



National Crime Agency
Remuneration Review Body

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Seventh Report 2021

Executive Summary

Chair: Anita Bharucha

NCA Remuneration Review Body

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

Terms of reference¹

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

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

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

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

Members² of the Review Body

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

The secretariat is provided by the Office of Manpower Economics.

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

² Members of the Review Body are appointed through an open competition adhering to the Commissioner for Public Appointments' Code of Practice. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/578090/Public_Appointments_Governance_Code_.pdf. [Accessed on 2 July 2021]

NATIONAL CRIME AGENCY REMUNERATION REVIEW BODY

Seventh Report 2021

Executive Summary

1. The National Crime Agency ('NCA' or 'the Agency') was established in 2013 as a Non-Ministerial Government Department. As at 31 August 2020, the NCA comprised 5,531 officers of whom 1,940 were officers designated with operational powers.
2. This is our Seventh Report on the remuneration of NCA officers designated with operational powers. Pay for the remainder of the workforce is directly negotiated between NCA management and the recognised trades unions.

Response to last year's report

3. Our Sixth Report was submitted to the Home Secretary in June 2020. The Home Secretary responded to this on 21 July 2020 by accepting our recommendations in full. (Paragraphs 1.2 to 1.7)

This year's pay round

4. We received the Home Secretary's remit letter for the round in January 2021. This did not ask for recommendations on the pay award for NCA officers with powers for 2021/22, in keeping with the pause to pay awards for the majority of the public sector, announced by the Chancellor of the Exchequer as part of the Spending Review on 25 November 2020. (Paragraph 1.8)
5. The remit letter set the timetable for our round, but the Home Office and NCA written evidence was submitted late to us. This delay was disappointing and marked the sixth consecutive year in which the process we follow encountered considerable challenges. We are aware of the importance of the Review Body approach to the NCA officers with powers in our remit and are concerned that delays to the submission of evidence sent an unhelpful signal about the way in which Government views our role and process. We ask that every effort is made to ensure that next year's round follows a more conventional timetable and that evidence is submitted to us on time. (Paragraphs 1.14 to 1.15 and 5.4)
6. This is our second report that has been completed during the coronavirus (COVID-19) pandemic. Separately, the European Union (EU) Transition Period following the UK's exit from the EU ended on 31 December 2020, and the UK has agreed a range of security capabilities with the EU to aid law enforcement agencies. The work of NCA officers is important, difficult, complex and sometimes dangerous in the ordinary course of events. COVID-19 and the UK's exit from the EU have meant that the Agency had to adapt and respond to new situations while organised criminal groups continued to exploit any opportunity they could in search of criminal profit. This added further pressures and personal risk to their challenging role. Consequently, we would like to acknowledge our remit group for their continuing contribution this year and express our gratitude to all the parties for continuing to engage with us. (Paragraphs 1.16 to 1.18)

The evidence

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

- *The NCA operating environment* – the NCA environment continues to be demanding and challenging, as the Agency operates proactively at the high end of high risk. Officers at all grades undertake important, difficult, complex and sometimes dangerous work. We consider that restricted funding hampers skill attraction and retention and capability building in the Agency, and has also restrained the NCA's ability to reform its pay systems. Ultimately, this will have a consequential impact on the Agency's ability to fight serious and organised crime (SOC). (Paragraphs 2.20 to 2.21)
- *Government pay policy and affordability* – The Chancellor of the Exchequer's announcement of the public sector pay policy for financial year ending 2022 set the context for our report this year. We fully recognise the extraordinary pressures placed on the economy and on public sector finances by the COVID-19 pandemic that have restricted our remit this year. However, it is disappointing that this has again affected the independence of the Review Body process, and our view is that we should be permitted to fully exercise our role in making recommendations on pay uplifts for the next pay round. We are concerned that the NCA's ability to progress its pay reform programme has been affected by the public sector pay policy. We have continued to track indicators relating to our standing terms of reference as these provide context for our Report, and will be relevant when we are asked to make pay recommendations in future years. (Paragraphs 2.35 to 2.37)
- *Economy, inflation, labour market, earnings and pay settlements* – Many economic and labour market indicators are likely to show more volatility than usual over the coming months as COVID-19 restrictions are eased, and as comparisons are made with the unusual situation a year earlier. Furthermore, these indicators are currently subject to greater uncertainty than usual as a result of data collection challenges created by COVID-19 restrictions. Gross domestic product fell by 9.8% in 2020, the largest UK annual fall on record, and by 1.5% in the first quarter of 2021. Monthly growth in April 2021 was 2.3% as the economy started to recover. The Consumer Prices Index measure of inflation was 2.1% in the year to May 2021. The number of employees on payrolls in May 2021 was 0.5% higher than a year earlier, but 1.9% lower than January 2020, while the unemployment rate in the three months to April 2021 was 4.7%, up from 3.8% at the end of 2019. Annual growth in average weekly earnings was 5.6% in the whole economy and 5.8% in the private sector in the three months to April 2021 and median pay settlements were around 2.0% over the same period. (Paragraphs 2.42 to 2.43)
- *NCA earnings and pay comparators* – The police remain the main group used for pay comparisons with NCA officers by all parties, although the Home Office and NCA also see some roles as comparable with the UK Intelligence Community and civil service markets. We remain unclear as to why the NCA considers 90% of police pay to be an appropriate comparator for NCA officers. Our concerns at this choice of comparator include: it appears to be unambitious and at odds with the NCA's mission to lead the UK's fight to cut SOC, and its position operating at the high end of high risk; we do not see how it will support effective collaboration with other organisations, including the police; we are unclear to what degree positioning its pay against police pay, at any level, is relevant or justifiable; and differences in the working hours of NCA and police officers mean any comparison is not on a like-for-like basis. (Paragraphs 2.51 to 2.52)

- The NCA requires a coherent reward strategy that clearly articulates and justifies where it wants to position its pay relative to comparators. This needs to be based on the operational and organisational requirements to build a workforce that is capable of adapting to the fast-changing nature of SOC, and not constrained by lack of ambition or lack of funding. (Paragraph 2.53)
- *Recruitment* – The recruitment and retention of a workforce with the skills and capabilities required for the effective delivery the NCA’s mission requires strategic workforce planning. We are concerned by the difficulties in filling specialist roles and the number of vacancies. In the short term, the effect of COVID-19 on the labour market may increase the pool of potential recruits, but the number and quality of available candidates is likely to reduce as the labour market rebounds. The NCA’s ability to recruit could also be affected by the Government’s commitment to recruit 20,000 extra police officers over three years to March 2023. (Paragraphs 2.71 to 2.72)
- *Retention* – The expected reduction in the NCA’s attrition rate as a result of COVID-19 may only be temporary and may lead to a spike in retirements and resignations as the economy improves. (Paragraphs 2.73 to 2.74)
- *Workforce* – The proportion of officers with powers has fallen by 12 percentage points over the last two years to 35% of the NCA workforce. We consider that the falling proportion of the NCA workforce that comes within our remit raises questions over the role of a Review Body process for these officers. (Paragraphs 2.75 and 5.5)
- *Motivation and morale* – The 2020 People Survey results continued to show improvement across all areas, although COVID-19 meant 2020 was atypical when compared with previous years. The latest results on pay and benefits remained low and a cause for concern. The engagement of the NCA workforce will be vital to the success of further reform. We note criticisms from the trades unions of how the NCA consults with them, and the poor NCA People Survey results compared with the wider civil service on the theme of leadership and managing change (despite improvements in recent surveys). (Paragraphs 2.85 to 2.87)
- *Relevant legal obligations on the NCA* – It is incumbent upon the NCA as the employer to ensure that its pay system meets the requirements of relevant legislation. We remain concerned about the lack of any mechanism to allow officers on the standard pay ranges to improve their relative position and move towards a target rate for the job; and whether there are any equality implications for the NCA from its dual pay arrangements (standard pay ranges and spot rates). (Paragraphs 2.92 and 3.66)

NCA proposals for pay reform

Our observations last year

8. Last year, we said that while in the theoretical sense the pay reform strategy was now clearer, the way in which it had facilitated the Government’s organised crime strategy was not. We also questioned why the NCA had not been able to secure the resources it needed to accelerate the pace of change, given its key role within UK law enforcement and dynamic operational environment. We gave qualified support to the pay reform proposals presented to us for implementation in 2020/21, but expressed concerns in three broad areas: investment; strategy for and pace of reform; and communication and implementation. We invited the Home Office and NCA to consider them when developing proposals and preparing evidence for future rounds. (Paragraphs 3.2 to 3.3)

NCA reform strategy

9. We question the adequacy of the NCA pay reform strategy in the context of Sir Craig Mackey's Review of SOC and the findings of the Integrated Review 2021. We are especially concerned about the funding, pace and coherence of NCA pay reform in view of the speed of change in the highly adaptable environment of organised criminality in which the Agency operates. We ask in particular whether the strategy will enable it to build a workforce able to lead the response to serious and organised crime and drive whole system reform. (Paragraph 3.13)
10. We consider that as an organisation operating at the cutting edge of the fight against SOC the NCA requires a fully developed workforce strategy that addresses the shortages in its specialist, niche, professional and technological roles. It is also vital that the NCA is able to make optimum use of pay as a lever in its People Strategy. Furthermore, it is very important that the NCA fully engages, persuades and communicates clearly with its workforce on pay reform to secure buy-in. (Paragraph 3.14)

Update on progress on reform

11. The NCA has stated that it plans to extend the spot rate structure across all roles where it aligns with its strategy and criteria. We would like to see the strategy, criteria and delivery plan for this undertaking. In 2017, the NCA told us that, at the end of the pay reform implementation period, its workforce would be smaller, structured by capability and paid competitively and that reductions in headcount, through natural wastage, would decrease the overall pay bill. We observe that funding for NCA pay reform needs a radical overhaul now that the NCA is aiming to enlarge its workforce quickly and because around 70% of the workforce remains without access to capability-based pay progression. We would like to understand how the NCA's underlying pay strategy has been adapted to take account of the significant shift in the organisation's plan for a larger workforce from the smaller workforce originally envisaged. (Paragraphs 3.41 to 3.42)
12. We are concerned that past implementation problems with the NCA spot rate structure have continued. In particular we ask why, after apparently raising workforce expectations that the spot rate would be extended to many Grade 3 officers, it was then only offered to a small number of individuals. We also observe the continuing lack of progress in extending the expert spot rate to individuals beyond authorised firearms officers and that the expert rate is still not being used in the way intended when spot rates were introduced. The ability of officers to achieve the highest rates is an important aspect of career progression and development, and also important in supporting morale and motivation. (Paragraphs 3.43 to 3.44)
13. The anomaly reported to us whereby some individuals receive both spot rates and Recruitment and Retention Allowances (RRAs) undermines the spot rate system's credibility. Furthermore, even though they are outside our remit, we question in the context of overall workforce strategy why Grade 6 officers are the only group still excluded from the spot rate framework. We invite the NCA to take a broad look at the implementation of, and its messaging on, spot rates. (Paragraph 3.45)
14. We also remain concerned at the funding and pace of the roll-out of spot rates, especially as it is the only mechanism allowing access to pay progression in the NCA. In addition, we question whether a two- or three-point pay scale can realistically be viewed as a mechanism for rewarding long-term progress and development. Furthermore, we seek assurance from the NCA as the employer that its pay reform communications and implementation plans uphold the principles of transparency and consistency. (Paragraphs 3.46 to 3.47)

The impact of the pay pause on pay reform

15. Speed and agility are essential to the NCA's strategy for tackling SOC and the one-year pay pause has halted progress in the pay reform programme that underpins this. However, criminal organisations were able to continue with their activities after adjusting rapidly to the changed environment of the pandemic. In our view, COVID-19 has reinforced the need for NCA pay reform to progress more quickly. (Paragraph 3.50)
16. We have previously observed that a pay reform strategy spanning seven years, is too long. We are now concerned that this timetable will have to be extended even further and that completion of the second phase of pay reform by 2024 will be unachievable. Without knowing the future direction of public sector pay policy, we make no assumption that the NCA will be able to resume extending the spot rate framework to further officers next year. In addition, we consider that the NCA needs to give strategic consideration to police pay reform developments. (Paragraphs 3.51 to 3.52)

Pay reform and NCA pay structures

17. Around 70% of NCA officers are still on the standard pay ranges. This means that the great majority of NCA officers do not receive pay progression, which leaves many unable to gain recognition of the skills and experience that they have acquired as individuals. If these changes are not recognised within a pay system, recruitment and retention can become more difficult and motivating individuals becomes a challenge. We invite the NCA to provide evidence on how it continues to reward, motivate and retain officers on the standard pay ranges, particularly those in specialist, niche, professional and technical roles. (Paragraphs 3.63 to 3.65)

Pay reform and recruitment and retention

18. The NCA needs a reward strategy that includes a clear articulation of its workforce comparators and target sectors in the labour market. We are concerned at the evidence of critical specialist vacancies in the NCA and invite the NCA to include in evidence next year a fully developed strategy to address this problem. We would expect this strategy to include an assessment of costs and to take account of the increasingly urgent need for pace, ambition and funding on pay reform if the NCA is to meet its organisational objectives. In addition, we consider that the NCA could benefit from developing a profession-based pay model or making use of specialist allowances such as those used elsewhere in the civil service, to assist with the recruitment and retention of those with specialist skills and knowledge. (Paragraph 3.71)

The future of pay reform

19. We have a number of concerns about NCA pay reform, which we invite the Home Office and NCA to consider when developing proposals and preparing evidence for subsequent rounds:
 - *The changing context* – The changing capabilities demanded of its workforce and the global reach of its activities remain strong challenges for the NCA. We question the adequacy of the NCA pay reform strategy in the context of the Mackey Report and the Integrated Review 2021.
 - *A workforce strategy* – We consider that as an organisation operating at the cutting edge of the fight against serious and organised crime the NCA requires a fully developed workforce strategy that addresses the shortages in its specialist, niche, professional and technological roles.
 - *The police comparator and pay reform* – It is our view that the NCA needs to conduct a fundamental review of its approach to the police as a comparator, and to include a strategic consideration of police pay reform developments in this.

- *The need for pace, ambition and funding* – We are concerned at the evidence of critical specialist vacancies in the NCA and invite the NCA to include in evidence next year a fully developed strategy to address this problem. We would expect this strategy to include an assessment of costs. We observe the increasingly urgent need for pace, ambition and funding on pay reform if the NCA is to deliver its mission as set by the Government.
- *Communication and implementation* – We seek assurance from the NCA as the employer that its pay reform communication and implementation plans uphold the principles of openness, transparency, consistency and being timebound.
- *Equality considerations* – In response to our concerns at NCA dual pay arrangements and at the absence of a mechanism for NCA officers on the standard pay ranges to improve their relative position, we would welcome assurance from the NCA on how the equality implications of these factors are being assessed.
- *Reward strategy* – The NCA needs a reward strategy that includes a clear articulation of its workforce comparators and target sectors. Furthermore, if the NCA's ambition is to continue with a large expansion of its workforce, it needs to consider the implications of this for its overall pay strategy. (Paragraph 3.78)

Basic pay recommendations for 2021/22

20. Following the announcement of the Government's public sector pay policy, an overall pay award to all officers is outside the scope of our remit this year. The NCA's proposed approach to mitigate leapfrogging from the £250 award to officers earning under £24,000 is complex and affects more officers than those who will be directly leapfrogged. However, we do not comment further on this as all the officers in scope for either the £250 award or the proposed award to mitigate leapfrogging are outside of our remit. (Paragraphs 4.14 to 4.15)

Allowances

21. *London Weighting Allowance (LWA)* – We welcome the review that has been undertaken of LWA. However, further assessment may be required to take into account the likely changes to the future working and travelling patterns which will become established, if only for the medium term, due to COVID-19. We urge caution in the use of comparisons with similar allowances in the police and civil service as these do not necessarily provide a like-for-like equivalent. Our position for the last two years has been to recommend an increase to LWA in line with the overall pay bill increase from our basic pay recommendations. Therefore, we have not made a recommendation on LWA this year. (Paragraphs 4.29 to 4.31)
22. *Shift Allowance* – Last year our recommendation to increase the Shift Allowance from 15% to 20% was accepted. We would expect to be able to review the effect of this change before considering further changes. (Paragraph 4.34)
23. *Northern Ireland Allowance* – We remain of the view that it is appropriate for the payment of local allowances to be driven by the overall security assessment. Therefore, we note the arrangements currently in place and continue to invite the NCA to keep them under review. (Paragraph 4.36)
24. *Other allowances* – While Recruitment and Retention Allowances (RRAs) do not fall within our remit, their use could be indicative of underlying problems with the basic pay structure. We are concerned by the anomalies in RRAs that have been highlighted, and therefore welcome the NCA's commitment to review the use of these payments. We would like to see the Agency reform its pay structure to safeguard its ability to recruit and retain the skills needed for its workforce on a more sustainable basis, rather than relying

on the RRA mechanism as part of its overall strategy. A decision on whether to make a recognition payment to officers for flexibility during COVID-19 and planning for the UK's exit from the EU is for the NCA to take. (Paragraphs 4.43 to 4.45)

Forward look

25. This year our remit did not include making an overall pay award recommendation. It will be for Government to set its pay policy and our remit for the next pay round, but our view is that we should be permitted to fully exercise our role in making recommendations on pay uplifts for the 2022/23 pay round. (Paragraphs 5.1 to 5.2)
26. We continue to highlight the importance of a robust evidence base. Where we have identified gaps in evidence, we encourage those responsible for gathering data to consider what improvements can be made to facilitate the provision of data. (Paragraphs 5.6 to 5.7)

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2 July 2021