Customs	All eligible SCS members not benefitting from the increase to minima received a 1% award. Those SCS benefitting by less than 1% from the minima increases received an additional consolidated pay award to total 1%.	Used the full 1% pot as follows: <ul style="list-style-type: none"> • Increase to notional DD minimum (£74,500), Director (£97,000), DG (£125,350) at a cost of 0.59% of pay bill. • Further uplift for Top performers to the median (DD), and £1,000 (Director) and small individual targeting at a cost of 0.31% of pay bill. weight/challenge of role. For DGs, HMRC was able to move two recently promoted SCS3s closer to other DGs.	Full 3.3% pot used	SCS1 – £6,000 SCS2 - £9,000 SCS3 - £12,000 Paid to 28% of staff	Awards made to 58 SCS (30%) ranging from £1,000 to £5,000 each. Awards recognised critical and exceptional performance, leadership and contribution during 2019/20. Payments made throughout the year.

Ministry of Defence	All eligible SCS members not benefitting from the increase to minima received a 1% award. Those SCS benefitting by less than 1% from the minima increases received an additional consolidated pay award to total 1%.	Used the 1% to operate a pay / performance curve that gave higher awards linked to position in pay range and performance marking. This meant that those near the top of the pay range got a smaller pay increase.	Full 3.3% pot used	SCS1 – £8,750 SCS2 - £10,750 SCS3 - £13,750 Paid to 25% of staff	15% used of 40% limit with awards of £5,000 made to 39 SCS. Awards recognised achievers who were near miss of the top performance group. Payments made at the end of year point.
Ministry of Housing, Communities and Local Government	All eligible SCS received at least a 1% award. All Box 2 SCS received an award of 1.4%; all Box 1 SCS received an award of 2%. Those requiring the uplift to new minima received the balance to 2% if they had a Box 1 marking	<p>All SCS pay awards are based on level of performance and position in the pay range. A 1.4% award was made for Box 2s and a 2% pay awards for Box 1s.</p> <p>In addition, MHCLG scrutinised the data for pay anomalies. In cases where sustained high performance could be identified, and where the individual had expertise needing to be retained, additional pay anomaly adjustments were made. Five DDs and six Directors were given additional anomaly adjustments.</p> <p>In an effort to address their pay levels, all DGs have been given a 2% award even if they are Box 2s, and one DG was identified for a small anomaly adjustment to bring her to the level of other DGs.</p>	Full 3.3% pot used	SCS1 - £8,000 SCS2 - £12,000 SCS3 - £15,000 Paid to 25% of staff	<p>Of 48 in-year awards able to be given, 26 allocated thus far in the 2020/21 performance year</p> <p>The majority of the awards were for £3,000 but 5 people were given £3.500</p> <p>The majority of awards were for Covid 19 specific reasons; with some focussing on exceptional performance in other areas of Ministerial priority</p> <p>We will allocate the remaining 22 awards before the end of the 2020/21 performance year</p>

		£10,000 was set aside for additional anomaly adjustments later in the year			
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Ministry of Justice	<p>All eligible SCS members not benefitting from the increases to minima with Top or Achieving performance markings received a 1% award, based on the median MOJ salary in each pay-band. Those with a Low performance marking received half this amount.</p> <p>Those SCS benefitting by less than 1% from the minima increase with Top or Achieving markings received an additional consolidated pay award to total 1%, and Low performers half this amount, on the same basis.</p>	<p>Used the full 1% pot. We operated a matrix that gave higher awards linked to position in pay range and performance/high potential. We used some of the 1% to reposition a small number of salaries to a more appropriate level to reflect weight/challenge of role.</p> <p>Increased the salaries of two DGs to the median or just above it. All MOJ DGs are now on salaries at or above the median.</p>	Full 3.3% pot used.	<p>SCS1 – £8,000 SCS2 - £10,000 SCS3 - £12,000</p> <p>Paid to 29% of staff</p>	<p>20% used, in line with the cap in place until February 2020.</p> <p>Awards made to 59 SCS ranging from £500 to £5,000 each.</p> <p>Awards recognised excellence in achieving business objectives, including delivering challenging objectives, innovative programmes or local improvements, and exceptional leadership.</p> <p>Payments made in December, January and March.</p>
HM Treasury	<p>All eligible SCS received a minimum increase of 1%.</p>	<p>Used 72% of this pot of money so far. Targeted those employees who are consistent high performers and are in the top right “L” of the talent grid but are relatively low in their pay range</p> <p>For DGs, took a similar approach as above targeting both those at the lower end of the pay range, and high performing experienced DGs who are not especially high in the pay range.</p>	Full 3.3% pot used	<p>SCS1 – £10,750 SCS2 - £13,500 SCS3 - £16,750</p> <p>Paid to 30% of staff</p>	<p>Awards made to 15 SCS ranging from £4,000 to £5,000 each.</p> <p>Awards recognised contribution to projects including EU exit, going the extra mile on a specific piece of work and those that just missed out on an end-year top performance award for 2019/20.</p> <p>Payments made at mid-year (September 2020) with a further tranche to be made in January 2021.</p>

ANNEX B - SSRB PRIORITIES, ASSESSMENT AND OBJECTIVES, AND GOVERNMENT RESPONSE

SSRB priority	Assessment	Short term objective	Medium term objective	How this is being addressed
Pay and workforce strategy: Departments need to be clear about their long-term objectives, their future operating model and the pay and workforce strategy required to support them. Annual changes to pay need to be linked to longer-term strategy.	There has been further progress in developing a longer-term workforce strategy. However, the pace of reform remains slow and it is important to move quickly to an implementation phase, particularly with pay progression	Implementation plan (including a cost benefit analysis) for pay progression in 2021 and how it will link to reducing internal churn.	Articulation of where the SCS will be in 10 years and what pay strategy is needed for this model.	<p>Short term - full detail of plans for a new capability-based pay progression system included in this year's evidence. This includes a consideration for a pilot launch in September 2021.</p> <p>Medium term - Work is underway on a new SCS strategy which will set out the ambition and direction of travel for the SCS to which the SCS pay strategy will be linked. This is planned to be launched in Summer 2021 and therefore further information will be included in next year's SSRB evidence.</p>
Focus on outcomes: There should be more focus on maximising outcomes for lowest cost and less fixation on limiting basic pay increases across the board.	The lack of strategic control over the size and shape of the SCS has contributed to a substantial increase in the pay bill.	Evidence on the underlying reasons for the growth in the pay bill including the use of temporary staff. Analysis of the purpose, size and composition of the SCS cadre.		Data provided to SSRB through written evidence and accompanying data
Targeting: Where evidence supports it, pay increases should be targeted according to factors such as the level of responsibility, job performance, skill shortages and location.	The Cabinet Office has made targeting proposals for the second year. It also implemented the 2019 pay award in accordance with the SSRB recommended priorities.	Continued targeting of pay awards to relieve compression of numbers at the lower end of pay ranges.	Review of targeting is needed once pay progression is implemented.	<p>Short term - not applicable for the 2021/22 pay award due to pay pause</p> <p>Medium term - Once capability-based pay progression is embedded a further review will be done to consider whether other areas of targeting are needed</p>

<p>Central versus devolved tensions: Tensions that exist in the system that hinder the development of a coherent workforce policy, such as between national and local control, need to be explicitly recognised and actively managed.</p>	<p>The Cabinet Office has put in place centralised guidance and monitoring systems to ensure adherence to it. We are increasingly aware of differences between a UK-wide SCS and the pay policies operating across different governments of the UK.</p>	<p>A statement on where responsibility lies for SCS pay between the different governments in the UK, and evidence on how pay is implemented and managed across the different parts of it.</p>		<p>A statement has been included in Chapter 4</p>
<p>Performance management and pay: There needs to be demonstrable evidence that appraisal systems and performance management arrangements exist and are effective, and of a robust approach to reward structure and career development</p>	<p>There is a continued lack of confidence in the performance management system despite the interim measures taken in 2019, which included the removal of forced distribution.</p>	<p>A statement of how the new performance management system interacts with capability-based pay progression.</p>	<p>Implementation of a new performance management system which is understood by those operating it and commands the respect of SCS members.</p>	<p>Short term - Statement included in Chapter 4. Pay and Performance guidance will explicitly state how the performance management system interacts with capability-based pay progression when launched.</p> <p>Medium term - The changes due to come into effect in April 2021, signify a further step away from forced distribution evidenced by the lifting of the cap on in year awards. This year's evidence also sets out longer term proposals for further reform of the SCS performance management system.</p>
<p>Action on poor performance: Greater analysis is required of where value is being added and action taken where it is not.</p>	<p>The Cabinet Office stated that preliminary feedback from departments suggests that the removal of forced distribution has enabled them to identify poor performers more easily and take appropriate action, including increased support to those consistently receiving a low box marking.</p>	<p>Further evidence of how the removal of forced distribution has affected the management of poor performance.</p>		<p>Short term- The Department for Education ABLE pilot allows consistent monitoring of performance markings throughout the year, allowing any decline in performance to be monitored.</p> <p>Medium term - The introduction of quarterly conversations in April 2021 for all SCS is the first step in adopting a more continuous approach to performance management which will allow for monitoring of declines in performance. Improved identification,</p>

				monitoring and tackling of poor performance is also identified as a longer-term focus for reform to the SCS performance management system.
Better data: Better decision-making requires better data, particularly in respect of attrition, retention and recruitment. Emerging issues and pressures need to be identified promptly and accurately so that appropriate action can be taken.	Overall, high quality data continue to be provided. This year, the Cabinet Office has provided new data on departmental turnover.	Further data on churn within departments to enable a full picture on internal churn to be monitored and assessed.		Data provided on estimated churn within departments through this year's evidence.
Feeder Groups: The feeder groups that will supply the next generation of senior public sector leaders must be closely monitored. The data relating to them needs careful scrutiny for early warning signs of impending problems	We have received new evidence provided on the accelerated development schemes. However, we would like to see more data on tracking the careers of these individuals, in particular, at which point they leave or enter the SCS.		Monitoring of Fast Stream career paths to assess at which point they are leaving the civil service.	Work underway to set up an alumni network to better monitor careers of fast streamers in future.
Diversity: The senior workforces within our remit groups need to better reflect the society they serve and the broader workforce for which they are responsible.	There is an improved picture on gender and ethnic minority numbers. However, the SCS does not reflect the ethnicity of either the wider civil service or the UK population.	Data on diversity at a more granular level to enable analysis by grade within the SCS, including socioeconomic backgrounds.	Improved BAME diversity, especially at Permanent Secretary and Director General level.	Short term - progress on data collection for socio-economic background provided through this year's evidence. Medium term - information on work underway to increase senior diversity can be found in chapter 2. Data on socio-economic background to be included in future evidence once data quality improves.

ANNEX C - SCS PAY EXCEPTIONS

In April 2018, a new pay on appointment policy for the SCS was introduced to help control churn:

- That no increase is given for moves on level transfer; and
- On promotion, members of the SCS receive no more than 10% increase or the minimum of the new grade.

An exceptions process is, however, available in cases where internal candidates are moving to roles with greater scale or responsibility for increases to be offered, with the agreement of the Permanent Secretary and the relevant Head of Profession. We are not aware of any disagreements between Permanent Secretaries and Heads of Profession. For Directors General the additional approval of a DG Pay Committee, chaired by the Permanent Secretary of the Treasury, is required.

Cabinet Office issues guidance to departments with the annual SCS pay award practitioners guide. SCS pay exceptions are subject to the following criteria:

- *Sustained high performance, increased effectiveness, deepened capability and expertise; and*
- *That the individual is relatively low in the pay range and/or have benefited less or not at all from the rise in the minima.*

Departments should also consider the equality impact of any decisions made on exceptions, as well as any precedents they might be setting.

Cabinet Office helps departments make assessments of pay position by providing pay data by profession (lower quartile/median/upper quartile) annually. Some professions e.g. Finance also actively support departments with applications by providing additional guidance.

Assessment of cases – Directors General

More information is held centrally on Directors General cases because they require approval by the DG Pay Committee. In accordance with the criteria, the weight and challenge of the role was considered as well as the skills and experience of the individual. The proposed increase for each case was assessed against the then SCS3 minimum of £115,000; the overall SC3 cross-departmental median of £134,500; and the relevant professional medians (£127,500 for Policy and £138,500 for Operational Delivery).

Nine DG exceptions were considered by the DG Pay Committee in 2019/20: six pay on promotion exceptions and three level transfer exceptions. The key headlines for each exception are set out below:

Level transfer - key facts

- The DG Pay Committee considered three cases.

Profession	No increase agreed	Full increase agreed
Policy	1	2
Total	1	2

- Eight Director General exceptions were agreed in 2019/20: six pay on promotion exceptions and two level transfer exceptions
- An application was rejected because the individual was already paid above the median for the profession and the role was not bigger than before.

Pay on promotion - key facts

- The DG Pay Committee considered six cases.

Profession	Partial increase agreed	Full increase agreed
Policy	2	2
Operational Delivery	1	-
Chief Executive	-	1
Total	3	3

- Increases agreed for pay on promotion cases range from 20%-39%.
- In the Operational Delivery case where a reduced increase was agreed, the overall DG median (£134.5k) was used to limit increases where this was lower than the professional median (£138.5k for Operational Delivery).

At its July meeting, the DG Pay Committee discussed the operation of the pay on appointment exceptions process at DG level. It was agreed that stricter conditions should be applied in the assessment of pay exception cases to ensure greater consistency across the DG group. The following principles are now being applied for DGs:

Type of appointment	Principles for starting pay
Promotion to DG level	<p><u>Default position</u> 10% increase or the minimum of the range, whichever is the greater.</p> <p><u>An exception must be based on the weight/challenge of the role and proven expertise of individual</u> A maximum of £125,000 (the proposed DG minimum from April 2021) unless the role is considered specialist, in which case an application for up to the overall median for the profession may be made.</p>
Level transfer within DG group	<p><u>Default position</u> Transfers on existing salary (no increase).</p> <p><u>Any exception must be based on the weight/challenge of the role, taking account of niche skills, and sustained high performance and deepened capability demonstrated by the individual.</u> Up to the overall median for the profession can apply, but only if the role is considered to be sufficiently specialist.</p>

To inform consideration of any exceptions, the current SCS medians, by profession, will continue to be used. The DG Pay Committee will not agree to applications solely based on seeking pay parity within the organisation, unless there is a genuine equal pay risk confirmed by lawyers (departments have been reminded of the need to monitor pay decisions to ensure they comply with diversity legislation and to take any appropriate action, using your anomalies pot accordingly). It is acknowledged that the introduction of a capability-based pay progression system and the higher range minimum should replace the need for pay exceptions in the longer term.

Assessment of cases – Deputy Directors and Directors

Main Whitehall departments reported 54 exception cases agreed below SCS3 level in 2019/20. The key headlines are:

Pay Band	Level transfer cases agreed	Pay on promotion cases agreed
SCS1	6	24
SCS2	7	17
Total	13	41

- Exceptions have been granted for 14 different professions – DDaT (10), Project Delivery (8) and Policy (6) have the highest numbers.
- The median increase agreed for level transfer was 7% and 14% for pay on promotion.

ANNEX D - ADDITIONAL DATA TABLES

Table 1: SCS headcount by payband and year (2010-2020)

Year	Quarter	Deputy Director	Deputy Director (PB1A)	Director	Director General	Perm. Sec.	Other	All SCS
2010	Q1	3,140	185	795	190	35	10	4,355
	Q1 Pay	3,095	175	750	170	-	-	4,190
2011	Q1	2,785	205	725	155	35	10	3,910
	Q1 Pay	2,795	190	680	135	-	-	3,800
2012	Q1	2,640	115	685	140	30	5	3,615
	Q1 Pay	2,590	80	650	130	-	-	3,450
2013	Q1	2,685	120	700	145	35	10	3,695
	Q1 Pay	2,580	90	675	140	-	-	3,480
2014	Q1	2,790	105	695	145	40	30	3,800
	Q1 Pay	2,780	105	690	140	-	-	3,715
2015	Q1	2,910	105	745	150	35	25	3,975
	Q1 Pay	2,870	100	740	150	-	-	3,860
2016	Q1	3,010	125	765	140	40	10	4,085
	Q1 Pay	2,970	95	760	135	-	-	3,965
2017	Q1	3,160	115	815	130	40	5	4,265
	Q1 Pay	3,085	95	780	130	-	-	4,090
2018	Q1	3,455	85	860	155	40	..	4,605
	Q1 Pay	3,400	75	820	150	-	-	4,445
2019	Q1	3,885	50	925	165	35	..	5,065
	Q1 Pay	3,860	50	920	165	-	-	5,000
2020	Q1	4,190	40	1,005	175	35	..	5,445
	Q1 Pay	4,190	40	1,005	175	-	-	5,410

Notes:

".." suppressed due to small numbers

"-" not available

Figures are rounded to the nearest 5

Q1 includes all SCS still in post as at 31st March, or 1st April from 2019 onwards

Q1 pay includes all SCS in scope for the SSRB pay award remit as at 1st April

Source:

SCS database, Cabinet Office

Table 2: SCS FTE by payband and year (2010-2020)

Year	Quarter	Deputy Director	Deputy Director (PB1A)	Director	Director General	Perm. Sec.	Other	All SCS
2010	Q1	3,085	180	790	185	35	10	4,290
	Q1 Pay	3,045	175	745	165	-	-	4,125
2011	Q1	2,730	205	715	155	35	10	3,845
	Q1 Pay	2,740	190	670	135	-	-	3,735
2012	Q1	2,590	110	675	140	30	5	3,550
	Q1 Pay	2,540	75	640	130	-	-	3,385
2013	Q1	2,625	120	685	145	35	10	3,620
	Q1 Pay	2,525	85	660	135	-	-	3,410
2014	Q1	2,730	105	685	140	40	30	3,725
	Q1 Pay	2,715	105	675	140	-	-	3,635
2015	Q1	2,840	105	730	150	35	25	3,890
	Q1 Pay	2,800	100	725	150	-	-	3,775
2016	Q1	2,935	125	750	135	40	10	3,990
	Q1 Pay	2,900	95	745	135	-	-	3,875
2017	Q1	3,080	110	800	130	40	5	4,170
	Q1 Pay	3,010	95	765	130	-	-	4,000
2018	Q1	3,370	85	845	150	40	..	4,490
	Q1 Pay	3,315	70	805	145	-	-	4,335
2019	Q1	3,785	45	905	165	35	..	4,940
	Q1 Pay	3,760	45	900	165	-	-	4,870
2020	Q1	4,075	40	980	170	35	..	5,300
	Q1 Pay	4,075	40	980	170	-	-	5,265

Notes:

.." suppressed due to small numbers

-" not available

Figures are rounded to the nearest 5

Q1 includes all SCS still in post as at 31st March, or 1st April from 2019 onwards

Q1 pay includes all SCS in scope for the SSRB pay award remit

Source:

SCS database, Cabinet Office

Table 3: SCS median salary by payband and year (2010-2020)

Year	Deputy Director	Deputy Director (PB1A)	Director	Director General
2010	£73,400	£84,100	£100,000	£133,000
2011	£73,100	£83,200	£100,000	£133,000
2012	£73,000	£77,800	£97,900	£131,000
2013	£73,000	£77,200	£96,900	£132,500
2014	£74,000	£78,500	£96,000	£133,500
2015	£74,800	£78,500	£96,000	£132,600
2016	£75,500	£78,700	£98,800	£135,900
2017	£75,900	£81,200	£99,900	£134,000
2018	£76,200	£80,000	£99,800	£134,500
2019	£76,700	£80,000	£102,500	£137,300
2020	£78,500	£84,700	£103,500	£138,600

Notes:

Salary figures are calculated on a full time equivalent basis, and are for those SCS in scope for the SSRB pay award remit as at 1st April

Figures are rounded to the nearest £100

Source:

SCS database, Cabinet Office

Table 4: SCS mean salary by pay band and year (2010-2020)

Year	Deputy Director	Deputy Director (PB1A)	Director	Director General
2010	£74,700	£85,700	£104,400	£140,500
2011	£74,400	£85,300	£104,100	£142,400
2012	£74,400	£82,100	£102,900	£138,100
2013	£74,800	£82,500	£102,900	£135,800
2014	£76,200	£82,000	£102,700	£137,900
2015	£77,300	£81,800	£104,000	£137,400
2016	£78,200	£82,900	£106,800	£141,100
2017	£78,800	£85,500	£107,700	£139,900
2018	£79,600	£84,000	£107,900	£142,300
2019	£80,700	£83,800	£109,800	£143,800
2020	£82,100	£86,800	£110,600	£146,800

Notes:

Salary figures are calculated on a full time equivalent basis, and are for those SCS in scope for the SSRB pay award remit as at 1st April

Figures are rounded to the nearest £100

Source:

SCS database, Cabinet Office

Table 5: SCS turnover, departmental turnover and resignation by payband, department and year (2017-2020)

Payband	Resignations			Turnover			Departmental Turnover		
	2017/18	2018/19	2019/20	2017/18	2018/19	2019/20	2017/18	2018/19	2019/20
Deputy Director	3.4%	4.6%	3.8%	11.8%	12.5%	11.4%	18.3%	19.0%	18.1%
Deputy Director (1A)	..	..	..	9.9%	13.2%	..	11.9%	21.6%	11.4%
Director	4.2%	6.5%	4.7%	10.6%	13.0%	9.6%	19.6%	20.7%	16.6%
Director General	6.8%	11.3%	4.7%	11.6%	17.0%	13.6%	18.4%	25.2%	24.3%
Overall	3.7%	5.2%	4.0%	11.6%	12.8%	11.2%	18.6%	19.5%	18.0%
Department	Resignations			Turnover			Departmental Turnover		
	2017/18	2018/19	2019/20	2017/18	2018/19	2019/20	2017/18	2018/19	2019/20
BEIS	3.1%	6.2%	4.7%	8.5%	11.5%	7.4%	16.5%	18.1%	16.2%
CO	4.0%	6.2%	5.4%	11.2%	11.4%	9.0%	28.2%	23.8%	18.6%
DCMS	..	..	5.9%	15.0%	11.8%	22.5%	26.7%	18.4%	30.8%
DEFRA	..	4.6%	5.2%	9.7%	12.2%	11.7%	14.6%	17.4%	18.7%
DEXEU	..	..	-	19.3%	10.8%	-	40.8%	23.5%	-
DFE	4.3%	4.9%	2.4%	9.8%	10.7%	10.1%	19.2%	20.9%	15.3%
DFID	..	..	..	15.2%	9.2%	16.5%	18.7%	13.4%	25.3%
DFT	7.1%	4.3%	3.6%	10.9%	10.7%	7.6%	14.1%	15.5%	12.2%
DHSC	3.9%	4.9%	5.4%	10.6%	11.6%	10.6%	16.1%	15.6%	13.6%
DIT	5.4%	9.2%	7.3%	13.5%	13.8%	19.4%	20.7%	25.8%	25.8%
DWP	3.4%	4.2%	3.7%	18.6%	17.9%	15.2%	25.0%	24.4%	19.6%
FCO ¹	..	..	..	28.3%	10.9%	16.6%	33.9%	21.8%	29.0%
HMRC	2.5%	3.6%	4.0%	13.5%	11.6%	14.2%	20.1%	16.1%	16.9%
HMT	..	5.2%	..	7.6%	10.4%	6.2%	15.2%	21.5%	15.2%
HO	2.4%	1.9%	2.6%	11.6%	11.8%	7.9%	18.8%	20.1%	17.2%
MHCLG	..	8.9%	6.7%	12.4%	17.7%	16.0%	24.7%	28.4%	29.5%
MOD	4.9%	10.5%	2.6%	12.5%	16.5%	12.0%	19.8%	21.1%	16.9%
MOJ	2.3%	5.8%	2.5%	5.3%	15.5%	8.3%	17.1%	25.8%	15.0%
SG	2.6%	2.4%	4.1%	8.8%	10.1%	11.1%	9.2%	10.5%	12.6%

WG	..	..	..	6.5%	10.3%	6.8%	7.2%	12.9%	8.0%
Other	4.8%	5.8%	5.0%	12.4%	14.2%	10.5%	14.1%	19.4%	12.5%
Overall	3.7%	5.2%	4.0%	11.6%	12.8%	11.2%	18.6%	19.5%	18.0%

Definitions:

Resignation rate includes all centrally managed SCS who resigned in the specified year

Turnover rate includes all moves out of the centrally managed SCS over the specified year, including secondments, movements to an 'SCS level' role outside the centrally managed SCS (e.g. the diplomatic service), end of temporary promotion, etc

Departmental turnover rate includes moves between departments or their executive agencies / crown NDPBs within the year, in addition to moves included under turnover rate

Further guidance on turnover calculations is available at:

<https://www.gov.uk/government/publications/turnover-in-the-civil-service>

Notes:

Data is revised for each collection year. To ensure all leavers are counted, a small number of leavers from a previous year will be included in a more recent collection year

¹ A substantial proportion of the senior workforce at FCO are SCS level rather than part of the centrally managed SCS (as shown in these figures)

".." suppressed due to small numbers

"-" not available

Source:

SCS database, Cabinet Office